

**Company number: 11043077**

**CAERUS MINERAL RESOURCES PLC**

**ANNUAL REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2021**

## CAERUS MINERAL RESOURCES PLC

Contents	
Company Information	3
Chairman's Report	4
Strategic and Corporate Governance Report	7
Report Of The Directors	17
Remuneration Report	21
Independent Auditors Report	24
Consolidated Statement of Profit or Loss and Other Comprehensive Income	30
Consolidated Statement of Financial Position	31
Consolidated Statement of Changes in Equity	33
Parent Company Statement of Changes in Equity	34
Consolidated Statement of Cash Flows	35
Parent Company Statement of Cash Flows	36

<b>Directors</b>	Martyn John Churchouse Professor Michael Stephen Johnson Harold Andrew Daniels
<b>Company Secretary</b>	Orana Corporate LLP
<b>Registered Office</b>	Eccleston Yards 25 Eccleston Place London SW1W 9NF
<b>Company Number</b>	11043077
<b>Independent Auditor</b>	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
<b>Registrars</b>	Share Registrars Limited 3 Millennium Centre Crosby Way Farnham Surrey GU9 7XX
<b>Brokers</b>	Novum Securities Limited 8-10 Grosvenor Gardens Belgravia London SW1W 0DH
<b>Legal</b>	Druces LLP Salisbury House London Wall London EC2M 5PS

## Chairman's Report

I am pleased to provide Shareholders with my second Chairman's statement for Caerus Mineral Resources and its' exploration and Resource development operations in the Republic of Cyprus. The Company has continued to make significant progress towards the development of its first copper – gold mine on the Island and our confidence grows with each batch of assay results we receive. Our policy of acquiring and developing brownfield sites is proving successful as we continue to make discoveries associated with both hard rock copper – gold mineralisation and dumps, tailings, and stockpiles.

Caerus followed up its acquisition of PR Ploutonic Resources Limited in 2021 with the acquisition of Gold Mines (Cyprus) Limited ("GMCL"), adding a further three prospective licences to the Caerus portfolio. Whilst the Anglisides Licence offers potential satellite feedstock to any future Troulli processing plant, the Pano Lefkara licence has scope for a future stand-alone operation. Anglisides can be quickly turned to account and drilling is expected to delineate additional Mineral Resources to add to the growing Troulli Resource estimate.

Emphasis during the year has been on the Troulli Project and the extension towards Kokkinapetra. Troulli forms the basis of the Bezant Resources Joint Venture and the agreement in place with Jubilee Metals Group. Our relationship with both parties has been excellent leading to rapid decision-making and, an equitable distribution of incurred costs which has strengthened the Caerus treasury.

Resource development work on the Troulli Joint Venture Project has progressed very well and has added considerable shareholder value.

A JORC (2012) Mineral Resource was declared in March 2022 of 4.9Mt at 0.41% Cu and 0.2g/t Au at a 0.26% Cu cut-off for 20,000 tonnes of copper metal and 31,000 ounces of gold. This included a further Mineral Resource Estimate of 2.7Mt at 0.74% Cu eq g/t at a 0.5% Cu eq cut-off. The results were sufficiently encouraging to trigger an announcement from our Joint Venture partner, Bezant Resources that they were initiating mine design in parallel with ongoing metallurgical test work.

The Mineral Resource provides an excellent foundation for the further growth of the copper and gold resource with the next round of drilling aimed specifically at the drilling of known and partially drilled copper and gold anomalies occurring along the 1.5km strike length between the Troulli mine and the Kokkinapetra prospect.

Troulli was previously described as an ideal opportunity for short-term gains through the reprocessing of high-grade copper and gold-bearing dumps and stockpiles. This remains the case based on drilling results, to which can be added hard rock copper-gold mineralisation that has been drilled out over the Property. The dumps, stockpiles and tailings provide an opportunity to meet the bulk of capital expenditure for the Troulli Project upfront with the treatment of easily accessed, low-cost mining and processing feedstock that can be treated as a priority before focusing on hard rock Resources. The potential for the addition of high-grade feedstock from satellite projects such as Anglisides and St. Nicholas offers an exciting new angle to the Troulli Project with access to high margin ore.

Whilst the emphasis has quite rightly been on Troulli, there has been a considerable amount of work undertaken on the remaining projects in the Cypriot portfolio. It is important to ensure that other projects are developed to the point where they can provide further news flow and potentially new Mineral Resources as Caerus's operations in Cyprus mature. With this in mind, exploration programmes are testing both hard rock and dump material with particular emphasis on St. Nicholas, Kalavastos and Mala. Shareholders can anticipate further news on these projects in due course.

COVID-19 undoubtedly impacted on progress and more specifically in relation to the turnaround of sample analyses from independent laboratories. Samples that would normally be returned in two to three weeks were taking more than four months to return which affected planning and caused delays. Fortunately, our employees remained safe and the enlightened response to the Pandemic by the Cypriot authorities meant that we were able to deploy personnel to specific regions of the Island so we could continue work.

The copper price has remained strong and long-term forecasting continues to indicate further increases in demand for the foreseeable future. With instability in Europe and a sharp focus on energy dependency, it seems likely that worldwide, nations will bolster their in-country energy generating capacity which will inevitably include wind and solar power generation which in turn requires considerable amounts of copper. Our gold by-product provides an additional revenue source and, allows the Company to extend the zones of viable mineralisation by including gold in Resource estimates to generate copper equivalent grades associated with wide packages of lower-grade copper mineralisation that might otherwise fall outside of the Resource.

As a company, it is important that we continue to grow and add shareholder value. To achieve this, the board of Caerus believes that the Company should look for new opportunities in the copper-gold sector beyond the boundaries of Cyprus. Investigation and project evaluation is on-going as we target high-value, near-term production projects that can be acquired at low entry cost.

I would like to thank the management of the Company for their hard work over the past year. It has been a pleasure to watch the exploration team made up of both Cypriot and overseas personnel develop into a highly efficient motivated group and I look forward to seeing their efforts rewarded with the first Mineral Resource at Troulli and the development of further assets over time.

### **Strategy**

The "Clean Energy" Transition that served as a focus for Caerus at Listing and the Company's ability to generate copper metal to meet growing demand remains the underlying focus. Independent commentary continues to suggest that demand for copper will grow to feed the Transition. This is likely to increase further as countries look to strengthen their in-house energy generating capacity through the development of low-emission methods.

In Cyprus, the acquisition of brownfield licences, those areas where former mines have operated and therefore the geology is conducive to mineralisation remains a focus. Access to recoverable metals from surface materials generated by previous mining operations is a convenient means of generating early cash flow, shortening the payback period, and generally reducing a project's risk profile.

Some greenfield exploration is being undertaken but this tends to be based around extensions to former producing mines and therefore associated with host rocks known to be receptive to Cyprus-type mineralisation and therefore, again reducing risk.

In terms of expansion within Cyprus, management's view is that Caerus has acquired the most prospective brownfield ground that is available. It is not considered to be in the best interest of shareholders to commit substantial funds towards high-risk greenfield exploration which inherently has a lower chance of successfully defining a resource. As a result, for the Company to grow, it must seek out other copper opportunities in appropriate jurisdictions. The Company's underlying brownfield strategy remains in force and the emphasis will continue to be on former mine sites and neighbouring prospective ground that can offer re-treatable metal-bearing surface material alongside hard rock ore and potential extensions to known ore bodies.

Treasury management and the careful allocation of funds to projects is strictly monitored and Caerus utilises the services of an external accounting business to ensure compliance and the application of appropriate financial controls.

A safe working environment for all employees and contractors alongside a proper respect for the environment and the communities in which we work remains a fundamental principle of the Company. All employees and contractors are aware of their responsibilities and operating procedures are regularly updated and improved. Close contact with community leaders means Caerus understands the aspirations of the communities where we operate which allows us to adapt both our daily exploration approach and the longer-term mining operation and closure planning to accommodate any local concerns.

**Financials**

The loss for the Group for the year ended 31 December 2021 was £987,970 (2020: loss of £108,333) which was in line with budgeted expectations. Cash held by the Group as at 31 December 2021 was £2,508,108 (2020: £137,906).

**Outlook**

The declaration of a Maiden Mineral Resource Estimate within 12 months of Listing is proof of a programme that is delivering results. It is expected that this Resource will continue to grow as Caerus adds value through subsequent Mineral Resource Estimates at Anglisides and St. Nicholas and thereafter, the development of new stand-alone Resources at other sites. Prudent financial management leaves the Company in a strong position with the capacity to make further acquisitions aimed at increasing Shareholder value. I would like to thank stakeholders for their continued support. Caerus is evolving from an explorer to a near-term producer, and I look forward to providing Shareholders with regular updates as this transition takes place.



**Michael Johnson**  
**Chairman**  
**29<sup>th</sup> April 2022**

## Strategic and Corporate Governance Report

The Directors present their Strategic Report and Corporate Governance Report of Caerus Mineral Resources plc for the year ended 31 December 2021.

### Principal Activity

The principal activity of the Group is the exploration for, and development of mineral resources in Cyprus and the identification of future acquisition targets in the same industry.

### Review of Business and Operations

A review of the Group's Business and Operations is as detailed in the Chairman's Report on pages 4 to 6. The consideration of the gender make-up of the Board is discussed further in principle 5 of the QCA code in the Governance Report below.

### Financial Review and Key Performance Indicators ("KPI")

#### Loss for the year

The loss for the year before taxation amounted to £987,970 (2020: £108,333).

The increase in loss arose from administrative, audit and legal costs associated with the Initial Public Offering ("IPO") and the continued cost of operations as a growing mineral exploration Group.

#### Cashflow and financing

During the year net cash outflow from operating activities was £938,199 (2019: £423,284). The increased outflow is primarily attributable to the costs associated with the IPO, and the increased levels of operations. This cashflow is key to providing funding to invest in the business and pursue the agreed strategy. This has predominantly been via equity and has increased significantly in 2021 with an overall gross cash raise of £2,250,000 from its Admission on to the London Stock Exchange ("LSE") and a further gross cash raise of £1,500,000 in October 2021. Cashflow forecasts are reported to the Board on a monthly basis to ensure progress is in line with budget. Long term forecasts are also provided to ensure that the strategy of the business can be adequately funded.

£3,764,945 (2020: £649,985) was invested into the Group from shareholders during the year, which along with cash and cash equivalents at the beginning of the period of £137,906 was primarily used to fund the operations in Cyprus and admission on to the LSE.

As a result, the Group had a £2,370,202 net increase in cash and cash equivalents at year end.

#### Balance Sheet

During 2021, current assets increased to £2,940,347 (2020: £148,615) and non-current assets increased to £2,599,329 (2020: £1,690,536), the latter being a result of the increase in intangible assets from the acquisition of the licences within PRL and the subsidiary CGML, along with the capital expenditure program to advance the licences to JORC compliant.

The total liabilities increased to £588,359 (2020: £469,967) as a result of the recognition of an additional deferred tax liability, in relation to the PRL and CGML licence acquisitions.

The three main KPIs for the Group are as follows. These allow the Group to monitor costs and plan future exploration and development activities:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	£2,508,018	£137,906
Administrative expenses as a percentage of total assets	13.6%	5.9%
Exploration costs capitalised during the year	£444,625	£12,211

Cash has been used to fund the Group's operations and facilitate its acquisition of its subsidiary. Administrative expenses are the expenses related to the Group's ability to run the corporate functions to ensure they can perform their operational commitments. Exploration costs capitalised during the year consist of exploration expenditure on the Group's exploration licences.

**Section 172(1) statement and stakeholder engagement**

The Companies Act 2006, Section 172(1) – Duty to promote the success of the company, states that a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- The likely consequences of any decision on the long-term;
- The interests of the company’s employees;
- The need to foster the company’s business relationships with suppliers, customers and others;
- The impact of the company’s operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The Directors are ultimately responsible for the direction, management, performance and long-term sustainable success of the Company. The Directors consider that they have adhered to the requirements of section 172 of the Companies Act 2006 (the “Act”) and have, in good faith, acted in a way that they consider would be most likely to promote the success of the Company for the benefit of its shareholders as a whole. In acting this way, the Directors have had regard to and recognise the importance of considering all stakeholders and other matters as set out above in the requirements of the Act.

For the year ended 31 December 2021, the Directors consider that the following are examples of the principle decisions that they made to enhance shareholder value in the period:

- Signing of two Joint Venture Agreements to ensure that risk of exploration and the costs associated with it are sufficiently mitigated;
- Acquisition of 6 new licences to extend its portfolio;
- Completing its placing of its shares with the Main Listing of the London Stock Exchange and raising £2.25m in gross proceeds and a further raise of £1.5 million in October, in order to fund its current operations and enable the Company to look for future investment opportunities;
- Capital allocation decisions have been made in line with the Company’s strategy to focus on brownfield sites and easily accessible orebodies;
- The Company has been actively engaging with the local community in Cyprus, hiring local labour and have instigated a local company to write its first Environment Impact Assessment Study (“EIAS”), and
- Consideration and agreement of the Group’s budget for the year ended 31 December 2021.

The Directors hold 15.1% of the shares of the Company with the remainder held by a wide range of individuals and companies. The Directors aim to provide clear and timely information to its shareholders which will give an honest view of the performance of the Group.

A payment policy is in place to ensure suppliers are treated fairly and paid in a timely manner. The interests of the employees are a primary consideration for the Board. Personal development opportunities are supported and a health and security support network is in place to assist with any issues that may arise on field expeditions.

As a mining Group operating in Cyprus, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. It abides by the local and relevant UK laws on anti-corruption & bribery. Wherever possible, local communities are engaged in the geological operations and support functions required for field operations, providing much needed employment and wider economic benefits to the local communities. In addition, the Group follows international best practise on environmental aspects of its work, its goal being to meet or exceed these standards.

**Principal Risks and Uncertainties**

The principle risks and uncertainties lie in the ongoing investment in the various mining licences in Cyprus and in future investment opportunities being available to the Group. The nature of the natural resource sector means that returns are uncertain as resources may be unviable to extract. The Directors also consider the key risk for the Group to be the maintenance of its reserves of cash and cash equivalents to continue to fund the exploration programme in Cyprus to reach the production stage.



The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the following risk factors are of particular relevance to the Group's activities and to any investment in the Group. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

The risk factors are summarised below:

#### *Risks relating to the portfolio of licences held by the Group*

Whilst the Directors are of the opinion that the portfolio of licences held by the Group represent potentially successful exploration opportunities, it is recognised that there is no assurance that they will result in the successful development of mineral resources and value to shareholders. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be an operating mine. At every stage of the exploration process the projects are rigorously reviewed to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets. The principal assets of the Group comprising the exploration licences are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to legislation defined by the Government; if this legislation is changed it could adversely affect the value of the Group's assets.

#### *Environmental and other regulatory requirements*

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Group, and therefore the Board considers these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks. Whilst the Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant. The Board has commissioned its first EIAS on its Troulli licence to ensure that environmental effects of this project can be identified and subsequently addressed.

#### *Management and reliance on key personnel*

The Group is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions. Nevertheless, through programmes of incentivising staff, appropriate succession planning, and good management these risks can be largely mitigated.

#### *Financing*

The Board acknowledges that an adequate level of working capital for exploration of the licenced areas in Cyprus could depend upon the Group's ability to obtain financing primarily through the raising of new equity capital. The Group's ability to raise funds may be affected by the success of its acquired investments. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its intended work program in its subsidiaries. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available. The Group has substantial cash reserves at year end and have also entered into two Joint Venture Agreements which will help to mitigate the high cost of capital required to develop their assets into the production stage.

#### *Brexit*

The Group has not experienced any specific challenges which have arisen following Brexit and does not foresee any future material issues arising. The Board continue to monitor the after effects of Brexit and will take appropriate steps as required.

#### *Market Conditions*

Market conditions, including general economic conditions and their effect on exchange rates, interest rates and inflations rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition from other organisations, some of which may have greater resources or are more established in a particular territory. The Board considers and reviews all market conditions to try and mitigate any risks that may arise from these.

*Covid 19*

The COVID-19 pandemic whilst still providing challenges around the world, through disruptions to travel and delays to manufacturing supply chains has not had a detrimental effect on the operations of the Group. The Group will continue to take measures to mitigate the broader public health risks associated with COVID-19 and provide support to employees, contractors and suppliers if needed. COVID-19 had a short term impact on the turnaround timing of sample analyses from independent laboratories. However, the Group has a large portfolio of licences to keep the exploration team fully engaged.

*Financial Risk Management*

The Group's operations expose it to a variety of financial risks that include the effect of changes in foreign currency exchange rates, funding risk, credit risk, market risk/ commodity volatility, liquidity risk and interest rate risk. Details of the Group's financial risk management policies are set out in note 24 to the Financial Statements.

*Uninsured risk*

The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards and weather conditions or other acts of God. The Group holds insurance for those risks that can be covered.

**Going concern**

The financial statements have been prepared under the going concern assumption. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the 12 month period from the date of the Board approval of the financial statements, with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

As referred to in the Chairman's Report, the Group raised gross proceeds of £2.25 million in March 2021 and a further £1.5 million in October 2021 by way of share placings. These funds complement the Group's existing cash resources and will be used to fund the current exploration programme. Where required, the Directors will limit expenditure to ensure adequate resources remain available for the day to day running of the business. As is common for an early stage mining and exploration business, it is considered part of the normal course of business to require access to further funding from time to time to fund ongoing operations.

The Directors are confident that this funding will continue and consider that the Group will have access to adequate resources, to meet operational requirements for at least 12 months from the date of approval of these financial statements. On this basis, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

**CORPORATE GOVERNANCE****Introduction:**

The Directors recognise the importance of sound corporate governance and seek to apply The Quoted Company Alliance Corporate Governance Code for Small and Medium size Companies (2018) (the 'QCA Code'), which they believe is the most appropriate recognised governance code for a company of the Company's size and with a Standard Listing on the London Stock Exchange. The Directors believe that the QCA Code will provide the Company with the framework to help ensure that a strong level of governance is developed and maintained, enabling the Company to embed a governance culture into its organisation.

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning balanced team led by the Chair;
6. Ensure that between them the Directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board; and
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

Here follows a short explanation of how the Company applies each of the principles, including where applicable any deviation from those principles.

### **Principle One**

#### *Business Model and Strategy*

The Group has a portfolio of mining licences and assets in Cyprus. It has a clear strategy of growing a sustainable mining business in Cyprus which has been set out in the Chairman's report. There has been both acquisitions and disposals of assets in the year to ensure that all assets held are in line with the Group's current strategy which is focused firmly on copper-gold projects in Cyprus.

### **Principle Two**

#### *Understanding Shareholder Needs and Expectations*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Virtual roadshows have been held during the year and the Directors have met with both retail and institutional shareholders to discuss issues and provide feedback over the Group's current strategy. In addition, all shareholders were invited to attend the annual AGM that was held in 2021 and are again encouraged to attend the next AGM that will be held on 24<sup>th</sup> May 2022. Investors also have access to current information on the Group through its website, [www.caerusmineralresourcesplc.com](http://www.caerusmineralresourcesplc.com)

### **Principle Three**

#### *Considering wider stakeholder and social responsibilities*

The Board recognises that the long-term success of the Group is reliant upon open communication with its internal and external stakeholders: employees, investee companies, shareholders, contractors, suppliers, regulators and other stakeholders. The Group has employed several new employees during the year and set up a stakeholder pension scheme in the United Kingdom. The Group want to engage with each staff member to create proper alignment between corporate goals, targets and employee aspirations and aim to set up a Bonus and/or Long term incentive plan in the coming year for all employees. The Group has an ongoing relationship with a broad range of its stakeholders and has regular and direct interaction where it provides these stakeholders with opportunities to raise issues and provide feedback to the Group.

### **Principle Four**

#### *Risk Management*

The Board is responsible for ensuring that procedures are in place and being implemented effectively to identify, evaluate and manage the significant risks faced by the Group. It has an established framework of internal financial controls to address financial risk and is regularly reviewing the non-financial risks to ensure all exposures are adequately managed. The Group maintains appropriate insurance cover in respect of legal actions against the Directors as well as against material loss or claims against the Group. The principal risks and uncertainties are as set out in the Strategic Report. An internal audit function is not considered necessary or practical due to the size of the Group and the close control exercised by the Board as a whole.

**Principle Five***A Well Functioning Board of Directors*

The Board currently comprises of the Chief Executive, Martyn Churchouse and two non-executive Directors, Andrew Daniels and Michael Johnson (Chairman). None of the directors are considered to be independent due to their executive positions or shareholdings. Having no independent Director on the Board is a deviation from the QCA Code principles but is not considered an issue due to the small size and stage of operations of the Group. Further information about the directors can be found on the company website at [www.caerusmineralresources.com](http://www.caerusmineralresources.com). The biographical details of these Directors are set out within Principle Six below. The Chairman, Michael Johnson has previous experience in his capacity as Chairman for other exploration companies. He is also an expert in mine site rehabilitation and environmental engineering with a particular emphasis on the Mining Sector. Martyn Churchouse has broad experience managing various elements of Junior Exploration companies including day to day management functions, completion of acquisitions and other transactions and raising funds. He is also a practicing geologist with expertise both in the fields of exploration and mining geology with emphasis on feasibility studies. Andrew Daniels is a practicing geologist with both exploration and mine geology expertise. He also has wide ranging banking experience. All Directors are subject to re-election in accordance with both the requirements of the UK Companies Act and the Company's articles of association ("Articles"). The Company's Articles state that Directors are subject to re-election at intervals of no more than three years. The letters of appointment for all Directors stipulate the time commitment that each Director is expected to provide to the Company. The Board Chairman serves as chair of every meeting of the Board of Directors.

The Board is expected to meet at least 6 times per year. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that decisions on appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. The Board considers that this is appropriate given the Group's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward.

*Attendance at Board and Committee Meetings*

The Group will report annually in the Directors' Report on the number of Board and committee meetings held during the year and the attendance record of individual Directors. Directors meet formally and informally both in person and by telephone. To date there have been at least bi-monthly informal meetings of the Board and 17 formal meetings during 2021, and the volume and frequency of such meetings is expected to continue at this rate.

<i>Director</i>	<i>Number of formal board meetings with possible attendance record in 2021</i>
Martyn Churchouse	15/15 (including two Remuneration Committee Meetings and one Audit Committee Meeting)
Andrew Daniels	9/17 (including three Remuneration Committee Meetings)
Michael Johnson	17/17(including three Remuneration Committee Meetings and one Audit Committee Meeting)

**Principle Six***Appropriate Skills and Experience of the Directors*

The Board currently consists of three Directors and, in addition, the Company has employed the outsourced services of Orana Corporate LLP to act as the Company Secretary. The Company believes that the Directors have wide ranging experience working for, and, or advising businesses operating within the natural resources sector. They also have an extensive network of relationships to reach key decision-makers to help achieve their strategy.

The Board recognises that it currently has a limited, all male, Board and does not have a Finance Director. This will form a part of any future recruitment consideration if the Board concludes that replacement or additional Directors are required. The Board is aware, that as it grows, it will look to recruit and develop a diverse and gender-balanced team.

Biographies of the Board are as included below.

**Professor Michael Stephen Johnson, *Non-executive Chairman***

(Emeritus Professor) Michael Johnson DSc. PhD., MTech. BSc, held the Rio Tinto Chair of Environmental Engineering at the University of Liverpool (1994-2005). He remains External Adviser to Rio Tinto plc, Lundin Mining Corporation and New Boliden AB. He was Chairman of Glebe Mines Ltd (2001-2008), the principal fluor spar mining company in Western Europe, and variously held similar director roles with Savannah Resources plc and Alecto Minerals plc during the period 2009-2016. Professor Johnson also holds advisory positions with the World Bank and United Nations (Environment Programme).

**Martyn John Churchouse, *Chief Executive Officer***

Martyn Churchouse BSc., MSc, MBA is a geologist with 38 years' experience in Europe and Africa in exploration, mine development, feasibility and as a mine manager. He worked for Anglo American and Gold Fields before joining the junior mining sector and has been involved in bringing a number of exploration companies to the AIM market. Martyn was a senior adviser to Lundin Mining Corporation's New Business Development Division and was an executive director of AIM-listed Georgian Mining Corporation. He has been responsible for a number of discoveries and successful Bankable feasibility studies.

**Harold Andrew Daniels,, *Non-executive Director***

Andrew Daniels BScS., P Geo. is a registered, professional geologist with more than 30 years' experience in capital markets and mining and exploration geology including senior supervisory roles in open pit and underground mining environments. Mining financing experience including as director, Global Mining Finance for Deutsche Bank AG and Head, Global Banking for Palisade Global Investments plus a wealth of practical management and consulting experience including long term roles with Western Mining Corp, Kilborn SNC – Lavalin, Minorco Services BV, Anglo American PLC, Mountain Lake Resources, Chariot Resources, Riverside Resources and Century Mining.

There is no formal process to keep Directors' skill sets up-to-date given their wealth of experience. However, the Company's lawyers, auditors and broker provide regular updates on governance, financial reporting and Listing rules and the Board is able to obtain advice from other external bodies when necessary.

**Principle Seven***Evaluation of Board Performance*

Internal evaluation of the Board, the Committees and individual Directors will be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance against targets and objectives. As a part of the appraisal the appropriateness and opportunity for continuing professional development whether formal or informal is discussed and assessed.

**Principle Eight***Corporate Culture*

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole which in turn will impact the Group's performance. The Directors are very aware that the tone and culture set by the Board will greatly impact all aspects of the Group and the way that consultants or other representatives behave. The corporate governance arrangements that the Board has adopted are designed to instil a firm ethical code to be followed by Directors, consultants and representatives alike throughout the entire organisation. The Group strives to achieve and maintain an open and respectful dialogue with representatives, regulators, suppliers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Group has adopted, with effect from the date on which its shares were admitted to the LSE's main market for listed securities, a code for Directors' dealings in securities which is appropriate for a company whose securities are traded on this main market and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Issues of bribery and corruption are taken seriously. The Group has a zero-tolerance approach to bribery and corruption and has an anti-bribery and corruption policy in place to protect the Group, its employees and those third parties to which the business engages with. The policy is provided to staff upon joining the

business and training is provided to ensure that all employees within the business are aware of the importance of preventing bribery and corruption. Each employment contract specifies that the employee will comply with the policies. There are strong financial controls across the business to ensure on going monitoring and early detection.

### **Principle Nine**

#### *Maintenance of Governance Structures and Processes*

The Group's governance structures are appropriate for a company of its size. The Board also meets regularly and the Directors continuously maintain an informal dialogue between themselves. The Chairman is responsible for the effectiveness of the Board as well as primary contact with shareholders, while the execution of the Group's investment strategy is a matter reserved for the Chief Executive. The current Governance structure is outlined below:

**Audit committee** – This is led by Michael Johnson (Chair). Martyn Churchouse and Andrew Daniels are also on the committee. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets at least once in each financial year and it has unrestricted access to the Company's auditors.

**Remuneration committee** – This is led by Michael Johnson (Chair). Martyn Churchouse and Andrew Daniels are also on the committee. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options/warrants pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

As the Company grows, the Directors will ensure that the governance framework remains in place to support the development of the business and will look to appoint an independent Non-executive Director to comply with the QCA Code within the next 12 months.

### **Principle Ten**

#### *Shareholder Communication*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders in compliance with regulations applicable to companies quoted on the LSE's Main Market. All shareholders are encouraged to attend the Company's Annual General Meeting where they will be given the opportunity to interact with the Directors.

Investors also have access to current information on the Company through its website, [www.caerusmineralresources.com](http://www.caerusmineralresources.com), and via Michael Johnson, Non-Executive Chairman, who is available to answer investor relations enquiries.

#### *Other relevant stakeholders*

##### *Non-audit work*

The external auditor acted as the Company's Reporting Accountant and performed certain tax compliance work prior to the Company's Listing. This was approved by the Board as it did not affect the independence or objectivity of the external auditor and was considered to be one-off non-recurring work. Tax compliance work was moved to another advisor upon the listing of the Company.

##### *Internal controls/audit*

The Directors acknowledge their responsibility for the Groups' system of internal control and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and ensure the reliability of financial information for both internal use and external publication. Whilst the Directors are aware no system can provide absolute assurance against material misstatement or loss, regular review or internal controls are undertaken to ensure that they are adequate and effective.

The Group does not currently have an internal audit function due to the small size of the Group and limited resources available. The requirement for an internal audit function is kept under review.

#### *Whistleblowing*

The Group has adopted a formal whistleblowing policy which aims to promote a very open dialogue with all its employees which gives every opportunity for employees to raise concerns about possible improprieties in financial reporting or other matters.

#### *COVID-19 Communication*

The Group's mining operations are outside of the UK, whilst the Directors reside in both the UK and Europe. The Board regularly convene meetings electronically using telephonic and video conferencing. The COVID-19 pandemic has therefore had no effect on the ability of the Board to communicate and all recent developments of the COVID-19 health emergency on the Group's operations are discussed and all necessary actions taken.

### **ENVIRONMENT, HEALTH, SAFETY AND COMMUNITY POLICY STATEMENT**

The Group is committed to providing a safe working environment for all its employees and to responsibly manage all of the environmental interactions of its business. Its objective is to perform and achieve at a level notably in excess of the regulatory minima required by the host countries in which it does business.

To meet these objectives, the Group has defined and adopted a Health, Safety, Environment, and Community ("HSEC") policy that applies to all Group activities in Cyprus and elsewhere.

The Group is committed to the implementation of a high standard of HSEC management and delivery from exploration through production to eventual mine closure. Its field staff are accountable for delivery of the HSEC policy and its Directors, Officers and Employees are responsible for compliance with the expected high standards of HSEC performance.

The following specific commitments are made as regards HSEC matters:

#### **Health & Safety**

- Provision of health and safety training to all employees;
- All necessary measures are taken to minimise workplace injuries, and
- Establishment of management and advisory programmes for the prevention of transmissible diseases.

#### **Environment**

The Group prides itself on being a skilled and responsible developer. It functions with the clear mandate of being in full compliance with corporate standards, applicable environmental laws, regulations and permit requirements. It has an internal monitoring programme in place that plays a critical role in continuously improving its environmental performance. This is reported to the Board annually.

The Group strives to minimise its environmental effects wherever and to:

- Comply with applicable laws, regulations and commitments wherever it operates;
- Ensure it has the necessary resources, procedures, training programmes and responsibilities in place to achieve its environmental objectives;
- Strive to protect air and water quality, minimise consumption of water and energy, and protect natural habitats and biodiversity;
- Promote an ongoing environmental dialogue with its stakeholders in the communities where it conducts business;
- Collaborate with stakeholders to define environmental priorities and to protect the environment, and
- Consider the requirement for environmental protection in all aspects of exploration and development.

#### **Communities**

As well as recognising the need to protect the natural environment the Group will follow Best Practices in:

- its interactions with local communities,
- respecting customs and cultural practices, and
- minimising intrusion upon lifestyles and traditions.

The Group will not violate human rights and will, wherever possible, favour employment for local people when it recruits. It will strive to be recognised as a socially aware and responsible business.

**Streamlined Energy and Carbon Reporting**

As per the Streamlined Energy and Carbon Reporting (“SECR”) Regulations published in 2018 quoted companies and large unquoted companies that have consumed more than 40,000 kilowatt-hours (kWh) of energy in the reporting period must include energy and carbon information within their directors’ report. The Group do not currently exceed this threshold and are therefore presently exempt from the SECR reporting requirements. The Group intends to publish energy emissions data in line with the SECR regulations as the Group’s projects develop.

**Events after the reporting date**

Events after the reporting date are as described in the Chairman’s Report and Note 26 to the financial statements.

**Market Abuse Regulations**

The Group is required to comply with article 18(2) of the Market Abuse Regulation (“MAR”) with reference to insider dealing and unlawful disclosure of inside information. The LSE requires traded companies to maintain insider lists as set out in the MAR. The Board has put in place a MAR compliance process and this and the Company’s regulatory announcements are overseen by the Board of Directors.

This report was approved by the Board on 29<sup>th</sup> April 2022 and signed on its behalf by:



**M J Churchouse**  
Director



## Report Of The Directors

The Directors present their report, together with audited consolidated financial statements for the year ended 31 December 2021 (with comparative figures for the thirteen month period ended 31 December 2020).

Caerus Mineral Resources plc (“the Company”) is incorporated and domiciled in England and Wales, with Registered Number 11043077, under the Companies Act 2006. The Company was incorporated on 1 November 2017 under the name Leopard Mineral Investments Limited as a private limited company and subsequently re-registered as a public limited company on 9 January 2018; and changed its name to Caerus Mineral Resources plc on 18 September 2018.

The Company’s registered office is at Eccleston Yards, 25 Eccleston Place, London SW1W 9NF.

## Principal Activities

The principal activity of the Group is the exploration for, and development of mineral resources in Cyprus and the identification of future acquisition targets in the same industry.

## Results and Dividends

The loss for the year before taxation amounted to £987,970 (prior year loss of £108,333).

The Directors do not recommend the payment of a dividend (2020: £Nil). The nature of the Group’s business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Group should seek to generate capital growth for its Shareholders. The Group may recommend distributions at some future date when it becomes commercially prudent to do so, having regard to the availability of the Group’s distributable profits and the retention of funds required to finance future growth.

## Directors’ and Officers’ Indemnity Insurance

During the financial year, the Group maintained insurance cover for its Directors and Officers under a Directors’ and Officers’ liability insurance policy. The Group has not provided any qualifying indemnity cover for the Directors.

## Business Review, Future Developments and Key Performance Indicators

A review of the business, future developments and key performance indicators are outlined in the Chairman’s Report and the Strategic and Corporate Governance Report.

## Directors

The Directors who held office during the year under review, and as at the date of this report, were as follows:

Professor Michael Johnson (Non-executive Chairman)  
 Martyn Churchouse  
 Harold Andrew Daniels (Non-executive Director)

## Directors’ interests

The beneficial interests of the Directors who held office at 31 December 2021 and their connected parties in the share capital of the Company were as follows:

	2021 number of Ordinary shares	2020 number of Ordinary shares
Professor Michael Johnson	*1,990,001	*1,750,001
Martyn Churchouse	850,000	850,000
Harold Andrew Daniels	6,422,007	4,490,550

\*300,000 Ordinary shares (2020: 300,000) are held by their connected party, Helen Johnson.

**Substantial shareholders**

The Company has been notified of the following interests of 3 per cent. or more in its issued share capital as at 24<sup>th</sup> April 2022:

	Number of Ordinary shares	Percentage of holding
EV Metals Group Plc	10,000,000	16.3%
O.V. & S. Secretarial Ltd as trustee for PM Ploutonic Metals Ltd <sup>1</sup>	6,422,007	10.5%
Hargreaves Lansdown (Nominees) Limited	8,358,352	13.6%
Interactive Investor Service Nominees Limited	5,122,612	8.3%
Indo European Mining PR Ltd	4,240,987	6.9%
The Bank of New York (Nominees) Limited	2,950,000	4.8%
Lawshare Nominees	2,740,399	4.4%
Barclays Direct Investing	2,085,175	3.4%
Jarvis Investment Management Limited	2,029,232	3.3%
Professor Michael Johnson	1,990,001	3.3%

<sup>1</sup> The ultimate beneficial owner of the Ordinary Shares held by O.V. & S. Secretarial Ltd as trustee for PM Ploutonic Metals Ltd is Andrew Daniels, a Director.

**Directors' remuneration**

Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 21-23.

**Going concern**

The financial statements have been prepared under the going concern assumption. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

As referred to in the Chairman's Report, the Group raised gross proceeds of £2.25 million and £1.5 million by way of a share placings and issue of shares on 19 March 2021 and 5 October 2021. These funds complement the Group's existing cash resources and will be used to fund the current exploration programme. Where required, the Directors will limit expenditure to ensure adequate resources remain available for the day to day running of the business. As is common for an early stage mining and exploration business, it is considered part of the normal course of business to require access to further funding from time to time to fund ongoing operations.

The Directors are confident that this funding will continue and consider that the Group will have access to adequate resources, to meet operational requirements for at least 12 months from the date of approval of these financial statements. On this basis, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the Financial Statements.

**Post Balance Sheet Events**

These are detailed out in note 26 to the financial statements.

**Financial Risk Management**

These are detailed out in note 24 to the financial statements.

**Provision of Information to Auditors**

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

PKF Littlejohn LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

**Corporate Governance**

A report on Corporate Governance is set out in the Strategic Report.

**Annual general meeting**

The Company will hold its annual general meeting for 2021 in May 2022 and the date will be announced on the Company website.

**Listing**

The Company's ordinary shares have been traded on the standard segment of the Main market Listing of the LSE since 19 March 2021. Novum Securities Limited is the Company's broker.

**Streamlined Energy and Carbon Reporting**

This is referred to in the Strategic and governance report on page 16.

**Political and charitable contributions**

The Company made a charitable donation of £575 in 2021 (2020 £nil). No political donations were made in either year.

**Statement of Directors Responsibilities**

The Directors are responsible for preparing the Annual Report, Report of the Directors, Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

**Directors' Responsibility Statement Pursuant to Disclosure and Transparent Rules**

Each of the Directors, whose names and functions are listed on page 17 confirm that, to the best of their knowledge and belief:

- The Financial Statements prepared in accordance with UK-adopted international accounting standards and give a true and fair view of the assets, liabilities, financial position and loss of the Group and Company; and
- the Annual Report and Financial Statements, including the Business review, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

This report was approved and authorised for issue by the board on 29<sup>th</sup> April 2022 and signed on its behalf by:



M J Churchouse  
**Director**

## Directors' Remuneration Report

The Company has an established Remuneration Committee. The Committee reviews the scale and structure of the Directors' fees, taking into account the interests of shareholders and the performance of the Group and Directors.

The Company's auditors, PKF Littlejohn LLP are required by law to audit certain disclosures and where disclosures have been audited, they are indicated as such.

### Statement of Caerus Mineral Resources Plc's policy on directors' remuneration by the chair of the Remuneration Committee

As chair of the Remuneration Committee I am pleased to introduce our Directors' Remuneration Report. One of the Remuneration Committee's aims is to provide clear, transparent remuneration reporting for our shareholders which adheres to the best practice corporate governance principles that are required for listed organisations.

The Directors' Remuneration Policy, is set out below.

Directors' remuneration packages are designed to motivate and retain Directors, as well as have regard for similar jobs in comparable companies. They also take into consideration reward for individual performance and enhancing value to shareholders. The performance of the Directors is reviewed annually and an increase in salary is awarded in line with this evaluation.

For 2022, a 10% increase was awarded to Martyn Churchouse, increasing his salary to £82,500 and a 2% increase to Harold Andrew Daniels, increasing his salary to 86,700 Euros.

The executive Director's remuneration package includes a basic annual salary, a minimum contribution to the Company's stakeholder pension plan and an award of warrants in line with individual performances.

The key activities of the Remuneration Committee are:

- to determine and agree with the Board the framework or broad policy for the remuneration of the Company's chair, chief executive, and such other members of the executive management as it is designated to consider;
- in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements;
- recommend and monitor the level and structure of remuneration for senior management;
- when setting remuneration policy for directors, review and have regard to the remuneration trends across the Company, and review the on-going appropriateness and relevance of the remuneration policy;
- obtain reliable, up-to-date information about remuneration in other companies;
- approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- oversee any major changes in employee benefits structures throughout the Company.

The Remuneration Committee comprises all three members of the Board, with the Chair being Michael Johnson.

### Remuneration Components

The Company remunerates directors in line with best market practice in the industry in which it operates. The components of Director remuneration that are considered by the Board for the remuneration of directors in future years are likely to consist of:

- Base salaries
- Pension and other benefits
- Share Incentive arrangements

Given the early stage of development of the Company, the Remuneration Committee do not consider it appropriate to have annual bonuses or share incentive arrangements. The Remuneration Committee also do not consider it necessary to have maximum amounts of each remuneration component.

The executive Director's remuneration package includes a basic annual salary, a minimum contribution to the Company's stakeholder pension plan and an award of warrants in line with individual performances. No other payments are made for compensation for loss of office.

The Company has established a workplace pension scheme and pays the statutory required pension amounts in relation to Directors' remuneration where applicable. The Company has not paid out any excess retirement benefits to any Directors or past Directors. The Company has not paid any compensation to past Directors. Amounts paid by the Group in respect of Directors' services and warrants issued for performance are shown in note 8 to the financial statements.

#### **Recruitment Policy**

Base salary levels will take into account market data for the relevant role, internal relativities, their individual experience and their current base salary. For external and internal appointments, the Board may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

#### **Payment for loss of Office**

The Committee will honour the Executive Director's contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Director or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

#### **Service Agreements and letter of appointment**

The Executive Director's (Martyn Churchouse) service agreement, dated 1 November 2020, is not for a fixed term and may be terminated by the Company or the Executive Director by giving 6 months' notice.

The Non-Executive Director (Andrew Daniels), has a service agreement, effective date from Admission, 29 March 2021, as an executive Director of the subsidiary NCC with an appointment period of minimum two years, and thereafter until terminated by either party not giving less than three months' prior written notice.

The Non-Executive Director and Chair, Michael Johnson does not have a service contract but is appointed by a letter of appointment. His term of office runs for an initial period of three years unless terminated earlier upon written notice or upon his resignation.

The terms of all Directors' appointments are subject to their re-election by the Company's shareholders at any Annual General Meeting at which the all Directors stand for re-election.

**Executive Director's remuneration - Audited**

The table below sets out the remuneration received by the Directors for the year ended 31 December 2021 and 31 December 2020:

	Year ended 31 December 2021				13 months ended 31 December 2020
	Salary/Fees	Pensions	Share- based payments	Total	Fees
	£	£	£	£	£
<i>Executive directors:</i>					
Martyn Churchouse	75,000	440	40,565	116,005	10,000
<i>Non-executive directors:</i>					
Professor Michael Johnson	-	-	10,593	10,593	-
Harold Andrew Daniels	70,701	-	-	70,701	18,906
	<b>70,701</b>	<b>-</b>	<b>10,593</b>	<b>81,294</b>	<b>18,906</b>
<b>TOTAL</b>	<b>145,701</b>	<b>440</b>	<b>51,158</b>	<b>197,299</b>	<b>28,906</b>

**Relative importance of spend on pay**

The table below illustrates the year-on-year change in total remuneration compared to distributions to shareholders and operational cash flow for the financial periods ended 31 December 2021 and 2020:

	Distributions to shareholders	Total directors and employee pay	Operational cash outflow
	£	£	£
Year ended 31 December 2021	Nil	213,126	936,199
13 Months ended 31 December 2020	Nil	28,906	423,284

Total employee pay includes wages and salaries, social security costs and pension cost for employees in continuing operations. Further details on Employee remuneration are provided in note 8. Operational cash outflow has been shown in the table above as cash flow monitoring and forecasting is an important consideration for the Remuneration Committee and Board of Directors when determining cash-based remuneration for directors and employees.

**Historical Share Price Performance Comparison**

The Directors have not provided a historical share price performance comparison as the Company has only been trading since 29 March 2021 and therefore a comparison is not yet considered a useful tool for analysis.

**Consideration of shareholder views**

The Board considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's annual policy on remuneration.

Approved on behalf of the Board of Directors.



**Michael Johnson**  
Chairman  
29<sup>th</sup> April 2022

## CAERUS MINERAL RESOURCES PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAERUS MINERAL RESOURCES PLC

#### Opinion

We have audited the financial statements of Caerus Mineral Resources Plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2021 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and parent company Statements of Financial Position, the Consolidated and parent company Statements of Changes in Equity, the Consolidated and parent company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cash flow forecasts prepared by management for the period up to 30 April 2023 for reasonableness, as well as corroborating and challenging the key assumptions;
- Reviewing post-period end RNS announcements and holding discussions with management on future plans; and
- Assessing the levels of cash available to the group post year-end and how they are sufficient to cover expected outgoing costs over the cash flow forecast period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatement. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit. Materiality applied to the group financial statements was £110,000 (2020: £37,000) with performance materiality set at £77,000 (2020: 25,900). This amount has been determined taking into consideration the group's gross assets. Our determination was considered appropriate based on the areas of significant audit risk identified. Gross assets include exploration and evaluation assets and cash and cash equivalents. The going concern of the group is dependent on its ability to fund operations going forward including valuation of its assets, which represent the underlying value of the group.



## CAERUS MINERAL RESOURCES PLC

Materiality applied to the parent company’s Financial Statements was £105,000 (2020: £36,000), with performance materiality set at £73,500 (2020: £25,200). The benchmark for determining materiality of the parent company was approximately 2% of gross assets, based on the areas of significant audit risk identified. Gross assets include investments and intragroup balances and cash and cash equivalent. The parent company is the funding vehicle for the exploration work carried out by the subsidiaries. We agreed with the audit committee that we would report all individual audit differences identified during the course of our audit in excess of £5,250 together with any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The audit of New Cyprus Copper Limited and Treasure Development Limited was performed by component auditors, with materiality set by us at £70,000 (2020: £17,000) and £44,000 (2020: £21,000) respectively.

A benchmark of 70% for performance materiality during our audit of the group and parent company was applied as we believe that this would provide sufficient coverage of significant and residual risks.

We agreed with the audit committee that we would report to them all audit differences identified during the course of our audit in excess of £6,100 (2020: £1,850). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

### Our approach to the audit

In designing our audit approach, we determined materiality and assessed the risk of material misstatement in the Financial Statements. In particular, we assessed the areas requiring the Directors to make subjective judgements, for example in respect of significant accounting estimates and judgements including the carrying value of evaluation and exploration assets, accounting for acquisition of the Caerus’ subsidiaries, intra-group balances and investments in subsidiaries and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

An audit was performed on the financial information of the group’s material operating components which, for the period ended 31 December 2021, were located in the United Kingdom and Cyprus.

New Cyprus Copper Limited and Treasure Development Limited have been assessed as significant components of the group and therefore we designed procedures focused on exploration cost capitalisation and valuation of the exploration assets in accordance with IFRS 6. This work was significant in addressing our key audit matter in respect of capitalised exploration costs and valuation of explorations assets in which the group’s exploration costs are recorded.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<p><b>Treatment of acquisition of Cyprus Gold Mines Ltd (group)</b></p> <p>On 9 August 2021, Caerus Mineral Resources Plc acquired 100% Cyprus Gold Mines Ltd for £284,230 cash consideration.</p> <p>Management judgement is involved in determining the appropriate accounting treatment, including whether the acquisition met the definition of a business combination or could be treated as an asset acquisition, date of transfer of control and accounting for consideration.</p> <p>Management judgement is also required in the assessment of the fair values of assets and liabilities acquired, and their associated useful lives, and the use of estimates in the determination of these values and the resultant intangible assets and goodwill recognised.</p> <p>There is a risk that the acquisitions have been incorrectly</p>	<p>Our audit work included:</p> <ul style="list-style-type: none"> <li>▪ Assessing the acquisition see if it meets the definition of a business combination in accordance with IFRS 3;</li> <li>▪ Reviewing the sale and purchase agreements in relation to the acquisition;</li> <li>▪ Reviewing management’s calculation and rationale of the fair value adjustment and purchase price allocation to the assets held;</li> <li>▪ Agreeing the level of consideration to supporting documentation;</li> </ul>

<p>accounted for when considering the requirements of IFRS 3. (refer to note 14).</p>	<ul style="list-style-type: none"> <li>▪ Obtaining share certificates to confirm the ownership of the investment at year end and that 100% of the business was purchased;</li> <li>▪ Reviewing calculations around the adjustment for the deferred tax liability on the fair value uplift; and</li> <li>▪ Reviewing and assessing the disclosures in the financial statements to ensure they explain the rationale of why management have deemed it to be an asset acquisition.</li> </ul> <p>Based on the procedures performed, we consider management's judgements to be reasonable and the related disclosures appropriate.</p>
<p><b>Carrying value and appropriate capitalisation of Intangible Assets (group)</b></p>	
<p>The group has intangible assets in relation to capitalised exploration costs in respect of its mining activities in Cyprus. There is a risk that these assets have been incorrectly capitalised in accordance with IFRS 6 and that there could be indicators of impairment as at 31 December 2021. Management's assessment of impairment under IFRS 6 requires estimation and judgement particularly in early-stage exploration projects.</p> <p>The group carries a material amount of intangible assets in its Consolidated Statement of Financial Position.</p> <p>There is a risk that the carrying value of these intangible assets could be overstated (refer to note 12).</p>	<p>Our audit work included:</p> <ul style="list-style-type: none"> <li>▪ Confirming through review of component auditor files that the Cypriot subsidiaries hold good title to the applicable exploration licences as one of the key items in determining the valuation of the exploration and evaluation assets as required by IFRS 6;</li> <li>▪ Reviewing component auditor's work over capitalised costs relating to the licences of the Cyprus subsidiaries. This included considerations in respect of the recognition criteria within IFRS 6;</li> <li>▪ Reviewing and challenging management's considerations of impairment in respect of the Cyprus subsidiaries. This included challenging the key assumptions, data, and method to determine whether any impairment indicators exist in accordance with IFRS 6;</li> <li>▪ Reviewing management's budgeted spend for the license areas; and</li> <li>▪ Assessment of progress at the individual projects during the period and post year-end.</li> </ul> <p>Based on the procedures performed, we consider management's judgements and estimates to be reasonable and the related disclosures appropriate.</p>
<p><b>Recoverability of investments and intragroup balances (parent company)</b></p>	
<p>The parent company holds material investments in its Statement of Financial Position related to its subsidiary undertakings. There are also material intragroup balances as the parent company funds operations in Cyprus.</p> <p>Given the losses in the subsidiaries, there is a risk that the investments in subsidiaries (where intangibles are the main</p>	<p>Our audit work included:</p> <ul style="list-style-type: none"> <li>▪ Obtaining and reviewing the impairment assessment performed by management to ensure it is in line with the requirements of IAS 36 <i>Impairment of Assets</i>. Management's impairment assessment was challenged as appropriate;</li> </ul>

<p>asset) may not be fully recoverable and therefore overstated (refer to notes 13 and 14).</p>	<ul style="list-style-type: none"> <li>■ Reviewing the component auditor’s responses in relation to the Cypriot subsidiaries and ensuring that no impairment indicators existed;</li> <li>■ Reviewing the value of the net investment in subsidiaries against the underlying assets and exploration projects and verifying and corroborating the judgements/estimates used by management to assess the recoverability of investments and intercompany receivables;</li> <li>■ Obtaining confirmation of ownership of investments;</li> <li>■ Reviewing management’s assessment of expected credit losses on intragroup receivables in accordance with IFRS 9 <i>Financial Instruments</i> criteria; and</li> <li>■ Considering the appropriateness of the accounting policies and disclosures included in the financial statements.</li> </ul> <p>Based on the procedures performed, we consider management’s judgements on the recoverability of investments and intragroup balances to be reasonable and the related disclosures appropriate.</p>
<p><b>Purchase and disposal of PR Ploutonic Resources Ltd</b></p> <p>The parent company acquired 100% of PR Ploutonic Resources Ltd (“PRL”) on 11 June 2021 for £750k in shares. Subsequently the licences were transferred into NCC at the same fair value of £750k. On 5 November 2021, the company sold PRL for a cash consideration of £300k and deferred cash/shares consideration of £100k to Aeramentum Resources Pty. Ltd.</p> <p>Management judgement is involved in determining whether the disposal meets the criteria of IFRS 5 and therefore accounted for as a discontinued operation. The loss recognised on disposal is material to the parent’s financial statements.</p> <p>There is a risk that the disposal of PRL will not be accounted for correctly (refer to notes 14 and 15).</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>■ Reviewing the sale and purchase agreements for the purchase and sale in the year;</li> <li>■ Reviewing management’s calculation and rationale paper regarding the accounting entries made with respect to the acquisition and subsequent disposal;</li> <li>■ Agreeing the level of consideration to supporting documentation, including the deferred cash of £100k;</li> <li>■ Obtaining share certificates to confirm the 100% ownership on acquisition; and</li> <li>■ Considering the appropriateness of the accounting policies and disclosures included in the financial statements.</li> </ul> <p>Based on the procedures performed, we consider management’s judgements on the accounting treatment of the disposal to be reasonable and the related disclosures appropriate</p>

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a

## CAERUS MINERAL RESOURCES PLC

material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through detailed discussions with management about and potential instances of non-compliance with laws and regulations both in the UK and in overseas subsidiaries. We also selected a specific audit team based on experience with auditing entities within this industry of a similar size.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
  - Listing Rules as applicable to Standard Segment of the LSE
  - Disclosure Guidance and Transparency Rules ("DTR")
  - Local industry regulations in Cyprus where exploration activity took place in the year

## CAERUS MINERAL RESOURCES PLC

- Local tax and employment law in the UK and Cyprus
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management
  - Review of Board minutes
  - Review of accounting ledgers
  - Review of RNS announcements
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: testing over all journals on a risk based approach to identify any unusual transactions that could be indicative of fraud; reviewing accounting estimates for evidence of bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and reviewing transactions through the bank statements to identify potentially large or unusual transactions that do not appear to be in line with our understanding of business operations.
- As part of the group audit, we have communicated with component auditor the risks associated with the components of the group, including the risk of fraud as a result of management override of controls. To ensure that this has been completed, we have reviewed component auditor working papers in this area and obtained responses to our group instructions from the component auditors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters which we are required to address

We were appointed by the directors of Caerus Mineral Resources Plc on 9 February 2021 to audit the financial statements for the period ending 31 December 2020 and subsequent financial periods. Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 December 2017 to 31 December 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit



**Alistair Roberts (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

29 April 2022

CAERUS MINERAL RESOURCES PLC

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 31 December 2021 £	13 month period ended 31 December 2020 £
<i>Continuing operations:</i>			
Administrative expenses	6	(975,707)	(108,333)
Finance costs	7	(12,263)	-
<b>Operating loss</b>		<b>(987,970)</b>	<b>(108,333)</b>
<b>Loss before income tax</b>		<b>(987,970)</b>	<b>(108,333)</b>
Income tax expense	9	-	-
Loss after taxation		(987,970)	(108,333)
<b>Total loss for the year</b>		<b>(987,970)</b>	<b>(108,333)</b>
<b>Total loss attributable to:</b>			
Owners of Caerus Mineral Resources plc		(821,801)	(106,957)
Non-controlling interests		(166,169)	(1,376)
		<b>(987,970)</b>	<b>(108,333)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit and loss:</b>			
Exchange differences on translation of foreign operations	20	(14,264)	(14,165)
		<b>(1,002,234)</b>	<b>(122,498)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of Caerus Mineral Resources plc		(827,235)	(121,122)
Non-controlling interests		(174,999)	(1,376)
		<b>(1,002,234)</b>	<b>(122,498)</b>
<b>Loss per share:</b>			
<b>Total basic and diluted loss per share (£)</b>	10	<b>(0.020)</b>	<b>(0.009)</b>

The accounting policies and notes on pages 37 to 59 form part of these consolidated financial statements.

CAERUS MINERAL RESOURCES PLC

Consolidated Statement of Financial Position

	Note	As at 31 December 2021 £	As at 31 December 2020 £
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible fixed assets	11	2,578,529	1,690,536
Tangible fixed assets	12	20,800	-
<b>Total non-current assets</b>		<b>2,599,329</b>	<b>1,690,536</b>
<i>Current assets</i>			
Other receivables	14	432,239	10,709
Cash and cash equivalents		2,508,108	137,906
<b>Total current assets</b>		<b>2,940,347</b>	<b>148,615</b>
<b>Total assets</b>		<b>5,539,676</b>	<b>1,839,151</b>
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Borrowings	17	(504)	(539)
Deferred tax liabilities	18	(246,840)	(125,801)
Financial liability – contingent consideration	15	(186,916)	(174,688)
<b>Total non-current liabilities</b>		<b>(434,260)</b>	<b>(301,028)</b>
<i>Current liabilities</i>			
Trade and other payables	16	(154,099)	(168,939)
<b>Total current liabilities</b>		<b>(154,099)</b>	<b>(168,939)</b>
<b>Total liabilities</b>		<b>(588,359)</b>	<b>(469,967)</b>
<b>Net assets</b>		<b>4,951,317</b>	<b>1,369,184</b>
<b>EQUITY</b>			
Share capital	19	612,113	239,000
Shares to be issued	19	-	100,000
Share premium	19	5,840,002	1,627,665
Share-based payments reserve		98,917	-
Foreign exchange reserve	20	(19,599)	(14,165)
Retained earnings		(1,512,891)	(691,090)
Capital and reserves attributable to owners of Caerus Mineral Resources plc		<b>5,018,542</b>	<b>1,261,410</b>
Non-controlling interests		<b>(67,225)</b>	<b>107,774</b>
<b>Total equity</b>		<b>4,951,317</b>	<b>1,369,184</b>

The accounting policies and notes on pages 37 to 59 form part of these consolidated financial statements.

The Financial Statements were approved and authorised for issue by the Board on 29 April 2022 and were signed on its behalf by:



Martyn Churchouse, Director

CAERUS MINERAL RESOURCES PLC

Parent Company Statement of Financial Position

Company number: 11043077

	Note	As at 31 December 2021 £	As at 31 December 2020 £
<b>ASSETS</b>			
<i>Non-current assets</i>			
Investments in subsidiary	13	1,458,923	1,174,693
Loans to subsidiaries	14	1,057,750	-
<b>Total non-current assets</b>		<b>2,516,673</b>	<b>1,174,693</b>
<i>Current assets</i>			
Other receivables	14	378,656	-
Loans to subsidiaries	14	-	301,292
Cash and cash equivalents		2,426,498	115,513
<b>Total current assets</b>		<b>2,805,154</b>	<b>416,805</b>
<b>Total assets</b>		<b>5,321,827</b>	<b>1,591,498</b>
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Financial liability – contingent consideration	15	(186,916)	(174,688)
<b>Total non-current liabilities</b>		<b>(186,916)</b>	<b>(174,688)</b>
<i>Current liabilities</i>			
Trade and other payables	16	(125,139)	(95,967)
<b>Total current liabilities</b>		<b>(125,139)</b>	<b>(95,967)</b>
<b>Total liabilities</b>		<b>(312,055)</b>	<b>(270,655)</b>
<b>Net assets</b>		<b>5,009,772</b>	<b>1,320,843</b>
<b>EQUITY</b>			
Share capital	19	612,113	239,000
Shares paid not issued		-	100,000
Share premium	19	5,840,002	1,627,665
Share-based payments reserve		98,917	-
Retained earnings		(1,541,260)	(645,822)
Capital and reserves attributable to owners of Caerus Mineral Resources plc		5,009,772	1,320,843
<b>Total equity</b>		<b>5,009,772</b>	<b>1,320,843</b>

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 by choosing not to present its individual Statement of Comprehensive Income and related notes that form part of these approved financial statements.

The Company's loss for the period from operations is £895,438 (2020: loss of £63,065).

The accounting policies and notes on pages 37 to 59 form part of these financial statements.

The Financial Statements were approved and authorised for issue by the Board on 29 April 2022 and were signed on its behalf by:



Martyn Churchouse, Director



CAERUS MINERAL RESOURCES PLC

Consolidated Statement of Changes in Equity

	Share capital £	Share premium £	Share-based payment reserve £	Shares paid not issued £	Retained earnings £	Foreign exchange reserve £	Non-controlling interests £	Total £
<b>Balance at 1 December 2020</b>	<b>94,000</b>	<b>322,665</b>	-	-	<b>(582,757)</b>	-	-	<b>(166,092)</b>
<i>Comprehensive income</i>								
Loss for the period	-	-	-	-	(108,333)	-	(1,376)	(109,709)
Exchange differences on translation of foreign operations	-	-	-	-	-	(14,165)	-	(14,165)
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>(108,333)</b>	<b>(14,165)</b>	<b>(1,376)</b>	<b>(123,874)</b>
<i>Transactions with owners recognised directly in equity</i>								
Acquisition of subsidiary with NCI	-	-	-	-	-	-	109,150	109,150
Issue of shares	145,000	1,305,000	-	-	-	-	-	1,450,000
Shares paid but not issued	-	-	-	100,000	-	-	-	100,000
<b>Total transactions with owners recognised directly in equity</b>	<b>145,000</b>	<b>1,305,000</b>	-	<b>100,000</b>	-	-	<b>109,150</b>	<b>1,659,150</b>
<b>Balance as at 31 December 2020</b>	<b>239,000</b>	<b>1,627,665</b>	-	<b>100,000</b>	<b>(691,090)</b>	<b>(14,165)</b>	<b>107,774</b>	<b>1,369,184</b>
<i>Comprehensive income</i>								
Loss for the year	-	-	-	-	(821,801)	-	(166,169)	(987,970)
Exchange differences on translation of foreign operations	-	-	-	-	-	(5,434)	(8,830)	(14,264)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>(821,801)</b>	<b>(5,434)</b>	<b>(174,999)</b>	<b>(1,002,234)</b>
<i>Transactions with owners in their capacity as owners</i>								
Issue of shares	373,113	4,526,887	-	(100,000)	-	-	-	4,800,000
Cost of shares issued	-	(314,550)	29,530	-	-	-	-	(285,020)
Share-based payments	-	-	69,387	-	-	-	-	69,387
<b>Total transactions with owners recognised directly in equity</b>	<b>373,113</b>	<b>4,212,337</b>	<b>98,917</b>	<b>(100,000)</b>	-	-	-	<b>4,584,367</b>
<b>Balance as at 31 December 2021</b>	<b>612,113</b>	<b>5,840,002</b>	<b>98,917</b>	-	<b>(1,512,891)</b>	<b>(19,599)</b>	<b>(67,225)</b>	<b>4,951,317</b>

CAERUS MINERAL RESOURCES PLC

Parent Company Statement of Changes in Equity

	Share capital	Share premium	Share-based payment reserve	Shares paid not issued	Retained earnings	Total
	£	£	£	£	£	£
<b>Balance at 1 December 2019</b>	<b>94,000</b>	<b>322,665</b>	-	-	<b>(582,757)</b>	<b>(166,092)</b>
<i>Comprehensive income</i>						
Loss for the year	-	-	-	-	(63,065)	(63,065)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>(63,065)</b>	<b>(63,065)</b>
<i>Transactions with owners recognised directly in equity</i>						
Issue of shares	145,000	1,305,000	-	-	-	1,450,000
Shares paid not issued	-	-	-	100,000	-	100,000
<b>Total transactions with owners recognised directly in equity</b>	<b>145,000</b>	<b>1,305,000</b>	-	<b>100,000</b>	-	<b>1,550,000</b>
<b>Balance as at 31 December 2020</b>	<b>239,000</b>	<b>1,627,665</b>	-	<b>100,000</b>	<b>(645,822)</b>	<b>1,320,843</b>
<i>Comprehensive income</i>						
Loss for the year	-	-	-	-	(895,438)	(895,438)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>(895,438)</b>	<b>(895,438)</b>
<i>Transactions with owners recognised directly in equity</i>						
Issue of shares	373,113	4,526,887	-	(100,000)	-	4,800,000
Cost of shares issued	-	(314,550)	29,530	-	-	(285,020)
Share-based payments	-	-	69,387	-	-	69,387
<b>Total transactions with owners recognised directly in equity</b>	<b>373,113</b>	<b>4,212,337</b>	<b>98,917</b>	<b>(100,000)</b>	-	<b>4,584,367</b>
<b>Balance as at 31 December 2021</b>	<b>612,113</b>	<b>5,840,002</b>	<b>98,917</b>	-	<b>(1,541,260)</b>	<b>5,009,772</b>

## Consolidated Statement of Cash Flows

		Year ended 31 December 2021 £	13 month period ended 31 December 2020 £
	Notes		
<b>Cash flow from operating activities</b>			
Loss for the period before taxation		(987,970)	(108,333)
<i>Adjustments for:</i>			
Interest paid		35	1,081
Foreign exchange movements		46,198	-
Share-based payments		69,387	-
Write back of intercompany loans		-	(103,127)
Write off of exploration	11	118,690	-
Depreciation	12	5,147	-
<b>Operating cash flows before movements in working capital</b>		<b>(748,513)</b>	<b>(210,379)</b>
Increase in receivables		(187,039)	(1,347)
Decrease in accounts payable and accrued liabilities		(2,647)	(211,558)
<b>Net cash used in operating activities</b>		<b>(938,199)</b>	<b>(423,284)</b>
<b>Cash flow from investing activities</b>			
Payment for acquisition of subsidiary	13	(284,230)	(150,005)
Less cash acquired on acquisition of subsidiaries		-	109,107
Proceeds from sale of subsidiary	13	300,000	-
Expenditure on fixed assets	12	(25,947)	-
Expenditure on intangible assets	11	(444,625)	(12,211)
<b>Net cash used in investing activities</b>		<b>(454,802)</b>	<b>(53,109)</b>
<b>Cash flow from financing activities</b>			
Repayment of borrowings in subsidiary		-	(48,934)
Proceeds from the issue of shares	19	4,050,000	600,000
Amounts received for future issue of shares		-	100,000
Cost of share issue		(285,020)	-
Interest paid		(35)	(1,081)
<b>Net cash inflow from financing activities</b>		<b>3,764,945</b>	<b>649,985</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,371,944</b>	<b>173,592</b>
Cash and cash equivalent at beginning of period		137,906	3,492
Foreign exchange effect of cash movements		(1,742)	(39,178)
<b>Cash and cash equivalent at end of period</b>		<b>2,508,108</b>	<b>137,906</b>

**Significant non-cash transactions**

The significant non-cash transactions were the issue of shares detailed in note 19 and the acquisition of subsidiaries as detailed in note 13.

The accounting policies and notes on pages 37 to 59 form part of these financial statements.

CAERUS MINERAL RESOURCES PLC

Parent Company Statement of Cash Flows

	Year ended 31 December 2021	13 month period ended 31 December 2020
Notes	£	£
<b>Cash flow from operating activities</b>		
Loss for the period before taxation	(895,438)	(63,065)
<i>Adjustments for:</i>		
Finance and service income	(107,251)	-
Interest paid	35	-
Loss on sale of subsidiary	350,000	-
Share-based payments	69,387	-
Foreign exchange movement	33,305	-
Write back of intercompany loans	-	(103,127)
<b>Operating cash flows before movements in working capital</b>	<b>(549,962)</b>	<b>(166,192)</b>
Increase in receivables	(44,165)	(155,548)
Increase/(decrease) in accounts payable and accrued liabilities	6,559	(116,234)
<b>Net cash used in operating activities</b>	<b>(587,568)</b>	<b>(437,974)</b>
<b>Cash flow from investing activities</b>		
Investment in subsidiaries through cash advances	(903,658)	-
Payment for acquisition of subsidiary	13 (262,734)	-
Acquisition of subsidiary – cash part	-	(150,005)
Proceeds from sale of subsidiary	13 300,000	-
<b>Net cash used in investing activities</b>	<b>(866,392)</b>	<b>(150,005)</b>
<b>Cash flow from financing activities</b>		
Proceeds from shares paid not issued	-	100,000
Proceeds from the issue of shares	19 4,050,000	600,000
Interest paid	(35)	-
Share issue costs	(285,020)	-
<b>Net cash inflow from financing activities</b>	<b>3,764,945</b>	<b>700,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,310,985</b>	<b>112,021</b>
Cash and cash equivalent at beginning of period	115,513	3,492
<b>Cash and cash equivalent at end of period</b>	<b>2,426,498</b>	<b>115,513</b>

**Significant non-cash transactions**

The significant non-cash transactions were the issue of shares detailed in note 19 and the acquisition of subsidiaries as detailed in note 13.

The accounting policies and notes on pages 37 to 59 form part of these financial statements.

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Caerus Mineral Resources plc (the “Company”) is incorporated and domiciled in England and Wales with Registered Number 11043077 under the Companies Act 2006. The Company was incorporated on 1 November 2017 under the name Leopard Mineral Investments Limited as a private limited company and subsequently re-registered as a public limited company on 9 January 2018; and changed its name to Caerus Mineral Resources plc on 18 September 2018.

The principal activity of the Company and its subsidiaries (the “Group”) is in mineral exploration and the development of appropriate exploration projects. The Company’s registered office is at Ecclestone Yards, 25 Ecclestone Place, London, SW1W 9NF.

The Company acquired the entire share capital of PR Plutonic Resources Ltd (“PRL”) on 11 June 2021 and transferred its three licences into New Cyprus Copper P.A Ltd (“NCC”). Licences, which were not considered to be in line with the Group’s future strategy were then moved from another subsidiary company into PRL, and then PRL was sold, on 5<sup>th</sup> November 2021. On 10<sup>th</sup> August 2021, the Company acquired the entire share capital of Cyprus Gold Mines Ltd (“CGML”). Both of these acquisitions have been treated as asset acquisitions as explained in note 13 to these financial statements.

The Directors are required to and have prepared Group financial statements which include the results of the acquired subsidiaries from the date that the acquisitions took place. As the acquisitions were not considered to meet the definition of a business combination under IFRS 3, the Group financial statements are prepared as though the Company has acquired assets.

On 19 March 2021, the Company announced its admission to the Main Market of the London Stock Exchange under the Standard Segment of the Official List under the ticker “LSE:CMRS”.

**2. ADOPTION OF NEW AND REVISED STANDARDS**

(a) New standards, amendments and interpretations adopted by the Group.

There were no new or amended accounting standards that required the Group to change its accounting policies for the year ended 31 December 2021 and no new standards, amendments or interpretations were adopted by the Group

(b) New standards, amendments and interpretations not yet adopted by the Group.

The standards and interpretations that are relevant to the Group, issued, but not yet effective, up to the date of the Financial Statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective.

<b>Standard</b>	<b>Impact on initial application</b>	<b>Effective date</b>
IFRS 17	Insurance Contracts	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Long term interests in associates and joint ventures	Unknown
Amendments to IAS 1	Classification of Liabilities as current or non-current	1 January 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts – Cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRS Standard 2018-2020 Cycle	Amendments to IFRS 1 First time adoption of IFR Standards, IFRS 9 Financial Instruments, IFRS Leases	1 January 2022

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The Directors have evaluated the impact of transition to the above standards and do not consider that there will be a material impact of transition on the financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. The functional currency of the parent company Caerus is Pounds Sterling (£) as this is the currency that finance is raised in. The functional currency of NCC, TDL and CGML is the Euro as this is the currency that mainly influences labour, material and other costs of providing services. The Group has chosen to present its consolidated financial statements in Pounds Sterling (£), as the Directors believe it is a more convenient presentational currency for users of the consolidated financial statements. Foreign operations are included in accordance with the policies set out below.

During the prior year the Company changed its accounting reference date from 30 November to 31 December to align itself with its newly acquired subsidiaries. Consequently, the prior year covers a 13 month period, whereas the current year is a 12 month period and so is not entirely comparable year on year.

The preparation of financial statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 4.

#### **Going concern**

The financial statements have been prepared under the going concern assumption. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements. As referred to in the Chairman's Report, the Group raised gross proceeds of £2.25 million in March 2021 and a further £1.5 million in October 2021 by way of share placings. These funds complement the Group's existing cash resources and will be used to fund the current exploration programme.

Following the review of ongoing performance and cash flows prepared to 30 April 2023, the Directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future.

## CAERUS MINERAL RESOURCES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Per IFRS 10, control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The Group recognises any non-controlling interest in the acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### **Foreign currencies**

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

## CAERUS MINERAL RESOURCES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### **Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision-maker. The chief decision-maker has been identified as the Executive Board, at which level strategic decisions are made.

An operating segment is a component of the Group:

- That engages in business activities from which it may earn revenues and incur expenses,
- Whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

#### **Intangible assets – exploration and evaluation expenditure**

Mineral exploration and evaluation expenditure relates to costs incurred in the exploration and evaluation of potential mineral resources and includes exploration and mineral licences, researching and analysing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies.

Exploration and evaluation expenditure for each area of interest, other than that acquired from another entity, is charged to the consolidated statement of income as incurred except when the expenditure is expected to be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalised. Purchased exploration and evaluation assets are recognised at their fair value at acquisition. As the capitalised exploration and evaluation expenditure asset is not available for use, it is not depreciated.

Exploration and evaluation assets have an indefinite useful life and are assessed for impairment annually or when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas. IFRS 6 permits impairments of exploration and evaluation expenditure to be reversed should the conditions which led to the impairment improve. The Group continually monitors the position of the projects capitalised and impaired.



## CAERUS MINERAL RESOURCES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Income Statement.

#### **Tangible fixed assets – Property, plant and equipment**

Property, plant, and equipment are stated at cost, less accumulated depreciation, and any provision for impairment losses.

Depreciation is charged on each part of an item of property, plant, and equipment to write off the cost of assets less the residual value over their estimated useful lives, using the straight-line method. Depreciation is charged to the income statement. The estimated useful lives are as follows:

Office equipment - 5 years

Vehicles – 5 years

#### **Financial Instruments**

##### *Financial assets*

##### *Classification*

The Group's financial assets consist of financial assets held at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### *Financial assets held at amortised cost*

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in other gain/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. The Group's financial assets at amortised cost comprise trade and other current assets and cash and cash equivalents at the year end.

##### *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets are initially measured at fair value plus transaction costs. Financial assets are de-recognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Financial assets are subsequently carried at amortised cost using the effective interest method.

Other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The other receivables in the accounts do not contain significant financing components.

##### *Impairment of financial assets*

The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. For trade and other receivable due within 12 months the Group applies the simplified approach permitted by IFS 9. Therefore, the Group does not track changes in credit risk, but rather recognises a loss allowance based on the financial asset's lifetime expected credit losses at each reporting date.

## CAERUS MINERAL RESOURCES PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal repayments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

#### *Financial liabilities at amortised cost*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities are initially measured at fair value. They are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are de-recognised when the Group's contractual obligations expire or are discharged or cancelled.

#### **Cash and cash equivalents**

The Group considers any cash on short-term deposits and other short term investments to be cash equivalents.

#### **Investment and loans in subsidiaries**

Subsidiary fixed asset investments are valued at cost less provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all investment and loans in subsidiaries.

#### **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of a Company after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received net of direct issue costs.

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Share capital represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Any bonus issues are also deducted from share premium.

The share-based payments reserve represents equity-settled share-based employee remuneration for the fair value of the warrants issued. It also includes the warrants issued for services rendered accounted for in accordance with IFRS 2.

Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income, less dividends paid to the owners of the Company.

**Share-based compensation (Employee based benefits)**

The Group operates an equity-settled share-based compensation plan, in that it has issued warrants to its employees in recognition of their services. The fair value of the employee services rendered in exchange for these warrants is recognised immediately as an expense on the day of grant as no vesting period or conditions are attached to them. A corresponding entry is then made in the share-based payment reserve.

The fair value of these warrants is determined using Black-Scholes option pricing models and the assumptions are included in note 21 to the financial statements.

**Share-based payments**

The Group has two types of share-based payments other than employee compensation.

Warrants issued for services rendered which are accounted for in accordance with IFRS 2 recognising either the costs of the service if it can be reliably measured or the fair value of the warrant (using Black-Scholes option pricing models – see note 21).

Warrants issued as part of share issues have been determined as equity instruments under IAS 32. Since the fair value of the shares issued at the same time is equal to the price paid, these warrants, by deduction, are considered to have been issued at nil value.

**Current and deferred income tax**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the consolidated statement of financial position date, and any adjustment to tax in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### (a) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in these financial statements.

##### **Recoverability of exploration and evaluation assets (see Note 11)**

Exploration and evaluation assets include mineral rights and exploration and evaluation costs, including geophysical, topographical, geological and similar types of costs. Exploration and evaluation costs are capitalised if management concludes that future economic benefits are likely to be realised and determines that economically viable extraction operation can be established as a result of exploration activities and internal assessment of mineral resources. According to 'IFRS 6 Exploration for and evaluation of mineral resources', the potential indicators of impairment include: management's plans to discontinue the exploration activities, lack of further substantial exploration expenditure planned, expiry of exploration licences in the period or in the nearest future, or existence of other data indicating the expenditure capitalised is not recoverable. At the end of each reporting period, management assesses whether such indicators exist for the exploration and evaluation assets capitalised, which requires significant judgement. As of 31 December 2021 total exploration and evaluation costs capitalised amounted to £2,578,528 (2019: £1,690,536).

##### (b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **Accounting for acquisitions and fair value (see Note 13)**

Acquisitions are accounted for at fair value. The assessment of fair value is subjective and depends on a number of assumptions. These assumptions may include assessment of discount rates, and the amount and timing of expected future cash flows from assets and liabilities. In addition, the selection of specific valuation methods for individual assets and liabilities requires judgment. The specific valuation methods applied will be driven by the nature of the asset or liability being assessed. The consideration given to a seller for the purchase of a business or a company is accounted for at its fair value. When the consideration given includes elements that are not cash, such as shares or options to acquire shares, the fair value of the consideration given is calculated by reference to the specific nature of the consideration given to the seller.

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Impairment of investments and loans to subsidiaries (see Note 13)**

The Group and the Company assess at each reporting date whether there is any objective evidence that investments in and loans to subsidiaries are impaired. To determine whether there is objective evidence of impairment, a considerable amount of estimation is required in assessing the ultimate realisation of these investments/receivables, including valuation, creditworthiness and future cashflows. As at the year end the Directors do not assess there to be any impairment of these amounts.

**Share-based payments (see Note 21)**

The Group issues warrants to its employees, directors, investors and suppliers. These are valued in accordance with IFRS 2 “Share-based payments”. In calculating the related charge on issuing warrants the Group will use a variety of estimates and judgements in respect of inputs used including share price volatility, risk free rate, and expected life. Changes to these inputs may impact the related charge.

**Valuation of contingent consideration payable (see Note 15)**

The Group has recorded a contingent consideration liability of £186,916 as at 31 December 2021 (2020: £174,688) relating to the acquisition of the NCC group. An estimate must be made when determining the value of contingent consideration to be recognised at each balance sheet date. Changes in assumptions could cause an increase, or reduction, in the amount of contingent consideration payable, with a resulting charge or credit in the consolidated income statement.

The contingent consideration (in the form of the issue of two million £0.01 ordinary shares up to a valuation of £200,000) was estimated using a discount rate of 7% and is expected to be paid within 2 years of the acquisition. It is based upon publication of a JORC compliant resource of not less than 2Mt at a minimum grade of 1% Cu equivalent. The Directors believe that there is a high probability that these conditions will be met.

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**5. SEGMENTAL REPORTING**

For the purpose of IFRS 8, the Chief Operating Decision Maker “CODM” takes the form of the board of directors. The Directors are of the opinion that the business of the Group focused on two reportable segments as follows:

- Head office, corporate and administrative, including parent company activities of raising finance and seeking new investment opportunities, all based in the UK and
- Mineral exploration, all based in Cyprus.

The geographical information is the same as the operational segmental information shown below.

<b>Year ending 31 December 2021</b>	<b>Corporate and Administrative (UK)</b>	<b>Mineral exploration (CYPRUS)</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Operating loss from total operations before and after taxation	(590,341)	(397,629)	<b>(987,970)</b>
Segment total assets – (net of investments in subsidiaries)	2,805,154	2,734,522	<b>5,539,676</b>
Segment liabilities	(312,053)	(276,306)	<b>(588,359)</b>
<b>13 month period ending 31 December 2020</b>	<b>Corporate and Administrative (UK)</b>	<b>Mineral exploration (CYPRUS)</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Operating loss before and after taxation	(63,065)	(45,268)	<b>(108,333)</b>
Segment total assets – (net of investments in subsidiaries)	416,805	1,422,346	<b>1,839,151</b>
Segment liabilities	(270,655)	(199,312)	<b>(469,967)</b>

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6. EXPENSES BY NATURE**

	<b>Year ended 31 December 2021</b>	<b>13 month period ended 31 December 2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries (see note 8)	213,126	28,906
Legal and professional fees	201,111	64,196
IPO costs	132,182	-
Travel	24,612	2,266
Office and sundry expenditure	39,356	7,017
Foreign exchange movements	46,197	2,815
Regulatory fees	69,607	3,133
Warrant expense (not employment costs)	18,230	-
Depreciation	5,147	-
Impairment on licence disposal	118,690	-
Other	107,449	-
	<u>975,707</u>	<u>108,333</u>

During the year the Group obtained the following services from their auditors and its associates:

	<b>Year ended 31 December 2021</b>	<b>13 month period ended 31 December 2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates in relation to the audit of the consolidated financial statements	42,897	21,788
Taxation services	-	4,800
Fees payable to the Group's auditor for other services:		
- Reporting Accountant services in respect to IPO	30,000	21,600
	<u>72,897</u>	<u>48,188</u>

**7. FINANCE COSTS**

	<b>Year ended 31 December 2021</b>	<b>13 month period ended 31 December 2020</b>
	<b>£</b>	<b>£</b>
Interest payable	35	-
Unwinding of Financial Liability (see note 15)	12,228	-
	<u>12,263</u>	<u>-</u>

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**8. DIRECTORS AND EMPLOYEES**

The average number of persons employed by the Group, including Executive Directors, was:

	<b>2021</b>	<b>2020</b>
Operations	2	-
Corporate and administration	1	1
	<u><b>3</b></u>	<u><b>1</b></u>

The Directors were the key management personnel. Remuneration in respect of these Directors and Employees was:

	<b>Year ended 31 December 2021</b>	<b>13 month period ended 31 December 2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	152,902	-
Social security costs	8,145	-
Pensions	921	-
Share-based payments	51,158	-
Directors' fees	-	28,906
	<u><b>213,126</b></u>	<u><b>28,906</b></u>

***Directors' Remuneration:***

	<b>Year ended 31 December 2021</b>				<b>13 months ended 31 December 2020</b>
	<b>Salary/Fees</b>	<b>Pensions</b>	<b>Share-based payments</b>	<b>Total</b>	<b>Fees</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Professor Michael Johnson	-	-	10,593	10,593	-
Martyn Churchouse	75,000	440	40,565	116,005	10,000
Harold Andrew Daniels	70,701	-	-	70,701	18,906
	<u><b>145,701</b></u>	<u><b>440</b></u>	<u><b>51,158</b></u>	<u><b>197,299</b></u>	<u><b>28,906</b></u>

The Group operated a stakeholder pension scheme. The Group made pension contributions totalling £921 (2020:Nil) during the year.

***Amounts attributable to the highest paid director:***

	<b>Year ended 31 December 2021</b>	<b>13 month period ended 31 December 2020</b>
	<b>£</b>	<b>£</b>
Director's fees	-	18,906
Wages and salaries	75,000	-
Pension costs	440	-
Share-based payments	40,565	-
	<u><b>116,005</b></u>	<u><b>18,906</b></u>



**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**9. INCOME TAX**

No charge to taxation arises due to the losses incurred.

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

<b>GROUP</b>	<b>Year ended 31 December 2021 £</b>	<b>For the 13 month period ended 31 December 2020 £</b>
Loss before tax	(987,970)	(108,333)
Tax at the applicable rate of 17.3% (2020:19%)	(170,919)	(20,583)
Disallowed expenses	169,149	40,000
Losses for which no deferred tax is recognised	(818,821)	(68,333)
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

The weighted average applicable tax rate of 17.31% (2019: 19% - not used in prior year) used is a combination of the 19% standard rate of corporation tax in the UK and 12.5% Cypriot corporation tax.

The Group has total tax losses of £1,437,424 to carry forward against future profits (2020: £618,603 losses carried forward). No deferred tax asset on losses carried forward has been recognised on the grounds of uncertainty as to when profits will be generated against which to relieve said amount.

**10. EARNINGS PER SHARE**

The calculation for earnings per Ordinary Share (basic and diluted) is based on the consolidated loss attributable to the equity shareholders of the Company is as follows:

	<b>Year ended 31 December 2021</b>	<b>For the 13 month period ended 31 December 2020</b>
Total loss for the year (£)	(987,970)	(108,333)
Weighted average number of Ordinary shares	48,366,261	12,063,131
<b>Total Loss per Ordinary share (£)</b>	<b>(0.020)</b>	<b>(0.009)</b>

Earnings and diluted earnings per Ordinary share are calculated using the weighted average number of Ordinary shares in issue during the period. There were no dilutive potential Ordinary shares outstanding during the period.

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**11. INTANGIBLE ASSETS**

<b>Group</b>	<b>Exploration and Evaluation assets</b>
	<b>£</b>
<b>Cost and Carrying Value</b>	
At 1 December 2019	-
Exploration and evaluation assets acquired at fair value	1,696,629
Additions	12,211
Foreign exchange movements	(18,304)
<b>At 31 December 2020</b>	<b>1,690,536</b>
Exploration and evaluation assets acquired at fair value ( <i>note 13</i> ):	
Licences acquired via acquisition of PRL	754,292
Licences acquired via acquisition of CGML	335,062
Additions	444,625
Disposals of assets	(517,966)
Impairment on licence disposal	(118,690)
Foreign exchange movements	(9,330)
<b>At 31 December 2021</b>	<b>2,578,529</b>

Exploration projects in Cyprus are at an early stage of development and there were no JORC (Joint Ore Reserves Committee) or non-JORC compliant resource estimates available to enable value in use calculations to be prepared at year end. On 6 April 2022, a Maiden Mineral Resource Estimate for the Troulli Au and Cu Project was published but no calculations have yet been completed.

In accordance with IFRS 6, the Directors undertook an assessment of the following areas and circumstances which 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.
- Sufficient data exists to indicate that the book value may not be fully recovered from future development and production.

An impairment charge was made in regard to capitalised costs on licences which the Directors decided not to renew.

Following their assessment, the Directors concluded that no impairment charge in respect to any licences still held, was necessary for the year ended 31 December 2021(2020: £nil).

**12. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Office Equipment</b>	<b>Vehicles</b>	<b>Total Assets</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 December 2020	-	-	-
Additions	9,087	16,860	25,947
<b>At 31 December 2021</b>	<b>9,087</b>	<b>16,860</b>	<b>25,947</b>

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Accumulated depreciation**

At 1 December 2020	-	-	-
Depreciation charge for the year	(1,802)	(3,345)	(5,147)
<b>At 31 December 2021</b>	<b>(1,802)</b>	<b>(3,345)</b>	<b>(5,147)</b>

**Net book value**

At 31 December 2020	-	-	-
<b>At 31 December 2021</b>	<b>7,285</b>	<b>13,515</b>	<b>20,800</b>

**13. INVESTMENTS IN SUBSIDIARIES**

<b>Company</b>	<b>£</b>
<b>Cost and net book amount</b>	
At 1 December 2019	-
Additions	1,174,693
<b>At 31 December 2020</b>	<b>1,174,693</b>
Additions	1,034,230
Disposals	(750,000)
<b>At 31 December 2021</b>	<b>1,458,923</b>

Information about the composition of the Group at the end of the reporting period is as follows:

<b>Name</b>	<b>Principal activity</b>	<b>Place of incorporation and operation</b>	<b>% owned subsidiary</b>
New Cyprus Copper P.A. Ltd (“NCC”)*	Mineral exploration	Cyprus	100%
Treasure Development Limited (“TDL”)*	Mineral exploration	Cyprus	70%
GC Gold Mines (Cyprus) Ltd (“CGML”)**	Mineral exploration	Cyprus	100%

On 9<sup>th</sup> August 2021, the Company acquired 100% of the issued share capital of CGML for a total cash consideration of £284,230. The investment provides Caerus with the opportunity to expand its mineral exploration programme.

\* Acquired in prior year on 29<sup>th</sup> September 2020.

\*\*Changed its name from P. Von-De-Tsianos Gold Mines Ltd (Cyprus) Ltd to GC Gold Mines (Cyprus) Ltd on 4 July 2021.

The registered office of NCC and TDL and CGML is 10 Tynnavou Street, Quality Tower C, 3<sup>rd</sup> Floor, Office C32, 6037 Larnaca, Cyprus.

On 11 June 2021 CMR acquired 100% of the issued share capital in PR Ploutonic Resources Ltd (“PRL”), an exploration and production of copper, gold and other minerals company, for share consideration of £750,000. The acquisition provided CMR with the opportunity to expand its mineral exploration programme as PRL were the holder of the three significant exploration licenses, Troulli, Kokkinapetra and St.Nicholas. These licences were subsequently transferred into NCC at the same fair value as they were acquired at.

On acquisition, the Company paid a purchase price of £750,000 which was satisfied by the issue of consideration shares. The consideration shares were fair valued, at the Volume Weighted Average Price (“VWAP”) based on 30 trading days following the announcement of the acquisition on 6 April 2021.

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The amounts recognised in respect of the identifiable assets acquired and liability assumed as a result of the acquisition are as follows:

	<b>Net book value of assets acquired</b>	<b>Fair value adjustments</b>	<b>Fair value of assets acquired</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Intangible assets	84,270	754,292	838,562
Financial liabilities	(4,752)	-	(4,752)
Deferred tax liability	-	(83,810)	(83,810)
<b>Total identifiable assets acquired and liabilities assumed</b>	<b>79,518</b>	<b>670,482</b>	<b>750,000</b>

**Fair value of consideration paid:**

Shares issued	750,000
<b>Total consideration</b>	<b>750,000</b>

Under IFRS 3, a business must have three elements: inputs, processes and outputs. PRL is an early stage exploration company and has no mineral reserves and no plan to develop a mine. PRL does have titles to mineral properties but these could not be considered inputs because of their early stage of development. PRL has no processes to produce outputs and has not completed a feasibility study or a preliminary economic assessment on any of its properties and no infrastructure or assets that could produce outputs. Therefore, the Directors conclusion is that the transaction is an asset acquisition and not a business combination. The fair value adjustment to intangible assets of £670,482 represents the excess of the purchase consideration of £750,000 over the excess of the net assets acquired (net assets of £79,518) and a deferred tax liability of £83,810.

During the period since acquisition, PRL contributed a loss of £76,820 to the Group. If the acquisition had occurred on 1 January 2020, consolidated pro-forma loss for the year ended 31 December 2021 would have been £137,979.

On 5 November 2021, the Group transferred its non-core licenses into PRL and sold its subsidiary PRL for a combination of cash and equity in its buyer Aeramentum Resources Pty. Ltd (“Aeramentum”).

	<b>2021</b>
	<b>£</b>
Consideration received or receivable:	
Cash	300,000
Deferred cash/shares value	100,000
<b>Total disposal consideration</b>	<b>400,000</b>
Fair value of net assets sold	<b>400,000</b>
<b>Gain or loss on sale</b>	<b>-</b>

The deferred cash/equity element of this transaction is payable to the Company in the form of shares in Aeramentum, valued at £100,000 and issued to the Company at the IPO price when Aeramentum becomes a public listed company on the ASX. The Sales and Purchase Agreement (dated 29<sup>th</sup> July 2021) states that if the IPO should not take place within the 12 months of this Agreement then the amount will become due in cash. Therefore, the Directors consider the amount to be fully recoverable.

The Company held an investment of £750,000 in PRL and therefore the Company only books recognised a loss of £350,000 on disposal on this subsidiary. This will not be recognised on the consolidated Group level as the fair value of the assets originally held by PRL are still held within the Group.

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

On 9<sup>th</sup> August 2021, CMR acquired 100% of the issued share capital in GC Gold Mines (Cyprus) Ltd (“CGML”), an exploration and mining company with three additional advanced copper-gold exploration properties for a total cash consideration of £284,230. The acquisition provides CMR with the opportunity to advance its Brownfield acquisition policy and “Waste to Revenue” strategy.

The amounts recognised in respect of the identifiable assets acquired and liability assumed as a result of the acquisition are as follows:

	<b>Net book value of assets acquired</b>	<b>Fair value adjustments</b>	<b>Fair value of assets acquired</b>
	£	£	£
Intangible assets	-	335,062	335,062
Financial assets	1,722	-	1,722
Financial liabilities	(15,325)	-	(15,325)
Deferred tax liability	-	(37,229)	(37,229)
<b>Total identifiable assets acquired and liabilities assumed</b>	<b>(13,603)</b>	<b>297,833</b>	<b>284,230</b>
<b>Fair value of consideration paid:</b>			
Cash paid			284,230
<b>Total consideration</b>			<b>284,230</b>

Under IFRS 3, a business must have three elements: inputs, processes and outputs. CGML is an early stage exploration company and has no mineral reserves and no plan to develop a mine. CGML does have titles to mineral properties but these could not be considered inputs because of their early stage of development. CGML has no processes to produce outputs and has not completed a feasibility study or a preliminary economic assessment on any of its properties and no infrastructure or assets that could produce outputs. Therefore, the Directors conclusion is that the transaction is an asset acquisition and not a business combination. The fair value adjustment to intangible assets of £335,062 represents the excess of the purchase consideration of £284,230 over the excess of the net liabilities acquired (£13,603) and a deferred tax liability of £37,229.

During the period since acquisition, CGML contributed a loss of £nil to the Group. If the acquisition had occurred on 1 January 2021, consolidated pro-forma loss for the year ended 31 December 2021 would have been £860.

**14. RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Current:</b>				
Other receivables	432,239	10,709	378,656	-
Loans to subsidiary companies	-	-	-	301,292
<b>Total current receivables</b>	<b>432,239</b>	<b>10,709</b>	<b>378,656</b>	<b>301,292</b>
<b>Non current:</b>				
Loans to subsidiary companies	-	-	1,057,750	-
<b>Total non-current receivables</b>	<b>-</b>	<b>-</b>	<b>1,057,750</b>	<b>-</b>

No expected credit losses have been calculated on intercompany receivables as the repayment of these loans will not be demanded at the reporting date. The Company has satisfied itself that the subsidiary will be able to ‘repay its loan over time’ and therefore the loan is not deemed to be impaired. The loans to subsidiaries carry a 5% interest rate.

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Other receivables includes a sum of £100,000 due from Aeramentum for the sale of PRL, as detailed in note 13 above. The carrying value is deemed to equate to the fair value. This is expected to be fully recoverable.

**15. FINANCIAL LIABILITY – CONTINGENT CONSIDERATION**

	<b>2021</b>	<b>2020</b>
Contingent Liability brought forward	174,688	-
Provision added	-	174,688
Provision unwound	12,228	-
	<b>186,916</b>	<b>174,688</b>

The Group recorded a contingent consideration liability relating to the acquisition of the NCC group. This is payable upon publication of a JORC compliant resource on the licences related to this acquisition. The Directors believe that this will become payable within the next 12-18 months.

**16. TRADE CREDITORS AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Trade payables	84,245	64,722	67,609	21,567
Directors loans	-	4,495	-	-
Accruals	57,324	99,722	45,000	74,400
Taxes and social security	12,530	-	12,530	-
<b>Trade and other payables</b>	<b>154,099</b>	<b>168,939</b>	<b>125,139</b>	<b>95,967</b>

The carrying value of these liabilities is deemed to equate to their fair value.

**17. BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Long term loans	504	539	-	-
<b>Long term borrowings</b>	<b>504</b>	<b>539</b>	<b>-</b>	<b>-</b>

All loans are interest free with no repayment terms. Discounting is considered to be immaterial and therefore the carrying value is shown as the same as the fair value.

**18. DEFERRED TAX**

The movement in the deferred tax liabilities account is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Deferred tax liability brought forward	125,801	-	-	-
Acquisition of subsidiaries	121,039	125,801	-	-
<b>Deferred tax liability carried forward</b>	<b>246,840</b>	<b>125,801</b>	<b>-</b>	<b>-</b>

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The deferred tax liability has arisen following the acquisitions in the year which have been accounted for as asset acquisitions. Therefore a deferred tax liability has been recognised on the Fair Value uplift of the assets acquired (see note 13), which has been calculated at a rate of 12.5% of the uplift of asset value being the applicable Cypriot tax rate.

**19. SHARE CAPITAL AND SHARE PREMIUM**

	Number of Ordinary shares	Share capital £	Share premium £	Total £
<b>As at 30 November 2019</b>	<b>9,400,000</b>	<b>94,000</b>	<b>322,665</b>	<b>416,665</b>
Issued 29 September 2020	8,500,000	85,000	765,000	850,000
Issued 13 November 2020	6,000,000	60,000	540,000	600,000
<b>As at 31 December 2020</b>	<b>23,900,000</b>	<b>239,000</b>	<b>1,627,665</b>	<b>1,866,665</b>
Issued 19 March 2021	26,500,000	265,000	2,385,000	2,650,000
Issued 11 June 2021	3,311,258	33,113	716,887	750,000
Issued 5 October 2021	7,500,000	75,000	1,425,000	1,500,000
	<b>61,211,258</b>	<b>612,113</b>	<b>6,154,552</b>	<b>6,766,665</b>
Less share issue costs	-	-	(314,550)	(314,550)
<b>As at 31 December 2021</b>	<b>61,211,258</b>	<b>612,113</b>	<b>5,840,002</b>	<b>6,452,115</b>

On 19 March 2021, the Company completed a placing of 21,000,000 new Ordinary shares of £0.01 each at a price of £0.10 per share, a Subscription Agreement for an aggregate 1,500,000 new Ordinary Shares at a price of £0.10 and issued a further 4,000,000 shares to EV Metals Limited in return for a further £400,000 investment in the Company. (£100,000 of the cash received for the issue of shares was received in the prior year and was recorded in the Company balance sheet under 'Shares paid not issued'). In total this raised a cumulative £2.25 million (gross proceeds).

On 11 June 2021, the Company issued 3,311,258 new Ordinary shares of £0.01 each at a deemed price of £0.23 per share to the owners of PRL as part of the consideration for the acquisition of said company.

On 5 October 2021, the Company completed a placing of 7,500,000 new Ordinary shares of £0.01 each at a price of £0.20 per share to raise £1.5m (gross proceeds).

**20. FOREIGN EXCHANGE TRANSLATION RESERVE**

	£
<b>As at 30 November 2018, 2019</b>	<b>-</b>
Exchange differences on translating the net assets of foreign operations	(14,165)
<b>As at 31 December 2020</b>	<b>(14,165)</b>
Exchange differences on translating the net assets of foreign operations	(14,264)
Exchange movements associated with the NCI	8,830
<b>As at 31 December 2021</b>	<b>(19,599)</b>

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**21. WARRANTS AND SHARE-BASED PAYMENTS**

The Group has issued the following warrants, which are still in force at the balance sheet date.

<b>Date of Issue</b>	<b>Reason for issue</b>	<b>No. of warrants</b>	<b>Exercise price pence per share</b>	<b>Life in years</b>
25/01/2018	Founder warrants – dated from Admission	2,100,000	5.0p	2.2
25/01/2018	Seed/investor warrants – dated from Admission	3,300,000	5.0p	1.2
19/03/2021	Broker warrants A– Share Issue	3,360,000	12.5p	1.2
19/03/2021	Bonus warrants – Employee Compensation	2,000,000	12.5p	1.2
16/06/2021	Performance warrants- Employee Compensation	2,000,000	25.0p	1.2
16/06/2021	Introduction warrants – Cost of Services	441,174	17.0p	1.2
05/10/2021	Placing warrants – Share Issue	3,750,000	30.0p	1.8
05/10/2021	Broker warrants B– Cost of Services	432,000	20.0p	2.8

The Founder, Seed/Investor and Placing warrants have been determined as equity instruments under IAS 32 and as such have been issued at nil cost.

The Broker warrants, A and B, have been fair valued at £29,530 in accordance with IFRS 2 and are measured at the fair value of the services received. This amount is attributable to the cost of shares issued and therefore has been accounted for in the Share Premium reserve.

The remaining warrants are valued in accordance with IFRS 2, as equity settled share-based payment transactions. £51,158 has been recognised as the fair value of employee compensation and £18,230 as the fair value of Broker Introduction services received during the year. The fair value was calculated using the Black Scholes model with inputs as detailed below:

	Broker (A) and Bonus warrants	Performance warrants	Introduction warrants	Broker (B) warrants
Share price	10p	24p	24p	19.3p
Exercise price	12.5p	25p	17p	20p
Expected life	1.5 years	1.5 years	1.5 years	2.5 years
Volatility	38%	38%	38%	48%
Risk-Free Interest rate	0.13%	0.13%	0.13%	0.13%
Expected dividends	-	-	-	-
Fair Values	£28,390	£40,565	£18,229	£11,733

Expected volatility has been based on an evaluation of the historical volatility of similar Company's share prices in the same industry and listed on the same Exchange. The fair value has been discounted by 50% to account for the early stage development of the Company.

The following table sets out the movement of warrants during the year, no warrants were exercised during either year:

	Number of warrants	Exercise price (pence)
<b>As at 30 November 2019</b>	<b>7,733,332</b>	
Reduction 6 <sup>th</sup> June 2020	(2,333,332)	
<b>As at 31 December 2020</b>	<b>5,400,000</b>	5.0p
Issued in the year	11,983,174	12.5p to 30.0p
<b>As at 31 December 2021</b>	<b>17,383,174</b>	<b>5.0p to 30.0p</b>



**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The weighted average exercise price of the warrants at the year end is £0.16 (2020: £0.05). The weighted average life of the warrants at the year end is 1.49 years (2020: 1.5 years).

**22. RELATED PARTY TRANSACTIONS**

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Amounts owed to the parent company by subsidiaries are as follows:

New Cyprus Copper P.A. Ltd £1,015,270  
 Treasure Development Limited £28,085  
 Cyprus Gold Mine Ltd £14,395

Group borrowings include an amount for £504 (600 Euros) which is payable to BMG Resources Limited who hold a 30% interest in TDL.

During the year CMR acquired PRL, one of the owners of this company is the Director Andrew Daniels who was issued 1,931,457 shares, fair valued at £437,475 for his 58.33% ownership in this company. The valuation of this company was carried out independently of said director and is viewed by the Board as an arms length transaction.

In prior year, PM Plutonic Metals Ltd (“Plutonic”), a company owned wholly by the Director, Andrew Daniels, was paid £79,245 in cash for his share in the subsidiary NCC.

At 31 December 2021, Plutonic was owed £nil (2020: £3,761). During year, £4,969 (2020: £667) was paid to Plutonic for the hire of a field vehicle. Also during the year £52,240 (2020: Nil) was paid to T.Bear Contracting Limited (a company owned wholly by the Director Andrew Daniels) for Consultancy (the Director’s remuneration as disclosed in note 8) and office expenses.

In prior year, EV Metals, a substantial shareholder, paid £700,000 to the Company for the issue of shares. £100,000 of this was received prior to the period end, but the shares were not issued by the period end and thus has been recorded in the Company balance sheet under ‘Shares paid not issued’.

The only other related party transactions in the year were the remuneration to Directors as disclosed in note 8 above and the following loans made to the Group by the Directors in prior year. These loans are interest free with no fixed repayment terms.

	<b>As at 31 December 2021 £</b>	<b>As at 31 December 2020 £</b>
Loans from Andrew Daniels	-	4,495

**23. COMMITMENTS AND CONTINGENT LIABILITIES**

The Group had not entered into any material capital commitments as at 31 December 2021 (2020: £nil).

According to the Second Schedule of The Mines and Quarries Regulations (Regulations 4, 6, 7, 8, 9, 27, 33, 34 and 35), of the Republic of Cyprus, the Group may be obliged for committing itself into minimum, annual expenditure for Prospecting Class A Permits and Reconnaissance Licenses. The possibility of occurrence of the financial outcome of this obligation is not sufficiently certain. However, in case the need for such regulatory conformity is realised, given the current state of affairs of the Company, it may be supposed to incur minimum, yearly expenditure in the estimated vicinity of £655,000 (779,140 Euros) (2020: £560,671).

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NCC and TDL have deposited in favour of the Mines Service, bank guarantees totalling £28,570 (2020: £19,779) in order to cover any obligation to restore land / any site restoration duties and potential penalties in case of default. The Board of Directors is not anticipating that material liability will arise from this.

**24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT**

**Capital risk management**

The Directors' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of these financial statements, the Group had been financed from equity and borrowings.

The Group is exposed through its operations to a number of risks, the most significant of which are credit risk, liquidity risk and foreign exchange risks. In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

**Financial instruments**

*Categories of financial assets and liabilities*

The carrying amounts presented in the Consolidated and Company Statement of financial position relate to the following categories of assets and liabilities:

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>December</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>2020</b>	<b>£</b>	<b>£</b>
		<b>£</b>		
<b>Financial assets measured at amortised cost:</b>				
Trade and other receivables	379,720	10,709	1,436,406	301,292
Cash and cash equivalents	2,508,108	137,906	2,426,498	115,513
	<b>2,887,828</b>	<b>148,615</b>	<b>3,826,904</b>	<b>416,805</b>
<b>Financial liabilities measured at amortised cost:</b>				
Trade and other payables	96,775	69,217	80,139	21,567
	<b>96,775</b>	<b>69,217</b>	<b>80,139</b>	<b>21,567</b>

**Financial risk management**

The risk associated with the cash and cash equivalents is that the Group's banks will enter financial distress and be unable to repay the Group its cash on deposit. To mitigate this risk, cash and cash equivalents are only lodged with independent financial institutions designated with minimum rating "A" in the UK and only required working capital for a 2 month period is retained at the Bank of Cyprus with a rating "B".

The risk associated with the other payables is that the Group will not have sufficient funds to settle the liability when it falls due.

**General objectives, policies and processes**

The Directors have overall responsibility for the determination of the Group's risk management

**CAERUS MINERAL RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

objectives and policies. Further details regarding these policies are set out below:

**Credit risk**

The Group's credit risk arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted in the UK. The Group banks with Coutts & Co, part of the NatWest group, who have a Fitch Credit rating of A and therefore the credit risk is not considered material.

**Liquidity risk**

Liquidity risk arises from the Directors' management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Funding, sufficient to maintain the Group and its exploration programme for a period of not less than 12 months was completed on 19 March 2021 with a total gross fund raise of £2,250,000 and again on 5 October 2021 with a gross fund raise of £1.5 million. Therefore this is not considered a material risk and no further sensitive analyses were considered necessary by the Group.

**Currency risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group reports in Pounds Sterling, but the functional currency of its subsidiary is the Euro. The Group does not currently hedge its exposure to other currencies. The Group's cash and cash equivalents are held in Pounds Sterling and Euros. At 31 December 2021, only 3% (2020: 16%) of the Group's cash and cash equivalent were held in Euros. A 10% increase in the strength of Sterling against the Euro would cause an estimated increase of £8,161 (2020: £2,239) on the loss after tax of the Group for the year ended 31 December 2021, with a 10% weakening causing an equal and opposite decrease.

**25. ULTIMATE CONTROLLING PARTY**

The Directors consider that there is no ultimate controlling party.

**26. EVENTS AFTER THE REPORTING DATE**

On 7 January 2022, the Company issued 1,000,000 Bonus (2022 Warrants) exercisable at a price of £0.077 per Ordinary share to Professor Michael Johnson in lieu of Directors fees for the calendar year 2022, (expiry date 7 January 2025).

On 10 January 2022, the Company replaced the 2,000,000 Performance Warrants issued to Martyn Churchouse with new warrants, exercisable at a price of £0.125 per Ordinary share and with an expiry date of 10 January 2025.

On 6 April 2022, the Company approved an amendment to increase the expiry date of the 2,300,000 Seed Warrants issued to Professor Michael Johnson and related parties to a new expiry date of 19 March 2021.