

Company Registration Number: 02401127

KENDRICK RESOURCES PLC

ANNUAL REPORT

29 DECEMBER 2023

CONTENTS

	<i>Page</i>
Directors and advisers	2
Chairman's Statement	3
Operational Financial Corporate and Strategy Reviews	5
Strategic report	13
Board of Directors	19
Directors' Remuneration Report	22
Corporate Governance Statement	26
Directors' report	32
Statement of Directors' responsibilities	35
Independent Auditor's Report	36
Group Statement of Comprehensive Income	44
Group Statement of Financial Position	45
Company Statement of Financial Position	46
Group Statement of Cash Flow	47
Company Statement of Cash Flow	48
Group Statement of Changes in Equity	49
Company Statement of Changes in Equity	50
Notes to the Financial Statements	51 - 83

DIRECTORS AND ADVISERS

DIRECTORS

C Bird Chairman

M A Borrelli Non-Executive Director

K Thygesen Non-Executive Director

E Kirby – Non-Executive Director

M Churchouse – Managing Director (appointed 31 January 2023)

COMPANY SECRETARY

N A C Lott

REGISTERED AND HEAD OFFICE

7/8 Kendrick Mews

London SW7 3HG

Registered No. 02401127

AUDITORS

Moore Kingston Smith LLP

6th Floor, 9 Appold Street

London EC2A 2AP

FINANCIAL ADVISER AND JOINT BROKER

Novum Securities Limited

7-10 Chandos Street

London W1G 9DQ

LEGAL ADVISERS

Edwin Coe LLP

2 Stone Buildings, Lincoln's Inn

London WC2A 3TH

JOINT BROKERS

Shard Capital LLP

3rd Floor, 70 St Mary Axe

London EC3A 8BE

REGISTRARS

Neville Registrars Limited

Neville House

Steelpark Road

Halesowen

West Midlands B62 8HD

WEBSITE www.kendrickresources.com

Dear Shareholder,

The year under review has seen significant progress, with drilling work carried out at our existing major Airijoki and Espedalen projects, and the acquisition of the Mjovattnet and Njugtraskliden nickel, copper and PGM licences ("**Swedish Nickel**").

Results from an extension drill programme at the Airijoki Project in Northern Sweden and the results suggested that we have the potential to at least double the current 44million tonne resource at similar grades.

During the year, Wardell Armstrong carried out metallurgical test work with the objectives of building on previous work on maintaining concentrate grade, whilst increasing vanadium recovery. The work was very successful and the results revealed much about the geo-metallurgy of the orebody, which we will incorporate into future mine planning.

Global production of vanadium is currently just over 100,000 tonnes per year with China and Russia responsible for about 65% and 20% of production respectively. Steelmaking has been responsible for over 90% of vanadium consumption and demand has been strong due to global adoption of higher strength rebar specifications and increasing use of vanadium containing steel by the automotive industry. The use of vanadium in REDOX vanadium storage batteries is increasing with the focus on alternative energy sources. We have no doubt that power storage will command much more importance as the decade continues.

We mounted a significant drilling programme in Norway at our Espedalen nickel complex, reporting good intersection of over 1% nickel, which will be described in the operation section. The nickel complex is showing itself to be highly prospective with at least 10 untested targets. The prognosis for significant increase in nickel tonnage is very good and we intend to carry out further drilling programmes during Q4 2024. In reviewing all historical information available on the project, we identified a potentially significant magnetic anomaly, which may represent the high-grade roots to the overall system.

In July we acquired from EMX Royalties the Mjovattnet and Njugtraskliden nickel, copper and PGM licences ("**Swedish Nickel**"). A number of boreholes will be reviewed in the operational review, but we are very pleased with this acquisition based on its history and potential. Between the two projects, we have some 25km potential strike to investigate. The geological environment of the project is being likened to the Thompson Nickel belt in Manitoba, Canada, which is a major nickel supplier in Canada. The acquisition is made even more interesting by its proximity to battery manufacturing facilities and the eastern coast of mid-Sweden, together with Boliden's nickel refinery, which is some 100km by sea away.

The initial part of the reporting period was spent in establishing a management team that is able to work within the cost regimes we are accustomed to and, also previous experience of working the Scandinavian geological environment.

Kendrick Resources PLC

CHAIRMAN'S STATEMENT

Towards the end of the period, it became obvious that a new awareness was emerging in Scandinavia and with high recognition that if the planet is free from pollution, then critical mining has to take place. Indeed the southern coast of Norway is becoming known as the "Battery Coast" by industry pundits.

We believe that we have a good portfolio in the much sought after commodities at a time when Scandinavia may well undergo a mining renaissance and are well positioned among our peers.

I look forward to adding more value to our projects during the coming year and give thanks to my fellow board members and management team, who have made an excellent job of placing Kendrick in what might well be a rapidly evolving new Scandinavian mining arena.

Results for the year

The Group reported a loss before taxation for the year of £1,099,162 (2022: £1,043,466) mainly due to administrative costs of £580,287 (2022: £418,294), including professional, consulting and directors' fees and an impairment of £448,904 (2022: £Nil) against licences we relinquished to focus on our Airijoki, Espedalen and Swedish Nickel projects. In 2022 listing related costs were £606,575. Net assets at 29 December 2023 amounted to £4,577,999 (2022: £5,567,673) including exploration and evaluation assets of £4,756,879 (2022: £3,932,973) and cash of £199,992 (2022: £1,817,706).

AGM and Resolutions

The resolutions for the forthcoming Annual General Meeting will be contained in a separate Notice which will be made available to shareholders and on the website www.kendrickresources.com. The Directors will recommend shareholders to vote in favour of all the resolutions and a form of proxy will be dispatched to all shareholders for this purpose.



Colin Bird

Chairman

29 April 2024

INTRODUCTION

Kendrick Resources Plc was admitted to the Standard Segment of the Main Market of the London Stock Exchange ("Admission") on 6 May 2022 and its principal activity is that of mining exploration and development and it has nickel, vanadium and copper projects in Norway, Sweden and Finland (the "Projects").

The Directors are required to provide a year-end report in accordance with the Financial Conduct Authorities ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider this Financial, Corporate and Operational Review along with the Chairman's Report, the Strategic Review and the Director's Report provides details of the important events which have occurred during the period and their impact on the financial statements as well as the outlook for the Company going forward.

The Company's strategy is to build a top tier energy metals production business focused on nickel, vanadium and copper mineral resources projects in Scandinavia and its short to medium term strategic objectives are to enhance the value of its mineral resource Projects through exploration and technical studies conducted by the Company or through joint venture or other arrangements with a view to establishing the Projects can be economically mined for profit. With a positive outlook for energy metals in Europe and energy security, the Directors believe that the Projects provide a base from which the Company can help Europe enable its energy transformation.

Operational Review

Acquisition during the year

On 7 August 2023 the Company acquired EV Metals AB a Swedish company that owns the Njuggraskliden and Mjovattnet exploration licences (the "**Swedish Nickel Projects**") hosting drill-defined magmatic nickel-copper-cobalt-platinum group metal mineralisation along the Swedish Nickel Line (see note 13).

At the year end the Group decided that in light of the Group's exploration commitment in relation to the Swedish nickel projects and their relative lack of prospectivity not to continue with the Signal and Hosanger nickel exploration projects in Norway. This decision does not affect the Group's Espedalen Project, which has always been the Company's principal project in Norway and currently contains the following two nickel deposits:

- _Stormyra deposit comprising 1.16Mt @ 1% Ni, 0.42% Cu & 0.04% Co and classified as Inferred in accordance with JORC (2012); and
- _Dalen deposit comprising 7.8Mt @ 0.3% Ni, 0.12% Cu & 0.02% Co and classified as Inferred in accordance with JORC (2012).

During the year the Group as part of ongoing licence management, it was decided not to renew the Kramsta 100 licence in Sweden and the Karhujupukka North & Karhujupukka North licences in Finland which were assessed to have relatively low prospectivity compared to the Group's remaining licences.

Technical review of Projects: Following Admission and having acquired its projects in Sweden, Finland and exercised its option in relation to its Norwegian projects, the Group commenced technical reviews and / or programmes on its portfolio. The primary metal in the

Swedish and Finnish projects is vanadium and nickel for the Norwegian projects. The Group used this information in 2023 to determine its exploration strategy in 2023.

Summary of Projects: The Projects are a portfolio of early to advanced stage exploration projects covering a combined area of 658 km² in Scandinavia. The most advanced of these Projects are the Airijoki and Koitelainen vanadium projects in Sweden and Finland respectively and the Espedalen nickel copper project in Norway. The other projects are:

- Sweden – the Njuggtraskliden and Mjovattnet exploration (“**Swedish Nickel Projects**”)
- Sweden – the Kullberget, Simesvallen and Sumåssjön exploration projects in Sweden (collectively the “**Central Sweden Project**”)

The Airijoki vanadium copper project in Sweden comprising seven contiguous exploration permits covering 39.41 km² and is supported by an Inferred Mineral Resource comprising 44.3 Mt at an in-situ grade of 0.4% V₂O₅, containing 5.9 Mt of magnetite averaging 1.7% V₂O₅ (in magnetite concentrate) for 100,800 t of contained V₂O₅ based on a 13.3% mass recovery of magnetite concentrate and a 0.7% V₂O₅ cut-off grade, on a 100% equity basis (and net attributable basis).

The Koitelainen vanadium copper project in Finland comprising a single granted exploration licence covering 13.72 km² with an Inferred Mineral Resource has been defined at the Koitelainen Vosa Prospect comprising 116.4Mt, containing 5.8 million tonnes of magnetite @ 2.3% V₂O₅ (in magnetite concentrate), for 131,000 tonnes of V₂O₅ based on 5.0% Mass Recovery of magnetite concentrate and a cut-off of 0.5% V. The Inferred Mineral Resource was estimated in accordance with JORC (2012), utilising data from 3,784m of drilling from 27 historical drill holes.

The Espedalen nickel copper project in Norway comprising 16 contiguous exploration permits covering a combined area of 139.89 km² and currently contains the following two nickel deposits with associated Mineral Resource estimates together with other prospects and was the subject of a successful drill programme during 2023:

- Stormyra deposit comprising 1.16Mt @ 1% Ni, 0.42% Cu & 0.04% Co and classified as Inferred in accordance with JORC (2012)
- Dalen deposit comprising 7.8Mt @ 0.3% Ni, 0.12% Cu & 0.02% Co and classified as Inferred in accordance with JORC (2012)

Figure 1. Map showing location of Kendricks' Scandinavian license portfolio.

**Norway Projects summary:**

The Group's review has identified significant opportunities within the Espedalen nickel project in Norway.

Our priority Norwegian nickel target, the Espedalen Project and more specifically the Stormyra prospect (1.16Mt @ 1% Ni, 0.42% Cu & 0.04% Co) was drilled in March 2023 with 19 holes completed for a total of 1,650 metres of drilling over an initial 1,200m of strike length. The results of the programme were announced on 20 April 2023, 4 May 2023 and 24 May 2023 including several drill intercept highlights:

- Hole ES2302 – 6.85% Ni Eq. over 1.25m from 38.20m
- Hole ES2303 - 2.64% Ni Eq. over 3.75m from 44.45m
 - incl. 9.28% Ni Eq. over 0.75m from 47.45m
 - and 1.53% Ni Eq. over 5.80m from 51.80m
 - incl. 5.33% Ni Eq. over 0.9m from 56.7m
- Hole ES2305 – 1.30% Ni Eq. over 4.60m from 76.70m
 - incl. 2.59% Ni Eq. over 2.10m from 79.20m
- Hole ES2306 – 0.71% Ni Eq. over 10.6m from 96.50m
 - Incl. 2.18% Ni Eq. over 1.70m from 99.20m
 - and 1.03% Ni Eq. over 2.65m from 104.45m
 - Hole ESP2308 - 3.39% Ni Eq. over 11.60m from 52.40m including 5.80% Ni Eq over 4.9m from 59.1m

- Hole ESP2307 – 2.59% Ni Eq. over 3.65m from 37.80m including 4.85% Ni Eq. over 1.80m from 38.50m
- Hole ESP2312 – 2.29% Ni Eq. over 4.15m from 92.35m
- Hole ESP2313 – 1.98% Ni Eq. over 3.55m from 79.60m including 3.86% Ni Eq. over 1.70m from 79.60m
- Hole ESP2317 – 2.18% Ni Eq. over 3.50m from 61.50m
- Hole ESP2318 – 0.41% Ni Eq. over 9.20m from 31.50m incl. 1.15% Ni Eq. over 0.90m from 35.20m
- Hole ESP2319 – 2.43% Ni Eq. over 2.10m from 53.60m incl. 5.53% Ni Eq. over 0.65m from 54.35m and 1.33% Ni Eq. over 2.70m from 62.20m

Geophysics and interpretation of drilling indicates a further extension to known mineralisation of approximately 500m along the southern limit of the current orebody which is expected to increase the Mineral Resource.

The drill programme over Stormyra was very successful with impressive peak intercepts that provide all the motivation the Group needs to both test the projected extension of the Stormyra mineralised trend and assess with further drilling multiple other targets (some of which have been drilled and intersected Ni mineralisation) across the Espedalen project area.

Thanks to our local team, we have managed to build a healthy relationship with the local stakeholders and we will continue to communicate with interested and affected parties and we are sufficiently confident of the continuity of mineralisation to formally engage external engineering advice for the review of future plant design.

Swedish & Finnish Projects summary:

The main field exploration focus during the year was a 1,500 metre exploration drill program at the Airijoki vanadium copper project in Sweden with the objective of significantly increasing the existing vanadium Mineral Resource; completion of an ionic leach soil sampling programme over recently awarded additional Airijoki licences where extensions to known vanadium and copper mineralisation may occur; and the completion of an ionic leach soil sampling programme over the recently acquired Mjovattnet Nickel-Copper-PGM licence.

In reviewing the Airijoki project in Sweden, significant copper anomalism has been identified and will be tested as part of the ongoing technical review. Where present, copper is considered a valid exploration target and may complement any future vanadium mine development or could be a stand-alone deposit in its own right. The Group has engaged Wardell Armstrong International to carry out metallurgical test work in order to assess scope for increased vanadium recoveries, whilst maintaining magnetite vanadium grade. The Group is preparing plans to conduct further test work to advance the processing to the end product vanadium electrolytes.

Post the year end on 8 February 2024 the Group announced the results of its 2023 drill programme at the Airijoki Vanadium project the highlights of which included:

Highlights

- Results have been received for whole rock and vanadium magnetite concentrates produced from eight holes drilled north of the existing Airijoki vanadium JORC Mineral Resource containing 44.3 Mt @ 0.4% V₂O₅, in-situ, containing 5.9 Mt of magnetite averaging 1.7% V₂O₅.
- Seven out of eight holes drilled intersected vanadium mineralisation.

Kendrick Resources PLC

Operational Financial Corporate and Strategy Reviews

- Notable intercepts included:
 - 0.52% V₂O₅ - whole rock (1.77% V₂O₅ - magnetite concentrate) over 28.80m from 77.55m in hole AIR23-003, incl.
 - 0.72% V₂O₅ - whole rock (2.15% V₂O₅ - magnetite concentrate) over 12.00m from 89.50m
 - 0.43% V₂O₅ - whole rock (1.44% V₂O₅ - magnetite concentrate) over 19.15m from 75.85m in hole AIR23-008
 - 0.32% V₂O₅ - whole rock (1.42% V₂O₅ - magnetite concentrate) over 28.65m from 174.50m in AIR23-002
 - incl. 0.40% V₂O₅ - whole rock (1.75% V₂O₅ - magnetite concentrate) over 12 m from 186.5m
- Endorsement by the Board of the development of a strategy aimed at building a sustainable vanadium business in Scandinavia to deliver into future vanadium demand for battery production.
- Drilling has now been undertaken on two of the Airijoki licences within the greater land package of seven contiguous licences and the 5 remaining licences are prospective for both vanadium and copper.

During the period the Company acquired EV Metals AB and its two Swedish Nickel Projects Mjovattnet and Njugtraskliden highlights of which are:

Mjovattnet Licence

- 2 drill-defined zones of mineralisation (Mjovattnet and Brannorna Prospects)
- 15km of prospective strike
- PGE value historically overlooked
- Mjovattnet in-house non-JORC compliant drill-defined resource of 0.17Mt @ 1.29% Ni, 0.19% Cu & 0.02% Co
- Open at depth
- Peak shallow drill intercepts for the Brannorna Prospect include:

Hole (Brannorna)	From (m)	To (m)	Width (m)	Ni (%)
BRA-75015	65.80	77.40	11.60	0.82
BRA-07001	59.00	84.73	25.73	0.58
BRA-77024	40.30	68.00	27.70	0.64
BRA-07002	29.30	105.48	76.18	0.60

Njugtraskliden Licence

- Historic non-JORC compliant mineral Resource of 0 575 Mt @ 0.71% Ni, 0.26% Cu & 0.04% Co
- 10km of prospective strike
- Mineralised system remains open at depth
- Drill-defined nickel sulphide mineralisation developed along more than 10km of strike extent
- Peak shallow drill intercepts at Njugtraskliden include:

Hole	From (m)	To (m)	Width (m)	Ni (%)	Cu (%)	Pt (ppm)	Pd (ppm)	Au (ppm)
NJU07001	63.40	87.75	24.35	1.01	0.51	1.08	0.56	0.14
NJU79016	15.90	21.69	5.79	1.06	0.31	0.11	0.11	0.05
NJU79031	66.55	89.56	23.01	1.04	0.60	0.51	0.23	0.02
NJU82003E	156.75	161.62	4.87	0.65	0.31	0.15	0.88	-
NJU90006	44.00	56.30	12.30	0.90	0.79	0.30	5.34	0.24

Kendrick Resources PLC

Operational Financial Corporate and Strategy Reviews

- Swedish Geological Survey report suggests extensions to mineralisation at depth and along strike at all prospects on both licences
- Both prospects host significant massive sulphide mineralisation not typical of other nickel deposits in the region indicating scope for further accumulations of locally massive sulphide located in a nickel-rich district, analogous to the Thompson nickel Belt in Manitoba, Canada
- 100km by sea from Boliden's Kokkola nickel smelter in Finland

Financial Review

Financial highlights:

- £1.1m loss before tax (2022: £1.04m)
- Approximately £200K cash at bank at the period end (2022: £1.818m).
- The loss per share of 0.45 pence (2022: loss 0.68 pence) has been calculated on the basis of the loss of £1,099,162 (2022: loss £1,043,466) and on 242,565,645 (2022: 153,882,205) ordinary shares, being the weighted average number of ordinary shares in issue during the year ended 29 December 2023.
- The net asset value as at period end was £4.58m (2022 (£5.57m)).

Fundraisings and issues of shares and options

The Company did not undertake any fundraising during the year as it utilised the balance of the £3,250,000 (before expenses) raised at Admission (the “**Fundraise**”).

During the period 4,144,395 ordinary shares were issued on 26 April 2023 in relation to the Company's acquisition of the Espedalen, Hosanger and Sigdal nickel-copper-cobalt exploration projects in Norway from EMX Scandinavia AB (see note 17).

On 4 August 2023 the Company issued 15 million 5 year options to EMX Royalty Corporation in connection with the acquisition of EV Metals AB a Swedish company that owns the Njuggtraskliden and Mjovattnet exploration licences (the “**Swedish Nickel Projects**”) hosting drill-defined magmatic nickel-copper-cobalt-platinum group metal mineralisation along the Swedish Nickel Line (see note 13).

22,550,000 options over ordinary shares expiring on 3 February 2031 with an exercise price of 3.5 pence were granted on 2 February 2023 pursuant to the Share Option Scheme approved at the AGM on 4 February 2021 (“**Share Option Scheme Options**”). Of the 22,550,000 Share Option Scheme Options, 13,750,000 were awarded to directors of the Company, as detailed further below and the balance of 8,800,000 to other eligible participants. The Company has not previously issued any Share Option Scheme Options.

Executive Directors:	No. of Options
Colin Bird Executive Chairman	6,000,000
Martyn Churchouse	5,000,000
Non Executive Directors:	
Alex Borrelli	1,000,000
Evan Kirby	1,000,000
Kjeld Thygesen	750,000
Total Directors	13,750,000

The Company did not issue any warrants during the period.

Corporate Review

Company Board: The Board of the Company at the date of this report comprises Colin Bird, Executive Chairman, Martyn Churchouse Managing Director and Non- executive directors Kjeld Thygesen, Evan Kirby and Alex Borrelli.

Admission: The Company was admitted to the Official List (Standard Segment) and commenced trading on the Main Market for listed securities of the London Stock Exchange on 6 May 2022.

Corporate Acquisitions

On 12 August 2022 the Company announced that it has completed the acquisition of the “Norwegian Projects” from EMX Scandinavia AB (previously named Eurasian Minerals Sweden AB) (“EMX”) by acquiring Caledonian Minerals AS. The consideration paid to EMX for the exercise of the option was U\$81,949 and the issue of 20,226,757 Ordinary Shares (“**EMX Option Shares**”) and further ordinary shares were due to be issued to EMX by 27 April 2023 in relation to the acquisition of the Norwegian Projects (“**EMX 2023 Shares**”). On 24 April 2023 the Company announced it had issued a further 4,144,395 ordinary shares in relation to the acquisition of the Norwegian Projects to meet its obligation to issue the EMX 2023 Shares.

On 4 August 2023 the Company signed a Share Sale and Purchase Agreement with EMX Royalty Corporation (**EMX**) to acquire 100% of EV Metals AB a Swedish company that owns the Njuggtraskliden and Mjovattnet exploration licences (the “**Swedish Nickel Projects**”) hosting drill-defined magmatic nickel–copper–cobalt–platinum group metal mineralisation along the Swedish “Nickel Line”. The consideration paid to acquire EV Metals AB was SEK110,780 (approx. £8,200) and the issue of 15 million 5 year options to EMX to acquire ordinary shares in the Company at 1.3 pence per ordinary share.

Lock Up and Orderly Market arrangements at IPO:

At Admission the Directors and their related parties, in aggregate, held 47,294,860 Ordinary Shares, representing 21.62% of the Enlarged Share Capital. The Directors agreed with the Company and Novum Securities Limited (“**Novum**”) its Joint Broker, except for certain standard exceptions, not to dispose of any interest in the Ordinary Shares held by them for a period of 12 months following Admission (Lock-In Period) and then for the following 12 months until 6 May 2024 not to dispose of their Ordinary Shares without first consulting the Company and Novum in order to maintain an orderly market for the Shares.

Strategy Review

The Group is looking to build a long-term energy metals business in Scandinavia which delivers energy metals to Europe to help enable its renewable energy transformation by building a top tier energy metals production business focused on quality vanadium and nickel mineral resources in Scandinavia. The Group’s short to medium term strategic objectives are to enhance the value of its mineral resource projects through exploration and technical studies conducted by the Group or in conjunction with other parties with a view to establishing these projects so they can be economically mined for profit. With a positive global outlook for energy metals, the Directors believe that its projects provide a base from which the Group will seek to add significant value through the application of structured and disciplined exploration.

The Group may in the future, if such opportunity arises, acquire other mineral resource projects whose value can similarly be enhanced. Further projects may be considered where assets in

strategic commodities are either: (i) geologically prospective but undervalued; (ii) where technical knowledge and experience could be applied to add or unlock upside potential; (iii) where the assets may be synergistic to the current portfolio; or (iv) where project diversification will add strategic growth opportunities within an appropriate time frame.

Outlook

There appears a new realisation that if clean energy targets are to be met then critical mining has to take place. Indeed the southern coast of Norway is becoming known as the “Battery Coast” by industry pundits and the Board believes we have a good portfolio in the much sought after commodities at a time when Scandinavia may well undergo a mining renaissance.

The Directors present their strategic report for the year ended 29 December 2023.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of mining exploration and development and the Company has nickel, vanadium and copper projects in Scandinavia via its subsidiaries.

GOING CONCERN

As disclosed in Note 3, the Group currently has no income and meets its working capital requirements through raising development finance. In common with many businesses engaged in exploration and evaluation activities prior to production and sale of minerals the Group will require additional funds and/or funding facilities in order to fully develop its business plan.

Ultimately the viability of the Group is dependent on future liquidity in the exploration period and this, in turn, depends on the Group's ability to raise funds to provide additional working capital to finance its ongoing activities. Management has successfully raised funds in the past, but there is no guarantee that adequate funds will be available when needed in the future.

As at 29 December 2023, the Group had net assets of £4.58m and cash and cash equivalents of £200k. An operating loss is expected in the year subsequent to the date of these financial statements and as a result the Group will need to raise funding to provide additional working capital to finance its ongoing activities.

On 22 April 2024 the Company announced it had entered into an unsecured convertible loan funding facility (the "**Facility**") for £500,000 with Sanderson Capital Partners Ltd (the "**Lender**"), a long term shareholder in the Company. The Facility is convertible at 0.75 pence per ordinary share ("**Shares**") and can be drawn down in 4 tranches of £125,000 each ("**Loan Tranches**"). The Facility is a standby facility as a potential additional source of working capital for the Group in a period when the funding market for junior exploration companies is subject to market volatility (see Note 22 for further details).

Based on its current reserves and the Board's assessment that the Group will be able to raise additional funds, as and when required, to meet its working capital and capital expenditure requirements, the Board have concluded that they have a reasonable expectation that the Company and Group can continue in operational existence for the foreseeable future and at least for a period of 12 months from the date of approval of these financial statements.

For these reasons the financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

ENERGY CONSUMPTION

The Company consumed less than 40MWh during the period and as such is a Low Energy User as defined in the Environmental Reporting Guidelines Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1) and as such is not required to provide detailed disclosures of energy and carbon information.

PROMOTION OF THE COMPANY FOR THE BENEFIT OF THE MEMBERS AS A WHOLE

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members, as required by s172 of the Companies Act 2006 as detailed below.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, customers, and others; and
- Consider the impact of the Company's operations on the community and the environment.

Our Board of Directors remain aware of their responsibilities both within and outside of the Group. Within the limitations of a Group with so few employees we endeavour to follow these principles, and examples of the application of the s172 are summarised and demonstrated below.

The Company operates as a mining exploration and development company which is speculative in nature and at times may be dependent upon fund-raising for its continued operation. The nature of the business is well understood by the Company's members, employees and suppliers, and the Directors are transparent about the cash position and funding requirements.

The Company is investing time in developing and fostering its relationships with its key suppliers.

As a mining exploration company with future operations based in Scandinavia, the Board takes seriously its ethical responsibilities to the communities and environment in which it works.

The interests of future employees and consultants are a primary consideration for the Board, and we have introduced an inclusive share-option programme allowing them to share in the future success of the Company. Personal development opportunities are encouraged and supported.

KEY PERFORMANCE INDICATORS

Key performance indicators for the Group as a measure of financial control are as follows:

	<i>Year ended 29 December 2023</i>	<i>Year ended 29 December 2022</i>
	<i>£</i>	<i>£</i>
Total assets	5,006,709	5,851,611
Net assets	4,577,999	5,567,673
Cash and cash equivalents	199,992	1,817,706
Trade and other payables	(428,710)	(247,673)
Loss before tax for the year	(1,099,162)	(1,043,466)

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to various risks similar to all exploration companies operating in overseas locations relating to political, economic, legal, industry and financial conditions, not all of which are within its control. The Group identifies and monitors the key risks and uncertainties affecting the Group and runs its business in a way that minimises the impact of such risks where possible.

The following risks factors, which are not exhaustive, are particularly relevant to the Group's current and future business activities:

Licensing and title risk

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or government offices. The Group must generally and specifically in relation to future projects comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations by the permitting authorities. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement could have a material adverse impact on the Group's result of operations and financial condition. The Group's exploration activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitation.

There is a risk that negotiations with the relevant government in relation to the renewal or extension of a licence may not result in the renewal or grant taking effect prior to the expiry of the previous licence and there can be no assurance as to the terms of any extension, renewal or grant. This is a risk that all resource companies are subject to, particularly when their assets are in emerging markets. The Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to.

Dependency on key personnel

Kendrick's management comprises a small team of experienced and qualified executives. The Directors believe that the loss of any key individuals in the team or the inability to attract appropriate personnel could impact Kendrick's performance.

Although Kendrick has entered into contractual arrangements to secure the services of its key personnel, the retention of these services and the future costs associated therewith cannot be guaranteed.

Royalty arrangement and the Kabwe plant

Prior to the Company Listing on 6 May 2022 and acquiring the Nordic Projects the Company had an interest in the Kabwe Project which has been fully provided against. As reported in the 2020 accounts Jubilee Metals Group PLC ("Jubilee") is the sole operator of the Kabwe Project and has full control of the execution methodology. In addition, Jubilee has agreed to fund the Kabwe Project by way of debt finance without dilution to Kendrick's shareholding which amounted to a fixed 11% and has been converted to an 11% royalty. Jubilee is currently actively engaged in copper refining through its purpose-designed refinery at Kabwe. The zinc price has been extremely volatile and the zinc tailings at Kabwe may be metallurgically complex, giving way to copper production, being the best alternative to the refinery. Against the aforementioned, the Board has no expectation of any royalty income in the midterm.

Legal risk

The legal systems in the countries in which Kendrick's operations are currently and prospectively located are different to that of the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. In particular, agreements in place may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Liquidity and financing risk

Although the Directors consider that Kendrick has sufficient funding in place, there can be no guarantee that further funding will be available and on terms that are acceptable to Kendrick should additional costs or delays arise. Nor can there be any guarantee that the additional funding will be available to allow Kendrick to obtain and develop additional projects in the necessary timeframe.

The Directors review Kendrick's funding requirements on a regular basis, and take such action as may be necessary to either curtail expenditures and / or raise additional funds from available sources including asset sales and the issuance of debt or equity.

Governmental approvals, licences and permits

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or government offices. Kendrick must comply with known standards and existing laws and regulations, any of which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations by the permitting authorities. Delays in granting such approvals, licences and permits, new laws and regulations, amendments to existing laws and regulations, or more stringent enforcement could have a material adverse impact on Kendrick's result of operations and financial condition. Kendrick's activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitation.

There is a risk that negotiations with the relevant government in relation to the renewal or extension of a licence may not result in the renewal or grant taking effect prior to the expiry of the previous licence and there can be no assurance as to the terms of any extension, renewal or grant.

Liability and insurance

The nature of Kendrick's business means that Kendrick may be exposed to potentially substantial liability for environmental damages. There can be no assurance that necessary insurance cover will be available to Kendrick at an acceptable cost, if at all, nor that, in the event of any claim, the level of insurance carried by Kendrick now or in the future will be adequate.

Kendrick's operations are also subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with these and similar future regulations could be substantial and the risk of accidental contamination or injury from hazardous materials with which it works cannot be eliminated. If an accident or contamination were to occur, Kendrick would likely incur significant costs associated with civil damages and penalties or criminal fines and in complying with environmental laws and regulations. Kendrick's insurance may not be adequate to cover the damages, penalties and fines that could result from an accident or contamination and Kendrick may not be able to obtain adequate insurance at an acceptable cost or at all.

Currency risk

The Company expects to present its financial information in Sterling although part or all of its business may be conducted in other currencies. As a result, it will be subject to foreign currency exchange risk due to exchange rate movements which will affect Kendrick's transaction costs and the translation of its results. The majority of the payments were in Euros and SEK (Swedish Krona), but while there were significant fluctuations in the year the payments were not significant at this early stage as there were limited operations.

Economic, political, judicial, administrative, taxation or other regulatory factors

Kendrick may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the territories in which Kendrick will operate particularly in the Scandinavian region.

Taxation

Any change in Kendrick's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments or assets held by the Company, which in turn could affect Kendrick's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of Kendrick and its investors are based upon current tax law and practice which may be subject to change.

Approved by the Board of Directors and signed on behalf of the Board.



C Bird
Chairman

29 April 2024

Colin Bird

Executive Chairman Colin is a chartered mining engineer and a Fellow of the Institute of Materials, Minerals and Mining with more than 40 years' experience in resource operations management, corporate management, and finance. Colin has multi commodity mine management experience in Africa, Spain, Latin America and the Middle East. He has been the prime mover in a number of public company listings in the UK, Canada and South Africa. His most notable achievement was founding Kiwara Resources Plc and selling its prime asset, a copper property in Northern Zambia, to First Quantum Minerals for US\$260 million in November 2009.

Other current directorships

Includes African Pioneer Plc, Bezant Resources Plc, Bird Leisure and Admin (Pty) Ltd, Galileo Resources Plc, Galileo Resources South Africa (Pty) Ltd, Glenover Phosphate (Pty) Ltd, Holyrood Platinum (Pty) Ltd, Lion Mining Finance Ltd, Mitte Resources Investment Ltd, New Age Metals Inc, Revelo Resources Corp, Sandown Holdings, Shamrock Holdings Inc, Tiger Resource Finance Plc, Umhlanga Lighthouse Café CC, Virgo Business Solutions (Pty) Ltd, Xtract Resources Plc, Camel Valley Holdings Inc, Crocus-Serv Resources (Pty) Ltd, Africubum (Pty) Ltd, Enviro Zambia Ltd, and Eureka Mine International Ltd.

Former directorships in the last 5 years

Braemore Resources Ltd, Camel Valley Holdings Inc, Crocus-Serv Resources (Pty) Ltd, Dullstroom Plats (Pty) Ltd, Enviro Mining Ltd, Enviro Processing Ltd, Enviro Props Ltd, Galagen (Pty) Ltd, Kabwe Operations Mauritius, Maude Mining & Exploration (Pty) Ltd, NewPlats (Tjate) (Pty) Ltd, Newmarket Holdings, Tjate Platinum Corporation (Pty) Ltd, Windsor Platinum Investments (Pty) Ltd, Windsor SA Pty Ltd, Tara Bar and Restaurant CC, Add X Trading 810 CC, Afminco (Pty) Ltd, Dialyn Café CC, Emanuel Mining and Exploration (Pty) Ltd, Europa Metals Ltd, Isigidi Trading 413 CC, Jubilee Metals Group Plc, Jubilee Smelting & Refining (Pty) Ltd, Jubilee Tailings Treatment Company (Pty) Ltd, M.I.T. Ventures Group, Mokopane Mining & Exploration (Pty) Ltd, NDN Properties CC, Orogen Gold Plc, Pilanesberg Mining Co (Pty) Ltd, Pioneer Coal (Pty) Ltd, PowerAlt (Pty) Ltd, SacOil Holdings Ltd, Sovereign Energy Plc, Thos Begbie Holdings (Pty) Ltd, Mistral Resource Development Corporation Ltd, Galileo Resources South Africa (Pty) Ltd and Holyrood platinum (Pty) Ltd.

Martyn Churchouse: (appointed 31 January 2023)

Martyn Churchouse is a Geologist and consultant with over 40 years' experience working in the mining industry. He graduated from the University of London with a BSc in Geology and also has a MSc in Mining & Exploration from the Camborne School of Mines. Martyn has had experience as a board director and founder of many AIM listed mining and resource companies. Since the beginning of 2022 Martyn has been a consultant to an exploration company with oversight of exploration and mine development programmes covering multiple targets and resources on the African sub-continent.

Kendrick Resources PLC

BOARD OF DIRECTORS

Other current directorships

Bybrook Community Concierge Ltd, Ford Flyfishers Limited and M Churchouse Consultancy Limited.

Former directorships in the last 5 years

Caerus Mineral Resources Plc and New Cyprus Copper P.A. Ltd.

Kjeld Thygesen

Non-Executive Director Kjeld Thygesen is a mining investment veteran of more than 45 years. After being a mining analyst at James Capel in the latter half of the 1970's he was manager of the commodities department at Rothschild Asset Management between 1980-89. In 1990 he formed Lion Resource Advisors as a specialist adviser in the mining and natural resource sectors. LRA was the advisor to the Midas Fund in the US between 1992-2000, which was one of the top performing funds during that period. From 2002-2008 he was Investment director of Resources Investment Trust, a London listed investment trust which returned a threefold investment during that period. He has served on several mining company boards over the past twenty years.

Alex Borrelli

Non-Executive Director Alex Borrelli, FCA, initially studied medicine and then qualified as a chartered accountant with Deloitte, Haskins & Sells, London in 1982. He then worked in corporate finance at Guinness Mahon, Samuel Montagu and as a corporate finance and main board director at Charterhouse. Through his investment banking career, he has acted on a wide variety of corporate transactions in a senior role for over 20 years, including flotations, takeovers, mergers, and acquisitions for private and quoted companies. For the last 15 years, he has been acting as chairman and director of various listed companies, and is currently a director of AIM-listed Greatland Gold PLC, Tiger Royalties and Investments PLC, Bradda Head Lithium Limited and Red Rock Resources PLC.

Evan Kirby

Dr Kirby, is a metallurgist with over 40 years of international involvement. He worked initially in South Africa for Impala Platinum, Rand Mines and then Rustenburg Platinum Mines. Then in 1992, he moved to Australia to work for Minproc Engineers and then Bechtel Corporation. After leaving Bechtel in 2002, he established his own consulting company to continue with his ongoing mining project involvement. Evan's personal "hands on" experience covers the financial, technical, engineering and environmental issues associated with a wide range of mining and processing projects.

Other current directorships

Non-executive director of Europa Metals Ltd (listed on AIM and AltX of the JSE) and Bezant Resources Plc (AIM listed), and Director of private company, Metallurgical Management Services Pty Ltd.

Kendrick Resources PLC
BOARD OF DIRECTORS

Former directorships in the last 5 years

Technical director of Jubilee Metals Group PLC (Aim listed), Balama Resources Pty Ltd (Private Company, formerly ASX listed New Energy Minerals Limited and originally Mustang Resources Limited).

Former directorships in the last 5 years

Balama resources Pty Ltd, New Energy Minerals Limited (formerly Mustang Resources Limited and ASX listed).

Kendrick Resources PLC

DIRECTORS REMUNERATION REPORT

This Directors' Remuneration Report sets out the Company's policy on the remuneration of Directors, together with details of Directors' remuneration packages and service contracts for the year ended 29 December 2023.

The Company's policy is to maintain levels of remuneration to attract, motivate, and retain Directors and Senior Executives of the highest calibre who can contribute their experience to deliver industry-leading performance with the Company's operations. The Company is nonetheless mindful of the need to balance this objective with the fact that it is pre-revenue.

Since listing on 6 May 2022, the Company's Directors have largely remunerated through a combination of modest salaries and/or fees, share options and where relevant, equity positions as founders and as a result the total salaries and fees payable to directors has been relatively modest. As the Company grows, and increasingly makes hires, it will become necessary to move to a more long-term and sustainable policy, which continues to align the interests of Directors and senior staff with those of shareholders while recognising that new hires will not initially have a significant equity position.

Accordingly, it is likely that compensation packages for Executive Directors will need to move over time to a level more consistent with the market. Currently, Directors' remuneration is not subject to specific performance targets. The Company is sufficiently small that the Board does not consider that it is necessary to impose such targets as a matter of principle but believes that exceptional performance can be rewarded on an ad hoc basis.

The 2021 AGM approved a share option scheme which is to incentivise both Executive, non-Executive Directors, and consultants as well individuals holding positions of responsibility in the Company ("**Share Option Scheme**"). On 2 February 2023 the Company announced that pursuant to the Share Option Scheme 22,550,000 options over Ordinary Shares ("**Options**") were awarded, 13,750,000 of the Options were awarded to directors of the Company, as detailed further in Note 23 and the balance of 8,800,000 Options to other eligible participants. The Company had not previously issued any Options under the Share Option Scheme.

The 2022 General Meeting also approved the Company establishing new incentive schemes to more closely align the interest of directors, officers, employees and consultants with those of shareholders by providing for the payment of short-term, annual and transaction incentive awards in cash or Company shares (the "**Proposed Incentive Schemes**"). Awards under the Proposed Incentive Schemes are not intended to replace the Share Option Scheme arrangements and the Proposed Incentive Schemes, shall continue in place until the Board of the Company have put an alternative incentive scheme to the Company's shareholders which the Company's shareholders have approved.

The Board considers the remuneration of Directors and senior staff and their employment terms and makes recommendations to the Board of Directors on the overall remuneration packages. No Director takes part in any decision directly affecting their own remuneration.

Kendrick Resources PLC

DIRECTORS REMUNERATION REPORT

There has been no correspondence to date from shareholders relating to Directors' remuneration matters and therefore no such matters have been considered by the Board in formulating the Company's remuneration policy.

In determining Executive Director remuneration policy and practices, the Board aims to address the following factors:

- **Clarity** - remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- **Simplicity** - remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- **Risk** - remuneration arrangements should ensure reputational and other risks from excessive rewards, and risks that can arise from target-based incentive plans, are identified and mitigated;
- **Predictability** - the range of possible values of rewards to individual directors and any other limits or discretions are identified and explained at the time of approving the policy;
- **Proportionality** - the clarity of the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear; and
- **Alignment to culture** - incentive schemes, when implemented will drive behaviours consistent with company purpose, values and strategy.

Directors' remuneration

Remuneration of the Directors for the years ended 29 December 2023 and 2022 was as follows:

	2023		
	Directors' Fees £	Salary and Consulting Fees £	Total fees year ended £
C Bird	18,000	30,000	48,000
K Thygesen	18,000	-	18,000
M A Borrelli ⁽¹⁾	18,000	-	18,000
E Kirby	18,000	-	18,000
M. Churchouse ⁽²⁾	22,000	-	22,000
Total	94,000	30,000	124,000

⁽¹⁾ M A Borrelli resigned as a director on 8 October 2020 and was reappointed on 9 February 2022. He was paid £Nil for providing corporate and company secretarial services during 2023 (2022: £1,315).

⁽²⁾ M Churchouse was appointed a director on 31 January 2023 and in 2023 prior to his appointment was paid consultancy fees of £2,000 (2022:£14,000). Note 20 provides details of Director's Letters of Appointment and Service Agreements.

On 2 February 2023 the Directors were, pursuant to the Executive Share Option Scheme approved at the AGM on 4 February 2021, granted 13,750,000 options over ordinary shares expiring on 3 February 2031 with an exercise price of 3.5 pence ("**Share Option Scheme Options**"). Further details of the Share Option Scheme Options issued to Directors are provided in the Directors' Report on page 33.

Kendrick Resources PLC

DIRECTORS REMUNERATION REPORT

2022			
	Directors' Fees £	Salary and Consulting Fees £	Total fees year ended £
C Bird	18,000	30,000	48,000
K Thygesen	18,000	-	18,000
M A Borrelli ⁽¹⁾	14,700	1,315	16,015
E Kirby ⁽³⁾	12,000	-	12,000
Total	62,700	31,315	94,015

⁽¹⁾ M A Borrelli resigned as a director on 8 October 2020 and was reappointed on 9 February 2022. He was paid £Nil for providing corporate and company secretarial services during 2023 (2022: £1,315).

⁽²⁾ M Churchouse was appointed a director on 31 January 2023 and in 2023 prior to his appointment was paid consultancy fees of £2,000 (2022 £14,000).

⁽³⁾ E Kirby was appointed a director on 9 February 2022.

Note 20 provides details of Director's Letters of Appointment and Service Agreements.

Pension arrangements

There were no pensions or other similar arrangements in place with any of the Directors during the years ended 29 December 2023 or 2022.

Directors' Interests

The interests (as defined in the Companies Act) of the Directors holding office during the period to date in the share capital are shown below:

Director	29 December 2023		29 December 2022	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of issued ordinary share capital
Colin Bird *	45,069,227	18.48%	45,069,227	18.80%
Martyn Churchouse	-	-	-	-
Kjeld Thygesen	2,142,857	0.88%	2,142,857	0.89%
Alex Borrelli	82,777	0.03%	82,777	0.03%
Evan Kirby	-	-	-	-

* Includes 3,695,238 shares held by Lion Mining Finance Ltd and 33,428,571 shares held by Camden Park Trading Ltd, companies controlled by Colin Bird.

Kendrick Resources PLC DIRECTORS REMUNERATION REPORT

13,750,000 options over ordinary shares expiring on 3 February 2031 with an exercise price of 3.5 pence were granted to Directors on 2 February 2023 pursuant to the Share Option Scheme approved at the AGM on 4 February 2021 ("**Share Option Scheme Options**"). Further details of the Share Option Scheme Options issued to Directors are provided in the Directors' Report on page 32 and in note 18.

No warrants were issued to Directors in 2023, at Admission on 6 May 2021 the warrants in the table below over ordinary shares in the issued share capital of the Company were issued to Directors in office at the period end. The Convertible Note Warrants expired on 6 November 2023 and the Fundraising Warrants expire on 6 May 2025. None of the warrants were exercised during the period.

Director	Number of Warrants	Exercise price (pence)	Expiry Date
Colin Bird			
Fundraising Warrants	1,571,400	6.0	Expire on 6 May 25
Convertible Note Warrants *	3,238,095	3.5	Expired 6 Nov 23
Kjeld Thygesen			-
Fundraising Warrants	1,000,000	6.0	Expire on 6 May 25
Convertible Note Warrants	1,142,857	3.5	Expired 6 Nov 23
Alex Borrelli	-	-	-
Evan Kirby	-	-	-
Martyn Churchouse	-	-	-

* Includes 1,409,524 Convertible Note Warrants issued to Lion Mining Finance Limited a company controlled by Colin Bird

Other than as set out above, none of the Directors as at 29 December 2023 held any interest in shares of the Company during the year.

This report was approved by the Board on 29 April 2024 and signed on its behalf by:



C Bird
Chairman

29 April 2024

Kendrick Resources PLC

CORPORATE GOVERNANCE STATEMENT

The Company is managed under the direction and supervision of the Board of Directors. Among other things, the Board sets the vision and strategy for the Company in order to effectively implement the Company's business model.

Good corporate governance creates shareholder value by improving performance while reducing or mitigating risks that the Company faces as we seek to create sustainable growth over the medium to long-term. It is my role as Chairman to lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model.

The Listing Rules require all companies admitted to the Standard Segment of the FCA's Official List to adopt and comply with a recognised corporate governance code, the Board has adopted the Quoted Companies Alliance Corporate Governance Code (the "Code"). It was decided that the Code was more appropriate for the Company's size and stage of development than the more prescriptive Financial Reporting Council's UK Corporate Governance Code.

The Company will hold timely board meetings as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Directors' responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company, on behalf of the Shareholders, to whom they are accountable. The primary duty of the Directors is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and the Company's approach to risk management and has formally adopted an anti-corruption and bribery policy.

The Directors have established an audit committee and a remuneration committee with formally delegated duties and responsibilities. There is no separate Nomination Committee given the size of the Board and, during the year, no such committee met. All Director appointments are approved by the Board as a whole.

Evan Kirby and Kjeld Thygesen are considered by the Board to be independent Non-Executive Directors.

Audit Committee

The Audit Committee, which currently comprises Alex Borrelli (Chairman of the Audit Committee), Evan Kirby and Kjeld Thygesen and has the primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls. The committee is also responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring the financial performance of the Company is properly monitored and reported. The audit committee will meet not less than three times a year. Given the size of the Company it does not have an internal audit function and the auditors take this into consideration in planning their audit of the Company's financial statements.

Kendrick Resources PLC

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee

The Remuneration Committee, which currently comprises Evan Kirby (Chairman of the Remuneration Committee), Kjeld Thygesen and Alex Borrelli and is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

Share Dealing Code

The Company has adopted, with effect from Admission, a share dealing policy regulating trading and confidentiality of inside information for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are admitted to trading on the Official List (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of that share dealing policy. None of the Directors dealt in the Company's shares during the period.

Meetings of the Directors

The number of meetings of the board of directors of the Company and its committees held during the year ended 29 December 2023 and the number of meetings attended by each director is tabled below. The Audit Committee was only formed on 6 May 2022.

2023

	<u>Meetings whilst in office</u>		<u>No. of meetings attended</u>	
	<u>Board</u>	<u>Audit</u>	<u>Board</u>	<u>Audit</u>
C. Bird	2	n.a.	2	n.a.
M.A. Borrelli	2	2	2	2
E. Kirby	2	2	2	2
K Thygesen	2	2	2	2
M Churchouse **	2	n.a.	2	n.a.

** Appointed 31 January 2023

2022

	<u>Meetings whilst in office</u>		<u>No. of meetings attended</u>	
	<u>Board</u>	<u>Audit</u>	<u>Board</u>	<u>Audit</u>
C. Bird	2	n.a.	2	n.a.
M.A. Borrelli *	2	1	2	1
E. Kirby	2	1	2	1
K Thygesen *	2	1	2	1
M Churchouse **	n.a.	n.a.	n.a.	n.a.

* Appointed 9 February 2022

** Appointed 31 January 2023

Diversity Policy

The Board operates a policy whereby Directors and other individuals considered for employment and professional services across the Group are selected on the basis of their experience, professional qualifications and ability and as such the Company does not discriminate on aspects such as age, gender or educational and professional background.

Kendrick Resources PLC

CORPORATE GOVERNANCE STATEMENT

The Company is a small exploration company and the Company's only employees comprise the five Board Directors four of whom have been in office since Admission on 6 May 2022 and were the Board members on the basis of whose experience and expertise investors invested in the Company at the time of the Listing. The Company has at the date of these accounts not met the following targets on board diversity

- (i) at least 40% of the individuals on its board of directors are women;
- (ii) at least one of the following senior positions on its board of directors is held by a woman (A) the chair; (B) the chief executive; (C) the senior independent director; or (D) the chief financial officer; and
- (iii) at least one individual on its board of directors is from a minority ethnic background.

The diversity composition of the Board is shown in the table below:

The diversity composition of the Board is shown in the table below:					
Number of board members		Percentage of the board	Number of senior positions on the board ⁽¹⁾	Number in executive management	Percentage of executive management
Men	5	100 %	3	2	100%
Women	-	-	-	-	Nil

⁽¹⁾ (CEO, SID and Chair)

Ethnic Background of Board members

	Number of board members	Percentage of the board	Number of senior positions on the board ⁽¹⁾	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	100%	3	2	40%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/ prefer not to say	-	-	-	-	-

⁽¹⁾ (CEO, SID and Chair)

Kendrick Resources PLC

CORPORATE GOVERNANCE STATEMENT

Internal control

The Board is responsible for establishing and maintaining the Group's system of internal control. Internal control systems manage rather than eliminate the risks to which the Group is exposed and such systems, by their nature, can provide reasonable but not absolute assurance against misstatement or loss.

There is a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The key procedures which the Directors have established with a view to providing effective internal control, are as follows:

“ Identification and control of business risks The Board identifies the major business risks faced by the Group and determines the appropriate course of action to manage those risks.

“ Budgets and business plans Each year the Board approves the business plan and annual budget. Performance is monitored and relevant action taken throughout the year through the regular reporting to the Board of changes to the business forecasts.

“ Investment appraisal Capital expenditure is controlled by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals must be submitted to the Board. Appropriate due diligence work is carried out if a business or asset is to be acquired.

Environment, health, safety and community 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 minimum required by the host countries in which it does business.

The following specific principles in relation to Health & Safety, Environment and Communities are adhered to by the Group:

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 operator. 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.

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.

Task Force on Climate-related Financial Disclosures (TCFD)

The Group has not included climate-related financial disclosures consistent with any of the TCFD Recommendations and Recommended Disclosures, as required by Listing Rule 14.3.27, neither in this annual financial report or any other document as it has not yet established the metrics and obtained the data to do this. Set out below is a summary of the Group's activities and how the Group proposes to align with the TCFD recommendations. The Group will provide an update of its alignment with the TCFD recommendations in next year's Annual Report.

The Group's business strategy is to deliver energy metals to Europe to help enable its renewable energy transformation by building a top tier energy metals production a business focused on quality of vanadium and nickel mineral resources in Scandinavia. As an organisation, we recognise the growing importance of understanding the impact of climate change on the environment in which we operate and its potential impact on the business.

TCFD was established in 2015 to improve and increase reporting of climate-related financial information and to provide information to investors about the actions companies are taking to mitigate the risks of climate change, as well as to provide increased clarity on the way in which they are governed.

The Group's exploration activities are "asset" light as the Group does not own its drilling and exploration equipment and instead uses contractors and it is a standard operating procedure for exploration activities to be conducted in accordance with applicable environmental regulations. The effect of this is that the Group's demand for and use of carbon fuels is very low though its

Kendrick Resources PLC

CORPORATE GOVERNANCE STATEMENT

contractors will use carbon fuels. An opportunity arising for the Group's from climate change is that copper is projected to increase in response to the global green energy transition in particular for electric vehicles, charging stations and the generation and distribution of renewable energy.

The Group is planning to adopt the TCFD framework and recommendations to the extent that it is appropriate given the size of the company and its activities. The framework is useful as a guide to understand how climate change could impact a broad range of business drivers and will provide a structured approach for the Group, to work towards embedding climate into our decision-making and will enable us to learn from and apply best practice on reporting and disclosures.

We see this as a means to increase the quality and transparency in our climate related disclosures whilst taking the first steps on the roadmap of TCFD reporting. We aim to ensure our stakeholders will have a better understanding of the Group's operational and business resilience to climate change and how we will incorporate the consideration of climate-related risks and opportunities in our business model. The table below provides a brief statement on our current thought process to understand and begin aligning with the TCFD recommendations.

Governance: The Group's governance relating to climate-related risks and opportunities is the responsibility of the Board.

Strategy: The actual and potential impacts of climate-related risks and opportunities will have effects on the business policies, strategy and financial planning of the Group.

Risk Management: The financial director is responsible for the Group's risk assessment and identifying, assessing, and managing climate related risks is part of that function.

Metrics & Targets: The formulation of metrics and targets used to assess and manage relevant climate related risks and opportunities will be considered.

The Directors present their report together with the audited financial statements, for the year ended 29 December 2023.

RESULTS AND DIVIDENDS

The results for the period are set out in the Statement of Comprehensive Income on page 44. The Directors do not recommend the payment of a dividend on the ordinary shares (2022: nil).

DIRECTORS

The names of the Directors who served throughout the period and subsequent to the year end, except where shown otherwise, are as follows:

C Bird
K Thygesen
M A Borrelli
E Kirby
M Churchouse (appointed 31 January 2023)

DIRECTORS' REMUNERATION

The Directors' remuneration is detailed in the Directors' Remuneration Report on pages 22 to 25.

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The Group has purchased Directors' and Officers' liability insurance which provides cover against liabilities arising against them in that capacity.

ISSUES OF SHARES, OPTIONS AND WARRANTS

During the period 4,144,395 ordinary shares were issued on 26 April 2023 in relation to the Company's acquisition of the Espedalen, Hosanger and Sigdal nickel-copper-cobalt exploration projects in Norway from EMX Scandinavia AB (see note 17).

On 4 August 2023 the Company issued 15 million 5 year options to EMX Royalty Corporation in connection with the acquisition of EV Metals AB a Swedish company that owns the Njuggtraskliden and Mjovattnet exploration licences (the "**Swedish Nickel Projects**") hosting drill-defined magmatic nickel-copper-cobalt-platinum group metal mineralisation along the Swedish Nickel Line (see note 13).

22,550,000 options over ordinary shares expiring on 3 February 2031 with an exercise price of 3.5 pence were granted on 2 February 2023 pursuant to the Share Option Scheme approved at the AGM on 4 February 2021 ("**Share Option Scheme Options**"). Of the 22,550,000 Share Option Scheme Options, 13,750,000 were awarded to directors of the Company, as detailed in the table below and the balance of 8,800,000 to other eligible participants. The Company has not previously issued any Share Option Scheme Options.

Kendrick Resources PLC

DIRECTORS' REPORT

Executive Directors	No. of Options
Colin Bird Executive Chairman	6,000,000
Martyn Churchouse	5,000,000
Non Executive Directors:	
Alex Borrelli	1,000,000
Evan Kirby	1,000,000
Kjeld Thygesen	750,000
Total Directors	13,750,000

The Company did not issue any warrants during the period.

FINANCIAL INSTRUMENTS

An explanation of the Group's financial risk management objectives, policies and strategies is set out in note 19.

IMPACT OF UKRAINE CONFLICT

The Directors consider as a result of the Ukraine conflict and related sanctions there is no impact on the Company as it has no assets or business activities or suppliers with links in Ukraine or Russia and is not aware of any persons sanctioned in relation to the Ukraine conflict owning shares in the Company. Finland has joined NATO and Sweden have announced its intention to join NATO.

EVENTS AFTER THE REPORTING DATE

Events after the reporting date have been disclosed in note 22 to the financial statements.

STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors, who were in office at the date of approval of this report, confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the financial statements in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ("DTR") and with UK adopted International Accounting Standards.

The Directors confirm to the best of their knowledge that:

- the financial statements have been prepared in accordance with the relevant financial reporting framework and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces; and

Kendrick Resources PLC

DIRECTORS' REPORT

- the annual report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITORS

Moore Kingston Smith LLP were appointed as auditors in 2023 and have expressed their willingness to continue in office as auditors.

A resolution proposing the re-appointment of the auditors Moore Kingston Smith LLP will be put to shareholders at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



C Bird
Chairman

29 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared financial statements in accordance with UK adopted International Accounting Standards (IFRSs).

The financial statements are required by law and IFRSs as adopted by the UK to present fairly the financial position of the Company and the financial performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosure and explained in the financial statements;
- prepare the Strategic Report and Directors' Report which comply with the requirements of the Companies Act 2006; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Kendrick Resources PLC website www.kendrickresources.com.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENDRICK RESOURCES PLC**

Opinion

We have audited the financial statements of Kendrick Resources Plc ('the Company') and its subsidiaries ('the Group') for the year ended 29 December 2023 which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group and 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.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 29 December 2023 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 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 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.

Our approach to the audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile. We conducted substantive audit procedures and evaluated the Group's internal control environment. The components of the Group were evaluated by the Group audit team based on a measure of materiality, considering each component as a percentage of the Group's total assets, current assets and loss before tax, which allowed the Group audit team to assess the significance of each component and determine the planned audit response.

In order to address the audit risks in respect of the group and company financial statements identified during our planning procedures, we performed a full scope audit of the financial statements of the parent company. We evaluated the controls in place by performing walkthroughs over the financial reporting systems identified as part of our risk assessment. We also reviewed the accounts production process and addressed critical accounting matters. We then undertook substantive testing on significant classes of transactions and material account balances. Specified audit procedures were performed on the financial statements of the subsidiaries determined as significant and non-significant to the group.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENDRICK RESOURCES PLC**

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 audit 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 – Group	How the key audit matter was addressed in the audit - Group
Going concern Refer to note 3 on page 52 in the consolidated financial statements. The Group has incurred a loss of £1.10m for the year (2022: £1.04m) and the net assets disclosed in the Consolidated Statement of Financial Position at 29 December 2023 are £4.58m representing a decrease from £5.57m at 29 December 2022. The directors have prepared cashflow forecasts that show that the Group will be able to meet its ongoing liabilities as they fall due for at least twelve months from the date of signing of these financial statements. Given the trading performance in the year, including the decrease in cash funds from £1.82m at 29 December 2022 to £0.20m at 29 December 2023, and the absence of any further debt or equity financing, the ability of the company to continue in business as a going concern was considered to be a key audit risk area.	Our audit work and conclusions in respect of going concern have been detailed in the 'Material uncertainty related to going concern section of our audit report'.
Key audit matter – Group and Company	How the key audit matter was addressed in the audit – Group and Company
Valuation of exploration and evaluation assets The carrying value of exploration and evaluation assets recognised in the Group Statement of Financial Position at 29 December 2023 was £4.7m (2022:£3.93m) and £0.64m (2022:£0.70m) recognised in the Company Statement of Financial Position at 29 December 2023. The Group is pre-revenue and has impaired the exploration and evaluation assets by £0.45m in the year reflecting management decision not to renew certain licences.	Our audit work included, but was not restricted to: Confirmation that the Group has valid title to the applicable exploration licences and has fulfilled any specific conditions therein; Critically assessing and substantively testing capitalised exploration and evaluation expenditure including consideration of its appropriateness for capitalisation under IFRS 6;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENDRICK RESOURCES PLC**

The disclosures in respect of exploration and evaluation assets are shown in note 12 to the financial statements.	Obtaining an understanding of the design and implementation assessments of systems and controls relevant to impairment assessments of exploration and evaluation assets; Critical assessment of the progress of the individual projects during the year and post year end; Consideration of management's impairment reviews and subsequent impairment in light of any impairment indicators identified in accordance with IFRS 6, including corroboration and challenge therein; and Evaluating the accounting policy and detailed disclosures included in the financial statements to confirm whether information provided in the financial statements is compliant with the requirements of UK adopted International Accounting Standards. Key observations Based on the work performed we have gained reasonable assurance that the carrying value of exploration and evaluation assets is not materially misstated and management's assertion that no further impairment was required was appropriate. We consider that the disclosures in the financial statements relating to this area are adequate.
Key audit matter - Company	How the key audit matter was addressed in the audit - Company
Valuation of investments in subsidiaries The carrying value of investments recognised in the Company Statement of Financial Position at 29 December 2023 was £4.33m (2022:£3.29m). The directors are required to make an assessment to determine whether the carrying value of investments are recoverable. Due to the size of the amounts in question in the context of the Company Statement of Financial Position, the carrying value of investments was considered to be key risk areas for the audit of the Company.	Our audit work included, but was not restricted to: Consideration of management's impairment reviews and subsequent impairment in light of any impairment indicators identified in accordance with IFRS 6, including corroboration and challenge therein; and Evaluating the accounting policy and detailed disclosures included in the financial statements to confirm whether information provided in the financial statements is compliant with the requirements of UK adopted International Accounting Standards.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENDRICK RESOURCES PLC**

Key audit matter - Company	How the key audit matter was addressed in the audit - Company
The Company's disclosures in respect of investments are shown in note 14 to the financial statements.	Key observations Based on our audit testing we concluded that we agreed with management's assertion that an impairment of the carrying value of investments was required and that a provision of £0.32m (2022: £nil) was required against investments. We consider the disclosures in the financial statements relating to this area are adequate.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group we considered gross assets to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group to be £54,000 based on a percentage of gross assets (1%). Based on our professional judgement, we determined materiality for the Company to be £51,000 based on a percentage of total expenditure (1%).

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group and Company was 50% of materiality, namely £27,000 and £25,500 respectively.

We agreed to report to the Audit Committee all audit differences in respect of the Group and Company in excess of £2,700 and £2,550 respectively and, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Material uncertainty relating to going concern

We draw attention to note 3 to the financial statements, which indicates that the Group will need to raise additional debt or equity funding in order to continue in business and meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

Although the directors are confident that the Group will be able to obtain further debt or equity financing, there can be no certainty in this respect and a failure to obtain such debt or equity financing would be material to the Group.

Kendrick Resources PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENDRICK RESOURCES PLC

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the 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 Company's ability to continue to adopt the going concern basis of accounting included:

- a critical assessment of the detailed cash flow projections prepared by the directors. The cash flow projections are based on the directors' current expectations of the level of expenditure required for the Group's ongoing projects;
- a critical assessment and challenge of the appropriateness of the assumptions underpinning them;
- understanding what forecast expenditure is committed and what is discretionary;
- considering the availability of further equity and debt funding to the Group and Company including the impact of the post year end; and
- considering the adequacy and appropriateness of the disclosures within the financial statements.

We have obtained an understanding of all relevant uncertainties, and have factored these into our analysis of the risks affecting the ability of the Company and Group to continue in business and meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements.

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

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 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.

In connection with our audit of the financial statements, 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 there is a 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENDRICK RESOURCES PLC**

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 period 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- a corporate governance statement has not been prepared by the Company.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 35, the directors are responsible for the preparation of the 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 financial statements, the directors are responsible for assessing the Group's and 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at <https://www.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for>

This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENDRICK RESOURCES PLC**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Company and considered that the most significant are the Companies Act 2006, UK adopted International Accounting Standards, the Listing Rules, the Disclosure Guidance and Transparency Rules, and UK taxation legislation.
- We obtained an understanding of how the Company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.
- We evaluated managements' incentives to fraudulently manipulate the financial statements and determined that the principal risks related to management bias in accounting estimates and judgemental areas of the financial statements. We challenged the assumptions and judgements made by management in respect of the significant areas of estimation, as described in the key audit matters section.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Other matters which we are required to address

We were appointed by the Audit Committee on 22 November 2023 to audit the financial statements for the year ended 29 December 2023. Our total uninterrupted period of engagement is one year, covering the 29 December 2023 period only.

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

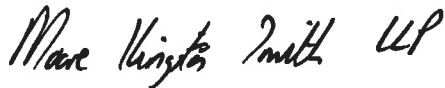
Kendrick Resources PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENDRICK RESOURCES PLC

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 for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.



Matthew Banton (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
6th Floor
9 Appold Street
London 29 April 2024

Kendrick Resources PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

Year ended 29 December 2023

	Notes	Year to 29 December 2023 £	Year to 29 December 2022 £
Administrative expenses		(580,287)	(418,294)
Share based option charge		(59,758)	-
Listing costs		-	(606,575)
Realised loss on disposal of investments		-	(10,872)
Loss in fair value of investment		(6,376)	(5,314)
Impairment charge on exploration and evaluation assets	12	(448,904)	-
Operating loss	5	(1,095,325)	(1,041,055)
Finance expense	5	(3,837)	(2,411)
Loss before tax		(1,099,162)	(1,043,466)
Taxation	8	-	-
Loss for the period		(1,099,162)	(1,043,466)
Other comprehensive loss:			
Foreign currency difference on translation of foreign operations		(27,035)	(3,891)
Total comprehensive loss for the year		(1,126,197)	(1,047,357)
Basic loss per share	9	(0.45)p	(0.68)p
Diluted loss per share	9	(0.45)p	(0.68)p

The notes on page 51 to 83 form part of these financial statements.

All amounts are derived from continuing operations.

Kendrick Resources PLC

GROUP STATEMENT OF FINANCIAL POSITION

As at 29 December 2023

Company No. 02401127

	Notes	29 December 2023 £	29 December 2022 £
Assets			
Non-current assets			
Property, plant and equipment	10	-	-
Exploration and evaluation assets	12	4,756,879	3,932,973
		4,756,879	3,932,973
Current assets			
Current asset investment	11	1,798	8,174
Trade and other receivables	15	48,040	92,758
Cash and cash equivalents		199,992	1,817,706
		249,830	1,918,638
Total assets		5,006,709	5,851,611
Liabilities			
Current liabilities			
Trade and other payables	16	428,710	247,673
Deferred Share Consideration	12	-	36,265
Total liabilities		428,710	283,938
Net assets		4,577,999	5,567,673
Equity			
Share capital	17	22,999,551	22,998,307
Share premium	17	31,845,128	31,810,107
Share based payment reserve		100,258	-
Merger reserve		1,824,000	1,824,000
Translation reserve		(27,035)	-
Retained earnings		(52,163,903)	(51,064,741)
Total equity		4,577,999	5,567,673

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2024 and were signed on its behalf by



C Bird Chairman

Kendrick Resources PLC

COMPANY STATEMENT OF FINANCIAL POSITION

As at 29 December 2023

	Notes	29 December 2023 £	29 December 2022 £
Assets			
Non-current assets			
Property, plant and equipment	10	-	-
Exploration and evaluation assets	12	637,639	704,730
Investment in subsidiaries	14	4,333,226	3,285,999
		<u>4,970,865</u>	<u>3,990,729</u>
Current assets			
Current asset investment	11	1,798	8,174
Trade and other receivables	15	36,814	86,880
Cash and cash equivalents		39,953	1,769,719
		<u>78,565</u>	<u>1,864,773</u>
Total assets		<u>5,049,430</u>	<u>5,855,502</u>
Liabilities			
Current liabilities			
Trade and other payables	16	428,589	247,673
Deferred Share Consideration	12	-	36,265
		<u>428,589</u>	<u>283,938</u>
Total liabilities		<u>428,589</u>	<u>283,938</u>
Net assets		<u>4,620,841</u>	<u>5,571,564</u>
Equity			
Share capital	17	22,999,551	22,998,307
Share premium	17	31,845,128	31,810,107
Share based payment reserve		100,258	-
Merger reserve		1,824,000	1,824,000
Accumulated losses		(52,148,096)	(51,060,850)
Total equity		<u>4,620,841</u>	<u>5,571,564</u>

The loss for the year for the Company was £1,087,246 (2022: £1,043,466). The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2024 and were signed on its behalf by



C Bird Chairman

Kendrick Resources PLC

GROUP STATEMENT OF CASH FLOW

for the year ended 29 December 2023

		Year to 29 December 2023 £	Year to 29 December 2022 £
Cash flows from operating activities			
Loss before tax		(1,099,162)	(1,043,466)
Adjustments to reconcile net losses to cash utilised :			
Depreciation of property, plant and equipment	10	-	2,050
Impairment charge	12	448,904	-
Share based payment charge		59,758	-
Listing costs paid in previous year	12	-	216,537
Loss on disposal of investment shares		-	10,872
Loss in fair value of investment at reporting date		6,376	5,314
Operating cash outflows before movements in working capital		(584,124)	(808,693)
Changes in:			
Trade and other receivables		44,719	(3,270)
Trade and other payables		181,036	(194,286)
Net cash outflow from operating activities		(358,369)	(1,006,249)
Investing activities			
Proceeds on disposal of investments	11	-	78,573
Exploration & Evaluation assets	12	(1,232,310)	(648,142)
Net cash outflow from investing activities:		(1,232,310)	(569,569)
Cash flows from financing activities			
Proceeds from issue of shares, net of issue costs		-	3,380,544
Net cash inflow from financing activities		-	3,380,544
Net (decrease)/increase in cash and cash equivalents		(1,590,679)	1,804,726
Effect of foreign exchange rate changes		(27,035)	(3,891)
Cash and cash equivalents at beginning of period		1,817,706	16,871
Cash and cash equivalents at end of period		199,992	1,817,706

Kendrick Resources PLC

COMPANY STATEMENT OF CASH FLOW

for the year ended 29 December 2023

		Year to 29 December 2023 £	Year to 29 December 2022 £
Cash flows from operating activities			
Loss before tax		(1,087,246)	(1,043,466)
Adjustments to reconcile net losses to cash utilised :			
Depreciation of property, plant and equipment	10	-	2,050
Impairment charge	12	448,904	-
Listing costs paid in previous year	12	-	216,537
Share based payment charge		59,758	-
Loss on disposal of investments		-	10,872
Loss in fair value of investment		6,376	5,314
Operating cash outflows before movements in working capital		(572,208)	(808,693)
Changes in:			
Trade and other receivables		50,066	2,609
Trade and other payables		180,916	(194,286)
Net cash outflow from operating activities		(341,226)	(1,000,370)
Investing activities			
Proceeds of sale of Investment shares		-	78,573
Investment in subsidiaries	14	(1,330,006)	(632,669)
Exploration & Evaluation assets	12	(58,534)	(73,230)
Net cash outflow from investing activities:		(1,388,540)	(627,326)
Cash flows from financing activities			
Proceeds from issue of shares, net of issue costs		-	3,380,544
Net cash inflow from financing activities		-	3,380,544
Net (decrease)/increase in cash and cash equivalents		(1,729,766)	1,752,848
Cash and cash equivalents at beginning of period		1,769,719	16,871
Cash and cash equivalents at end of period		39,953	1,769,719

Kendrick Resources PLC

GROUP STATEMENT OF CHANGES IN EQUITY

Year ended 29 December 2023

	Share capital	Share premium	Share based Payment reserve	Merger reserve	Translation reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
As at 29 December 2021	22,929,743	25,027,278	-	1,824,000	-	(50,017,384)	(236,363)
Total comprehensive loss for the year	-	-	-	-	-	(1,047,357)	(1,047,357)
Total comprehensive loss for the year	-	-	-	-	-	(1,047,357)	(1,047,357)
Net proceeds from shares issued	30,773	3,349,771	-	-	-	-	3,380,544
Acquisition of subsidiaries	23,357	2,201,643	-	-	-	-	2,225,000
Loan notes converted into shares	8,366	671,134	-	-	-	-	679,500
Acquisition of Norwegian projects from EMX Scandinavia AB	6,068	560,281	-	-	-	-	566,349
As at 29 December 2022	22,998,307	31,810,107	-	1,824,000	-	(51,064,741)	5,567,673
Loss for the year	-	-	-	-	-	(1,099,162)	(1,099,162)
Other comprehensive income	-	-	-	-	-	-	-
Translation reserve	-	-	-	-	(27,035)	-	(27,035)
Total comprehensive loss for the year	-	-	-	-	(27,035)	(1,099,162)	(1,126,197)
Issue of shares to settle share deferred consideration (note 17)	1,244	35,021	-	-	-	-	36,265
Share based payment charge (note 17)	-	-	100,258	-	-	-	100,258
As at 29 December 2023	22,999,551	31,845,128	100,258	1,824,000	(27,035)	(52,163,903)	4,577,999

Reserves Description and purpose

Share capital - amount subscribed for share capital at nominal value

Share premium - amounts subscribed for share capital in excess of nominal value

Merger reserve - amount arising from the issue of shares for non-cash consideration

Translation reserve - amounts arising on re-translating the net assets of overseas operations into the presentational currency

Retained earnings - cumulative net gains and losses recognised in the consolidated income statement

Share based payment reserve - amount arising on the issue of warrants and share options which are exercisable at the statement of financial position date.

Kendrick Resources PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 29 December 2023

	Share capital £	Share premium £	Share based payment reserve £	Merger reserve £	Retained earnings £	Total equity £
As at 29 December 2021	22,929,743	25,027,278	-	1,824,000	(50,017,384)	(236,363)
Total comprehensive loss for the year	-	-	-	-	(1,043,466)	(1,043,466)
Total comprehensive loss for the year	-	-	-	-	(1,043,466)	(1,043,466)
Net proceeds from shares issued	30,773	3,349,771	-	-	-	3,380,544
Acquisition of subsidiaries	23,357	2,201,643	-	-	-	2,225,000
Loan notes converted into shares	8,366	671,134	-	-	-	679,500
Acquisition of Norwegian projects from EMX Scandinavia AB	6,068	560,281	-	-	-	566,349
As at 29 December 2022	22,998,307	31,810,107	-	1,824,000	(51,060,850)	5,571,564
Total comprehensive loss for the year	-	-	-	-	(1,087,246)	(1,087,246)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(1,087,246)	(1,087,246)
Issue of shares to settle Share deferred consideration (note 17)	1,244	35,021	-	-	-	36,265
Share based payment reserve (note 17)	-	-	100,258	-	-	100,258
As at 29 December 2022	22,999,551	31,845,128	100,258	1,824,000	(52,148,096)	4,620,841

Reserves Description and purpose

Share capital - amount subscribed for share capital at nominal value

Share premium - amounts subscribed for share capital in excess of nominal value

Merger reserve - amount arising from the issue of shares for non-cash consideration

Retained earnings - cumulative net gains and losses recognised in the consolidated income statement

Share based payment reserve - amount arising on the issue of warrants and share options which are exercisable at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

1. GENERAL INFORMATION

Kendrick Resources PLC (the 'Company' or "Kendrick") is incorporated and domiciled in the United Kingdom. The address of the registered office is 7/8 Kendrick Mews, London SW7 3HG.

The Company's period being reported on in these accounts is for the year to 29 December 2023. The comparative period is for the year to 29 December 2022.

The Group's business is the exploration of nickel, vanadium and copper mineral resource projects in Scandinavia and it currently has projects in Norway, Sweden and Finland. The exploration and evaluation assets held in these countries is shown in note 12.

2. ADOPTION OF NEW AND REVISED STANDARDS

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective from 1 January 2023, none of which have a material impact on these financial statements.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to apply early.

The following amendments are effective for the period beginning 1 January 2024

- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-Current);
- IFRS 16 Leases (Amendment - Liability in a sale and leaseback); and
- IAS 7 and IFRS 7 (Amendment – Supplier Finance Arrangements).

It is not expected that the amendments listed above, once adopted, will have a material impact on the financial statements.

The financial statements have been prepared in accordance with UK adopted International Accounting Standards ('IFRS') and those parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The principal accounting policies adopted are set out below.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are presented in Pounds Sterling (“£”).

Going concern

The operational requirements of the Company comprise maintaining a Head Office in the UK with a Board of two executive Directors and three non-executive Directors, and one consultant for, amongst other things, determining and implementing strategy and managing operations.

The Group currently has no income and meets its working capital requirements through raising development finance. In common with many businesses engaged in exploration and evaluation activities prior to production and sale of minerals the Group will require additional funds and/or funding facilities in order to fully develop its business plan.

Ultimately the viability of the Group is dependent on future liquidity in the exploration period and this, in turn, depends on the company’s ability to raise funds to provide additional working capital to finance its ongoing activities. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future.

As at 29 December 2023, the Group had net assets of £4.6m and cash and cash equivalents of £200k. An operating loss is expected in the year subsequent to the date of these financial statements and as a result the Group will need to raise funding to provide additional working capital to finance its ongoing activities.

On 22 April 2024 the Company announced it had entered into an unsecured convertible loan funding facility (the “**Facility**”) for £500,000 with Sanderson Capital Partners Ltd (the “**Lender**”), a long term shareholder in the Company. The Facility is convertible at 0.75 pence per ordinary share (“**Shares**”) and can be drawn down in 4 tranches of £125,000 each (“**Loan Tranches**”). The Facility is a standby facility as a potential additional source of working capital for the Group in a period when the funding market for junior exploration companies is subject to market volatility (see Note 22 for further details).

Based on its current reserves and the Board's assessment that the Group will be able to raise additional funds, as and when required, to meet its working capital and capital expenditure requirements, the Board have concluded that they have a reasonable expectation that the Group can continue in operational existence for the foreseeable future and at least for a period of 12 months from the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

For these reasons the financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As there can be no guarantee that the required future funding can be raised in the necessary timeframe, a material uncertainty exists that may cast significant doubt on the Group's and Company's future ability to continue as a going concern.

This financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or liabilities that might be necessary should the entity not continue as a going concern.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary 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 balance sheet 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation and amortisation is charged so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment and computers 25%

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Exploration and evaluation assets

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are transferred to development assets and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Investment in subsidiaries

In the Company's financial statements, investment in subsidiaries are stated at cost and reviewed for impairment if there are any indications that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

De-recognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it has to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

Loans and receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, resulting in trade and other receivables recognised and carried at amortised cost less an allowance for any uncollectible amounts based on expected credit losses.

Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic resource will result, and that outflow can be reliably measured.

Share-based payments

The Group applies IFRS 2 Share-based Payment for all grants of equity instruments.

The Group issues equity-settled share-based payments to its employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The inputs to the model include: the share price at the date of grant, exercise price expected volatility, risk free rate of interest.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

The Company considers its capital to be total equity. There have been no changes in what the Company considers to be capital since the previous period.

The Group is not subject to any externally imposed capital requirements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities, which are controlled by the Group. Control is achieved when the Company:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership, where the Group had control of the subsidiary, both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions and balances

(i) Functional and presentational currency

Items included in the Group's financial statements are measured using Pounds Sterling ("£"), which is the currency of the primary economic environment in which the Group operates ("**the functional currency**"). The financial statements are presented in Pounds Sterling ("£"), which is the functional currency of the Company and is the Group's presentational currency.

The individual financial statements of each Group company are presented in the functional currency of the primary economic environment in which it operates.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Transactions in the accounts of individual Group companies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. All differences are taken to the income statement.

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 balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising recognised in other comprehensive income and transferred to the Group's translation reserve within equity as 'Other reserves'. Upon disposal of foreign operations, such translation differences are derecognised as an income or as expenses in the year in which the operation is disposed of in other comprehensive income.

Geographical segments

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The internal management reporting used by the chief operating decision maker consists of one segment. Hence in the opinion of the directors, no separate disclosures are required under IFRS 8. The Group's revenue in the current and prior year is £Nil and consequently no geographical segment information regarding revenue has been disclosed. In respect of non-current assets the only two geographical areas are Scandinavia and the UK of which the latter is £Nil.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgements, 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 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, on in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment.

Details of the Group's significant accounting judgements and critical accounting estimates are as follows:

Impairment of Exploration and evaluation assets

The recoverable amounts of individual exploration assets have been determined based on various factors including Independent Expert Reports, the Group's exploration activities, and commodity prices. It is reasonably possible that the assumption may change which may then impact on estimates and may then require a material adjustment to the carrying value of assets including intangible assets. The Group tests annually whether exploration assets have suffered any impairment, in accordance with the accounting policy.

Recoverability of Parent company investment in subsidiary undertakings

The carrying value of the Parent company's investment is ultimately dependent on the recoverability of the underlying assets i.e. the exploration and evaluation assets which are reviewed for indicators of impairment on an annual basis as noted above. An impairment in the exploration and evaluation assets may then require an adjustment to the carrying value of the investment in the subsidiary companies.

Business Combination

In line with IFRS3, the Directors have applied the concentration test and determined that the fair value of the gross assets of EV Metals AB comprise its exploration licences and that the acquisition of EV Metals AB should be accounted for as an asset acquisition and not a business combination. The Directors have assessed that the acquired company is not a business as it does not generate outputs and does not have a substantive system to generate outputs or an organised workforce to perform this process.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Going Concern

The Directors have considered the going concern basis of preparation and as per note 3 no adjustments have been made in these financial statements which are prepared on a going concern basis.

Contingent consideration

The amount of contingent consideration to be paid is based on the occurrence of future events, such as the achievement of expected and estimated project milestones such as a positive feasibility study or a decision to mine. Accordingly, the estimate of fair value contains uncertainties as it involves judgment about the likelihood and timing of achieving these milestones and the period in which they may be achieved as well as the discount rate used. Where a contingent consideration milestone in relation to an exploration project is uncertain and may only occur if at all in several years then the Company will disclose the contingent liability but not provide for it in the financial statements. Changes in fair value of the contingent consideration obligation result from changes to the assumptions used to estimate the probability of success for each milestone, the anticipated timing of achieving the milestones and the discount period and rate to be applied. A change in any of these assumptions could produce a different fair value, which could have a material impact on the results from operations.

5. OPERATING LOSS

The operating loss has been arrived at after charging:

	2023	2022
	£	£
Depreciation of property, plant and equipment (note 10)	-	2,050
Staff costs (note 7)	124,000	97,015
Loss on disposal of investments	-	10,872
Loss in fair value of investment	6,376	5,313
Listing costs	-	606,575
Finance charge	3,837	2,411

6. AUDITORS' REMUNERATION

The remuneration of the auditors can be analysed as follows:

	2023	2022
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	55,000	37,000
	55,000	37,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

7. STAFF COSTS

	2023	2022
	Number	Number
Directors	4	4
Consultants	1	1
The average monthly number of employees	5	5
Their aggregate remuneration comprised:-	£	£
Fees	124,000	97,015
	124,000	97,015

Included within staff costs £124,000 (2022: £97,015) relates to amounts in respect of Directors. The highest paid director's emoluments was £48,000 (2022: £51,000).

8. TAXATION

No liability to corporation tax arose for the year ended 29 December 2023 and year ended 29 December 2022, as a result of underlying losses brought forward.

Reconciliation of effective tax rate:

	2023	2022
	£	£
Loss before tax	(1,099,162)	(1,043,466)
Tax credit at the standard rate of tax in the UK	208,841	198,259
Tax effect of non-deductible expenses	(97,216)	(390)
Deferred tax not provided	(111,625)	(197,869)
Tax for the period	-	-

The standard rate of corporation tax in the UK applied during the year was 19% (2022: 19%).

At 29 December 2023, the Company are carrying forward estimated tax losses of £7.2m (2022: £6.6m) in respect of various activities over the years. No deferred tax asset was recognised in respect to these accumulated tax losses as there is insufficient evidence that it is probable that the amount will be recovered in future years.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 29 December 2023

9. LOSS PER SHARE

	29 December 2023	29 December 2022
(Loss) after tax for the purposes of earnings per share attributable to equity shareholders	£(1,099,162)	£(1,043,466)
Weighted average number of shares	242,565,645	153,882,205
Basic (loss) per ordinary share	(0.45) p	(0.68) p
Diluted (loss) per ordinary share	(0.45) p	(0.68) p

The use of the weighted average number of shares in issue in the period recognises the variations in the number of shares throughout the period. IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. There would be no dilutive impact were the share options to be exercised.

10. PROPERTY PLANT AND EQUIPMENT

	Group & Company Office equipment and computer £	Total £
COMPANY		
Cost		
At 29 December 2021	60,587	60,587
Additions	-	-
At 29 December 2022	60,587	60,587
Additions	-	-
At 29 December 2023	60,587	60,587
Accumulated depreciation		
At 29 December 2021	(58,537)	(58,537)
Charge for the period	(2,050)	(2,050)
At 29 December 2022	(60,587)	(60,587)
Charge for the period	-	-
At 29 December 2023	(60,587)	(60,587)
Carrying amount		
At 29 December 2023	-	-
At 29 December 2022	-	-

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 29 December 2023

11. CURRENT ASSET INVESTMENT

	Group & Company	
	2023	2022
	£	£
Balance as at 29 December	8,174	102,932
Disposals	-	(89,445)
Fair value through profit and loss	(6,376)	(5,313)
Balance as at 29 December	<u>1,798</u>	<u>8,174</u>

The investment represents the holding of 8,174,387 shares in Bezant Resources Plc, which were held at 29 December 2023.

12. EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets - Group

	Swedish Projects £	Finnish Projects £	Norwegian Projects £	Total £
Balance 29 December 2021	-	-	-	-
Transfer from Investment in Nordic Projects & Related Transactions Costs *	165,754	36,169	109,225	311,148
Additions in Year	273,556	50,572	171,481	495,609
Northern X Group Acquisition (Note 13)				
Share consideration	1,357,473	703,990	163,537	2,225,000
Cash Consideration (2022 & 2021) *	136,739	70,913	16,473	224,125
Acquisition of Norwegian Projects (note 17)				
Share consideration	-	-	566,349	566,349
Cash Consideration EMX Option	-	-	68,291	68,291
Cash Consideration Caledonian Minerals	-	-	6,186	6,186
EMX Deferred Share Consideration	-	-	36,265	36,265
Balance 29 December 2022	1,933,522	861,644	1,137,807	3,932,973
Additions in year	635,900	588	590,290	1,226,778
Acquisition of EV Metals (Note 13)	46,032	-	-	46,032
Impairment Provision **	(56,033)	(150,026)	(242,845)	(448,904)
Balance 29 December 2023	<u>2,559,421</u>	<u>712,206</u>	<u>1,485,252</u>	<u>4,756,879</u>

* In 2021 the capitalised Nordic Projects & Related Transaction costs were £673,755. On the acquisition of the Northern X Group in 2022 £457,218 of these costs were transferred to Group Exploration and Evaluation assets (£311,148 as Projects & Related Transaction Costs and £146,070 of cash consideration paid in 2021 included in the Cash Consideration (2022 & 2021) of £224,125) the balance of £216,537 was included in the £606,575 of listing & transaction costs charged in the 2022 Income Statement.

** The impairment provision relates to the Kramsta 100 licence in Sweden, the Karhujupukka North & Karhujupukka North licences in Finland and the Hosanger & Sigdal licences in Norway that it was decided not to renew as part of the Group's ongoing licence management as they were assessed to have relatively low prospectivity compared to the Group's remaining licences.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

12. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and Evaluation Assets - Company

	Norwegian Projects £	Total £
Balance at 29 December 2021		
Transfer from Investment in Nordic Projects	28,886	28,886
Movement in Year	73,230	73,230
EMX Deferred Consideration	36,265	36,265
Share consideration re Acquisition of Norwegian projects (note 17)	566,349	566,349
Balance 29 December 2022	704,730	704,730
Additions	58,534	58,534
Impairment Provision *	(125,625)	(125,625)
Balance 29 December 2023	637,639	637,639

* The impairment provision relates to the Hosanger and Sigdal licences in Norway where it was decided not to renew as part of the Group's ongoing licence management as they were assessed to have relatively low prospectivity compared to the Group's remaining licences.

The investment in the Nordic Projects represented the amounts paid in taking up and extending the option to acquire various Scandinavian assets described below together with costs incurred in running the projects prior to the proposed acquisition including the costs associated with the proposed listing.

The Nordic Projects comprise vanadium projects in Sweden and Finland which were acquired from Pursuit in May 2021 with aggregated Inferred Mineral Resources of vanadium ore, estimated at approximately 160 million tonnes.

Summary of Projects: The Projects are a portfolio of early to advanced stage exploration projects covering a combined area of 658 km² in Scandinavia. The most advanced of these Projects are the Airijoki and Koitelainen vanadium projects in Sweden and Finland respectively and the Espedalen nickel copper project in Norway. Other projects include:

- Sweden – the Njuggtraskliden and Mjovattnet exploration (“**Swedish Nickel Projects**”)
- Sweden – the Kullberget, Simesvallen and Sumåssjön exploration projects in Sweden (collectively the “**Central Sweden Project**”)

The Airijoki vanadium copper project in Sweden comprising seven contiguous exploration permits covering 39.41 km² and is supported by an Inferred Mineral Resource comprising 44.3 Mt at an in-situ grade of 0.4% V₂O₅, containing 5.9 Mt of magnetite averaging 1.7% V₂O₅ (in magnetite concentrate) for 100,800 t of contained V₂O₅ based on a 13.3% mass recovery of magnetite concentrate and a 0.7% V₂O₅ cut-off grade, on a 100% equity basis (and net attributable basis).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

12. EXPLORATION AND EVALUATION ASSETS (continued)

The Koitelainen vanadium copper project in Finland comprising a single granted exploration licence covering 13.72 km² with an Inferred Mineral Resource has been defined at the Koitelainen Vosa Prospect comprising 116.4Mt, containing 5.8 million tonnes of magnetite @ 2.3% V₂O₅ (in magnetite concentrate), for 131,000 tonnes of V₂O₅ based on 5.0% Mass Recovery of magnetite concentrate and a cut-off of 0.5% V. The Inferred Mineral Resource was estimated in accordance with JORC (2012), utilising data from 3,784m of drilling from 27 historical drill holes.

The Espedalen nickel copper project in Norway comprising 16 contiguous exploration permits covering a combined area of 139.89 km² and currently contains the following two nickel deposits with associated Mineral Resource estimates together with other prospects and was the subject of a successful drill programme during 2023:

- Stormyra deposit comprising 1.16Mt @ 1% Ni, 0.42% Cu & 0.04% Co and classified as Inferred in accordance with JORC (2012)
- Dalen deposit comprising 7.8Mt @ 0.3% Ni, 0.12% Cu & 0.02% Co and classified as Inferred in accordance with JORC (2012)

On 13 May 2022 the Company exercised its option to conditionally acquire the Espedalen, Hosanger, and Sigdal nickel-copper-cobalt exploration projects in Norway (the “**Norwegian Projects**”) (the “**Norwegian Projects Acquisition**”) from EMX Scandinavia AB (previously named Eurasian Minerals Sweden AB) (“EMX”) by the issue of 20,226,757 new ordinary shares in the Company to EMX or its nominee, 50% of these shares shall be subject to a three month voluntary escrow and the balance of 50% subject to a six-month voluntary escrow. Kendrick has also made a payment of US\$81,949 to EMX. This payment was to meet a shortfall of this amount in the exploration expenditure to be incurred during the option period.

Deferred Share consideration due to EMX: On or before 27 April 2023, the Company had to issue to EMX or its nominee the number of shares which is the lower of i) 9.9% of the Company’s then issued share capital and ii) the number of shares whose value based on the then 5-day VWAP equals 20,000,000 of the shares issued at closing of the acquisition (the “Established Value”) divided by the 5 day VWAP at the date of issue of these shares. On 24 April 2023 the Company issued 4,144,395 new Ordinary shares at 0.875 pence each to settle this deferred consideration for £36,265, (the “**Deferred Share Consideration**”). As the liability to pay the Deferred Share Consideration arose during the period a provision of £36,265 was made for this liability with the amount being recognised an exploration and evaluation asset.

The Acquisition was conditional upon the Norwegian Directorate for Mineral Administration approving the transfer of the licences to a wholly owned subsidiary of Kendrick and this process was completed and confirmed on 12 August 2022 and the Company applied for the 20,226,757 new ordinary shares to be admitted to trading on the Standard Segment of the London Stock Exchange on 17 August 2022 (see note 17).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

12. EXPLORATION AND EVALUATION ASSETS (continued)

The Norwegian Projects acquired comprised the Espedalen Project consisting of 16 contiguous exploration permits covering a combined area of 139.89 km² currently contains two nickel deposits and the Sigdal and Hosanger projects which at the year end the Group decided not to renew in light of the Group's exploration commitment in relation to the Swedish nickel projects and their low prospectivity compared to the Group's remaining projects. This decision did not affect the Group's Espedalen Project, which has always been the Group's principal project in Norway and currently contains the following two nickel deposits:

- Stormyra deposit comprising 1.16Mt @ 1% Ni, 0.42% Cu & 0.04% Co and classified as Inferred in accordance with JORC (2012)
- Dalen deposit comprising 7.8Mt @ 0.3% Ni, 0.12% Cu & 0.02% Co and classified as Inferred in accordance with JORC (2012).

Further commitments under Norwegian Projects Acquisition

- beginning on 13 May 2025 and ceasing on the date upon which the Group commissions a Pre-Feasibility Study on any one of the Projects: the Group has committed to one thousand meter drilling for the Espedalen Project ("**Drilling Commitment**"); and
- upon attainment of each development milestone ((milestone 1) being the completion of a preliminary economic assessment of mineral potential and (milestone 2) the completion of a feasibility study), the Company shall pay EMX the sum of USD\$500,000. If milestone 1 is not met but milestone 2 is met then an aggregate of USD\$1,000,000, will become due ("**Milestone Payments**").

Royalty Agreement: At the closing of the Norwegian Projects Acquisition the Company entered into a royalty agreement under which a 3% net smelter royalty is payable to EMX on commercial production from any of the three Norwegian Projects ("**Production Royalty**"). A 1% interest in this royalty may be bought back in stages for a total cash consideration of US\$1,000,000 on or before the fifth anniversary of the closing of the Acquisition.

No provision has been made in these accounts for the further commitments under the Norwegian Projects Acquisition above in relation to;

- a) the Drilling Commitment as the Group's Projects are in the exploration phase and therefore it is in the normal course to on an ongoing basis to review projects and continue work on projects that remain prospective and it can take several years to get to the stage of commissioning a Pre-Feasibility study therefore there is no certainty as to the period over which the Drilling Commitment would have to be met and whether or not it would be met by the Group's ongoing exploration activities on the Norwegian Projects;
- b) Milestone Payments as the Norwegian Projects are in the exploration phase and therefore it is not certain that an economic assessment of mineral potential or a feasibility study will be completed in the next few years, or if at all; or

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

12. EXPLORATION AND EVALUATION ASSETS (continued)

- c) Production Royalty as the Norwegian Projects are in the exploration phase and therefore it is not certain that they will become mines producing ore on which a royalty is due in the next several years, or if at all.

13. ACQUISITIONS

Acquisition of Northern X Group

On 6 May 2022 the Company completed the acquisition of;

- (a) 100% of Northern X Finland Oy (“Northern X Finland”), which owns in Finland the Koitelainen vanadium projects which hosts a defined Mineral Resource as defined by the JORC Code (2012) and the Karhujupukka vanadium-magnetite exploration project (“Finnish Projects”); and
- (b) 100% of Northern X Scandinavia AB (“Northern X Scandinavia”) which owns in Sweden the Airijoki and vanadium project (the “Airijoki Project”) which hosts a defined Mineral Resource as defined by the JORC Code (2012) and the Kramsta, Kullberget, Simesvallen and Sumåssjön exploration projects in Sweden (collectively known as the “Central Sweden Projects”) (the Airijoki Project and the Central Sweden Projects are collectively the “**Swedish Projects**”).
- (Collectively the **Northern X Group**)

The acquisition price was as follows:

Consideration	£	£
Equity consideration Ordinary shares		2,225,000
Cash consideration		<u>224,126</u>
Total consideration		2,449,126
Fair value of assets acquired		
Exploration assets	2,420,245	
Receivables	5,879	
Cash and cash equivalents	<u>23,002</u>	
		<u>2,449,126</u>
		-

As part of the purchase agreement with Pursuit there will be additional deferred contingent consideration based on two accretive value milestones being achieved;

- a) Milestone One which triggers a A\$250,000 (approx. £136,000) payment in cash, is the completion by the Group (or any successor or assignee) of a Feasibility Study, as defined by the JORC Code (2012), on any individual project area in the Nordic Projects, demonstrating an internal rate of return of not less than 25%; and

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

13. ACQUISITIONS (continued)

- b) Milestone Two which triggers a A\$500,000 (approx. £272,000) payment in cash is a decision to mine being made by the Group (or any successor or assignee) in respect of any project area in the Nordic Projects.

No provision has been made in these accounts for the additional deferred contingent consideration referred to above as the Group's Projects are in the exploration phase and therefore it is not certain that a Feasibility Study will be completed or a decision to mine be made in the next few years, or if at all.

Acquisition of Caledonian Minerals AS

On 13 May 2022 to facilitate the smooth transfer of the Norwegian Project Licences to the Company after the exercise of the EMX Option the Company acquired Caledonian Minerals AS for £6,186 a Norwegian company established by EMX as a clean special purpose vehicle on 8 November 2021 which at the date of acquisition had not carried out any business and had no assets or liabilities.

Consideration	£	£
Cash consideration		<u>6,186</u>
Total consideration		6,186
 Fair value of assets acquired		
Exploration assets	<u>6,186</u>	<u>6,186</u>
		<u>-</u>

Acquisition of EV Metals AB

On 4 August 2023 the Company signed a Share Sale and Purchase Agreement with EMX Royalty Corporation (**EMX**) to acquire 100% of EV Metals AB a Swedish company that owns the Njuggtraskliden and Mjovattnet exploration licences (the "**Swedish Nickel Projects**") hosting drill-defined magmatic nickel-copper-cobalt-platinum group metal mineralisation along the Swedish "Nickel Line". The consideration paid to acquire EV Metals AB was SEK110,780 (approx. £8,200) and the issue of 15 Million 5 year options to EMX to acquire ordinary shares in the Company at 1.3 pence per Kendrick Share.

Consideration	£	£
Cash consideration		8,166
Fair value of share options issued		<u>40,500</u>
Total consideration		<u>48,666</u>
Cost of assets acquired		
Exploration assets	46,032	
Receivables	2,630	
Cash and cash equivalents	4	
	<u></u>	<u>48,666</u>
		<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

13. ACQUISITIONS (continued)

Further commitments in relation to the Swedish Nickel Projects

- On or before 13 January 2024, the Company has to pay an annual advanced royalty of US\$30,000 per project to EMX which increases by US\$5,000 annually per Project ceasing upon the Commencement of Commercial Production (“**Advance Royalty**”);
- On or before 13 May 2024 the Company has committed to one thousand meter drilling for each of the Swedish Nickel Projects and thereafter annually ceasing for a project on the date upon which the Company commissions a Pre-Feasibility Study on the project (“**Drilling Commitment**”).

Royalty Agreement: At the closing of the Swedish Nickel Projects Acquisition the Company entered into a royalty agreement under which a 3% net smelter royalty is payable to EMX on commercial production from any of the Swedish Nickel Projects (“**Production Royalty**”). A 1% interest in this royalty may be bought back in stages for a total cash consideration of US\$1,000,000 on or before the fifth anniversary of the closing of the Acquisition.

No liability has been recognised in these financial statements for the further commitments under the Swedish Nickel Projects Acquisition above in relation to;

- the Drilling Commitment as the Group’s Projects are in the exploration phase and therefore it is in the normal course to on an ongoing basis to review projects and continue work on projects that remain prospective and it can take several years to get to the stage of commissioning a Pre-Feasibility study therefore there is no certainty as to the period over which the Drilling Commitment would have to be met and whether or not it would be met by the Group’s ongoing exploration activities on the Norwegian Projects; and
- Production Royalty as the Swedish Nickel Projects are in the exploration phase and therefore it is not certain that they will become mines producing ore on which a royalty is due in the next several years, or if at all.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2023

14. INVESTMENT IN SUBSIDIARIES

Company Investment in Subsidiaries	Loans to Subsidiaries					Total Investment in Subsidiaries
	Northern X		Northern X		EV Metals AB	
	Scandinavia AB	Finland OY	Caledonian Minerals AS			
£	£	£		£	£	£
Balance 29 December 2021	-	-	-	-	-	-
Acquisition of Northern X Group	2,449,126	-	-	-	-	2,449,126
Acquisition of Caledonian Minerals AS	6,186	-	-	-	-	6,186
Loans to Subsidiaries	-	497,064	86,741	246,882	-	830,687
Balance 29 December 2022	2,455,312	497,064	86,741	246,882	-	3,285,999
Acquisition of EV Metals	48,666	-	-	-	-	48,666
Loans to Subsidiaries	-	803,509	1,084	517,008	239	1,321,840
Movement in the Year	48,666	803,509	1,084	517,008	239	1,370,506
Impairment Provision *	(152,145)	-	(72,534)	(98,600)	-	(323,279)
Balance 29 December 2023	2,351,833	1,300,573	15,291	665,290	239	4,333,226

* The impairment provision relates to the Kramsta 100 licence in Sweden, the Karhujupukka North & Karhujupukka North licences in Finland and the Hosanger & Sigdal licences in Norway that it was decided not to renew as part of the Company's ongoing licence management as they were assessed to have relatively low prospectivity compared to the Company's remaining licences.

In 2021 the capitalised Nordic Projects & Related Transactions costs were £673,755. On the acquisition of the Northern X Group £428,332 of these costs were transferred to the Company's investment in and loans to subsidiaries and on the acquisition of the Norwegian Assets £28,886 was transferred to the Company's exploration and evaluation asset in relation to the Norwegian projects

To facilitate the smooth transfer of the Norwegian Project Licences the Company as per note 13 for £6,186 acquired Caledonian Minerals AS a Norwegian company established by EMX as a clean special purpose vehicle on 13 May 2022 which at that date had not carried out any business and had no assets of liabilities.

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid less impairment.

The Company conducted an impairment review under IFRS 9 of the loans made to subsidiaries and determined that as their recoverability is supported by the exploration licences owned by the subsidiaries that i) loans made to subsidiaries related to exploration licences that have been relinquished should be assessed as stage 3 loans and ii) that loans made to subsidiaries related to retained exploration licences should be assessed as stage 1 loans with no provision against their carrying value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

14. INVESTMENT IN SUBSIDIARIES (continued)

Accordingly an impairment provision of £323,279 was made against the Company's loans to subsidiaries assessed as stage 3. The Company is satisfied that having made the provision of £323,279 the carrying value of the Company's investment in Subsidiaries of £4,333,226 (2022:£3,285,999) is reasonable and no further impairment is necessary.

Principal Subsidiaries (in 2022 and 2023 unless indicated to the contrary)

Name & registered office address	Country of incorporation and residence	Nature of business	Company's Proportion of equity
Northern X Scandinavia AB Hellstrom Advokatbyrå KB, Box 7305, 103 90 Stockholm Sweden	Sweden	Base Metals Exploration	100%
Northern X Finland Oy C/o Millar Ab, Storgatan 51, 972 31 Luleå Sweden, Finnish business identity code 2892740-6	Finland	Base Metals Exploration	100%
Caledonian Minerals AS c/o IM Ruud Regnskap AS, Smalgangen 3, 0188 Oslo, Norway (acquired 13 May 22)	Norway	Base Metals Exploration	100%
EV Metals AB c/o Nordfors Consulting AB, Box 528, 101 30 Stockholm (acquired 4 August 23)	Sweden	Base Metals Exploration	100%

15. TRADE AND OTHER RECEIVABLES

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Vat receivable	9,099	76,589	8,624	76,590
Prepayments	26,190	8,290	26,190	8,290
Other debtors	12,751	7,879	2,000	2,000
	48,040	92,758	36,814	86,880

The fair value of trade and other receivables is not significantly different from the carrying value and none of the balances are past due.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2023

16. TRADE AND OTHER PAYABLES

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade and other payables	238,704	169,173	238,704	169,173
Amount owed to directors	77,819	41,500	77,819	41,500
Accruals	108,534	37,000	108,534	37,000
Other payables	3,653	-	3,532	-
	428,710	247,673	428,589	247,673

17. SHARE CAPITAL AND SHARE PREMIUM

	2023		2022	
Issued and fully paid equity share capital	Number	£	Number	£
Ordinary shares of £0.0003 each	243,882,767	73,165	239,738,373	71,921
Deferred shares of £0.00999 each	335,710,863	3,353,752	335,710,863	3,353,752
Deferred shares of £0.009 each	1,346,853,81	12,121,684	1,346,853,817	12,121,684
Deferred shares of £0.01 each	19,579,925	195,799	19,579,925	195,799
Deferred shares of £0.04 each	181,378,766	7,255,151	181,378,766	7,255,151
		22,999,551		22,998,307

Group & Company	Number of Ordinary shares	Share capital £	Share Premium £
As at 1 January 2022	11,190,362	3,357	25,027,278
Shares issued from placing on admission	92,857,143	27,857	3,222,143
Shares issued on acquisition on subsidiaries	77,857,142	23,357	2,201,643
Conversion of loans and share subscriptions	27,885,714	8,366	671,134
Advisers and director's fees settled by shares	9,721,254	2,916	337,327
Shares issued on acquisition of the Norwegian projects	20,226,757	6,068	560,281
Total Shares issued during the year	228,548,010	68,564	6,992,528
Shares issue costs	-	-	(209,699)
As at 29 December 2022	239,738,372	71,921	31,810,107
Shares issued on acquisition of the Norwegian projects	4,144,395	1,244	35,021
As at 29 December 2023	243,882,767	73,165	31,845,128

On 24 April 2023 the Company issued 4,144,395 ordinary shares to settle the share consideration, which was due to be issued on or before 27 April 2023 in relation to the Company's acquisition of the Espedalen, Hosanger, and Sigdal nickel-copper-cobalt exploration projects in Norway from EMX Scandinavia AB. 50% of these shares are subject to a three-month voluntary escrow and the balance of 50% subject to a six-month voluntary

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

17. SHARE CAPITAL AND SHARE PREMIUM (continued)

escrow. 3,683,906 of the new ordinary shares will be issued to EMX Scandinavia AB which will increase the combined shareholding of EMX Scandinavia AB and EMX Royalty Corporation to 21,663,284 shares representing 8.9% of the enlarged share capital on the Company.

At the Annual General Meeting held on 4 February 2021, shareholders approved that the 335,710,863 Existing Ordinary Shares in issue be subdivided each into one new ordinary share of £0.00001 (“**New Ordinary Share**”) and one deferred share of £0.00999 (“**2020 Deferred Share**”) in the capital of the Company. The New Ordinary Shares carry the same rights as attached to the Existing Ordinary Shares (save for the reduction in their nominal value). The 2020 Deferred Shares have no voting rights and have no rights as to dividends and only very limited rights on a return of capital. They will not be admitted to trading or listed on any stock exchange and will not be freely transferable. The holders of the 2020 Deferred Shares are not entitled to any further right of participation in the assets of the Company. As such, the 2020 Deferred Shares effectively have no value.

At the Annual General Meeting held on 25 October 2021, shareholders approved an ordinary resolution that for every thirty (30) issued and unissued ordinary share of £0.00001 each in the share capital of the Company (“**Existing Shares**”) be consolidated into one (1) ordinary share of £0.0003 each (“**New Shares**”) such New Shares having the same rights and being subject to the same restrictions, save as to nominal value, as the Existing Shares.

The deferred shares of £0.01 each and £0.009 each confer no rights to vote at a general meeting of the Company or to a dividend. On a winding-up the holders of the deferred shares are only entitled to the paid-up value of the shares after the repayment of the capital paid on the ordinary shares and £5,000,000 on each ordinary share.

The deferred shares of £0.04 each have no rights to vote or to participate in dividends and carry limited rights on return of capital. No shares were issued during the year.

At Admission the warrants in the table below over ordinary shares in the issued share capital of the Company were issued and at the period end had not been exercised.

	Number of Warrants	Exercise price (p)	Expiry
Fundraising Warrants	92,857,143	6.0	6 May 2025
Broker Warrants	4,642,856	3.5	6 May 2025
Convertible Note Warrants	17,885,714	3.5	6 Nov 2023
Consultant Warrants	4,375,943	3.5	6 May 2025
	<u>119,761,656</u>		

A warrant reserve was not created in relation to the warrants as they were all issued in relation to raising funds for the Company’s Listing in May 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Year ended 29 December 2023****18. SHARE OPTIONS**

A new Share Option Scheme for the directors, senior management, consultants and employees was approved at the AGM on 4 February 2021, as outlined in the Directors Report.

On 2 February 2023 the Company issued in aggregate, 22,550,000 options over ordinary shares of £0.0003 par value in the capital of the Company ("Ordinary Shares") have been granted fully vested pursuant to the Share Option Scheme (the "**Options**"). Of the 22,550,000 Options, 13,750,000 have been awarded to directors of the Company, as detailed further below and the balance of 8,800,000 to other eligible participants. The Company has not previously issued any Options pursuant to the Share Option Plan.

Directors	No. of Options
Colin Bird Executive Chairman	6,000,000
Martyn Churchouse	5,000,000
Alex Borrelli	1,000,000
Evan Kirby	1,000,000
Kjeld Thygesen	750,000
Total Directors	13,750,000

All the Options have an exercise price of 3.5 pence per Ordinary Share and vested on issue. To incentivise and retain directors, officers, consultants and employees critical to enhancing the future market value of the Company. The options expire on 3 February 2031 being the date one day prior to the tenth anniversary of the AGM at which the Share Option Plan was approved. The Options can be exercised any time after vesting and prior to their scheduled expiry and must be exercised within 6 months of an option holder leaving the Company or within 12 months of the death of an option holder. The Company's mid-market closing share price on 2 February 2023, being the latest practicable date prior to the issue of the options, was 0.93 pence.

As a result of this the fair value of the share options was determined at the date of the grant using the Black Scholes model, using the following inputs:

Share price at the date of issue	0.93p
Strike price	3.5p
Volatility	50%
Expected life	2,920 days (8 years)
Risk free rate	4%

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Year ended 29 December 2023****18. SHARE OPTIONS (continued)**

The resultant fair value of the share options as at 29 March 2023 was determined to be £59,758. The share-based payment charge for these options was taken in its entirety in the amount of £59,758 in the year to 29 December 2023 and has been taken to the share-based payment reserve.

As detailed in note 13 in addition to the consideration paid to acquire EV Metals AB on 7 August 2023, the Company issued 15 million 5 year options to EMX to acquire ordinary shares in the Company at 1.3 pence per Kendrick Share. The Options can be exercised any time after vesting and prior to their scheduled expiry and the Company's mid-market closing share price on 4 August 2023, being the latest practicable date prior to the issue of the options, was 0.775 pence.

As a result of this the fair value of the share options was determined at the date of the grant using the Black Scholes model, using the following inputs:

Share price at the date of issue	0.775p
Strike price	1.3p
Volatility	50%
Expected life	1,825 days (5 years)
Risk free rate	5%

The resultant fair value of the options applicable to the year to 29 December 2023 was determined to be £40,500 and the full option value was taken in the year of issue as all the options are fully vested and this amount was incorporated into the acquisition cost of EV Metals and has been taken to the share-based payment reserve.

19. FINANCIAL INSTRUMENTS***Capital risk management***

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to shareholders.

The capital resources of the Company comprises issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity. The Company's primary objective is to provide a return to its equity shareholders through capital growth. Going forward the Company will seek to maintain a yearly ratio that balances risks and returns of an acceptable level and also to maintain a sufficient funding base to the Company to meet its working capital and strategic investment needs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

19. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

	2023 £	2022 £
Financial assets		
Current asset investment	1,798	8,174
Cash and cash equivalents	199,992	1,817,706
Other receivables	48,039	92,758
	249,829	1,918,638
Financial liabilities classified as held at amortised cost		
Trade and other payables	238,704	169,173
	238,704	169,173

All financial assets are held at amortised costs except current asset investments as detailed below.

Fair value of financial assets and liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. The current asset investment is Level 1 in the fair value hierarchy and is held at fair value.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

- Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3:** Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Management assessed that the fair values of current asset investment, cash and short-term deposits, other receivables, trade and other payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial risk management objectives

Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include foreign currency risk, credit risk, liquidity risk

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

19. FINANCIAL INSTRUMENTS (continued)

and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

As the Group has no committed borrowings, the Group is not exposed to any risks associated with fluctuations in interest rates on loans. Fluctuation in interest rates applied to cash balances held at the balance sheet date would have minimal impact on the Group.

Foreign exchange risk and foreign currency risk management

Foreign currency exposures are monitored on a monthly basis. Funds are transferred between the Sterling and US Dollar accounts in order to minimise foreign exchange risk. The Group holds the majority of its funds in Sterling.

The carrying amounts of the Group's foreign currency denominated financial assets and monetary liabilities at the reporting date are as follows:

	Financial liabilities		Financial assets	
	2023	2022	2023	2022
	£	£	£	£
US Dollars	16	-	19	389
Swedish Krona	113,579	133,836	160,050	-
Euros	-	4,617	-	-
Norwegian Krona	52,534	-	-	-

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant credit risk exposure on trade receivables. The Group makes allowances for impairment of receivables where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The directors consider the foreign exchange risk exposure is limited.

The credit risk on liquid funds (cash) is considered to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

19. FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management monitor forecasts of the Company's liquidity reserve, comprising cash and cash equivalent, on the basis of expected cash flow. At 29 December 2023, the Group held cash and cash equivalent of £199,992 (2022: £1,817,706) and the directors assess the liquidity risk as part of their going concern assessment (see note 3).

The maturity of the Company's financial liabilities at the statement of financial position date, based on the contracted undiscounted payments as disclosed in note 14, falls within one year and payable on demand. The Company aim to maintain appropriate cash balances in order to meet its liabilities as they fall due.

Maturity analysis

Group 2023	Total £	On demand £	In 1 month £	Between 1 and 6 months £	Between 6 and 12 months £	Between 1 and 3 years £
Trade and other payables	428,710	-	82,971	345,739	-	-
Group 2022						
	Total £	On demand £	In 1 month £	Between 1 and 6 months £	Between 6 and 12 months £	Between 1 and 3 years £
Trade and other payables	247,673	-	125,836	121,827	-	-

20. RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The key management personnel of the Company are considered to be the Directors. Details of their remuneration are covered in note 7.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

20. RELATED PARTY TRANSACTIONS (continued)

The shareholdings of the Directors in the issued share capital of the Company was as follows:

Director	29 December 2023		29 December 2022	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of issued ordinary share capital
Colin Bird*	45,069,227	18.48%	45,069,227	18.80%
Kjeld Thygesen	2,142,857	0.88%	2,142,857	0.89%
Alex Borrelli	82,777	0.03%	82,777	0.03%
Evan Kirby	-	-	-	-
Martyn Churchouse	-	-	-	-

* Includes 3,695,238 shares held by Lion Mining Finance Ltd and 33,428,571 shares held by Camden Park Trading Ltd, companies controlled by Colin Bird

Colin Bird was non-executive chairman of Jubilee Metals Group Plc (he resigned on 26 May 2022) which at Admission had an interest of 1.48% in the Company. There were no transactions with Jubilee during the year.

The Company entered into a licence agreement dated 1 February 2022 with Lion Mining Finance Limited (a company controlled by Colin Bird, a director of the Company) which was amended with effect from 1 June 2022. Pursuant to this agreement, the Company has been granted a licence to use the premises at 7-8 Kendrick Mews, London SW7 for a licence fee of £1,500 per month (ex VAT) which can be terminated on 2 months notice as the initial 12 month term of the agreement has already expired.. In addition, Lion Mining Finance Limited provides basic administrative and support services as required by the Company from time-to-time.

Directors' Letters of Appointment and Service Agreements as disclosed in the Prospectus.

- (a) Pursuant to an agreement dated 29 April 2022 the Company renewed the appointment of Colin Bird as a Director. The appointment continues unless terminated by either party giving to the other three months' notice in writing. Colin Bird is entitled to director's fees of £18,000 per annum for being a director of the Company plus reasonable and properly documented expenses incurred during the performance of his duties. Colin Bird is not entitled to any pension, medical or similar employee benefits. The agreement replaces all previous agreements with Colin Bird in relation to his appointment as a director of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

20. RELATED PARTY TRANSACTIONS (continued)

- (b) Pursuant to a consultancy agreement dated 29 April 2022, the Company has, with effect from the date of the IPO, appointed Colin Bird as a consultant to provide technical advisory services in relation to its current and future projects including, but not limited to, assessing existing geological data and studies, existing mine development studies and developing exploration programs and defining the framework of future geological and mine study reports (the “Colin Bird Services”). The appointment continues unless terminated by either party giving to the other three months’ notice in writing. Colin Bird is entitled to fees of £2,500 per month for being a consultant to the Company plus reasonable and properly documented expenses incurred during the performance of the Colin Bird Services.
- (c) Pursuant to an agreement dated 29 April 2022, renewed the appointment of Kjeld Thygesen as a non-executive Director. The appointment continues unless terminated by either party giving to the other three months’ notice in writing. Kjeld Thygesen is entitled to director’s fees of £18,000 per annum for being a director of the Company plus reasonable and properly documented expenses incurred during the performance of his duties. Kjeld Thygesen is not entitled to any pension, medical or similar employee benefits.
- (d) Pursuant to an agreement dated 29 April 2022, Alex Borrelli was appointed as a nonexecutive Director. The appointment continues unless terminated by either party giving to the other three months’ notice in writing. Alex Borrelli is entitled to director’s fees of £18,000 per annum for being a director of the Company plus reasonable and properly documented expenses incurred during the performance of his duties. Alex Borrelli is not entitled to any pension, medical or similar employee benefits.
- (e) Pursuant to an agreement dated 29 April 2022, Evan Kirby was appointed as a non-executive Director. The appointment continues unless terminated by either party giving to the other three months’ notice in writing. Evan Kirby is entitled to director’s fees of £18,000 per annum for being a director of the Company plus reasonable and properly documented expenses incurred during the performance of his duties. Evan Kirby is not entitled to any pension, medical or similar employee benefits.

Loans to Subsidiaries

	2023	2022
	£	£
Loans to Northern X Scandinavia AB	1,300,573	497,064
Loans to Northern X Finland OY	15,291	86,741
Loans to Caledonian Minerals AS	665,290	253,068
Loans to EV Metals	239	-
	1,981,393	836,873

All intra-group loans are interest-free and form part of the Company’s investment in subsidiaries. The loans are net of the impairments detailed in note 14.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2023

21. NET DEBT

	Group 2023 £	Company 2023 £	Group 2022 £	Company 2022 £
Cash and cash equivalent	199,992	39,953	1,817,706	1,769,719
Net debt	199,992	39,953	1,817,706	1,769,719
Net debt as at 29 December 2022	1,817,706	1,769,719	16,871	16,871
Cash flow from operations	(317,868)	(300,725)	(620,102)	(610,332)
Proceeds from issue of shares, net of costs	-	-	3,340,318	3,340,318
Investment in Exploration and evaluation costs	(1,272,810)	(1,403,413)	(997,953)	(1,055,710)
Cash flow from sale of Investment shares	-	-	78,572	78,572
Other non-cash movement	(27,036)	(25,628)	-	-
Net debt as at 29 December 2023	199,992	39,953	1,817,706	1,769,719

Net debt is calculated as total borrowings (including “current and non-current borrowings” as shown in the statement of financial position) less cash and cash equivalents.

22. EVENTS AFTER THE REPORTING DATE

On 22 April 2024 the Company announced it had entered into an unsecured convertible loan funding facility (the “**Facility**”) for £500,000 with Sanderson Capital Partners Ltd (the “**Lender**”), a long term shareholder in the Company. The Facility is convertible at 0.75 pence per ordinary share (“**Shares**”) and can be drawn down in 4 tranches of £125,000 each (“**Loan Tranches**”). The Facility is a standby facility as a potential additional source of working capital for the Company in a period when the funding market for junior exploration companies is subject to market volatility.

Working Capital Facility Agreement

The Facility is for £500,000 in total, is unsecured, interest free and can be drawn down in four tranches as follows:

- £125,000 to be drawn down within 6 months of 7 May 2024 (“**Tranche One**”);
- £125,000 to be drawn down within 6 months of 7 July 2024 (“**Tranche Two**”);
- £125,000 to be drawn down within 6 months of 7 September 2024 (“**Tranche Three**”); and
- £125,000 to be drawn down within 6 months of 7 November 2024 (“**Tranche Four**”).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

22. EVENTS AFTER THE REPORTING DATE (continued)

The Company will provide a Loan drawdown notice if and when it requires a drawdown. The Company has the option but not the obligation to drawdown on part or all of the Facility.

Repayment and Conversion

Repayment

Unless otherwise converted, the Company must repay each Loan Tranche on the first anniversary of the advance by the Lender of the applicable Loan Tranche (“**Maturity Date**”). The Company may prepay the whole or part of the Facility on any day prior to the Maturity Date for a Loan Tranche upon giving not less than 14 days’ prior written notice to the Lender and paying in cash a prepayment fee of 5% of the amount which the Company prepays in cash before the Maturity Date. The Lender can during the 14 days’ notice period make an election for all or part of the Loan subject to a prepayment notice to be repaid in Shares in which case the 5% fee shall not apply to that proportion of the Loan repaid in Shares.

Conversion of Loan Tranche by Lender

The Lender may at any time during the Facility Period elect to convert all or part of any drawn down amount into such number of new Shares equal to the amount of the Loan Tranche that is to be repaid at the date of the election, divided by the 0.75 pence (“**Conversion Price**”) (the “**Conversion Shares**”). The Conversion Price of 0.75 pence per Share represents a 87% premium to the closing share price of 0.4 pence on 19 April 2024, being the latest practicable date prior to this announcement.

Conversion of Loan by the Company

The Company may at any time during the Loan Period elect to convert all or part of Tranche One to Tranche Four if the Share price exceeds 1 pence (“**Target Conversion Price**”) for a period of five or more business days.

Conversion Adjustment

If the Company before i) the Maturity Date for a Loan Tranche and before ii) the Loan Tranche has been repaid issues Shares for cash consideration (“**Issue Price**”) at a discount to 0.75 pence per Share (the “**Base Issue Price**”) then the Conversion Price and the Target Conversion Price in respect of that Loan Tranche shall be multiplied by a fraction, the numerator of which will be the Issue Price and the denominator of which will be 0.75 pence.

Interest and Fees

The Loan is interest free. The Lender shall be paid an arrangement fee of 10% of the amount of the Facility to be settled by the issue of 11,764,706 new Shares (“**Facility Fee Shares**”) credited as fully paid by at an issue price of 0.425p per Share (being the Five Day VWAP on the date of this announcement) with the Facility Fee Shares to be issued on or before 31 December 2024 or such other date agreed by the parties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 29 December 2023

22. EVENTS AFTER THE REPORTING DATE (continued)

On the drawdown of any Loan Tranche the Lender shall be paid a further fee of 2% of the amount of the relevant Loan Tranche which is to be settled by the issue of new Shares credited as fully paid at the five-day VWAP on the date of the relevant Loan drawdown notice ("**Drawdown Fee Shares**") with the Drawdown Fee Shares to be issued on or before 31 December 2024 or such other date agreed by the parties.

Option to Extend Facility

If the Company draws down in full or in part against Tranche One, Tranche Two, Tranche Three and Tranche Four then it has the option to elect to be able to drawdown up to an additional GBP250,000 ("**Optional Loan Tranche**") This must be made in writing within 30 days of the date the Company has made a drawdown in full or in part against Tranche One, Tranche Two, Tranche Three and Tranche Four.

Warrants

On the drawdown of any Loan Tranche, the Lender shall be issued three year warrants over Shares ("**Warrants**") with a face value equal to 50% of the amount drawn down under the Loan Tranche. The exercise price for the Warrants applicable to each of the tranches are as follows:

- 1.5 pence per share for the drawdown of Tranche One to Tranche Four; and
- 2 pence per share for the drawdown of the Optional Loan Tranche;

If there are no drawdowns under two or more of the Loan Tranches then at 7 May 2025 which is 6 months after the Tranche Four Drawdown Date of 7 November 2024, the Company will issue a three year warrant to the Lender for an amount equal to 25% of the Facility that has not been drawn down with an exercise price of 1 pence per share.

Other than these matters, no significant events have occurred subsequent to the reporting date that would have a material impact on the consolidated financial statements.