

Company Registration Number: 02401127

KENDRICK RESOURCES PLC

INTERIM STATEMENT

30 JUNE 2021

CONTENTS

	<i>Page</i>
Chairman's statement	1
Company Statement of Comprehensive Income	3
Company Statement of Financial Position	4
Company Statement of Cash Flow	5
Company Statement of Changes in Equity	6
Notes to the Interim Financial Information	7

Chairman's statement

I present below the unaudited interim results of the Company for the six months ended 30 June 2021.

In my letter of 11 January 2021 in relation to the AGM on 4 February 2021 I explained that it was the Directors' intention to seek to acquire one or more attractive acquisition opportunities for the Company within the mining sector and to seek to raise funds and achieve a re-listing on a United Kingdom Stock Exchange (the "**Strategy**").

Proposed Acquisition of Nordic Projects

Further to the Strategy the Company on 20 January 2021 entered into assignment agreements, a summary of which is provided in Note 3 to the accounts (the "**Assignment Agreements**") to acquire Pursuit Minerals interest in the following Projects

1. the Koitelainen, Karhujupukka North and Karhujupukka South projects in Finland;
2. the Airijoki, Kullberget, Sumassjon, Kramsta and Simesvallen projects in Sweden; and
3. the Hosanger, Espedalen and Sigdal projects in Norway,
(together, the "**Nordic Projects**").

The Nordic Projects comprise vanadium projects in Sweden and Finland which are owned by Pursuit and consist of competently and comprehensively well drilled tonnages of vanadium ore, estimated at approximately 160 million tonnes. Kendrick has paid currently due 2021 licence fees and all projects are in governmental good standing. The Norwegian projects are for nickel and are under an option agreement with Eurasian Minerals Sweden AB and have been partially explored with reconnaissance programmes indicating the potential for strike extension. Certain nickel projects have not been invasively explored by Pursuit, but desk research indicates that potential for nickel discovery exists.

Nickel prices have improved over the year and the metal is expected to play a significant role in tomorrow's energy and production world.

Proposed Listing

The Company is now focussed on completing a listing on the standard segment of the LSE with the Nordic Projects as its primary assets and raising funds at the time of the listing to support exploration of the Nordic Projects and the Companies ongoing working capital requirements (the "**Listing**")

Kabwe Project

The Company has a historical 11% royalty interest in the Kabwe surface secondary zinc, lead, and vanadium from previous mining at Kabwe in Zambia (the "**Kabwe Project**") with no obligation or requirement to contribute to the costs of the Kabwe Project. Jubilee is the sole operator of the Kabwe Project and has full control of the operation and implementation of the project.

Jubilee is currently actively engaged in copper refining through the Sable refinery near Kabwe which it acquired from Glencore in 2019. Jubilee has focus on copper production since the Kabwe refinery is copper purpose ready in a strong copper market. The zinc tailings at Kabwe are metallurgically more complex than originally thought and zinc prices have been historically volatile. The contribution from vanadium is challenged by the vanadium pentoxide price and the ability to recover the metal from feed. Consequently, the Company currently has no expectation of any royalty income from the Kabwe Project

Kendrick Resources PLC

Chairman's statement

in the foreseeable future and its value was written down to nil in the financial statements for the year ended 29 December 2019.

General Meeting and share consolidation

Shareholders approved the acquisition of the Nordic Projects at the General Meeting held on 25 October 2021 and also a 1 for 30 consolidation of the par value of the ordinary shares to enable the share price for the fundraising at the time of the listing to be approximately 3.5 pence per share though the final price will depend on market conditions and the amount raised.

Financial results

The Group reported a total loss for the six-month period of £169,362 (six-months ended 30 June 2020: £57,941). There was an operating loss of £168,868 (six-months ended 30 June 2020: £57,780) which was stated after £152,914 (six-months ended 30 June 2020: £115,626) of administrative expenses and a loss in fair value of investment of £15,954 (six-months ended 30 June 2020: gain of £57,846). The loss before tax of £169,362 (six-months ended 30 June 2020: £57,941) was stated after finance expenses of £494 (six-months ended 30 June 2020: £161). There was no taxation or other comprehensive income in the period.

As at 30 June 2021, the Group held total assets of £466,638 (29 December 2020: £254,434). Total assets comprised £6,325 (29 December 2020: £10,670) of non-current assets and £460,313 (29 December 2020: £243,764) of current assets.

Current assets as at 30 June 2021 include £207,386 (29 December 2020: £223,340) of trading assets and £231,435 (29 December 2020: £Nil) investment in Nordic projects and related transaction costs,. Total liabilities as at 30 June 2021 were £337,377 (29 December 2020: £165,811), which comprised current liabilities classified to trade and other payables.

Cash and cash equivalents at the end of the period end were £10,685 (29 December 2020: £9,496). The net cash inflow from investing activities of £210,000 (six-month period ended 30 June 2020: £nil) comprised proceeds from the issue of convertible loan notes of £210,000 (six-month period ended 30 June 2020: £nil).

Outlook

The Board firmly believes that the time of the smaller mine is returning and that the Nordic Projects are very well suited both in terms of grade and tonnage to be a candidate for future nickel and or vanadium production and we are working with our advisers to complete the Listing and the acquisition of the Nordic Projects.



Colin Bird
Chairman
27 January 2022

Kendrick Resources PLC

STATEMENT OF COMPREHENSIVE INCOME

Six Months ended 30 June 2021

	Notes	Unaudited Six Months to 30 June 2021 £	Unaudited Six Months to 30 June 2020 £	Audited Period to 29 December 2020 £
Administrative expenses		(152,914)	(115,626)	(190,623)
Gain on disposal of investment		-	-	14,663
(Loss)/gain in fair value of investment		(15,954)	57,846	142,778
Impairment charge		-	-	-
Operating loss		(168,868)	(57,780)	(33,182)
Finance expense		(494)	(161)	(251)
Loss before tax		(169,362)	(57,941)	(33,433)
Taxation		-	-	-
Profit/(Loss) for the period	4	(169,362)	(57,941)	(33,433)

There was no other comprehensive income for 2021 and 2020.

All amounts are derived from continuing operations.

Kendrick Resources PLC

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

Company No. 02401127

	Notes	Unaudited 30 June 2021 £	Unaudited 30 June 2020 £	Audited 29 December 2020 £
Assets				
Non-current assets				
Property, plant and equipment		6,325	15,015	10,670
		6,325	15,015	10,670
Current assets				
Current asset investment		207,386	182,154	223,340
Investment in Nordic Projects and related transaction costs	3	231,435	-	-
Other receivables		10,807	13,022	10,928
Cash and cash equivalents		10,685	38,055	9,496
		460,313	233,231	243,764
Total assets		466,638	248,246	254,434
Liabilities				
Current liabilities				
Trade and other payables		337,377	184,131	165,811
Total liabilities		337,377	184,131	165,811
Net assets		129,261	64,115	88,623
Equity				
Share capital	5	22,929,743	22,929,743	22,929,743
Share premium		25,027,278	25,027,278	25,027,278
Convertible loan notes	6	210,000	-	-
Merger reserve		1,824,000	1,824,000	1,824,000
Accumulated losses		(49,861,760)	(49,716,906)	(49,692,398)
Total equity		129,261	64,115	88,623

Kendrick Resources PLC

STATEMENT OF CASH FLOW

for the six months ended 30 June 2021

	Six Months to 30 June 2021	Six Months to 30 June 2020
	£	£
Cash flows from operating activities		
Loss before tax	(169,362)	(57,941)
Adjustments to reconcile net losses to cash utilised :		
Foreign exchange losses on foreign subsidiary loans	-	-
Depreciation of property, plant and equipment	4,345	5,711
Gain on disposal of investment shares	-	-
Loss/(Gain) in fair value of investment at reporting date	15,954	(57,846)
	<u>(149,063)</u>	<u>(110,076)</u>
Operating cash outflows before movements in working capital		
Changes in:		
Investment in Nordic Projects and related transaction costs	(231,435)	-
Trade and Other receivables	121	88,898
Trade and other payables	171,566	21,837
	<u>(208,811)</u>	<u>659</u>
Net cash outflow from operating activities		
	<u>(208,811)</u>	<u>659</u>
Investing activities		
Proceeds from Convertible loan notes	210,000	-
Proceeds of sale of Investment shares	-	-
	<u>210,000</u>	<u>-</u>
Net cash inflow from investing activities:		
	<u>210,000</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,189	659
Cash and cash equivalents at beginning of period	9,496	37,396
	<u>10,685</u>	<u>38,055</u>
Cash and cash equivalents at end of period		

Kendrick Resources Plc

STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2021

	Share capital £	Share premium £	Convertible loan notes £	Merger reserve £	Accumulated losses £	Total equity £
As at 29 December 2019	22,929,743	25,027,278	-	1,824,000	(40,658,965)	122,056
Total comprehensive loss for the period	-	-	-	-	(57,941)	(57,941)
As at 30 June 2020	22,929,743	25,027,278	-	1,824,000	(49,716,906)	64,115
As at 29 December 2020	22,929,743	25,027,278	-	1,824,000	(49,692,398)	88,623
Total comprehensive loss for the period	-	-	-	-	(169,362)	(169,362)
Convertible loan notes issued	-	-	210,000	-	-	210,000
As at 30 June 2021	22,929,743	25,027,278	210,000	1,824,000	(49,861,760)	129,261

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

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

Kendrick Resources PLC

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

This financial information is for Kendrick Resources Plc (“the Company”). The principal activity of Kendrick Resources Plc (the ‘Company’) is that of mining exploration and development. The Company is a public limited company and is incorporated and domiciled in the United Kingdom. The address of the registered office is 7/8 Kendrick Mews, London SW7 3HG.

2. Basis of Preparation

The unaudited interim financial information set out above, which incorporates the financial information of the Company has been prepared using the historical cost convention and in accordance with International Financial Reporting Standards (“IFRS”).

These interim results for the six months ended 30 June 2021 are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial statements for the year ended 29 December 2020 were audited and the auditors’ report on those financial statements was unqualified but contained a material uncertainty pertaining to going concern.

The same accounting policies, presentation and methods of computation have been followed in these unaudited interim financial statements as those which were applied in the preparation of the company’s annual financial statements for the year ended 29 December 2020.

Going concern

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

The COVID-19 outbreak has not had a significant impact to the Company’s matters to date. The Directors have an appropriate response plan in place, and they will continue to monitor and assess the ongoing development and respond accordingly.

The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

1. During the six months to 30 June 2021 the Company raised £210,000 from the issue of convertible loan notes and its holding of listed investments was valued at £207,386 as at the period end as compared to the Company’s administrative expenses of £152,914 for the period; Subsequent to the period end the Company has raised a further £469,560 from the issue of additional convertible loan notes.

NOTES TO THE INTERIM FINANCIAL INFORMATION

2. The Company and its management have in the past been successful in raising funds, the Company would need to raise additional fundraising in the coming months;
3. the Directors have taken into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the Financial Statements. This information includes management prepared cash flows forecasts, available sources of funding and considerations of the impact of COVID-19. The Directors can take mitigating actions as necessary to manage the cost base of the business and cash flow requirements in the event of any shortfall in funding.
4. The directors have a reasonable expectation that the Company will be able to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements and, therefore, believe it is appropriate to prepare the financial statements on the going concern basis.

Although there can be no guarantee of success of that fundraising, the directors are confident that the Company will be successful in raising the funds as required.

3. Investment in the Nordic Projects and related transaction costs

The investment in the Nordic Projects represents 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.

On 20 January 2021, the Company was assigned by Lion Mining Finance Ltd and Camden Park Trading Limited, companies controlled by Colin Bird (see Note 7), a conditional agreement with Pursuit Minerals Ltd listed on the ASX ("**Pursuit**") to acquire nickel and vanadium projects in Norway, Sweden and Finland (the "**Nordic Projects**") (the "**Conditional Pursuit SPA**") (the "**Assignment Agreement**"). The Assignment Agreement is conditional on the Company acquiring the Nordic Projects and the consideration under the Assignment Agreement of £802,000 is to be settled £52,000 in cash and £750,000 to be settled by the issue of ordinary shares in the Company at the Loan Note Conversion Price (see Note 6).

The Conditional Pursuit SPA is conditional upon the Company; i) listing its shares on the London Stock Exchange (the "**Listing**") ii) raising a minimum of £1,500,000 at the Listing (the "**Minimum Fundraising at Listing**") iii) completing legal due diligence on the entities owning the Nordic Projects and on the mining titles underling the Nordic Projects by the long stop date which was 31 March 2021 and has been extended to 31 December 2021 by the payment in aggregate of A\$235,000 (approx. £126,000). A further extension up to 31 January 2022 (the "**Long Stop Date**") has been agreed by increasing the amount of the consideration payable in respect of the Consideration Shares in clause 2(b) from £1,250,000 to £1,300,000 satisfied through the issue by the Company of fully paid ordinary shares at the Fund Raising Price Per Share at the time of listing.

The consideration payable to Pursuit upon completion of the Conditional Pursuit SPA is i) A\$50,000 (approx. £27,000) which has been paid ii) £1,300,000 to be settled by the Company issuing ordinary shares in the Company at the same price as the Minimum Fundraising at Listing at completion of the Listing; and deferred consideration based on two accretive value milestones being achieved;

Kendrick Resources PLC

NOTES TO THE INTERIM FINANCIAL INFORMATION

- a) Milestone One which triggers a A\$250,000 (approx. £136,000) payment in cash, is the completion by the Company (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
- b) Milestone Two which triggers a A\$500,000 (approx. £272,000) payment in cash is a decision to mine being made by the Company (or any successor or assignee) in respect of any project area in the Nordic Projects.

The Nordic Projects comprise vanadium projects in Sweden and Finland which are owned by Pursuit and consist of competently and comprehensively well drilled tonnages of vanadium ore, estimated at approximately 160 million tonnes. Kendrick has paid currently due 2021 licence fees and all projects are in governmental good standing. The Norwegian projects are for nickel and are under an option agreement with Eurasian Minerals Sweden AB and have been partially explored with reconnaissance programmes indicating the potential for strike extension. Certain nickel projects have not been invasively explored by Pursuit, but desk research indicates that potential for nickel discovery exists.

Nickel prices have improved over the year and the metal is expected to play a significant role in tomorrow's energy and production world.

4. Loss per share

The loss per share of 0.05 pence (2020: loss 0.02 pence) has been calculated on the basis of the loss of £169,000 (2020: loss £58,000) and on 335,710,863 (2020: 335,710,863) ordinary shares, being the weighted average number of ordinary shares in issue during the period ended 30 June 2021.

5. Share capital

At the Annual General Meeting held on 4 February 2021, shareholders approved that the 335,710,864 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.

6. Convertible loan notes

In January 2021 the Company raised £210,000 by way of Zero Coupon One Year Convertible Loan Notes of £1 each, repayable on 28 February 2022 (the "**Repayment Date**") the instrument being approved by resolution of the Board of Directors on 30 December 2020 (the "**Loan Notes**"). The Loan Notes automatically convert into Ordinary Shares in the event of a Qualifying Equity Financing which is defined to mean the Company, prior to the Repayment Date, completing a IPO or reverse takeover transaction which leads to the Company's shares being traded on a market of the London Stock Exchange ("**Automatic Conversion**"). In the event of Automatic Conversion the conversion price is at a 40% discount to the price at which the Company issues Ordinary Shares in any Qualifying Equity Financing in the period commencing on the date of this Instrument and ending on the Repayment Date (the "**Loan Note Conversion Price**").

Kendrick Resources PLC

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. Related party transactions

Identity of Related Parties:

The Company has related party relationships with its key management personnel and Jubilee Metals Group Plc, which has a 29% beneficial shareholding in the Company.

Related Party Transactions in the period

Directors of the Company and their close family members as at the date of this report control 0.15% of the voting shares of Kendrick Resources Plc ; all controlled by Colin Bird (2020 0.89% being 0.15% by Colin Bird and 0.74% by Alex Borrelli).

	Six months to 30 June	
	2021	2020
Directors fees during the period		
Colin Bird	30,000	15,000
Kjeld Thygesen (appointed 23 October 2020)	-	n.a
Alex Borrelli (resigned 8 October 2020)	n.a,	40,320
Anthony Gardner-Hillman (resigned 27 October 2020)	- n.a,	8,750
	<u>30,000</u>	<u>64,070</u>
	30 June	30 June
	2021	2020
Short-term advances from directors (unpaid directors' fees)		
Colin Bird	113,500	66,250
Kjeld Thygesen (appointed 23 October 2020)	-	-
Alex Borrelli (resigned 8 October 2020)	n.a.	-
Anthony Gardner-Hillman (resigned 27 October 2020)	n.a	-
	<u>113,500</u>	<u>66,250</u>

Colin Bird has agreed to defer payment of the short-term advances due to him until the Company has completed its proposed listing on the London Stock Exchange and associated fundraising, at which point in time they will be due to be converted into ordinary shares in the Company at the same price as the fundraising.

On 20 April 2021 the Company entered into the Assignment Agreement referred to in Note 3. The parties to the Assignment Agreement are Lion Mining Finance Limited (a company controlled by Colin Bird, a director of the Company), the Company and Camden Park Trading FZE-LLC (a company controlled by Colin Bird, a director of the Company). The Assignment Agreement is conditional on the Company acquiring the Nordic Projects and the consideration under the Assignment Agreement of £802,000 is to be settled £52,000 in cash and £750,000 to be settled by the issue of ordinary shares in the Company at the Loan Note Conversion Price (see Note 6).

Related Party Transactions after the reporting date

Included in the £350,000 in respect of the July 2021 Convertible Loan Notes subscriptions received was £30,000 from Kjeld Thygesen and £48,000 from Colin Bird, both directors of the Company. Included in the £150,000 in respect of the November 2021 Convertible Loan Notes subscriptions received was £36,000 from Lion Mining Finance Limited, a company controlled by Colin Bird, a director

NOTES TO THE INTERIM FINANCIAL INFORMATION

of the Company. These subscriptions by Colin Bird, Kjeld Thygesen and Lion Mining Finance Limited were on the same terms as the other subscribers to these convertible loan notes which are detailed in Note 8.1

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). Pursuant to this agreement, the Company has been granted a licence to use the premises at 7-8 Kendrick Mews, London SW7 for a period of 12 months with effect from 1 December 2021 for a licence fee of £1,000 per month. In addition, Lion Mining Finance Limited provides basic administrative and support services as required by the Company from time-to-time (see Note 8.2)

8. Events after the reporting date

8.1 Further unsecured convertible loan note instruments dated 2 July 2021 constituting up to £350,000 and 15 November 2021 constituting up to £150,000 were approved by way of Zero Coupon Convertible Loan Notes of £1 each, repayable on 31 July 2022 (the "**Repayment Date**") (the "**Post Period Loan Notes**"). The Post Period Loan Notes automatically convert into Ordinary Shares in the event of a Qualifying Equity Financing which is defined to mean the Company, prior to the Repayment Date, completing a IPO or reverse takeover transaction which leads to the Company's shares being traded on a market of the London Stock Exchange ("**Automatic Conversion**"). In the event of Automatic Conversion the conversion price is at a 25% discount to the price at which the Company issues Ordinary Shares in any Qualifying Equity Financing in the period commencing on the date of this Instrument and ending on the Repayment Date (the "**Post Period Loan Note Conversion Price**") and the issue of one warrant for each Ordinary Share to be issued to the Noteholders with the warrant exercisable within 18 months from the Qualifying Equity Financing at the price at which the Company issues Ordinary Shares in the Qualifying Equity Financing. As at the date of approval of these accounts the Company had raised a further £469,560 from these loan instruments.

8.2 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). Pursuant to this agreement, the Company has been granted a licence to use the premises at 7-8 Kendrick Mews, London, SW7 for a period of 12 months with effect from 1 December 2021 for a licence fee of £1,000 per month. In addition, Lion Mining Finance Limited provides basic administrative and support services as required by the Company from time-to-time.

8.3 At the Annual General Meeting held on 25 October 2021, shareholders approved an ordinary resolution to ratify the acquisition by the Company of the Spin Out Projects defined below from Pursuit Minerals Ltd, pursuant to assignment agreements entered into on 20 January 2021, a summary of which is provided in note 3 above (the "**Assignment Agreements**") and authorising the Directors of the Company for and on behalf of the Company to approve the signature of any document and / or taking of any action they deem necessary or appropriate in relation to effecting or facilitating the transactions contemplated by the Assignment Agreements and /or the Strategy:

- a. the Koitelainen, Karhujupukka North and Karhujupukka South projects in Finland;
- b. the Airijoki, Kullberget, Sumassjon, Kramsta and Simesvallen projects in Sweden; and
- c. the Hosanger, Espedalen and Sigdal projects in Norway,

(together, the "**Spin Out Projects**").

Kendrick Resources PLC

NOTES TO THE INTERIM FINANCIAL INFORMATION

As detailed in note 3 the option period to acquire the Spin Out Projects has been extended to 31 January 2022.

8.4 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.