

Kendrick Resources PLC

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30 September 2022

Kendrick Resources Plc
("Kendrick" or the "Company")

Interim Results for the Six Months Ended 30 June 2022

Kendrick Resources Plc ("Kendrick" or the "Company"), the Scandinavian focused new age mineral exploration and development company with nickel and vanadium projects in Norway, Sweden and Finland, announces its unaudited interim results for the six months ended 30 June 2022.

OPERATIONAL, FINANCIAL CORPORATE and STRATEGY REVIEWS

Operational Review

The period under review has been transformatory for the Company. On 6 May 2022, Kendrick completed an Initial Public Offering ("IPO") on the Standard List of the London Stock Exchange and the acquisition of its projects in Sweden and Finland as well as an option over its projects in Norway (the "Projects"). This option was exercised on 16 May 2022, more details of which are provided in the Corporate Highlights section of this review. Following the IPO, the Group undertaken a thorough review of all its projects and licences and has made a number of local appointments to manage operations and completed a review of all available technical information.

Technical review of Projects: After the IPO and having acquired its projects in Sweden, Finland and exercised its option in relation to its Norwegian projects, the Company 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.

Summary of Projects: The Projects are a portfolio of early to advanced stage exploration projects covering a combined area of 466.72 km² in Scandinavia. The most advanced of these Projects are the Airijoki and Koitelainen vanadium projects in Sweden and Finland respectively. In addition the Company holds the following licences:

- Finland – the Karhujupukka vanadium-magnetite exploration project
- Sweden – the Kramsta, Kullberget, Simesvallen and Sumåssjön exploration projects in Sweden (collectively the "Central Sweden Project")

- Norway – an option over the Espedalen, Hosanger, and Sigdal exploration nickel-copper-cobalt projects in Norway.

Both the Karhujupukka and Espedalen projects also support defined mineral resources prepared in accordance with the JORC Code (2012.) However, these remain subject to further techno-economic assessment. The remaining projects represent brownfield to greenfield exploration opportunities based on the results of historical activities, some with historical mineral estimates that are still to be updated to the requirements of the JORC Code (2012).

Norway Projects: The Company’s review has identified significant opportunities within the nickel projects in Norway. The Director’s believe this review and present nickel price forecasting means the Company is extremely well positioned with the Norwegian nickel assets. Kendrick is currently digitising and reassessing nickel ore resources, to direct future drilling programmes, towards early production. The nickel resources are demonstrating good grades and, in most cases, have accompanying copper and sometimes cobalt. It is intended that the Company will commence a strike extension drilling programme when the most prospective and amenable target has been identified.

Swedish & Finnish Projects: The Swedish vanadium project is being prepared for an extension drilling programme with the same intention for the ultramafic rock on the Finnish licences. In reviewing the Airijoki project significant copper anomalies have been identified and the occurrences for future testing are currently being modelled. All licences, where appropriate, have been applied for with copper included as an exploration target. Plans are being drafted for metallurgical test work in order to increase recoveries, whilst maintaining magnetite vanadium grade. The Company is preparing plans to conduct further test work to advance the processing to the end product vanadium electrolytes.

Financial Review

Financial highlights:

- £185K loss after tax (2021: £169K)
- Approximately £2.173m cash at bank at the period end (Dec 2021: £17k).
- The basic and diluted losses per share are summarised in the table below:

Loss per share (pence)		2022	2021
Basic	Note 3	(0.24)p	(1.51)p
Diluted	Note 3	<u>(0.15)p</u>	<u>(1.51)p</u>

- The net asset value as at 30 June 2022 was £5.26m (31 December 2021 (£236k))

Fundraisings and issues of shares

At Listing, the Company through a fundraise raised £3,250,000 (before expenses) (the “**Fundraise**”) through the issue of 92,857,143 new ordinary shares in the capital of the Company (“**Ordinary Shares**”) at 3.5 pence per Ordinary Share (the “**Placing Price**”) to the subscribers to the Fundraising (the “**Placees**”) and the issue of 91,000,143 warrants to the Placees with an exercise price of £0.06 per Ordinary Share, exercisable for 3 years from Admission (the “**Placing Warrants**”)

The funds raised on Admission provided the Group with sufficient money to undertake the exploration and assessment of the Company’s projects in Sweden, Finland and Norway. Details of these work programmes are set out in the Company’s Prospectus dated 29 April 2022.

On 20 December 2020, the Company executed a £210,000 unsecured convertible loan note instrument (the “**December 2020 Convertible Loan Note**”) and received subscriptions of £210,000 in respect of this

loan note from private investors. The December 2020 Convertible Loan Note does not pay interest and was repaid at the IPO by the issue of 10,000,000 Ordinary Shares at a 40% discount to the Placing Price.

On 2 July 2021, the Company executed a £350,000 unsecured convertible loan note instrument (the “**July 2021 Convertible Loan Note**”) and received subscriptions of £350,000 in respect of this loan note from private investors including £30,000 from Kjeld Thygesen and £48,000 from Colin Bird, who are directors of the Company. The July 2021 Convertible Loan Note did not pay interest and was repaid at the IPO by the issue of i) 13,333,333 Ordinary Shares at a 25% discount to the Placing Price of which 1,142,857 were issued to Kjeld Thygesen and 1,828,571 to Colin Bird and ii) one (1) warrant for each Ordinary Share issued to the noteholders at a strike price of the Placing Price. The 13,333,333 warrants will be valid for a period of 18 months from the IPO and 1,142,857 of the warrants will be issued to Kjeld Thygesen and 1,828,571 to Colin Bird.

On 15 November 2021, the Company executed a £150,000 unsecured convertible loan note instrument which was, with the consent of the noteholders, subsequently increased to £150,000 (the “**November 2021 Convertible Loan Note**”) and received subscriptions of £119,500 in respect of this loan note from private investors including £37,000 from Lion Mining Finance Ltd, a company controlled by Colin Bird, a director of the Company. The November 2021 Convertible Loan Note does not pay interest and was repaid at the IPO by the issue of i) 4,552,381 New Ordinary Shares at a 25% discount to the Placing Price of which 1,409,524 were issued to Lion Mining Finance Ltd and ii) one (1) warrant for each Ordinary Share issued to the noteholders at a strike price of the Placing Price. The 4,552,381 warrants are valid for a period of 18 months from the IPO and 1,409,524 of the warrants were issued to Lion Mining Finance Ltd.

At the IPO, 9,721,254 Ordinary Shares were issued at the Placing Price to settle fees due by the Company of which 4,528,571 Ordinary Shares were issued to Colin Bird to settle £158,500 of accrued unpaid fees.

Corporate Review

Company Board: The Board of the Company comprises Colin Bird, Executive Chairman and Non- executive directors Kjeld Thygesen, Evan Kirby and Alex Borrelli.

Listing: 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 (the “**Listing**” or “**IPO**”).

Corporate Acquisitions: At Listing the Company had no subsidiaries and at IPO pursuant to a binding sales agreement dated 18 January 2021 with Pursuit Minerals (the “**Binding Sales Agreement**”) which was assigned to the Company :

1. 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**”);
2. 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**”); and
3. an exploration and option agreement to acquire from Eurasian Minerals Sweden AB the Espedalen, Hosanger, and Sigdal exploration nickel-copper-cobalt projects in Norway (the “**Norwegian Projects**”) (the “**EMX Option Agreement**”)

Under the terms of the Binding Sales Agreement as subsequently amended the consideration payable to Pursuit Minerals was as follows:

- (i) A\$50,000 cash paid on execution of the Binding Sales Agreement;
- (ii) £1,475,000 satisfied through the issue of 42,142,857 Ordinary Shares;
- (iii) A\$250,000 in cash on the Company's completion of a feasibility study on any of the individual project areas in the Tenements that demonstrate an internal rate of return of not less than 25%; and
- (iv) A\$500,000 in cash upon a decision by the Company to mine in any individual project area in the projects acquired from Pursuit Minerals.

On 20 January 2021, the Company was assigned the Binding Sales Agreement by Lion Mining Finance Ltd and Camden Park Trading Limited, companies controlled by Colin Bird, (the "**Assignment Agreement**"). The Assignment Agreement was conditional on the completion of the Binding Sales Agreement and at the IPO the consideration due under the Assignment Agreement was £802,000 of which £52,000 is to be settled in cash and £750,000 was settled by the issue of 35,714,285 Ordinary Shares in the Company at an issue price of 2.1 pence per Ordinary Share.

On 16 May 2022 the Company announced it had exercised the EMX Option Agreement and on 12 August 2022 that the Company that it has completed the acquisition of the Espedalen, Hosanger, and Sigdal nickel-copper-cobalt exploration projects in Norway (the "**Norwegian Projects**") from EMX Scandinavia AB (previously named Eurasian Minerals Sweden AB) ("EMX"). The consideration paid to EMX for the exercise of the option during the period was U\$81,949 and post the period end the issue of 20,226,757 Ordinary Shares.

Lock Up and Orderly Market arrangements:

At IPO the Directors and their related parties, in aggregate, held 47,294,860 Ordinary Shares, representing 21.62% of the Enlarged Share Capital. The Directors have agreed with the Company and its brokers, 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 not to dispose of their Ordinary Shares without first consulting the Company and Novum in order to maintain an orderly market for the Shares.

The 42,142,857 Ordinary Shares issued to Pursuit Minerals have not been sold as at the date of this report and are subject to the following lock up and orderly market arrangements and subject to orderly market arrangements for the 12 months to 5 May 2023

<u>No. of shares</u>	<u>Lock up</u>
15,357,143	None
8,928,572	Until 5 November 22
8,928,571	Until 5 May 23
8,928,571	Until 5 Nov 23

Strategy Review

The Company'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 Company 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 both base and precious metals, the Directors believe that its projects provide a base from which the Company will seek to add significant value through the application of structured and disciplined exploration. The Company 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 5focused on quality vanadium and nickel mineral resources in Scandinavia.

The Company 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

The review of the Company's projects acquired at the IPO has given confidence that the north European assets are well located with significant potential in the quickly emerging space of energy generation and storage.

Last year inflation was seen as a distant issue but it, and the cost of living, are now front and centre of financial headlines. This has already slowed down major stock markets but may be good for the small mines sector since as, historically they have been seen to outperform.

The Board remains confident they have assembled an enviable portfolio of projects and look forward to advancing all our projects in the second half and providing our shareholders with the prospects of enhanced value flowing into next year.

Post Period Events

On 12 August 2022 the Company announced that it has completed the acquisition of the Espedalen, Hosanger, and Sigdal nickel-copper-cobalt exploration projects in Norway (the "**Norwegian Projects**") from EMX Scandinavia AB (previously named Eurasian Minerals Sweden AB) ("EMX"). The consideration paid to EMX for the exercise of the option during the period was U\$81,949 and post the period end the issue of 20,226,757 Ordinary Shares.

INTERIM MANAGEMENT REPORT

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authorities ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider the preceding Operational, Financial, Corporate and Strategy Review of this Half Yearly Financial 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 for the remaining six months of the year ended 31 December 2022.

The following statement of the Principal Risks and Uncertainties, the Related Party Transactions, the Statement of Directors' Responsibilities and the Operational, Financial, Corporate and Strategy Review constitute the Interim Management Report of the Company for the six months ended 30 June 2022.

Principal Risks and Uncertainties

The principal risks that are specific to the Company were detailed under this heading in Part 1 Summary of the Company's prospectus which was published on 29 April 2022 (the "**Prospectus**") which is available

on the Company's website at <http://www.kendrickresources.com/>. Part II Risk factors of the Prospectus provides more details of risk factors specific and material to the Group and to the Natural Resources Sector. The Strategic Report in the 2021 Annual Accounts also provided a detailed summary of the principal risks and uncertainties faced by the Company, a copy of the 2021 Annual Accounts are available on the Company's website at <http://www.kendrickresources.com/>. The Board are of the opinion that these risk factors will continue to remain unchanged for the forthcoming six month period.

The principal risks and uncertainties facing the group are as follows:

- There are significant risks associated with any exploration project and the ability of the company to explore, develop and generate operational cashflows from its projects
- No assurances can be given that minerals will be discovered in economically viable quantities at the Company's projects
- Adverse foreign exchange fluctuations

The Board has also reviewed emerging risks which may impact the forthcoming six-month period and the main risks facing the Company are any ongoing impact of the COVID-19 pandemic and the Ukraine war and related sanctions in the period to date have not had a significant impact on the Company's operations. The Ukraine war has however had a significant impact of oil and gas prices which is feeding through into concerns regarding inflation, interest rates and the outlook for stockmarkets and short term commodity prices.

Related Party Transactions during the period

1. Issue of shares at the IPO as disclosed in the Prospectus

(a) On 20 January 2021, the Company was assigned the Binding Sales Agreement by Lion Mining Finance Ltd and Camden Park Trading FZE-LLC, companies controlled by Colin Bird, (the "**Assignment Agreement**"). The Assignment Agreement was conditional on the completion of the Binding Sales Agreement and at the IPO the consideration due under the Assignment Agreement was £802,000 of which £52,000 is to be settled in cash and £750,000 was settled by the issue of 35,714,285 Ordinary Shares in the Company at an issue price of 2.1 pence per Ordinary Share (2,285,714 Ordinary Shares to Lion Mining Finance Ltd and 33,428,571 Ordinary Shares to Camden Park Trading FZE-LLC).

(b) Colin Bird pursuant to the Fundraising at the IPO subscribed for 1,571,400 Ordinary Shares at the Placing Price and was also issued at the 1,571,400 Placing Warrants.

(c) Colin Bird was at the IPO issued 4,528,571 Ordinary Shares at the Placing Price to settle £158,500 of accrued unpaid fees.

(d) Colin Bird was at the IPO issued 1,828,571 Ordinary Shares and 1,828,571 Convertible Note Warrants arising from his participation in the July 2021 Convertible Loan Note.

(e) Kjeld Thygesen pursuant to the Fundraising at the IPO subscribed for 1,000,000 Ordinary Shares at the Placing Price and was issued 1,000,000 Placing Warrants.

(f) Kjeld Thygesen was at the IPO issued 1,142,857 Ordinary Shares and 1,142,857 Convertible Note Warrants arising from his participation in the July 2021 Convertible Loan Note.

(g) Lion Mining Finance Limited (a company controlled by Colin Bird) at the IPO was issued 1,409,524 Ordinary Shares and 1,409,524 Convertible Note Warrants arising from its

participation in the November 2021 Convertible Loan Note.

2. 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.
- (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 documents 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.
- (f) 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.

3. Related Party transactions described in the annual report to 31 December 2021

Other than disclosed above there have been no changes in the related parties transactions described in the annual report for the year ended 31 December 2021 that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year

Responsibility Statement

The Directors, whose names and functions are set out in this report under the heading Company Board, are responsible for preparing the Unaudited Interim Condensed Consolidated Financial Statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Accounting Standard 34 on Interim Financial reporting (IAS34). The Directors confirm that, to the best of their knowledge, this Unaudited Interim Condensed Consolidated Report, which has been prepared in accordance with IAS34, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the interim management report includes a fair review of the information required by DTR 4.2.7 R and by DTR 4.2.8 R, namely:

- an indication of key events occurred during the period and their impact on the Unaudited Interim Condensed Consolidated Financial Statements and a description of the principal risks and uncertainties for the second half of the financial year; and
- material related party transactions that have taken place during the period and that have materially affected the financial position or the performance of the business during that period.

For and on behalf of the Board of Directors

Colin Bird

Executive Chairman

30 September 2022

Kendrick Resources Plc

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Colin Bird

Executive Chairman

Novum Securities (Financial Adviser)

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

Group Statement of Profit and Loss

For the six months ended 30 June 2022

	Notes	Unaudited Six months ended 30 June 2022 £	Unaudited Six months ended 30 June 2021 £
Income			
Realised loss on sale of investments		(10,872)	-
Unrealised (loss)/gain on investments		-	(15,954)
Total income		(10,872)	(15,954)
Operating expenses		(173,828)	(153,408)
Group operating loss		(184,700)	(169,362)
Interest costs		-	-
Loss before taxation		(184,700)	(169,362)
Taxation		-	-
Loss for the period		(184,700)	(169,362)
Loss per share (pence)			
Basic		(0.24)p	(1.51)p
Diluted	3	(0.15)p	(1.51)p

Group Statement of Other Comprehensive Income

For the six months ended 30 June 2022

	Unaudited Six months ended 30 June 2022 £	Unaudited Six months ended 30 June 2021 £
Other comprehensive income:		
Loss for the period	(184,700)	(169,362)
<i>Items that may be reclassified to profit or loss:</i>		
Foreign currency reserve movement	-	-
Total comprehensive loss for the period	(184,700)	(169,362)

GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital £	Share Premium £	Merger reserve £	Accumulated losses £	Total equity £
Unaudited – six months ended 30 June 2022					
Balance at 29 December 2021	22,929,743	25,027,278	1,824,000	(50,017,384)	(236,363)
Current period loss	-	-	-	(184,700)	(184,700)
Total comprehensive loss for the period	-	-	-	(184,700)	(184,700)
Net proceeds from shares issued	30,773	2,743,107	-	-	2,773,880
Acquisition of subsidiaries	23,357	2,201,643	-	-	2,225,000
Loan notes converted into shares	8,366	671,134	-	-	679,500
Balance at 30 June 2022	22,992,239	30,643,162	1,824,000	(50,202,084)	5,257,317
Unaudited – six months ended 30 June 2021					
Balance at 29 December 2020	22,929,743	25,027,278	1,824,000	(49,692,398)	88,623
Current period loss	-	-	-	(169,362)	(169,362)
Total comprehensive loss for the period	-	-	-	(169,362)	(169,362)
Balance at 30 June 2021	22,929,743	25,027,278	1,824,000	(49,861,760)	(80,739)

Group Balance Sheet

As at 30 June 2022

		Unaudited	Audited
		30	31
		June	December
		2022	2021
Notes		£	£
ASSETS			
Non-current assets			
		1,025	2,050
	Property, plant and equipment		
	Exploration and evaluation assets	2,700,333	-
6			
	Investment in Norwegian Projects	191,809	673,755
7			
	Total non-current assets	2,893,167	675,805
Current assets			
		13,488	102,932
	Current asset investment		
	Trade and other receivables	335,421	89,488
	Cash and cash equivalents	2,172,712	16,871
	Total current assets	2,521,621	209,291
TOTAL ASSETS		5,414,788	885,096
LIABILITIES			
Current liabilities			
		157,471	441,959
	Trade and other payables		
	Convertible loan notes	-	679,500
	Total liabilities	157,471	1,121,459
NET ASSETS/(LIABILITIES)		5,257,317	(236,363)
EQUITY			
		22,992,239	22,929,743
	Share capital		
	Share Premium	30,643,162	25,027,278
	Merger reserve	1,824,000	1,824,000
	Retained earnings	(50,202,084)	(50,017,384)
	Total equity	5,257,317	(236,363)
8			

Group Statement of Cash Flows
For the six months ended 30 June 2022

	Unaudited Six months ended 30 June 2022 £	Unaudited Six months ended 30 June 2021 £
Notes		
Cash flows from operating activities		
Loss before tax	(184,700)	(169,362)
Adjustments for:		
Depreciation of property, plant and equipment	1,025	4,345
Loss on sale of investments	10,872	-
Unrealised loss on investments	-	15,954
(Increase) in receivables	(245,933)	(72,789)
(Decrease)/Increase in payables	(284,488)	171,567
Net cash inflow from operating activities	(703,224)	(50,285)
Cash flows from/(used) in investing activities		
Proceeds of sale of Investment shares	78,572	-
Investment in Nordic Projects and related transaction costs	(82,584)	(158,526)
Purchase of Exploration and Evaluation assets	(2,135,803)	-
	(2,139,815)	(158,526)
Cash flows from financing activities		
Proceeds from Issue of shares, net of issue costs	2,773,880	-
Shares issued to acquire subsidiaries	2,225,000	-
Proceeds from issue of convertible loan notes	-	210,000
	4,998,880	210,000
Increase in cash	2,155,841	1,189
Cash and cash equivalents at beginning of period	16,871	9,496
Cash and cash equivalents at end of period	2,172,712	10,685

Notes to the interim financial information
For the six months ended 30 June 2022

1. General information

This financial information is for Kendrick Resources Plc (“the Company”) and its subsidiary undertakings. The principal activity of Kendrick Resources Plc (the ‘Company’) and its subsidiaries (together the ‘Group’) is the development of natural resources exploration projects in Scandinavia. The Company is a public limited company and was listed on 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. The ‘Company is incorporated and domiciled in the United Kingdom with company registration number 02401127. 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 and its subsidiary undertakings (the “**Group**”), 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 2022 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 31 December 2021 were audited and the auditors’ report on those financial statements was unqualified and 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 31 December 2020.

The interim consolidated financial information incorporates the financial statements of Kendrick Resources Plc and its subsidiaries.

Going concern basis of accounting

The Group made a loss from all operations for the six months ended 30 June 2022 after tax of £185,000 (2021: £169,000), had negative cash flows from operations and is currently not generating revenues. However, the Company raised £3,250,000 at the time of the Company’s Listing in May 2022 and Cash and cash equivalents were £2,173,000 as at 30 June 2022, which will enable the Company to commence its exploration activities on its newly acquired projects. An operating loss is expected in the year subsequent to the date of these accounts and as a result the Company will need to raise funding 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.

Based on the Board’s assessment that the Company 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. 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.

3. Earnings per share

	Unaudited 30 June 2022 £	Unaudited 30 June 2021 £
(Loss) attributable to equity holders of the Company	(184,700)	(169,362)
Weighted average number of shares	75,643,347	11,190,363
Weighted average number of shares and warrants	75,643,347	11,190,363
Basic loss per ordinary share	(0.24)p	(1.51)p
Diluted loss per ordinary share	(0.15)p	(1.51)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 and is in accordance with IAS 33.

4. Investments

The company has adopted the provisions of IFRS9 and has elected to treat all available for sale investments at fair value with changes through the profit and loss.

Available-for-sale investments under IFRS9 are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IFRS 13. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. All gains and losses are taken to profit and loss.

The Company's intention following its Listing is not to purchase any new investments and to hold its residual portfolio as realisable investments as a source of liquidity when required.

5. Acquisition of subsidiaries

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 (issued)	2,225,000
Cash consideration	224,126
	2,449,126
-	

6. Exploration and evaluation assets

	30 June 2022	31 Dec 2021
	£	£
Balance at beginning of period	-	-
Acquisitions during the period		
- Northern X Group (note 5)	2,449,126	-
- Exploration expenditure	251,207	-
Carried forward at end of period	2,700,333	-

6.1. Exploration assets

Summary of Projects: The projects are a portfolio of early to advanced stage exploration projects covering a combined area of 466.72 km² in Scandinavia. The most advanced of these Projects are the Airijoki and Koitelainen vanadium projects in Sweden and Finland respectively. In addition the Company holds the following licences:

- Finland – the Karhujupukka vanadium-magnetite exploration project
- Sweden – the Kramsta, Kullberget, Simesvallen and Sumåssjön exploration projects in Sweden (collectively known as the Central Sweden Project)

The Karhujupukka project also support defined mineral resources prepared in accordance with the JORC Code (2012.) However, these remain subject to further techno-economic assessment. The remaining projects represent brownfield to greenfields exploration opportunities based on the results of historical activities, some with historical mineral estimates that remain to be updated to the requirements of the JORC Code (2012).

6.2. Exploration assets accounting policy

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.

7. Investment in Norwegian Projects

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 “**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.

The Acquisition is conditional upon the Norwegian Directorate for Mineral Administration approving the transfer of the licences to a wholly owned subsidiary of Kendrick. Subsequent to the period end the Company on 12 August 2022 announced this process was completed, 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 note10).

The Norwegian Projects comprise:

- The Espedalen Project consisting of 16 contiguous exploration permits covering a combined area of 139.89 km² currently contains two nickel deposits
- The Sigdal Project consisting of three exploration licences totalling 30 km² containing a geophysical conductor associated with historical mine workings, which has only been tested with two short drill holes, returning gold grades over 10g/t with encouraging nickel and copper mineralisation
- The Hosanger Project consisting of a coherent tenure package of four exploration licences covering 40 km² and contains the historical Litland nickel mine

8. Share Capital

	June 2022 Number	£	December 2021 Number	£
Issued equity share capital Issued and fully paid				
Ordinary shares of £0.0003 each	219,511,616	65,853	11,190,363	3,357
Deferred shares of £0.00999 each	335,710,863	3,353,752	335,710,863	3,353,752
Deferred shares of £0.009 each	1,346,853,817	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
		22,992,239		22,929,743

Group	30 June 2022		
	Number of Ordinary shares	Share capital £	Share Premium £
As at 1 January 2022	11,190,363	3,357	25,027,278
Shares issued during the period	208,321,253	62,496	6,432,247
Share issue costs	-	-	(816,363)
As at 30 June 2022	219,511,616	65,853	30,643,162

Movement in shares issued during the period

Shares issued from placing on admission	92,857,143	27,857	3,222,143
Share 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
Total	208,321,253	62,496	6,432,247

- 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.

- 2) 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.

9. Proceeds from the issuance of ordinary shares

	Six months to 30 June 2022	YE 31 December 2021
	£	£
Share capital and premium at end of period (Note 7)	53,635,401	-
Advisers’ fees settled by shares	(340,243)	-
Loan notes converted into shares	(679,500)	-
Share issued on acquisition on subsidiaries	(2,225,000)	-
Share capital and premium at beginning of year	(47,957,021)	-
	2,433,637	-
	£	£
	£	£
	-	-
Gross Funds raised from placing on admission	3,250,000	-
Listing costs	(816,363)	-
Net proceeds received from placing	2,433,637	-
Advisers’ fees settled by shares	330,243	-
Net proceeds from issue of shares	2,773,880	-

10. Subsequent events

Further to its announcement on 16 May 2022 as detailed in note 7 the Company on 12 August 2022 announced it had completed the acquisition of the Espedalen, Hosanger, and Sigdal nickel-copper-cobalt exploration projects in Norway (the “**Norwegian Projects**”) from EMX Scandinavia AB (previously named Eurasian Minerals Sweden AB) (“**EMX**”) in consideration for the issue of 20,226,757 new ordinary shares in the Company, which rank pari passu with the Company’s existing ordinary shares.

Lock up arrangements: 50% of the 20,226,757 new ordinary shares are subject to a three-month voluntary escrow and the balance of 50% subject to a six-month voluntary escrow.

17,979,378 of the new ordinary shares were issued to EMX Royalty Corporation which will represent 7.5% of the enlarged share capital with the balance to be issued to a business partner of EMX.

Following the issue of the 20,226,757 new ordinary shares, the Company’s total issued share capital consists of 239,738,373 ordinary shares