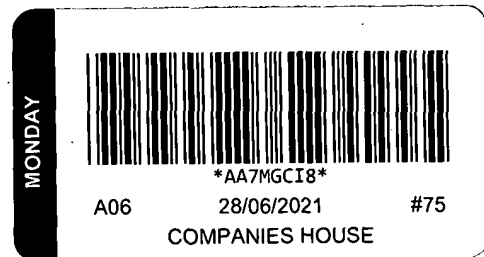


Company Registration Number: 02401127

KENDRICK RESOURCES PLC
(formerly BMR Group PLC)

ANNUAL REPORT
29 DECEMBER 2020



KENDRICK RESOURCES PLC

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KENDRICK RESOURCES PLC

DIRECTORS AND ADVISERS

DIRECTORS

C Bird Chairman

K Thygesen Non-Executive Director

COMPANY SECRETARY

M A Borrelli

REGISTERED AND HEAD OFFICE

7/8 Kendrick Mews

London SW7 3HG

Registered No. 02401127

AUDITORS

Crowe U.K. LLP

55 Ludgate Hill

London EC4M 7JW

REGISTRARS

Neville Registrars Limited

Neville House

18 Laurel Lane

Halesowen

West Midlands B63 3DA

WEBSITE www.kendrickresources.com

Kendrick Resources PLC

CHAIRMAN'S STATEMENT (Continued)

I present below the financial statements of the Company for the year ended 29 December 2020.

As the financial statements of the Company for the period ended 29 December 2019 were published on 23 December 2020, all matters relevant to the review of the year have already been disclosed.

On 20 January 2021, the Company entered into a conditional agreement with Pursuit Minerals Ltd to acquire nickel and vanadium projects in Norway, Sweden and Finland for A\$3 million, to be satisfied predominantly in new Kendrick Resources Plc ("Kendrick") shares, subject to the re-listing of the Company and to Kendrick raising A\$2.65 million to fund project development. The agreement was initially subject to completion by 31 March 2021 and has been extended by mutual agreement, and payment of a fee of A\$60,000, for an additional six months.

Since the year end, at the Annual General Meeting held on 4 February 2021, shareholders approved the re-election of Kjeld Thygesen as a Director and also the change of name of the Company.

During the year under review, the Company was focused on identifying and negotiating new projects for acquisition that will be suitable for the relisting of the Company.

The Scandinavian Projects

The Board believes that the resources identified within the recently-acquired nickel and vanadium projects in Norway, Sweden and Finland are of significant potential value. The Company is currently reviewing all of the projects to ensure that legally they are in good standing and that contractual agreements are adhered to. Some geophysical work has been carried out to verify strike continuity of one of the vanadium projects. The recent period has seen vanadium prices strengthen considerably and the proposed projects for acquisition show increased potential, since the time of agreement.

The Kabwe Project

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.

Results for the period

The Company reported a loss before taxation for the year of £33,000 (2019: £9.32 million, after an impairment charge of £8.8 million) and administrative expenses of £191,000 (2019: £515,000). Net assets at 29 December 2020 amounted to £89,000 (2019: £122,000) including cash and cash equivalents of £9,500 (2019: £37,000).

Kendrick Resources PLC

CHAIRMAN'S STATEMENT (Continued)

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.

Outlook

We are confident that the Scandinavian Projects will have significant potential for value creation in the near term, but do not expect income arising from the Kabwe tailings for the midterm.

We remain firmly of the view that we can raise funds and achieve a re-listing during 2021.



Colin Bird

Chairman

25 June 2021

Kendrick Resources PLC

STRATEGIC REPORT

The Directors present their strategic report for the year ended 29 December 2020.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of mining exploration and development.

GOING CONCERN

As disclosed in Note 3, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements

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

The Director's 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 intends to take 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.

Kendrick Resources PLC

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

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

	<i>Yearended</i> <i>29 December 2020</i>	<i>Yearended</i> <i>29 December 2019</i>
	£	£
Total assets	254,434	284,350
Net assets	88,623	122,056
Cash and cash equivalents	9,496	37,396
Trade and other payables	(165,811)	(162,294)
Loss before tax for the year	(33,433)	(9,318,633)

PRINCIPAL RISKS AND UNCERTAINTIES

The Company 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 Company identifies and monitors the key risks and uncertainties affecting the Company 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 Company'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 Company 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 Company's result of operations and financial condition. The Company'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.

Kendrick Resources PLC

DIRECTORS' REPORT

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 Company 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

Kendrick has a royalty over 11% of net earnings generated by the Kabwe plant. The generation of revenues at the Kabwe plant is subject to the timely construction, and successful operation, of the plant by Jubilee Metals Group PLC.

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.

Kendrick Resources PLC

DIRECTORS' REPORT

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 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.

Kendrick Resources PLC

DIRECTORS' REPORT

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.

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 areas in which Kendrick will operate.

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, 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

25 June 2021

Kendrick Resources PLC

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements, for the year ended 29 December 2020.

RESULTS AND DIVIDENDS

The results for the period are set out in the Statement of Comprehensive Income on page 19. The Directors do not recommend the payment of a dividend on the ordinary shares (2019: nil).

DIRECTORS AND THEIR INTERESTS

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 (appointed 23 October 2020)

M A Borrelli (resigned 8 October 2020)

A R Gardner-Hillman (resigned 27 October 2020)

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:

	Ordinary shares of 1p 29 December 2020	Ordinary shares of 1p 29 December 2019
C Bird	506,250	506,250
K Thygesen	-	-
<i>Former directors</i>		
M A Borrelli	2,483,332	2,483,332
A R Gardner-Hillman	-	-

Other than as set out above, none of the Directors at 29 December 2020 held any interest in shares of the Company during the year. All of the interests reported are beneficial.

Colin Bird is non-executive chairman of Jubilee Metals Group PLC which has an interest of 29.0% in the Company at the date of these accounts.

Kendrick Resources PLC

DIRECTORS' REPORT (Continued)

EXECUTIVE DIRECTOR

Colin Bird

Mr Bird is a chartered engineer, is a Fellow of the Institute of Materials, Minerals and Mining and holds both a UK and South African Mine Managers Certificate. The formative part of his career was spent in the UK coal mining industry and thereafter he moved to the Zambian copper belt and then to South Africa to work in a management position with Anglo Coal and BP Coal. On his return to the UK he was Technical and Operations Director of Costain Mining Limited, which involved responsibility for mining operations in the UK, Europe and Latin America. He has been involved in the management of nickel, copper, gold and many diverse mineral operations. He has founded and floated several public companies in the resource sector and served on resource company Boards in the UK, Canada and South Africa. He is non-executive chairman of Jubilee Metals Group PLC which has an interest of 29.0% in the Company.

NON-EXECUTIVE DIRECTOR

Kjeld Thygesen

Kjeld is a graduate of the University of Natal in South Africa and has 30 years' experience as a resources analyst and fund manager. He joined African Selection Trust in 1970, researching and managing a portfolio of South African mining companies. In 1972 he joined James Capel and Co. in London in 1972 as part of their highly rated gold and mining research team, and subsequently became manager of N M Rothschild & Sons' commodities and Natural Resources Department in 1979. In 1987 he became an executive director of N M Rothschild International Asset management Limited, before co-founding Lion Resource Management Limited, a specialist investment manager in the mining and natural resources sector, in 1989. Kjeld has been a director of Ivanhoe Mines Ltd since 2001 and served as Investment Director for Resources Investment Trust PLC from 2002 – 2006. Kjeld brings a wealth of experience in the natural resources sector as a fund manager, advisor and investor.

ISSUES OF SHARES, OPTIONS AND WARRANTS

There were no issues of ordinary shares and no share options were granted during the year.

Shareholders approved at the AGM on 4 February 2021 a new share option scheme ("Executive Share Option Scheme") for its directors, senior management, consultants and employees on the following terms: (i) the number of options to be issued shall not exceed 10% of the issued share capital of the Company from time to time; (ii) the exercise price of the options shall be determined by the remuneration committee of the Board of Directors of the Company based on a) the last fundraising by the Company whilst its shares are not traded on a stock exchange; and b) once the Company's shares are traded on a stock exchange the volume weighted average share price of the Company in the 30 days preceding the issue of the options save that in the 30 days post admission of the Company's shares to trading on a stock exchange ("Admission") any options may be issued at the placing price of any fundraising completed at Admission; (iii) the allocation of the options shall be determined by the remuneration committee of the Board of Directors of the Company; (iv) the options should vest in accordance with the terms of the Executive Share Option Scheme; and (v) the options should be exercised within ten years of the date of this resolution. This resolution revokes and replaces all unexercised authorities previously granted to the Company to establish any share option schemes for its directors, senior management, consultants and employees but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Kendrick Resources PLC

DIRECTORS' REPORT (Continued)

FINANCIAL INSTRUMENT

An explanation of the Company's financial risk management objectives, policies and strategies is set out in note 16.

COVID-19

The COVID-19 pandemic announced by the World Health Organisation in the period initially had a markedly negative impact on global stock markets although many sectors and stock market losses have been recovered there is increased volatility as stock markets react to ongoing news in relation to the short-term and long-term impact of COVID-19 and the financial implications of the economic stimulus packages adopted by most governments to protect and / or support their economies this has also, affected currencies and general business activity.

The Company has developed a work at home policy and adopts local procedures for exploration activities to address the health and wellbeing of its directors, consultants and contractors, and their families, in the face of the COVID-19 outbreak.

The timing and extent of the impact and recovery from COVID-19 is still not certain as although certain countries have implemented successful vaccination programs others lag behind , many international travel restrictions remain in place and different countries are experiencing new waves of infection, so COVID-19 remains an issue that requires ongoing monitoring in 2021 and likely at least into 2022 but possibly longer.

EVENTS AFTER THE REPORTING DATE

Events after the reporting date have been disclosed in Note 19 to the Financial Statements.

STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

AUDITORS

Crowe U.K. LLP have expressed their willingness to continue in office as auditors.

A resolution proposing the re-appointment of the auditors Crowe U.K. LLP will be put to shareholders at the Annual General Meeting.

Kendrick Resources PLC

DIRECTORS' REPORT (Continued)

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



C Bird
Chairman

25 June 2021

Kendrick Resources PLC

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. The Directors prepare financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU')

The financial statements are required by law and IFRSs as adopted by the EU 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 they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the 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.

Kendrick Resources PLC

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

Opinion

We have audited the financial statements of Kendrick Resources plc (the "Company") for the year ended 29 December 2020, which comprise the statement of comprehensive income, statements of financial position, statements of cash flows, statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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, 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.

Material uncertainty relating to going concern

We draw attention to the adequacy of the disclosure made in note 3 to the financial statements indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether it gives rise to 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.

Kendrick Resources PLC

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 15, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Kendrick Resources PLC

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

- We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and relevant taxation legislation.
- We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.
- Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.
- These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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



Leo Malkin
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

25 June 2021

Kendrick Resources PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 29 December 2020

	Notes	Year to 29 December 2020 £	Period to 29 December 2019 £
Administrative expenses		(190,623)	(515,371)
Gain on disposal of investment		14,663	-
Gain in fair value of investment		142,778	-
Impairment charge		-	(8,802,580)
Operating profit/(loss)	5	(33,182)	(9,317,951)
Finance expense		(251)	(452)
Profit/(Loss) before tax		(33,433)	(9,318,403)
Taxation	8	-	-
Profit/(Loss) for the period		(33,433)	(9,318,403)

There was no other comprehensive income for 2020 and 2019.

The note on page 23 to 38 form part of these of financial statements.

All amounts are derived from continuing operations.

Kendrick Resources PLC

STATEMENT OF FINANCIAL POSITION

As at 29 December 2020

Company No. 02401127

	Notes	29 December 2020 £	29 December 2019 £
Assets			
Non-current assets			
Property, plant and equipment	9	10,670	20,726
		<u>10,670</u>	<u>20,726</u>
Current assets			
Current asset investment	11	223,340	124,308
Trade and other receivables	12	10,928	101,920
Cash and cash equivalents		9,496	37,396
		<u>243,764</u>	<u>263,624</u>
Total assets		<u>254,434</u>	<u>284,350</u>
Liabilities			
Current liabilities			
Trade and other payables	13	165,811	162,294
		<u>165,811</u>	<u>162,294</u>
Total liabilities		<u>165,811</u>	<u>162,294</u>
Net assets		<u>88,623</u>	<u>122,056</u>
Equity			
Share capital	14	22,929,743	22,929,743
Share premium	14	25,027,278	25,027,278
Merger reserve		1,824,000	1,824,000
Accumulated losses		(49,692,398)	(49,658,965)
Total equity		<u>88,623</u>	<u>122,056</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 June 2021 and were signed on its behalf by



C Bird
Chairman

Kendrick Resources PLC

STATEMENT OF CASH FLOW

for the year ended 29 December 2020

		Year to 29 December 2020 £	Period to 29 December 2019 £
Cash flows from operating activities			
Loss before tax		(33,433)	(9,318,403)
Adjustments to reconcile net losses to cash utilised :			
Foreign exchange losses on foreign subsidiary loans	10	-	471,231
Depreciation of property, plant and equipment	9	10,056	12,492
Impairments loss	10	-	8,802,581
Gain on disposal of investment shares		(14,663)	(96,221)
Gain in fair value of investment at reporting date		(142,778)	-
Operating cash outflows before movements in working capital		(180,818)	(128,320)
Changes in:			
Trade and other receivables		90,992	293,921
Trade and other payables		3,517	(544,550)
Net cash outflow from operating activities		(86,309)	(378,949)
Investing activities			
Loans to subsidiaries		-	21,122
Proceeds of sale of Investment shares		58,409	475,420
Purchases of property, plant and equipment		-	(8,199)
Acquisition of investments		-	(124,308)
Net cash inflow from investing activities:		58,409	364,035
Net decrease in cash and cash equivalents		(27,900)	(14,914)
Cash and cash equivalents at beginning of period		37,396	52,310
Cash and cash equivalents at end of period		9,496	37,396

Kendrick Resources PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 29 December 2020

	Share capital £	Share premium £	Share based payment reserve £	Merger reserve £	Accumulated losses £	Total equity £
As at 30 December 2018	22,929,743	25,027,278	45,770	1,824,000	(40,386,332)	9,440,459
Total comprehensive loss for the period	-	-	-	-	(9,318,403)	(9,318,403)
Share based credit	-	-	(45,770)	-	45,770	-
As at 29 December 2019	22,929,743	25,027,278	-	1,824,000	(49,658,965)	122,056
Total comprehensive loss for the year	-	-	-	-	(33,433)	(33,433)
As at 29 December 2020	22,929,743	25,027,278	-	1,824,000	(49,692,398)	88,623

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

Share based payment reserve - amount arising on the issue of warrants and share options during the period

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 FINANCIAL STATEMENTS

Year ended 29 December 2020

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 2020. The comparative period is for the year to 29 December 2019.

2. ADOPTION OF NEW AND REVISED STANDARDS

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and, in some cases, have not yet been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Company in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union ('EU') and those parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The principal accounting policies adopted are set out below.

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

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Subsequent to the year end the Company has raised £210,000 from the issue of convertible loan notes and its holding of listed investments was valued at £223,000 as at the period end as compared to the Company's administrative expenses of £190,623 for the period;
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. The requirement for additional funds constitutes a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

Should the company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company'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 Company 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.

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.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 income.

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.

Financial instruments

Recognition of financial assets and financial liabilities

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

De-recognition of financial assets and financial liabilities

The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it has to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The Company derecognises financial liabilities when the Company'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.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company 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 Company 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.

Provisions

Provisions are recognised when the Company 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 Company applies IFRS 2 Share-based Payment for all grants of equity instruments.

The Company 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 Company'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 Company 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 Company is not subject to any externally imposed capital requirements.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements and estimations that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Going concern

As disclosed in note 3 the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

5. LOSS FOR THE YEAR

The loss for the period has been arrived at after charging / (crediting):

	2020	2019
	£	£
Depreciation of property, plant and equipment (note 9)	10,056	12,492
Impairment of investment in subsidiaries and loans to subsidiaries	-	8,802,580
Write back of VAT provision and reinstatement of VAT previously written off	-	(404,369)
Staff costs (note 7)	93,040	140,640
Gain on sale of investment	(14,663)	(96,221)
Gain in fair value of investment at reporting date	(142,778)	-
Finance charge	251	452

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

6. AUDITORS' REMUNERATION

The remuneration of the auditors can be analysed as follows:

	2020	2019
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	20,000
Fees payable to the company's auditor for other services:		
Other services relating to taxation work	1,150	2,750
	<u>16,150</u>	<u>22,750</u>

7. STAFF COSTS

	2020	2019
	Number	Number
Directors	3	3
Consultant	1	1
The average monthly number of employees	<u>4</u>	<u>4</u>
Their aggregate remuneration comprised:-		
Fees	£ 93,040	£ 140,640
	<u>93,040</u>	<u>140,640</u>

Included within staff costs £93,040 (2019: £140,540) relates to amounts in respect of Directors. The highest paid director's emoluments were £47,040 (2019: £80,640)

8. TAXATION

No liability to corporation tax arose for the year ended 29 December 2020 and year ended 29 December 2019, as a result of underlying losses brought forward.

Reconciliation of effective tax rate:

	2020	2019
	£	£
Loss before tax	(33,433)	(9,318,403)
Tax credit at the standard rate of tax in the UK	6,352	1,770,497
Tax effect of non-deductible expenses	(1,911)	(1,654,209)
Deferred tax not provided	(4,441)	(116,288)
Tax for the period	<u>-</u>	<u>-</u>

The standard rate of corporation tax in the UK applied during the year was 19% (2019: 19%).

At 29 December 2020, the Company are carrying forward estimated tax losses of £6.3m (2019: £6.3m) in respect of various activities over the years. No deferred tax asset was recognized in respect to these accumulated tax losses as there is insufficient evidence that the amount will be recovered in future years.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

9. PROPERTY PLANT AND EQUIPMENT

	Office equipment and computer £	Total £
COMPANY		
Cost		
At 30 December 2018	52,388	52,388
Additions	8,199	8,199
At 29 December 2019	60,587	60,587
Additions	-	-
At 29 December 2020	60,587	60,587
Accumulated depreciation		
At 30 December 2018	(27,369)	(27,369)
Charge for the period	(12,492)	(12,492)
At 29 December 2019	(39,861)	(39,861)
Charge for the period	(10,056)	(10,056)
At 29 December 2020	(49,917)	(39,861)
Carrying amount		
At 29 December 2020	10,670	10,670
At 29 December 2019	20,726	20,726

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

10. INVESTMENT IN SUBSIDIARIES

	Cost of Investment £	Long Term Loans £	Total £
COMPANY			
Cost at 30 December 2018	3,676,701	5,618,233	9,294,934
Advance to subsidiary undertakings	-	(21,122)	(21,122)
Effect of forex exchange rate charges	-	(471,231)	(471,231)
Impairment loss	(3,676,701)	(5,125,880)	(8,802,581)
At 29 December 2019 and 2020	-	-	-

The investment in subsidiaries and loans to subsidiaries were fully impaired in 2019 on the basis that they were disposed of at nil value in June 2020.

The Company disposed of its investment in the following subsidiary undertakings on 24 June 2020:

Name	Activity and operation	Country of incorporation	Ordinary Shares held Company	Ordinary shares held Company
Enviro Mining Limited 10 th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	Holding Company	Mauritius	-	100%
Enviro Processing Limited Plot 5209, Mine Plant Kabwe, Zambia	Tailings processing	Zambia	-	100%
Enviro Props Limited Plot 5209, Mine Plant Kabwe, Zambia	Property holding	Zambia	-	100%

The Company holding of 100% in the Zambian subsidiaries was held as to 99% by Enviro Mining Limited and 1% by a nominee on behalf of the Company.

The Company holding of 100% in the Mauritius subsidiary was held as to 95% by the Company and 5% by a nominee on behalf of the Company.

The Company held a 80% shareholding in KENDRICK Minas Portugal, this was disposed of at the beginning of 2019. The company was subsequently dissolved in June 2019

The Company held a 12.5% shareholding in Kabwe Operations Limited a company incorporated in Mauritius.

The Company held a 15% shareholding in Enviro Zambia Limited a company incorporated in Mauritius as at the period end and subsequently disposed of the shareholding on 24 June 2019.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

11. CURRENT ASSET INVESTMENT

	29 Dec 2020	29 Dec 2019
	£	£
Balance as at 29 December 2019	124,308	379,199
Additions	-	124,308
Disposals	(43,746)	(379,199)
Fair value through profit and loss	142,778	-
Balance as at 29 December 2020	<u>223,340</u>	<u>124,308</u>

The investment represents the acquisition of 24,615,385 new ordinary shares of Galileo Resources Plc resulting from the sale of Star Zinc. 8,662,519 shares were disposed of during the year leaving a balance of 15,952,866 held

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	£	£
Prepayment	-	9,950
Other receivables	890	890
Vat receivable	10,038	91,080
	<u>10,928</u>	<u>101,920</u>

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

13. TRADE AND OTHER PAYABLES

	2020	2019
	£	£
Trade and other payables	68,311	91,044
Amount owed to director	83,500	51,250
Accruals	14,000	20,000
	<u>165,811</u>	<u>162,294</u>

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

14. SHARE CAPITAL AND SHARE PREMIUM

	2020		2019	
	Number	£	Number	£
Issued equity share capital				
<i>Issued and fully paid</i>				
Ordinary shares of £0.01 each	335,710,863	3,357,109	335,710,863	3,357,109
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
		<u>22,929,743</u>		<u>22,929,743</u>

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:

15. SHARE OPTIONS

Share Options

The Company's previous share options scheme for directors and consultants ceased on 12 June 2020 and no options were exercised prior to this date.

A new Executive 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. The scheme itself will commence at some point during the next financial year.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

16. 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.

Categories of financial instruments

	2020 £	2019 £
Financial assets		
Current asset investment	223,340	124,308
Cash and cash equivalents	9,496	37,396
Other receivables	10,928	91,970
	<u>243,764</u>	<u>253,674</u>
Financial liabilities classified as held at amortised cost		
Trade and other payables	68,311	91,044
	<u>68,311</u>	<u>91,044</u>

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.

Fair value hierarchy

The Company 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;

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.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

16. FINANCIAL INSTRUMENTS (continued)

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 Company through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

As the Company has no committed borrowings, the Company 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 Company.

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 Company holds the majority of its funds in Sterling.

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

	Financial liabilities		Financial assets	
	2020	2019	2020	2019
	£	£	£	£
Company				
US Dollars	-	-	3,682	10,244

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 Company. The Company does not have any significant credit risk exposure on trade receivables.

The Company 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 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.

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 2020, the Company held cash and cash equivalent of £9,496 (2019: £37,396) 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 13, falls within one year and payable on demand.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

16. FINANCIAL INSTRUMENTS (continued)

The Company aim to maintain appropriate cash balances in order to meet its liabilities as they fall due.

Maturity analysis

Company 2020	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	165,811	-	61,000	107,811	-	-
Company 2019	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	162,294	-	63,893	14,795	83,606	-

17. RELATED PARTY TRANSACTIONS

Transactions between the Company and its previous subsidiaries, which are related parties, have been included in note 10.

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.

18. NET DEBTS RECONCILIATION

	2020 £	2019 £
Cash and cash equivalent	9,496	37,396
Net debt	9,496	37,396
Net debt as at 29 December 2019	37,396	52,310
Cash flow	(86,309)	(490,334)
Cash flow from sale of Investment shares	58,409	475,420
Net debt	9,496	37,396

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 29 December 2020

19. EVENTS AFTER THE REPORTING DATE

In January 2021 the Company raised £210,000 by way of Zero Coupon One Year Convertible Loan Notes of £1 each, repayable on 30 December 2021 (the "Repayment Date") the instrument being approved by resolution of the Board of Directors on 30 December 2020. 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").

On 20 January 2021, the Company was assigned by Lion Mining Finance Ltd and Camden Park Trading Limited 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.

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 underlying the Nordic Projects by the long stop date which was 31 March 2021 but has been extended to 30 September 2021 (the "Long Stop Date") by the payment of a A\$60,000 (approx. £33,000) fee to Pursuit on 29 March 2021.

The consideration upon completion of the Conditional Pursuit SPA is i) A\$50,000 (approx. £27,000) which has been paid ii) £1,250,000 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;

- 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.

Kendrick Resources PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 29 December 2020

19. EVENTS AFTER THE REPORTING DATE (continued)

The board firmly believe that the time of the smaller mine is returning and the Norwegian projects are very well suited both in terms of grade and tonnage to be a candidate for future nickel production

At the Annual General Meeting held on 4 February 2021, shareholders approved the re-election of Kjeld Thygesen as a Director, the change of name of the Company to Kendrick Resources PLC and a Executive Share Option Scheme.