

Company number: 11043077

CAERUS MINERAL RESOURCES PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 13 MONTHS ENDED 31 DECEMBER 2020

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CAERUS MINERAL RESOURCES PLC

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Company Number	11043077
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Chairman's Report

I am very pleased to present to shareholders the first Chairman's Statement since Caerus Mineral Resources became a public listed company operating as an Exploration and Resource Development Company in the Republic of Cyprus. Our ambition is to generate value for all stakeholders through the discovery, development and exploitation of copper – gold Mineral Resources. Caerus maintains a small corporate presence in London with an emphasis on the application of both funds and human resources on-site and on the ground in Cyprus.

Despite the unprecedented challenges that the COVID-19 pandemic created, Caerus has been able to quickly get into its stride following a successful Admission to the Standard List of the London Stock Exchange in March 2021. Recognising the inherent value of the Company's assets, Caerus received a number of unsolicited approaches shortly after Admission and I am pleased to inform shareholders that each of these has been acted upon by the Board of Directors in their best interests.

The acquisition of PR Plutonic Resources Limited ("PRL"), along with its three exploration licences, has secured Caerus some excellent, advanced, high-grade, mineral assets that can quickly be turned to account and which, in addition, based on more recent exploration, appear to offer the potential for new discoveries.

PRL provides the ideal opportunity for short-term gains through the reprocessing of high-grade copper and gold-bearing dumps and ore stockpiles. This allows us to remain true to our published strategy of building a portfolio of 'brownfield' and 'greenfield' licences that together provide optionality and significant risk reduction by offering access to dumps, stockpiles and remnant ore still to be found in former mines alongside the opportunity for the discovery of new deposits based on grassroots exploration. We recognise the opportunities that exist from reprocessing supposed waste material to recover copper and gold. We see ourselves as being part of the "Clean Energy" Transition and as such it seems only right that we should strive to promote a more sustainable operating environment by generating value from waste material.

The most significant recent event is undoubtedly the signing of a Joint Venture Agreement with Jubilee Metals Group ("Jubilee"). Jubilee is an impressive company that has established a substantial diversified suite of assets with a focus on the development of low-risk, low capital intensive metal production from the processing of mine waste materials at surface. Metal recovery from waste materials is consistent with Caerus's strategy and more specifically its' acquisition and development of brownfield sites in Cyprus that host sizeable metal-bearing waste dumps and ore stockpiles suitable for retreatment. An alliance with Jubilee provides the means by which the Company can maximise returns for shareholders by capitalising on the specific expertise offered by Jubilee, recovering both base metals and gold from our dumps and remnant ores.

The copper price has remained strong and is approaching a ten-year high with long-term forecasts predicting significant increases in demand for the metal linked specifically to the 'Clean Energy' Transition. Copper is one of the few metals that is an essential component of every one of the established 'Clean Energy' technologies. The emphasis being placed on rapid growth particularly in wind and solar power generation, together with the rapid increase in demand for electric vehicles and battery storage, places the spotlight firmly on copper and Caerus is well-placed to capitalize on demand for the metal. Gold as a 'by-product' from our operations provides a valuable additional source of revenue and improves the viability of lower grade, copper-bearing waste materials that might otherwise remain unexploited.

COVID-19 has impacted on our exploration programmes but the fact that almost all our exploration personnel are all Cypriot residents has meant that we have been able to continue operating throughout. The health and welfare of our employees is paramount and we continue to work within the limitations of any national Directive applied in Cyprus.

Finally, I would like to thank the management of our Company for their hard work and dedication over the past year and I look forward to the next exciting chapter in the growth and development of Caerus.

Strategy

Firmly aligned with the "Clean Energy" Transition, Caerus has adopted a strategy focused on building a copper – gold resource inventory from both 'brownfield' and 'greenfield' exploration opportunities in Cyprus. A series of historic events, beginning in 1974 with the premature closure of the majority of producing mines in the Country, ultimately led to a 45-year hiatus during which no exploration or mining of any note took place. The mining sector in Cyprus was still relatively immature at the time of closure with most mines focused on high-grade, easily accessible, massive sulphide copper orebodies. Run of mine ore grades of between 2 and 5% copper allowed producers to operate modest sized flotation processing plants to generate copper concentrate for export. There was no emphasis or need to process lower grade ore and certainly no desire to reprocess waste materials. The Company's brownfield licence portfolio provides access to dumps, ore stockpiles, remnant mineralisation and lower grade stockwork-type mineralisation that could not be processed through the smaller flotation plants operating up to the mid-70's. Today, with copper close to a 10-year price high and, with gold the forgotten metal in Cyprus filling the role of a valuable by-product, these lower grade and waste materials potentially represent valuable resources. Their presence on our licences provides an immediate opportunity to add significantly to the Company's Resource inventory.

At the same time, exploration methodologies have improved significantly over the past 45 years as has the understanding of the drivers that led to the formation of Cyprus-type Volcanogenic Massive Sulphide ("VMS") deposits. As a result, the Company has an opportunity to discover new mineral deposits within both the 'brownfield' and 'greenfield' licence portfolio. We have the benefit of employing exploration personnel and local consultants who have been immersed in Cypriot VMS geology their entire professional lives and therefore have a very clear understanding of the geology. In addition, they have a detailed knowledge of the history of the various deposits and former mines hosted by our licences giving the Company a competitive advantage when it comes to identifying likely sources of waste material that can be reprocessed.

It is important that we spend the resources of our Treasury wisely and management places an emphasis on tight budgetary control whilst at the same time not restricting the exploration team's natural tendency to take exploration risk. We do not want our geologists to be entirely risk averse. The policy certainly seems to be working with the recent discovery of the extension to the Troulli VMS orebody and the drive to acquire new ground for exploration.

We continue to promote safe operation of our exploration programmes in the best interest of our employees, contractors and the communities in which we explore. We are privileged to be operating in Cyprus and as such it is important that we respect the environment and continue to work to Best Industry Practice.

The Company inherited a substantial historic database when it acquired the New Cyprus Copper licences. This information has been supplemented by further data that has been sourced from the Geological Survey of Cyprus and the Mines Department. The process of digitizing this data and its conversion into a recognized and user-friendly Geological Information system ("GIS") has been underway for more than 6 months. The process is now sufficiently advanced that external consultants are able to start generating 3-D models of orebodies and drill data, all of which will enhance exploration.

The appointment of Cypriot geologists and consultants was completed during the period under review and personnel are now managed by the company's Country Manager who is resident in Cyprus.

Brownfield exploration has focused on both the metal-bearing waste materials, dumps and ore stockpiles together with the remnant ore reported by the Mines Department to remain following premature mine

closures. These licences also potentially host stockwork copper-gold mineralisation, extensions to remnant ore and former exploited orebodies and possible new discoveries.

Greenfield exploration risk has been reduced in part by the acquisition of new licences covering ground immediately adjacent to our brownfield licences hosting the geology and structures known to be necessary for the development of VMS-type mineralisation.

The Company has also continued to secure additional exploration ground based on recommendations from our exploration team together with those obvious sites where metal-bearing waste are known to occur.

Caerus was drilling targets within two weeks of Admission and the intention remains to quickly build a Mineral Resource Inventory. The short to medium-term focus is expected to be on waste material reprocessing as part of the advancement of the Jubilee Joint Venture. At the same time, there are a number of advanced projects within the licence portfolio that will be further developed. Management does not view waste reprocessing and development of new resources as being mutually exclusive and a capacity to develop new Mineral Resources in parallel to dump reprocessing is expected to benefit the risk profile and add significantly to the value of the Company.

Contractors and employees operate to a set of standards aimed at maintaining a safe working environment at all times. Everyone associated with the Company is conscious of their responsibilities in terms of protecting the environment and maintaining an open and meaningful dialogue with the communities in which we operate.

Financials

The loss for the Group for the 13 months ended 31 December 2020 was £108,333 (2019: loss of £390,041) which was in line with budgeted expectations. Cash held by the Group as at 31 December 2020 was £137,906 (2019: £3,492).

Outlook

The Group is looking forward to the acceleration of the exploration programme in Cyprus and we hope that this investment will prove very attractive for all shareholders. Furthermore, the recent listing and resulting fund raise by Caerus puts the Group in a strong position to look for new investment opportunities. The next 12 months should prove to be an exciting time for Caerus and I look forward to updating shareholders on further progress and developments. I would like to take this opportunity to thank all stakeholders for their continued support.



Michael Johnson
Chairman

Strategic and Corporate Governance Report

The Directors present their Strategic Report and Corporate Governance Report of Caerus Mineral Resources plc for the 13 month period ended 31 December 2020.

Principal Activity

The principal activity of the Group is exploring for minerals and identifying future acquisition targets in the same industry. On 29th September 2020 Caerus completed the acquisition of New Cyprus Copper P.A. Limited ("NCC") and its subsidiary (70% holding), Treasure Development Limited ("TDL"). NCC and TDL's principal activity is the exploration for, and development of, mineral resources in Cyprus.

Review of Business and Operations

The Group has continued its principal activities as detailed in the Chairman's Report on pages 4 to 6.

Financial Review and Key Performance Indicators ("KPI")

Loss for the year

The loss for the year before taxation amounted to £108,333 (2019: £390,041).

This loss arose from administrative, audit and legal costs associated with the Initial Public Offering ("IPO") and the execution of documentation and agreements to secure the rights to mineral properties in the Republic of Cyprus together with the costs associated with high-level due diligence and geological reconnaissance in Cyprus over the specific assets and licences targeted by the Company.

Cashflow and financing

During the reporting period net cash outflow from operating activities was £423,284 (2019: £177,836). The increased outflow is primarily attributable to the costs associated with the IPO, the due diligence and acquisition of NCC. This cashflow is key to providing funding to invest in the business and pursue the agreed strategy. This has predominantly been via equity and has increased significantly in 2021 with an overall cash raise of £2,250,000 from its admission on to the London Stock Exchange ("LSE"). Cashflow forecasts are reported to the Board on a monthly basis to ensure progress is in line with budget. Long term forecasts are also provided to ensure that the strategy of the business can be adequately funded. £700,000 (2019: £65,000) was invested in Caerus during the period, which along with cash and cash equivalents at the beginning of the period of £3,492 was primarily used to fund the operations in Cyprus and admission on to the LSE.

As a result, the Group had a £134,414 net increase in cash and cash equivalents at period end.

Balance Sheet

During 2020, current assets increased to £148,615 (2019: £46,110) and non-current assets increased to £1,690,536 (2019: £nil), this was a result of the increase in intangible assets resulting from the acquisition of the NCC group.

The total liabilities increased to £469,967 (2019: £212,202) as a result of the deferred consideration and the recognition of a deferred tax liability, both in relation to the NCC acquisition and accrued professional costs.

Caerus is looking to adopt both financial and non-financial key performance indicators (KPIs) to measure progress against the Group's strategy. Once developed these will allow the Group to monitor costs, plan for future investments and report on the Group's exploration success.

Section 172(1) statement and stakeholder engagement

The Companies Act 2006, Section 172(1) – Duty to promote the success of the company, states that a director of a company must act in the way he considers, in good faith, would be most likely to promote the success

of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

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

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

For the 13 month period ended 31 December 2020, the Directors consider that the following are examples of the principle decisions that they made to enhance shareholder value in the period:

- Acquisition of the NCC group to initiate its strategy of developing and expanding its mining operations;
- Completing its placing of its shares with the Main Listing of the London Stock Exchange and raising £2,250,000 in gross proceeds in order to fund its current operations and enable the Company to look for future investment opportunities; and
- Consideration and agreement of the Group's budget for the year ended 31 December 2021.

The Directors hold 15.1% of the shares of the Company with the remainder held by a wide range of individuals and Companies. The Directors aim to provide clear and timely information to its shareholders which will give an honest view of the performance of the Group. A payment policy is in place to ensure suppliers are treated fairly and paid in a timely manner. The Group currently has no employees, other than the Directors who have authorised service agreements in place. The Directors are aware of the impact exploration may have on the community and will put in place procedures to hear views from the effected community as the need arises.

Principal Risks and Uncertainties

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

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

The risk factors are summarised below:

Risks relating to the recent purchase of NCC and its assets

Whilst the Directors are of the opinion that following lengthy due diligence and the subsequent purchase of NCC and its licences that the assets represent a suitable first acquisition for the Company, it is recognised that there is no assurance that the Company's purchase will result in the successful development of mineral resources and value to shareholders.

Environmental and other regulatory requirements

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

Management and reliance on key personnel

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

Financing

The Board acknowledges that an adequate level of working capital for exploration of the licenced areas in Cyprus could depend upon the Group's ability to obtain financing primarily through a further raising of new equity capital. The Group's ability to raise further funds may be affected by the success of its acquired investments. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of its intended work program in its subsidiary. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

Brexit

The Group has not experienced any specific challenges which have arisen following Brexit and does not foresee any future material issues arising. The Directors continue to monitor the after effects of Brexit and as the Directors receive more information from the Government and the EU they will assess the impact to the Group and take appropriate steps as required.

Market Conditions

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

Covid 19

The COVID-19 pandemic is still providing extraordinary challenges around the world which has resulted in protracted volatility in international markets and a global recession as a consequence of disruptions to travel, retail segments, tourism, and manufacturing supply chains. The Group is continuing to take measures to mitigate the broader public health risks associated with COVID-19 to its business and employees, including social distancing, working from home where possible and minimising external contractor visits. The adverse future impact this may have on the Group is unknown, however to date, operations have been able to continue with no detrimental effect.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in foreign currency exchange rates, funding risk, credit risk, market risk/ commodity volatility, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group. Details of the Group's financial risk management policies are set out in note 22 to the Financial Statements.

Uninsured risk

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

Going concern

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

As referred to in the Chairman's Report, the Group raised gross proceeds of £2,250,000 by way of a share placing and issue of shares on 19 March 2021. These funds complement the Group's existing cash resources and will be used to fund the current exploration programme. Where required, the Directors will limit expenditure to ensure adequate resources remain available for the day to day running of the business. As is common for an early stage mining and exploration business, it is considered part of the normal course of business to require access to further funding from time to time to fund ongoing operations.

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

CORPORATE GOVERNANCE

Introduction:

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

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

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

Here follows a short explanation of how the Company applies each of the principles:

Principle One

Business Model and Strategy

The Group has a portfolio of mining licences and assets in Cyprus. It has a clear strategy of growing a sustainable mining business in Cyprus which has been set out in the chairman's report.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Virtual roadshows have been arranged over the last few months to meet with existing shareholders and potential new stakeholders to maintain, as much as possible, transparency and dialogue with the market. Additionally, investor presentations can be found on the Company's website.

Principle Three*Considering wider stakeholder and social responsibilities*

The Board recognises that the long-term success of the Company is reliant upon open communication with its internal and external stakeholders: investee companies, shareholders, contractors, suppliers, regulators and other stakeholders. The Company is in the process of establishing new close ongoing relationships with a broad range of its stakeholders and will ensure that it provides them with regular opportunities to raise issues and provide feedback to the Company.

Principle Four*Risk Management*

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

Principle Five*A Well Functioning Board of Directors*

The Board currently comprises of the Chief Executive, Martyn Churchouse and two non-executive Directors, Andrew Daniels and Michael Johnson (Chairman). All directors are considered to be independent and further information about the directors can be found on the company website at www.caerusmineralresources.com. The biographical details of these Directors are set out within Principle Six below. The Chairman, Michael Johnson has previous experience in his capacity as Chairman for other exploration companies. He is also an expert in mine site rehabilitation and environmental engineering with a particular emphasis on the Mining Sector. Martyn Churchouse has broad experience managing various elements of Junior Exploration companies including day to day management functions, completion of acquisitions and other transactions and raising funds. He is also a practicing geologist with expertise both in the fields of exploration and mining geology with emphasis on feasibility studies. Andrew Daniels is a practicing geologist with both exploration and mine geology expertise. He also has wide ranging banking experience. All Directors are subject to re-election in accordance with both the requirements of the UK Companies Act and the Company's articles of association ("Articles"). The Company's Articles state that Directors are subject to re-election at intervals of no more than three years. The letters of appointment for all Directors stipulate the time commitment that each Director is expected to provide to the Company. The Board Chairman serves as chair of every meeting of the Board of Directors.

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

Attendance at Board and Committee Meetings

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

<i>Director</i>	<i>Number of formal board meetings with possible attendance record in 2020</i>	<i>Number of formal board meetings with possible attendance record in 2021</i>
Martyn Churchouse	4/4	5/5 (including one Remuneration Committee Meeting and one Audit Committee Meeting)
Andrew Daniels	0/2	2/5 (including one Remuneration Committee Meeting and one Audit Committee Meeting)
Michael Johnson	4/4	5/5 (including one Remuneration Committee Meeting and one Audit Committee meeting)

Principle Six*Appropriate Skills and Experience of the Directors*

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

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

Biographies of the Board are as included below.

Professor Michael Stephen Johnson, Non-executive Chairman

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

Martyn John Churchouse, Chief Executive Officer

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

Harold Andrew Daniels, Non-executive Director

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

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

Principle Seven

Evaluation of Board Performance

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

Principle Eight

Corporate Culture

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

Issues of bribery and corruption are taken seriously. The Company has a zero-tolerance approach to bribery and corruption and has an anti-bribery and corruption policy in place to protect the Company, its employees and those third parties to which the business engages with. The policy is provided to staff upon joining the business and training is provided to ensure that all employees within the business are aware of the importance of preventing bribery and corruption. Each employment contract specifies that the employee will comply with the policies. There are strong financial controls across the business to ensure on going monitoring and early detection.

Principle Nine

Maintenance of Governance Structures and Processes

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

Audit committee – This is led by Michael Johnson (Chair). Martyn Churchouse and Andrew Daniels are also on the committee. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Remuneration committee – This is led by Michael Johnson (Chair). Martyn Churchouse and Andrew Daniels are also on the committee. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share

options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

As the Company grows, the Directors will ensure that the governance framework remains in place to support the development of the business.

Principle Ten

Shareholder Communication

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

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

Other relevant stakeholders

Non-audit work

The external auditor acted as the Company's Reporting Accountant and performed certain tax compliance work. This was approved by the Board as it did not affect the independence or objectivity of the external auditor.

Internal audit

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

Whistleblowing

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

COVID-19 Communication

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

ENVIRONMENT, HEALTH, SAFETY AND COMMUNITY POLICY STATEMENT

Caerus is committed to providing a safe working environment for all its employees and to responsibly managing all of the environmental interactions of its business. Our objective is to perform and achieve at a level notably in excess of the regulatory minima required by the host countries in which we do business.

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

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

The following specific commitments are made as regards HSEC matters:

Health & Safety

- We provide all employees with health and safety training as required and applicable.
- We take all necessary measures to minimise workplace injuries to our employees.

- We have established management and advisory programmes for the prevention of transmissible diseases of our employees.

Environment

At Caerus, we pride ourselves on being skilled, responsible developers. We function with the clear mandate of being in full compliance with corporate standards, applicable environmental laws, regulations and permit requirements. Our internal monitoring also plays a critical role in continuously improving our environmental performance. This is reported to the Board annually.

We strive to minimize our environmental effects wherever and to:

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

Communities

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

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

We will not violate human rights and we will, wherever possible, favour employment for local people when we recruit. We will strive to be recognised as a socially aware and responsible business.

Events after the reporting date

Events after the reporting date are as described in the Chairman's Report and Note 24 to the financial statements.

This report was approved by the Board on 2 June 2021 and signed on its behalf by:



M J Churchouse
Director

Report Of The Directors

The Directors present their report, together with audited consolidated financial statements for the 13 month period ended 31 December 2020 (with comparative figures for the twelve month period ended 30 November 2019).

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

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

Principal Activities

The principal activity of the Group is exploring for minerals and identifying future acquisition targets in the same industry.

Results and Dividends

The loss for the 13 month period before taxation amounted to £108,333 (prior year loss of £390,041).

The Directors do not recommend the payment of a dividend (2019: £Nil). The nature of the Company's business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Company should seek to generate capital growth for its Shareholders. The Company may recommend distributions at some future date when it becomes commercially prudent to do so, having regard to the availability of the Company's distributable profits and the retention of funds required to finance future growth.

Directors' and Officers' Indemnity Insurance

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

Business Review and Future Developments

A review of the business and future developments is outlined in the Chairman's Report and the Strategic and Corporate Governance Report.

Directors

The Directors during the period under review, and as at the date of this report, were as follows:

Professor Michael Johnson (Non-executive Chairman)
 Martyn Churchouse
 Harold Andrew Daniels (appointed 13 November 2020) (Non-executive Director)

Directors' interests

The beneficial interests of the Directors who held office at 31 December 2020 and their connected parties in the share capital of the Company were as follows:

	2020 number of Ordinary shares	2019 number of Ordinary Shares
Professor Michael Johnson	*1,750,001	*1,750,001
Martyn Churchouse	850,000	850,000
Harold Andrew Daniels	4,490,550	-

*300,000 Ordinary Shares (2019: 300,000) are held by their connected party, Helen Johnson.

Substantial shareholders

The Company has been notified of the following interests of 3 per cent. or more in its issued share capital as at 2 June 2021:

	Number of Ordinary shares	Percentage of holding
EV Metals Group Plc	10,000,000	19.84%
O.V. & S. Secretarial Ltd as trustee for PM Plutonic Metals Ltd ¹	4,490,550	8.91%
Indo European Mining PR Ltd	3,689,000	7.32%
Wentworth Limited	2,333,332	4.63%
Bank of New York Nominees	2,250,000	4.46%
Professor Michael Johnson	1,750,001	3.47%
JIM Nominees Ltd	1,712,493	3.40%

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

Directors' Remuneration

The executive Director's remuneration package includes a basic annual salary. The Group does not make any contribution to any pension plans of any of the Directors and it has not initiated a share option scheme for any of its employees. The executive Director's remuneration is reviewed once per year. In deciding upon appropriate levels of remuneration the Company has regard to rates of pay for similar jobs in comparable companies as well as internal factors such as performance. The executive Director currently has an employment contract which may be terminated by the Company with up to 6 months' written notice. No other payments are made for compensation for loss of office.

Andrew Daniels, a non-executive Director of Caerus, has a service agreement as an executive Director of the subsidiary NCC with an appointment period of minimum two years, and thereafter until terminated by either party not giving less than three months' prior written notice.

The remuneration disclosure is not in full compliance with the requirements of a Remuneration Report for a Standard listed company as the Company was not listed until after the year end. Future reports will be in full compliance.

Directors emoluments

Amounts paid by the Group in respect of Directors' services are as follows:

	13 months ended 31 December 2020	12 months ended 30 November 2019
	Fees £	Fees £
Professor Michael Johnson	-	-
Martyn Churchouse	10,000	35,000
Harold Andrew Daniels	18,906	-
	<u>28,906</u>	<u>35,000</u>

Directors' fees were all paid in cash.

On 7 April 2021 2,000,000 Bonus Warrants were issued to Professor Michael Johnson (with an exercise price of 12.5p, expiring on 19 March 2023) in lieu of salary and Director fees for the calendar years 2019-2021.

Statement of the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board consider that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in decisions taken during the 13 month period ended 31 December 2020. This is set out in more detail in the Strategic Report.

Going concern

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

As referred to in the Chairman's Report, the Group raised gross proceeds of £2,250,000 by way of a share placing and issue of shares on 19 March 2021. These funds complement the Group's existing cash resources and will be used to fund the current exploration programme. Where required, the Directors will limit expenditure to ensure adequate resources remain available for the day to day running of the business. As is common for an early stage mining and exploration business, it is considered part of the normal course of business to require access to further funding from time to time to fund ongoing operations.

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

Provision of Information to Auditors

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

Corporate Governance

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

Annual general meeting

The Company will hold its annual general meeting for 2020 on 22 June 2021.

Listing

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

Statement of Directors Responsibilities

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

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) and IFRIC Interpretations Committee ('IFRS IC') in accordance with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

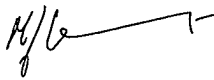
In preparing these financial statements, the Directors are required to:

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

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

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

This report was approved and authorised for issue by the board on 2 June 2021 and signed on its behalf by:



M J Churchouse
Director

CAERUS MINERAL RESOURCES PLC

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

Opinion

We have audited the financial statements of Caerus Mineral Resources PLC (the 'parent company') and its subsidiaries (the 'group') for the 13 month period ended 31 December 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and as regard to the group financial statements, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of preparation included obtaining management's assessment of going concern and associated cash flow forecasts for the period of 12 months from the date of approval of the financial statements. We reviewed the assessment and made enquiries of management to confirm key assumptions made and drivers to the assessment. We evaluated the inputs to the cash flow forecast for reasonableness, compared non discretionary costs to historic costs incurred, and also considered sensitised forecasts that show the effect of the Group's predicted costs increasing by 25%.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent

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company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit. This is reviewed accordingly during fieldwork and completion dependent on adjustments made during the audit.

The group was audited to a level of materiality for the financial statements as a whole of £37,000, a benchmark calculated based on 2% of gross assets. This was the first year in which the Company had formed part of a Group and is therefore the first year that Group materiality has been applied. We consider gross assets to be the most significant determinant of the group's financial position and performance used by shareholders, with the key financial statement balances of the group being the exploration and evaluation assets and whilst the Group is within the pre-revenue stage of its expected life cycle and focused on the development of its assets.

The performance materiality applied at the group level was £25,900. We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,850, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The Group and performance materiality was set by us so as to ensure sufficient coverage of key balances.

The materiality applied to the Parent Company was £36,000, being 2.7% of net assets, (2019 - £20,000) with performance materiality applied of £25,200 (2019 - £15,000). The audit of New Cyprus Copper Limited and Treasure Development Limited was performed by component auditors, with component materiality set at £17,000 and £21,000 respectively.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, including the requirement for impairment of exploration assets under IFRS 6. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The audit of the parent company was principally performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing mining exploration entities and publicly listed entities. The work on the two components making up the NCC group that was acquired in the year, was performed in Cyprus by local auditors with knowledge of specific laws and regulations and local accounting legislation applicable to entities being audited in Cyprus. This work was reviewed by us and subsequently additional testing relating to certain areas of the Cypriot audits was subsequently performed by us in order for us to obtain sufficient and appropriate evidence to support our opinion on the group and parent company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the

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efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Carrying value and appropriate capitalisation of Intangible Assets – See note 10 Following the acquisition in the period, the group has intangible assets, comprising capitalised exploration costs relating to its exploration and evaluation activities in Cyprus. There is the risk that these assets have been incorrectly capitalized contrary to the requirements with IFRS 6 and that there are indicators of impairment as at 31 December 2020. Particularly for early stage exploration projects where the calculation of recoverable amount via value in use calculations is not possible, management's assessment of impairment under IFRS 6 requires significant estimation and judgement due to the inherent uncertainty involved in the assessment of exploration projects.	Our work included the following: • Confirming through review of component auditor files the good standing of the licenses held by the subsidiaries, to confirm the carrying value of intangible assets / investment is appropriate. • Reviewing management's assessment of the carrying value of the assets. Assumptions made by Management were compared to other sources of information such including the Geological report obtained by the Group upon acquisition of the assets. • The Group's budget for exploration activities was reviewed it was confirmed with Management that substantive exploration expenditure is planned on the assets held. • Additions made post acquisition were substantively tested to supporting documentation to ensure that they had been correctly capitalised in accordance with IFRS 6. Based on the procedures performed, we consider management's judgements and estimates to be reasonable and the related disclosures appropriate.
Treatment of the acquisition of New Cyprus Copper Group – see note 11: On 13 November 2020, Caerus Mineral Resources PLC acquired the New Cyprus Copper group (NCC) for the following consideration: On acquisition, the Company paid an initial purchase price of £1,000,005 which was satisfied by the payment of £150,005 in cash and the remainder in Consideration Shares. There was also contingent consideration payable. The fair value of the contingent	Our work included the following: • Reviewing the sale and purchase agreements for investments purchased during the period. • Agreeing the level of consideration booked to the sale and purchase agreement and other supporting documentation. • Reviewing the value ascribed to the initial Consideration Shares by Management and corroborating this to other evidence available to support this valuation. In particular other third party share issues around the date of acquisition.

consideration (in the form of the issue of two million £0.01 ordinary shares up to the value of £200,000 based on a 30-day volume weighted average price) upon publication of a JORC compliant resource of not less than 2Mt at a minimum grade of 1% Cu equivalent Management judgement is involved in determining the appropriate accounting treatment, including whether or not the acquisition met the definition of a business combination, date of transfer of control and accounting for consideration. Management judgement is also required in the assessment of the fair values of assets and liabilities acquired, and the use of estimates in the determination of these values and the resultant intangible assets. Management judgement is also required in assessing the fair value of consideration paid for the acquisition, in particular with regard to the Consideration Shares issued and the correct valuation of deferred consideration payable. In addition management judgement is required to value the value of deferred consideration under the acquisition agreement. The valuation assessed by management must consider the likelihood and timing of achieving the JORC compliant resource mentioned within the agreement. The consideration must also be discounted at an appropriate rate.	• Reviewing and critically assessing the assumption made by management in valuing the contingent consideration. This included review and consideration of the appropriateness of the discount rate used for the consideration and also discussing and subsequently assessing management's best estimate of when they consider the JORC compliant resource event to be likely to occur; • Obtaining share certificates to confirm ownership of the investment in NCC at the period end. • We reviewed and corroborated the assets and liabilities of New Cyprus Copper Limited and Treasure Developments Limited to ensure that the correct opening position was used by Management in calculating their fair value adjustments. • We reviewed and subsequently reperformed management's calculations for the fair value adjustments made in respect of the acquisition. Based on the procedures performed, we consider management's judgements and estimates to be reasonable and the related disclosures appropriate.
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Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management regarding potential instances of non-compliance with laws and regulations both in the UK and in the overseas subsidiaries. We also selected audit team members so as to ensure that the collectively had appropriate experience of auditing entities within this industry and of a similar size.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
 - Listing Rules as applicable to LSE Main Market entities;
 - Local industry regulations in Cyprus where exploration activity took place in the year
 - Local tax and employment law in the UK and Cyprus
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management
 - Review of Board minutes
 - Review of accounting ledgers
 - Review of RNS announcements
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: testing of journals; reviewing accounting estimates for evidence of bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and reviewing transactions through the bank statements to identify potentially large or unusual transactions that do not appear to be in line with our understanding of business operations.

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

Other matters which we are required to address

We were appointed by the directors of Caerus Mineral Resources PLC on 9 February 2021 to audit the financial statements for the period ending 31 December 2020 and subsequent financial periods. Our total uninterrupted period of engagement is 3 years, covering the periods ending 31 December 2017 to 31 December 2020.

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

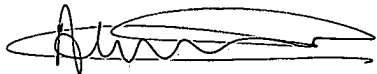
Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no

CAERUS MINERAL RESOURCES PLC

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.



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

15 Westferry Circus
Canary Wharf
London E14 4HD

2 June 2021



CAERUS MINERAL RESOURCES PLC

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		13 month period ended 31 December 2020 £	Year ended 30 November 2019 £
	Note		
Administrative expenses	6	(108,333)	(390,041)
Finance costs		-	-
Operating loss		(108,333)	(390,041)
Operating loss and loss before taxation		(108,333)	(390,041)
Income tax expense	8	-	-
Loss after taxation		(108,333)	(390,041)
Loss for the year		(108,333)	(390,041)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations	18	(14,165)	-
		(122,498)	(390,041)
Total comprehensive loss attributable to:			
Owners of Caerus Mineral Resources plc		(121,122)	(390,041)
Non-controlling interests		(1,376)	-
Earnings per share:			
Basic and diluted (£)	9	(0.0102)	(0.0450)

All activities relate to continuing operations.

The accounting policies and notes on pages 34 to 54 form part of these consolidated financial statements.

CAERUS MINERAL RESOURCES PLC

Consolidated Statement of Financial Position

		As at 31 December 2020 £	As at 30 November 2019 £
	Note		
ASSETS			
<i>Non-current assets</i>			
Intangible assets	10	1,690,536	-
Total non-current assets		1,690,536	-
<i>Current assets</i>			
Cash and cash equivalents		137,906	3,492
Other receivables	12	10,709	-
Financial assets at fair value through profit and loss	13	-	42,618
Total current assets		148,615	46,110
Total assets		1,839,151	-
LIABILITIES			
<i>Non-current liabilities</i>			
Borrowings	15	(539)	-
Deferred tax liabilities	16	(125,801)	-
Financial liability – contingent consideration	11	(174,688)	-
Total non-current liabilities		(301,028)	-
<i>Current liabilities</i>			
Trade and other payables	14	(168,939)	(212,202)
Total current liabilities		(168,939)	(212,202)
Total liabilities		(469,967)	(212,202)
Net assets		1,369,184	(166,092)
EQUITY			
Share capital	17	239,000	94,000
Shares to be issued	17	100,000	-
Share premium	17	1,627,665	322,665
Foreign exchange reserve	18	(14,165)	-
Retained earnings		(691,090)	(582,757)
Capital and reserves attributable to owners of Caerus Mineral Resources plc		1,261,410	(166,092)
Non-controlling interests		107,774	-
Total equity		1,369,184	(166,092)

The accounting policies and notes on pages 34 to 54 form part of these consolidated financial statements.

The Financial Statements were approved and authorised for issue by the Board on 2 June 2021 and were signed on its behalf by:



Martyn Churchouse, Director

CAERUS MINERAL RESOURCES PLC

Parent Company Statement of Financial Position

Company number: 11043077

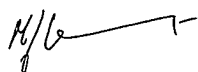
		As at 31 December 2020 £	As at 30 November 2019 £
ASSETS	Note		
<i>Non-current assets</i>			
Investments in subsidiary	11	1,174,693	-
Total non-current assets		1,174,693	-
<i>Current assets</i>			
Cash and cash equivalents		115,513	3,492
Other receivables	12	301,292	-
Financial assets at fair value through profit and loss	13	-	42,618
Total current assets		416,805	46,110
Total assets		1,591,498	46,110
LIABILITIES			
<i>Non-current liabilities</i>			
Financial liability – contingent consideration		(174,688)	-
Total non-current liabilities		(174,688)	-
<i>Current liabilities</i>			
Trade and other payables	14	(95,967)	(212,202)
Total current liabilities		(95,967)	(212,202)
Total liabilities		(270,655)	(212,202)
Net assets		1,320,843	(166,092)
EQUITY			
Share capital	17	239,000	94,000
Shares paid not issued		100,000	-
Share premium	17	1,627,665	322,665
Retained earnings		(645,822)	(582,757)
Capital and reserves attributable to owners of Caerus Mineral Resources plc		1,320,843	(166,092)
Total equity		1,320,843	(166,092)

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

The Company's loss for the period from operations is £63,065 (2019: loss of £390,041).

The accounting policies and notes on pages 34 to 54 form part of these financial statements.

The Financial Statements were approved and authorised for issue by the Board on 2 June 2021 and were signed on its behalf by:



Martyn Churchouse, Director

CAERUS MINERAL RESOURCES PLC

Consolidated Statement of Changes in Equity

	Share capital £	Share premium £	Shares paid not issued £	Retained earnings £	Foreign exchange reserve £	Total £
Balance at 1 December 2019	82,500	269,165	-	(192,716)	-	158,949
<i>Comprehensive income</i>						
Loss for the year	-	-	-	(390,041)	-	(390,041)
Total comprehensive income for the year	-	-	-	(390,041)	-	(390,041)
<i>Transactions with owners recognised directly in equity</i>						
Issue of shares	11,500	53,500	-	-	-	65,000
Balance as at 30 November 2019	94,000	322,665	-	(582,757)	-	(166,092)
<i>Comprehensive income</i>						
Loss for the year	-	-	-	(108,333)	-	(108,333)
Exchange differences on translation of foreign operations	-	-	-	-	(14,165)	(14,165)
Total comprehensive income for the year	-	-	-	(108,333)	(14,165)	(122,498)
<i>Transactions with owners recognised directly in equity</i>						
Issue of shares	145,000	1,305,000	-	-	-	1,450,000
Shares paid but not issued	-	-	100,000	-	-	100,000
Balance as at 31 December 2020	239,000	1,627,665	100,000	(691,090)	(14,165)	1,261,410

CAERUS MINERAL RESOURCES PLC

Parent Company Statement of Changes in Equity

	Share capital £	Share premium £	Shares paid not issued £	Retained earnings £	Total £
Balance at 1 December 2019	82,500	269,165	-	(192,716)	158,949
<i>Comprehensive income</i>					
Loss for the year	-	-	-	(390,041)	(390,041)
Total comprehensive income for the year	-	-	-	(390,041)	(390,041)
<i>Transactions with owners recognised directly in equity</i>					
Issue of shares	11,500	53,500	-	-	65,000
Balance as at 30 November 2019	94,000	322,665	-	(582,757)	(166,092)
<i>Comprehensive income</i>					
Loss for the year	-	-	-	(63,065)	(63,065)
Total comprehensive income for the year	-	-	-	(63,065)	(63,065)
<i>Transactions with owners recognised directly in equity</i>					
Issue of shares	145,000	1,305,000	-	-	1,450,000
Shares paid not issued	-	-	100,000	-	100,000
Balance as at 31 December 2020	239,000	1,627,665	100,000	(645,822)	1,320,843

CAERUS MINERAL RESOURCES PLC

Consolidated Statement of Cash Flows

	Notes	13 month period ended 31 December 2020 £	Year ended 30 November 2019 £
Cash flow from operating activities			
Loss for the period before taxation		(108,333)	(390,041)
<i>Adjustments for:</i>			
Interest expense		1,081	-
Foreign exchange loss on financial assets	2	-	1,860
Write back of intercompany loans		(103,127)	-
Operating cash flows before movements in working capital		(210,379)	(388,181)
Decrease in receivables		(1,347)	9,733
(Decrease)/increase in accounts payable and accrued liabilities		(211,558)	200,612
Net cash used in operating activities		(423,284)	(177,836)
Cash flow from investing activities			
Cash part of purchase of subsidiary		(150,005)	-
Less cash acquired on purchase of subsidiaries		109,107	-
Expenditure on intangible assets		(12,211)	-
Net cash used in investing activities		(53,109)	-
Cash flow from financing activities			
Interest paid		(1,081)	-
Repayment of borrowings in subsidiary		(48,934)	-
Foreign exchange effect of cash movements		(39,178)	-
Proceeds from the issue of equity		600,000	65,000
Amounts received for future issue of equity		100,000	-
Net cash inflow from financing activities		610,807	65,000
Net increase/(decrease) in cash and cash equivalents		134,414	(112,836)
Cash and cash equivalent at beginning of period		3,492	116,328
Cash and cash equivalent at end of period		137,906	3,492

Significant non-cash transactions

The only significant non-cash transactions were the issue of shares detailed in note 17.

The accounting policies and notes on pages 34 to 54 form part of these financial statements.

CAERUS MINERAL RESOURCES PLC

Parent Company Statement of Cash Flows

		13 month period ended 31 December 2020	Year ended 30 November 2019
	Notes	£	£
Cash flow from operating activities			
Loss for the period before taxation		(63,065)	(390,041)
<i>Adjustments for:</i>			
Foreign exchange loss on financial assets	2	-	1,860
Write back of intercompany loans		(103,127)	-
Operating cash flows before movements in working capital		(166,192)	(388,181)
 (Increase)/decrease in receivables		 (155,548)	 9,733
(Decrease)/increase in accounts payable and accrued liabilities		(116,234)	200,612
Net cash used in operating activities		(437,974)	(177,836)
 Cash flow from investing activities			
Acquisition of subsidiary – cash part		(150,005)	-
Net cash used in investing activities		(150,005)	-
 Cash flow from financing activities			
Proceeds from shares paid not issued		100,000	-
Proceeds from the issue of equity		600,000	65,000
Net cash inflow from financing activities		700,000	65,000
 Net increase/(decrease) in cash and cash equivalents		112,021	(112,836)
 Cash and cash equivalent at beginning of period		 3,492	 116,328
Cash and cash equivalent at end of period		115,513	3,492

Significant non-cash transactions

The only significant non-cash transactions were the issue of shares detailed in note 17.

The accounting policies and notes on pages 34 to 54 form part of these financial statements

CAERUS MINERAL RESOURCES PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The Company acquired the entire share capital of New Cyprus Copper P.A Ltd (“NCC”) on 29th September 2020 which the Directors have treated as an asset acquisition as explained in note 11 to these financial statements. The Directors are required to and have prepared Group financial statements which include the results of the acquired subsidiary from the date that the acquisition took place. As the acquisition was not considered to meet the definition of a business combination under IFRS 3, the Group financial statements are prepared as though the Company has acquired an asset and as such, the comparative financial information for the Group financial statements is that of the Company.

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

2. ADOPTION OF NEW AND REVISED STANDARDS

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

During the current year the Group adopted all the new and revised standards, amendments and interpretations that are relevant to its operations and are effective for accounting periods beginning on 1 December 2019. This adoption did not have a material effect on the accounting policies of the Group.

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

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

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

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

CAERUS MINERAL RESOURCES PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRIC Interpretations Committee ('IFRS IC') in accordance with the requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

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

During the period the Company changed its accounting reference date from 30 November to 31 December to align itself with its newly acquired subsidiaries. Consequently, the current period covers the 13 months period ended 31 December 2020 and so is not entirely comparable year on year.

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

Going concern

The financial statements have been prepared on the assumption that the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements.

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

Basis of consolidation

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

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

CAERUS MINERAL RESOURCES PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

Foreign currencies

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

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

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

CAERUS MINERAL RESOURCES PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

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

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

Intangible assets – exploration and evaluation expenditure

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

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

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

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

Financial assets

Initial recognition and measurement: Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss. The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

CAERUS MINERAL RESOURCES PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments),
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments),
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and Company. The Group and Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values for the Company and Group's assets and liabilities are not materially different from their carrying values in the financial statements.

The following table presents the Company and Group's financial assets that are measured at fair value:

CAERUS MINERAL RESOURCES PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company	Level 1	Level 2	Level 3	Total
30 November 2019:				
Financial assets at fair value through profit or loss				
Loan Notes	-	-	42,618	42,618
31 December 2020:				
Financial assets at fair value through profit or loss				
Loan Notes	-	-	-	-

The Company does not have any liabilities measured at fair value. There have been no transfers in to or transfers out of fair value hierarchy levels in the period.

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. No investments are valued using level 1 quoted prices in the period.

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. No investments are valued using level 2 inputs in the period.

(iii) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. As permitted under IFRS 13 the cost model has been used to fair value the investments if cost is considered to represent fair value. This is because there is a lack of sufficient appropriate information on which to base an alternative valuation technique for the investments. The income and market valuation models are not thought to be appropriate due to the type of investments. There is no evidence of impairment of any of the investments.

The following table presents the changes in level 3 instruments for the period ended 31 December 2020:

Company	£
Opening balance 01/12/2019	42,618
Transfer to intercompany debtor balance	(42,618)
Closing balance	-

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance

CAERUS MINERAL RESOURCES PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Directors have considered the net present value of the future cash flows expected from the subsidiary NCC and expect them to be in excess of the value of this financial asset. They have also considered the impact of the Covid-19 pandemic on the operations in Cyprus and do not consider an impairment necessary as a result of being in this geographic region.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through profit or loss - Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. IFRS 9.4.2.1(a) Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income. This category generally applies to trade and other payables.

CAERUS MINERAL RESOURCES PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income. Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or other liabilities, as appropriate. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Cash and cash equivalents

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

Equity Instruments

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

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

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

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

Warrants issued are for ordinary shares in the Company. The warrants issued during the period have not been separately valued as they were associated with the issue of new ordinary shares. The fair value of the warrant is considered to be inherent in the amount paid for the shares.

Current and deferred income tax

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

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

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

Segmental reporting

Segment Reporting Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker (CODM). The CODM, who is responsible for

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allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Investments in subsidiaries

Investment in subsidiaries Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

Recoverability of exploration and evaluation assets

Exploration and evaluation assets include mineral rights and exploration and evaluation costs, including geophysical, topographical, geological and similar types of costs. Exploration and evaluation costs are capitalised if management concludes that future economic benefits are likely to be realised and determines that economically viable extraction operation can be established as a result of exploration activities and internal assessment of mineral resources. According to 'IFRS 6 Exploration for and evaluation of mineral resources', the potential indicators of impairment include: management's plans to discontinue the exploration activities, lack of further substantial exploration expenditure planned, expiry of exploration licences in the period or in the nearest future, or existence of other data indicating the expenditure capitalised is not recoverable. At the end of each reporting period, management assesses whether such indicators exist for the exploration and evaluation assets capitalised, which requires significant judgement. As of 31 December 2020 total exploration and evaluation costs capitalised amounted to £1,690,536 (2019: £nil), all of these assets were acquired in 2020. Refer to note 10 for more information.

(b) Key sources of estimation uncertainty

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

Cash flow projections for fair value accounting and impairment testing

Expected future cash flows used in discounted cash flow ("DCF") models are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including forecast ore reserves, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure. Other operating factors,

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such as the timelines of granting licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date. No impairment charge for exploration and evaluation expenditure was recognised during the period ended 31 December 2020.

Valuation of contingent consideration payable

The Group has recorded a contingent consideration liability of £174,688 as at 31 December 2020 (2019: £nil) relating to the acquisition of the NCC group. An estimate must be made when determining the value of contingent consideration to be recognised at each balance sheet date. Changes in assumptions could cause an increase, or reduction, in the amount of contingent consideration payable, with a resulting charge or credit in the consolidated income statement.

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

5. SEGMENTAL REPORTING

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

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

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

13 month period ending 31 December 2020	Corporate and Administrative (UK) £	Mineral exploration (CYPRUS) £	Total £
Operating loss before and after taxation	(63,065)	(45,268)	(108,333)
Segment total assets – (net of investments in subsidiaries)	416,805	1,422,346	1,839,151
Segment liabilities	(270,655)	(199,312)	(469,967)

No segmental information has been provided for prior year as there was only one segment, being the Head office in the UK – corporate and administrative. As such the prior year financial statements of the segment is the same as that set out in the prior year statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows.

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6. EXPENSES BY NATURE

	13 month period ended 31 December 2020 £	Year ended 30 November 2019 £
Directors' remuneration (see note 7)	28,906	35,000
Legal and professional fees	64,196	349,510
Travel	2,266	7,197
Office Expenditure	3,599	4,230
Sundry expenditure	3,418	954
Foreign exchange movements	2,815	(10,895)
Regulatory fees	3,133	4,045
	108,333	390,041

During the year the Group obtained the following services from their auditors:

	13 month period ended 31 December 2020 £	Year ended 30 November 2019 £
Fees payable to the Group's auditor in relation to the audit of the consolidated financial statements	21,788	12,000
Taxation services	4,800	-
Fees payable to the Group's auditor for other assurance services	21,600	-
	48,188	12,000

7. DIRECTORS AND EMPLOYEES

The Directors were the key management personnel. There were no other employees of the Group or Company. There were no employees in either year. Remuneration in respect of these Directors was:

Group and Company	For the 13 month period ended 31 December 2020 £	For the year ended 30 November 2019 £
Director's fees	28,906	35,000

There were no post-employment benefits or other long term benefits paid to Directors during the period under review.

	13 months ended 31 December 2020 Fees £	12 months ended 30 November 2019 Fees £
Professor Michael Johnson	-	-
Martyn Churchouse	10,000	35,000
Harold Andrew Daniels	18,906	-
	28,906	35,000

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8. INCOME TAX

The Company is subject to income tax at a rate of nineteen per cent., as at 31 December 2020.

Tax charged:

	For the 13 month period ended 31 December 2020	For the year ended 30 November 2019
	£	£
Current taxation	-	-
Deferred taxation	-	-
	-	-
Loss before tax	(108,333)	(390,041)
Corporation tax at 19% (2019: 19%)	(20,583)	(74,108)
Disallowed expenses	40,000	24,623
Losses for which no deferred tax is recognised	68,333	49,485
Total tax charge	-	-

The Company has total tax losses of £534,592 to carry forward against future profits (2019: £466,259 losses brought forward). No deferred tax asset on losses carried forward has been recognised on the grounds of uncertainty as to when profits will be generated against which to relieve said amount.

9. EARNINGS PER SHARE

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

	For the 13 month period ended 31 December 2020	For the year ended 30 November 2019
Loss attributable to equity Shareholders (£)	(122,498)	(390,041)
Weighted average number of Ordinary shares	12,063,131	8,670,274
Loss per Ordinary share (£)	(0.0102)	(0.0450)

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

On 19 March 2021 the Company announced its admission to the Main Market of the London Stock Exchange and completed a placing of 21,000,000 new Ordinary shares at 10p and further Subscription agreements for an aggregate 1,500,000 new Ordinary Shares (Subscription Shares) at 10p per share to raise a cumulative £2,250,000 (before expenses). These share transactions were not retrospectively adjusted in the calculation of earnings per share.

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10. INTANGIBLE ASSETS

	Exploration and Evaluation assets £
Cost	
At 1 December 2018,19	-
Exploration and evaluation assets acquired at fair value (note 11)	1,696,629
Foreign exchange rate movements on E&E assets	(18,304)
Additions to exploration assets	12,211
At 31 December 2020	1,690,536
Accumulated impairment losses	
At 1 December 2018,19	-
Impairment losses for the period	-
At 31 December 2020	-
Carrying amount	
At 30 November 2018,2019	-
At 31 December 2020	1,690,536

Exploration projects in Cyprus are at an early stage of development and there are no JORC (Joint Ore Reserves Committee) or non-JORC compliant resource estimates available to enable value in use calculations to be prepared.

In accordance with IFRS 6, the Directors undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value may not be fully recovered from future development and production.

Following their assessment, the Directors concluded that no impairment charge was necessary for the period ended 31 December 2020.

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11. INVESTMENTS IN SUBSIDIARIES

Company	£
Cost and net book amount	
At 1 December 2018,19	-
Additions	1,174,693
At 31 December 2020	1,174,693

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

Name	Principal activity	Place of incorporation and operation	% owned subsidiary
New Cyprus Copper P.A. Ltd ("NCC")	Mineral exploration	Cyprus	100%
Treasure Development Limited ("TDL")	Mineral exploration	Cyprus	70%

On 29th September 2020, the Group acquired 100% of the issued share capital of NCC, obtaining control of NCC and its 70% owned subsidiary TDL, (together the "NCC group"). The investment provides Caerus with the opportunity to expand its mineral exploration programme.

The registered office of NCC and TDL is 10 Tymavou Street, Quality Tower C, 3rd Floor, Office C32, 6037 Larnaca, Cyprus.

On acquisition, the Company paid an initial purchase price of £1,000,005 which was satisfied by the payment of £150,005 in cash and the remainder in Consideration Shares. The consideration shares were fair valued, at the subscription price that was payable by other third party subscribers close to the acquisition.

There was also an element of contingent consideration. The fair value of the contingent consideration (in the form of the issue of two million £0.01 ordinary shares up to the value of £200,000 based on a 30-day volume weighted average price) was estimated using a discount rate of 7% and is expected to be paid within 2 years of the acquisition. It is based upon publication of a JORC compliant resource of not less than 2Mt at a minimum grade of 1% Cu equivalent. The Directors believe that there is a high probability that these conditions will be met.

The amounts recognised in respect of the identifiable assets acquired and liability assumed on the day of the acquisition are as set out in the table below:

	Net book value of assets acquired	Fair value adjustments	Fair value of assets acquired
	£	£	£
Intangible assets	564,418	1,132,211	1,696,629
Financial assets	118,469	-	118,469
Financial liabilities	(404,153)	-	(404,153)
Deferred tax liability	-	(125,801)	(125,801)
Non-controlling interest	(110,451)		(110,451)
Total identifiable assets acquired and liabilities assumed	168,283		1,174,693

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Fair Value of Consideration Paid:

Cash	150,005
Shares issued	850,000
Contingent equity consideration	174,688
Total consideration	1,174,693

Analysis of cash flows on acquisition

	£
Payment on acquisition of subsidiary	150,005
Net cash acquired on acquisition	(109,107)
Net cash flow of acquisition	40,898

Under IFRS 3, a business must have three elements: inputs, processes and outputs. The NCC group was an early stage exploration company and had no mineral reserves and no plan to develop a mine. The NCC group did have titles to mineral properties but these could not be considered inputs because of their early stage of development. The NCC group had no processes to produce outputs and had not completed a feasibility study or a preliminary economic assessment on any of its properties and no infrastructure or assets that could produce outputs. Therefore, the Directors conclusion was that the transaction was an asset acquisition and not a business combination. The fair value adjustment to intangible assets of £1,132,211 represents the excess of the purchase consideration of £1,174,693 over the excess of the net assets acquired (net assets of £168,282) and a deferred tax liability of £125,801.

The non-controlling interest relates to the 30% interest held in TDL by BMG Resources Limited.

During the period since acquisition, the NCC group contributed a loss of £52,427 (before NCI) to the Group. If the acquisition had occurred on 1 January 2020, consolidated pro-forma loss for the year ended 31 December 2020 would have been £176,791.

12. RECEIVABLES

	Group		Company	
	As at 31 December 2020 £	As at 30 November 2019 £	As at 31 December 2020 £	As at 30 November 2019 £
Other receivables	10,709	-	-	-
Loans to subsidiary companies	-	-	301,292	-
Total receivables	10,709	-	301,292	-

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13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	As at 31 December 2020 £	As at 30 November 2019 £
Balance brought forward	42,618	44,478
Reclassification to loans to subsidiary companies	(42,618)	-
Foreign currency revaluation	-	(1,860)
Balance carried forward	-	42,618

The loan note carried in prior year has been cancelled and reclassified as an intercompany debtor with no interest or fixed repayment terms.

14. TRADE CREDITORS AND OTHER PAYABLES

	Group		Company	
	As at 31 December 2020 £	As at 30 November 2019 £	As at 31 December 2020 £	As at 30 November 2019 £
Trade payables	64,722	138,829	21,567	138,829
Directors loans (note 7)	4,495	54,173	-	54,173
Accruals	99,722	19,200	74,400	19,200
Trade and other payables	168,939	212,202	95,967	212,202

15. BORROWINGS

	Group		Company	
	As at 31 December 2020 £	As at 30 November 2019 £	As at 31 December 2020 £	As at 30 November 2019 £
Long term loans	539	-	-	-
Long term borrowings	539	-	-	-

All loans are interest free with no repayment terms.

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16. DEFERRED TAX

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

	Group		Company	
	As at	As at	As at	As at
	31 December	30 November	31 December	30 November
	2020	2019	2020	2019
	£	£	£	£
Acquisition of subsidiary	125,801	-	-	-
Deferred tax liabilities	125,801	-	-	-

The deferred tax liability has arisen following the acquisition of NCC which has been accounted for as an asset acquisition. Therefore a deferred tax liability has been recognised on the Fair Value uplift of the assets acquired (see note 11), which has been calculated at a rate of 12.5% of the uplift of asset value being the applicable Cypriot tax rate.

17. SHARE CAPITAL AND SHARE PREMIUM

	Number of	Share	Share	Total
	shares -	Capital	Premium	
	Ordinary			
		£	£	£
As at 1 December 2018	8,250,000	82,500	269,165	351,665
Issued 18 May 2019	150,000	1,500	13,500	15,000
Issued 29 July 2019	1,000,000	10,000	40,000	50,000
As at 30 November 2019	9,400,000	94,000	322,665	416,665
Issued 29 September 2020	8,500,000	85,000	765,000	850,000
Issued 13 November 2020	6,000,000	60,000	540,000	600,000
As at 31 December 2020	23,900,000	239,000	1,627,665	1,866,665

On 13 November, the Company issued 8,500,000 ordinary shares of £0.01 each at a deemed price of £0.10 per share to the owners of NCC as part of the consideration for the acquisition of said company. Control of ownership is deemed to have passed on the 29th September 2020 when the legal entity's title was transferred.

On 13th November 2020, the Company issued 6,000,000 ordinary shares of £0.01 each at a deemed price of £0.10 per share to EV Metals Limited in return for a £600,000 investment in the Company which will be utilised for capital expenditure at the exploration sites.

Since the period end, the Company has issued a further 4,000,000 shares to EV Metals Limited in return for a further £400,000 investment in the Company. £100,000 of the cash received for the issue of shares was received prior to the year end and has been recorded in the Company balance sheet under 'Shares paid not issued'.

On 19 March 2021, the Company completed a placing of 21,000,000 new Ordinary shares at 10p and further Subscription Agreements for an aggregate 1,500,000 new Ordinary Shares (Subscription Shares) at 10p to raise a cumulative £2,250,000 (before expenses).

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18. FOREIGN EXCHANGE TRANSLATION RESERVE

	Total
	£
As at 30 November 2018, 2019	-
Exchange differences on translating the net assets of foreign operations	(14,165)
As at 31 December 2020	(14,165)

19. WARRANTS

	Number of warrants	Exercise price £	Expiry date
At incorporation	-	-	-
Issued 25 January 2018	4,200,000	0.05	19 March 2024
Issued 25 January 2018	3,300,000	0.05	19 March 2023
Issued 14 September 2018	1,333,332	0.10	19 March 2023
As at 30 November 2018	8,833,332		
Reduction 16 February 2019	(2,100,000)	0.05	Cancelled
Issued 29 July 2019	1,000,000	0.05	19 March 2023
As at 30 November 2019	7,733,332		
Reduction 6 th June 2020	(2,333,332)	0.10/0.05	Cancelled
As at 31 December 2020	5,400,000		

On 16 February 2019 the Company reduced the Founder Warrants by 50%. This reduced the total of Founder Warrants from 4,200,000 to 2,100,000.

On 29 July 2019 the Company issued 1,000,000 Subscription Warrants with an exercise price of £0.05, expiring 2 years from the date that the Company's shares admitted to trading on the Official List of the UK Listing Authority.

On the 6 June 2020, the Company cancelled 2,333,332 Subscription Warrants issued to Wentworth Limited. 1,333,332 with an exercise price of £0.10 and 1,000,000 with an exercise price of £0.05. This resulted in outstanding Warrants in issue of 5,400,000 at period end.

The weighted average exercise price of the warrants at the period end is £0.05 (2019: £0.0586).

Subsequent to the year end, on 19 March 2021, the Company granted 3,360,000 warrants to Novum securities for the right to acquire shares at 12.5p. These warrants are capable of being exercised for a period of two years from Admission (19 March 2023).

On 7 April 2021 the Company granted 2,000,000 bonus warrants to the non-executive Chairman Michael Johnson for the right to acquire shares at 12.5p. These warrants are capable of being exercised for a period of two years from Admission (19 March 2023).

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20. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Group borrowings include an amount for £539 (600 Euros) which is payable to BMG Resources Limited who hold a 30% interest in TDL.

On acquisition, PM Plutonic Metals Ltd ("Plutonic"), a company owned wholly by the Director, Andrew Daniels, was paid £79,245 in cash for his share in the subsidiary NCC.

At 31 December 2020, Plutonic was owed £3,761. During the period from acquisition, £667 was paid to Plutonic for the hire of a field vehicle.

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

The only other related party transactions in the year were the remuneration to Directors as disclosed in note 7 above and the following loans made to the Group by the Directors. These loans are interest free with no fixed repayment terms.

	As at 31 December 2020 £	As at 30 November 2019 £
Loans from Martyn Churchouse	-	1,000
Loans from Michael Johnson	-	53,173
Loans from Andrew Daniels	4,495	-

21. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had not entered into any material capital commitments as at 31 December 2020 (2019: £nil).

According to the Second Schedule of The Mines and Quarries Regulations (Regulations 4, 6, 7, 8, 9, 27, 33, 34 and 35), of the Republic of Cyprus, the Group may be obliged for committing itself into minimum, annual expenditure for Prospecting Class A Permits and Reconnaissance Licenses. The possibility of occurrence of the financial outcome of this obligation is not sufficiently certain. However, in case the need for such regulatory conformity is realised, given the current state of affairs of the Company, it may be supposed to incur minimum, yearly expenditure in the estimated vicinity of £560,671 (623,640 Euros).

NCC and TDL have deposited in favour of the Mines Service, bank guarantees totalling £19,779 (22,000 Euros) in order to cover any obligation to restore land / any site restoration duties and potential penalties in case of default. The Board of Directors is not anticipating that material liability will arise from this.

22. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Capital risk management

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

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

Financial instruments

The financial instruments used by the Group, from which financial instrument risk arises, are cash and cash equivalents of £137,906, financial assets at amortised cost of £10,709 and financial liabilities at amortised cost of £168,939.

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

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

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Group's risk management objectives and policies. Further details regarding these policies are set out below:

Credit risk

The Group's credit risk arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted in the UK.

Liquidity risk

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

Funding, sufficient to maintain the Group and its exploration programme for a period of not less than 18 months was completed on 19 March 2021 with a total gross fund raise of £2,250,000.

Currency risk

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

NCC also carries a liability in relation to geological work that is denominated in the Australian Dollar (50,452 Euros) at 31 December 2020. A 10% strengthening of the Euro against the Australian Dollar at 31 December 2020 would have decreased equity and profit or loss by 4,485 Euros. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the Australian Dollar, there would be an equal and opposite impact on the profit and other equity.

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23. ULTIMATE CONTROLLING PARTY

The Directors consider that there is no ultimate controlling party.

24. EVENTS AFTER THE REPORTING DATE

The Covid-19 pandemic has had a significant adverse effect on the global economy with measures taken by various governments to contain the virus affecting economic activity. However, an effective vaccine and other economic and social measures are showing encouraging results and hopefully will allow a return to normality more quickly than was expected. The Directors have taken a number of measures to monitor and mitigate the effects of Covid-19, such as social distancing and working from home. Geologists employed in the exploration programmes in Cyprus have been able to continue work, being Cypriot residents. At this stage, the impact on business and results has not been significant and based on experience to date this is expected to remain the case. The Group will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue operations in the best and safest way possible without jeopardising the health of its workforce.

On 19 March 2021 the Company announced its admission to the Main Market of the London Stock Exchange under the Standard Segment of the Official List and began trading under the ticker "LSE:CMRS". The Company completed a placing of 21,000,000 new Ordinary shares at 10p and further Subscription Agreements for an aggregate 1,500,000 new Ordinary Shares (Subscription Shares) at 10p to raise a cumulative £2,250,000 (before expenses).

On 8 April 2021 the Company announced the acquisition of PR Plutonic Resources Ltd ('PRL'), for the consideration of £750,000 payable through the issuance of new Ordinary Shares of 1p each. The issue price for these shares will be calculated using a VWAP based on the 30-trading days from 8 April 2021. PRL is a private, Cypriot-registered exploration and mining company, the acquisition of which provides Caerus with access to a further suite of advanced copper-gold exploration licences in the Republic of Cyprus. This acquisition was approved by the shareholders on 28 April 2021 and the transaction is expected to be completed by 30 June 2021.