

Registration Number: 05227458

**Corcel Plc
Annual Report and Accounts 2021**

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Strategic Report

Company Information and Advisers

Directors

James Parsons

Executive Chairman

Scott Kaintz

Chief Executive Officer

Lord Henry Bellingham

Independent Non-Executive

Director

Ewen Ainsworth

Independent Non-Executive

Director

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Chairman and CEO Statement

Overview

During the twelve-month period to 30 June 2021, which marked my second year as Chairman at Corcel Plc (the “Company”, “Corcel”), we have continued building the core Net Asset Value (NAV) in our portfolio, which spans the exciting intersection of battery metals mining and their end use in both energy storage and the electric vehicle revolution. Despite the varied challenges of the global pandemic, this progress has included three asset acquisitions: the Tring Road peaker plant acquired during the year in review; secondly the Avonmouth peaker plant in the UK; and thirdly Wowo Gap Nickel / Cobalt asset acquired after the period end in PNG. The year has also included operational progress at Mambare, where we secured the environmental permit - a critical step on the route to a Mining Lease. Progress was also made at the Dempster Vanadium project, where operational results highlight exceptionally good rock and soil samples, which, amongst other signs, indicate the presence and grade of the Canol Formation and enable good formation tracking.

It is my firm belief that our strategy, leveraged to battery metals across both the upstream and downstream, is very much the right strategy as global economies continue their drive towards electrification. I remain very excited about this space and see Corcel continuing to position its business strategically in anticipation of the inevitable structural price hikes in battery metals.

The Board and I want to thank our shareholders for their support during 2021, which we know has not always been easy. We are amongst the first movers in this space in the micro-cap sector and we believe that our shareholders will, in due course, see significant rewards from the hard miles we have covered building the foundations to support this strategic positioning. Our commitment to transforming your company into a substantial value generating business remains absolute.

We therefore are pleased to present the Annual Report and Accounts for the year to 30 June 2021.

Battery Metals Exploration: PNG and Canada

A key element of the Company’s strategy is to increase its exposure to critical battery metal positions (through both acquisitions of new deposits and advanced development at Mambare) prior to the widely expected supply crunch and associated structural price rise. Of particular focus for the Company is nickel and cobalt, which are both core battery metals with supply deficits widely expected in the mid-2020s as the electric vehicle revolution and economic decarbonisation gains pace.

The Company has again made good progress at its legacy Mambare nickel-cobalt project in Papua New Guinea, where it has focused on securing a mining lease covering the project where it holds a 41% position. Various critical milestones in this process have now been secured, with a positive outcome at the Warden’s Hearing in July 2020 and the grant of the environmental permit in May 2021 being particularly significant. This positions the Company and its Joint Venture partners to secure the mining lease in the near term opening up opportunities ranging from a transaction to fast tracking DSO production.

In early 2020, the Company began the process of acquiring a second PNG nickel-cobalt project through the acquisition of the AUD 4,761,087 corporate debt of Resource Mining Corporation Pty Ltd (ASX: RMI) (“RMI”), the 100% owner of the Wowo Gap nickel-cobalt project. The debt was acquired, in two stages in April 2020 and October 2020, for a highly attractive 65% discount from the face value. The Wowo Gap project, potentially highly complementary to Mambare, is located 200km from the Papua New Guinea Capital of Port Moresby and some 150km southeast of the Company’s existing Mambare asset. The Project is held through one tenement in Papua New Guinea, EL 1165, which expired on 28 February 2020 and (as is common in PNG) is currently under reapplication for a further 2-year period.

Subsequent to the year end, in August 2021, the Company signed a binding but conditional share purchase agreement with RMI to acquire 100% of the issued share capital in Australian-registered Niugini Nickel Pty Ltd, which owns 100% of the Wowo Gap nickel-cobalt project. As consideration for the acquisition, the Company released all liabilities and obligations in connection with its AUD 4,761,087 senior debt position in RMI. I am delighted to report that, following a successful shareholder vote at RMI in October 2021, the Company became 100% owner of the Wowo Gap project on 18 October 2021.

Chairman and CEO Statement

continued

The Company sees significant synergies between the two PNG battery metal projects and sees this acquisition as a significant step in its evolution towards building a leading regional battery metal and nickel /cobalt business with material scale.

The Company also successfully completed its 2020 exploration programme at the Dempster Vanadium project in Yukon, Canada. Vanadium is another battery metal, where supply is not expected to be able to grow sufficiently to support forthcoming demand. The results highlight exceptionally good rock and soil samples, which, amongst other signs, indicate the presence and grade of the Canol Formation and enable good formation tracking. Preparation work is underway for a drill programme as part of a broader vanadium focused exploration programme in 2022.

The interests and potential combination of the Mambare and Wowo Gap assets provide a strong regional nickel-cobalt platform of scale, which is expected, together with the Dempster Vanadium exposure, to provide material upside to shareholders as global electric vehicle growth fuels increasing demand for nickel, cobalt and vanadium. The Company continues to explore further acquisitions in the battery metals space designed to broaden the Company's current exposure to substantially all of the key battery metals going forward.

Flexible Grid Solutions

Alongside the battery metals portfolio, the Company is also materially growing its UK based energy generation and storage portfolio.

The Company owns 100% of a 50MW battery storage project at Burwell, Cambridgeshire. In November 2021, the Company was informed by UK Power Networks of an extension of its 100MW grid connection offer at Burwell beyond December 2021 and also an extension of the Company's obligation to make any payment at that date. This extension in part reflects anticipated grid upgrade works that may be undertaken in the Burwell area, which, if confirmed, would affect all projects in the area and likely delay the connection date of the Burwell site and other such sites. The Company awaits further details regarding any works required and the revised connection date and associated payment schedule and the impact that may have on the Company's previously indicated target of 2022 for the project to become operational. Meanwhile, the Company continues to explore access to land and potential partnership arrangements for the project, including with the new site landowner.

In addition to its existing Burwell project, the Company announced in May 2021 the acquisition of a 40% interest in the "shovel ready" Tring Road 50MW gas peaking project outside of Aylesbury, approximately 40 miles northwest of London. The project has a 50MW grid connection already secured, allowing primarily export of electricity alongside a binding option to lease and planning permission. The consideration for the purchase was £400,000, which was satisfied by £150,000 cash and 12,026,168 new ordinary shares.

Also in May 2021, the Company announced the acquisition of exclusive rights over the "shovel ready" Avonmouth 50MW gas peaking project approximately 7 miles Northwest of Bristol. The greenfield site is located within an established industrial estate and comprising a total of 4.36 acres. Similar to the Tring Road project, the project has a 50MW grid connection, gas connection, planning permission and land rights. The Company has executed a Heads of Terms with FPC Electric Land and has committed to paying £72,000 in historic costs of the project at the time of execution of the Agreement for Lease over the site. If the project were to reach financial close, then a further £72,000 of historic costs would be payable out of the proceeds of the project funding that would then be in place.

The addition of the "shovel ready" Tring Road and Avonmouth projects to the existing Burwell project dramatically bolsters the Company's position in the increasingly competitive UK flexible energy space. We believe that gas peaking assets of this nature are essential to assist the transition to renewables and will provide significant trading margins given the variability of renewable energy production and the inherent volatility of UK energy demands, as repeatedly demonstrated in Q3 and Q4 2021.

The Company has been working since May 2021 to fund these peaker projects, which are seen as critical to the UK's transitional energy strategy, providing flexible energy supply to support the inherent volatility of the growing UK renewables supply, particularly wind and solar. It was announced after the year-end, in October and

November 2021 that, following a comprehensive marketing process, Corcel is now in advanced discussions with select investors to fund both Tring Road and Avonmouth. This, if successful, would be hugely accretive for shareholders and validate the Company's flexible grid solutions strategy and the prospects for projects currently at early stages of development.

These energy storage and production projects, with their low-risk near-term cash flow potential, will offer Corcel investors an attractive balance to the significant blue-sky upside of the Company's battery metals projects and align Corcel with one of the most significant global energy trends in the world today.

Finances

On 26 October 2020, the Company announced that it had raised £750,000 at a price of £0.01 per share. Subsequently, on 18 February 2021, the Company announced it had agreed a funding package of equity and debt, raising £300,000 from the issuance of 24,000,000 shares at a price of £0.0125 per share. The Company also issued 48,000,000 two-year warrants exercisable at £0.02 per share. The debt element of the funding included a £300,000 unsecured loan facility to be drawn in 5 tranches. The loan plus a fixed coupon was repayable on 28 December 2021 and was repaid in full on 12 May 2021.

Also on 12 May 2021, the Company announced that it had agreed a new loan note to provide £500,000 through an unsecured loan facility to be drawn down in 5 tranches. The loan plus a fixed coupon of 8% was to be payable upon maturity, which is 31 April 2022.

Discussion of Results

The Group incurred a loss of £1.227 million in the period ended 31 June 2021. Finance costs over the year fell to £0.065 million, reflecting interest and finance fees (2020: £0.247million). Overall, administrative costs increased slightly for the year to £1.014 million (2020: £0.838 million).

Prospects

After a successful year with progress on all fronts we look forward to both further execution on our strategy and enhanced recognition of the compelling opportunities our portfolio of key battery metals and transitional energy production and storage assets offers investors.

Corcel remains committed to playing its role in the decarbonisation and electrification of the global economy, seeking to both create value for stakeholders, while enabling development of the clean energy economy.



James Parsons
Executive Chairman



Scott Kaintz
Chief Executive Officer

Strategic Review

Overview of the Business

The Company is listed on London's AIM market (AIM:CRCL) and manages a portfolio of battery metals exploration and development projects in Papua New Guinea and Canada, coupled with flexible energy storage and production assets in the United Kingdom.

Business Strategy

The Company seeks to operate at the intersection of battery metals in the ground and some of the most critical end use cases of batteries in the form of industrial energy storage projects and transitional power generation. With the world moving ever more rapidly to decarbonisation and the associated increase in renewable power penetration of the UK and other electrical grids, transitional energy assets such as energy storage projects and gas peakers will be in extremely high demand for many years to come. The electrification of the global economy will drive global battery installations in everything from cars to households and industrial sites, and this increased demand will flow through to the raw materials required to construct them. Corcel offers investors direct exposure to these macro trends, mixing together the industrial returns and near-term cashflows of the energy portfolio with the blue-sky upside of the mineral exploration projects.

Principal Risks and Risk Management

Exploration and development is an inherently high-risk business, whereas developing energy storage and production projects is significantly less risky, outlined here are some of the primary risks identified:

Exploration Risk

The Group's business is mineral exploration, evaluation and development, which are speculative activities. There is no certainty that Corcel will proceed to the development of any of its projects or otherwise realise their full value. The Group aims to mitigate this risk, when evaluating new business opportunities by targeting areas of potential, where there is at least some historical drilling or geological data available and, where leading exploration consultants believe there is strong evidence of world class battery metal deposits.

Resource Risk

All mineral projects have risk associated with defined grade and continuity. Mineral Reserves and Resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions, which include geological projections and commodity price assumptions. This may include variations in the style of mineralisation encountered as well as the failure to discover economic deposits. Use of recognised international mining consultants ensures that the resources produced by the Company use the most modern techniques and interpretation methods in order to minimise the associated levels of uncertainty.

Environmental Risk

Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Any disturbance to the environment, during exploration on any of the licence areas, will be rehabilitated in accordance with the prevailing local regulations. Environmental consultants, where utilised, provide an extra level of focus on these risks, ensuring the Company operates within local regulations and with an eye towards long-term environmental impacts.

Developer Risk

Development of energy projects may rely on third parties to both identify sites and to pursue the initial development of grid connections, planning permission and lease arrangements. Reliance on third parties has the advantage of offering exposure to the widest number of projects to be included in the Company's pipeline, however this exposes the Company to the risk that outsourced developers will not bring quality projects to the Company or will not be able to develop them to shovel ready status in a professional manner. These risks can be mitigated by performing due diligence on developer groups prior to engagement and by seeking to work only

with experienced developers with a significant track record of identifying and commissioning energy storage and production projects.

Financing and Liquidity Risk

The Group has an ongoing requirement to fund its activities through the equity capital markets. There is no certainty such funds will be available when required by the business. To date, the Group has managed to raise the required funds, primarily through equity placements and debt facilities.

The cost of available capital may fluctuate significantly and can include high interest rates and the requirement to offer new equity at a discount to current prices. The Company can be affected by international financial markets and risk appetites, low projections of future world GDP growth may depress commodity prices and perceived future levels of demand. Supply and demand of individual commodities may also impact valuations of current and future resources and projects in the Group portfolio.

Corporate finance planning and analysis facilitates multiple avenues to access capital and assists in lowering overall finance costs. Expansion of capital reserves and cost reduction efforts provides the Company with additional resilience during sector downturns.

The Directors have prepared cash flow forecasts for at least the next 12 months from the date of this report and are confident that the Company can raise additional equity funds, if required. Nevertheless, in the event that the Group is unable to secure further financial resources it may have a detrimental impact on the Group's activities and viability of its licences and projects and its ability to monetise and realise value from them.

Political Risk

All countries carry political risk that can lead to interruption of project activities. Politically stable countries can have enhanced environmental and social risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and expropriation of assets. The Company has working knowledge of the countries in which it holds exploration licences and has appointed experienced local operators to assist the Company in its activities in order to help reduce possible political risks wherever possible.

COVID-19

The Company recognises the uncertainty and volatility caused by the ongoing COVID-19 crisis. The health and safety of our staff and associates is of primary concern and we have taken steps to mitigate this risk by avoiding face to face meetings and through the greater adoption of video-conferencing and remote meetings where possible and appropriate.

Operationally, COVID-19 has not caused significant disruptions to the Company's projects during the year. However, the inability to travel to our projects for site visits and related meetings has impacted the speed in which the Company has advanced some of its initiatives, including several, which rely on governmental processes.

Internal Controls and Risk Management

The Directors are responsible for the Group's system of internal financial controls. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial controls.

Strategic Review

continued

Key Performance Indicators (KPIs)

At this stage in the Company's development, with no production or reoccurring revenues, the Directors take the view that the KPIs that would be most useful to investors are to monitor cash balances, current assets, net working capital and total assets. As the business develops further, the addition of KPIs will be considered and added as appropriate.

Key Performance Indicators	2021 £'000	2020 £'000
Cash balance	392	415
Current Assets	1,607	595
Net working capital	487	400
Total Assets	5,490	4,261

Corporate Responsibility

Corcel aims to be socially and environmentally responsible, following and exceeding standards set for exploration and investment companies around the world. As a responsible operator, the Company has developed a Corporate Social Responsibility ("CSR") policy that aims to align exploration and investment activities with the expectation of local stakeholders in relation to environmental, economic and social impacts. As an explorer, Corcel's impact on local communities is the most significant area of focus. The firm's CSR framework places the emphasis on stakeholder engagement and information dissemination, ensuring the local community is aware of the Company plans and activities where appropriate.

Governance

The Board considers sound governance as a critical component of the Company's success and the highest priority. The Company seeks to retain a strong non-executive presence drawn from varied backgrounds and with well-functioning governance committees. Through the Company's compensation policies and variable components of employee remuneration, the Remuneration Committee of the Board seeks to ensure that the Company's values are reinforced in employee behaviour and that effective risk management is promoted.

Analysis by Gender

Category	Male	Female
Directors	4	0
Other Employees	0	1

Employees and Employee Development

The Company is dependent upon the qualities and skills of its employees and their commitment plays a major role in the Company's business success. Employees' performance is aligned to the Company's goals through an annual performance review process and via incentive programmes. The Company provides employees with information about its activities through regular briefings and other media. The Company operates a share option scheme, operated at the discretion of the Remuneration Committee and an employee Share Incentive Plan, operated by the Trustees of the scheme.

Diversity and Inclusion

The Company does not discriminate on the grounds of age, gender, nationality, ethnic or racial origin, non-job-related-disability, sexual orientation or marital status. The Company gives due consideration to all applications and provides training and the opportunity for career development wherever possible. The Board does not tolerate discrimination of any form, positive or negative, and all appointments are based solely on merit.

Health and Safety

The Company includes Health and Safety (“H&S”) procedures and frameworks in all of its planning and field activities, with an emphasis on top-down as well as bottom-up ownership and responsibility, quality training of all personnel, and risk assessments that go beyond mere regulatory compliance. Comprehensive Risk Assessments of Health and Safety Systems have been developed to identify existing risks, to implement relevant mitigation measures and to identify new risks before they may be directly applicable to our operations. Corcel’s H&S strategy includes project and location specific training, H&S inductions, Emergency Response Plans and field team reporting procedures applied to Corcel’s projects worldwide.

Section 172 Statement

Section 172 (1) of the Companies Act 2006 obliges the Directors to promote the success of the Company for the benefit of the Company’s members as a whole.

The section specifies that the Directors must act in good faith, when promoting the success of the Company and in doing so have regard (amongst other things) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company’s employees;
- c. the need to foster the Company’s business relationship with suppliers, customers and others;
- d. the impact of the Company’s operations on the community and environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the Company.

The Company went through a period of continued development and evolution in 2020-21. The Directors worked during the year and after the year end to double the size of the battery metals assets and to add two additional 50MW transitional energy assets, rounding out the Company’s interests in both areas and giving each business unit the size and scale needed to be developed further. This has been combined with strategically timed equity and debt raises designed to advance the business for the benefit of all stakeholders, including shareholders, employees and suppliers, while minimising the effects of dilution and capital costs on shareholders and the business more broadly.

Decision Making and Implementation

The Board is collectively responsible for the decisions made towards the long-term success of the Company and how the strategic, operational and risk management decisions have been implemented throughout the business is detailed in this Strategic Review on pages 6 to 11.

Employee Engagement

The Board recognises that its employees are one its key resources, which enables delivering the Company’s vision and goals. Annual pay and benefit reviews are carried out to determine whether all levels of employees are benefited equally and to retain and encourage skills vital for the business. The Remuneration Committee oversees and makes recommendations of executive remuneration and any long-term share awards. The Board encourages management to improve employee engagement and to provide necessary training in order to use their skills in the relevant areas in the business. The Board periodically reviews the health and safety measures, implemented in the business premises and improvements are recommended for better practices.

Employees are informed of the results and important business decisions to stimulate their engagement and are encouraged to improve their skills and career potential.

Strategic Review

continued

Suppliers, Customers and Regulatory Authorities

The Board acknowledges that a strong business relationship with suppliers and customers is a vital part of the growth. Whilst day to day business operations are delegated to the executive management, the Board sets directions with regard to new business ventures. The Board uphold ethical behaviour across all sectors of the business and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered.

Community and Environment

The Board recognises that the long-term success of the Company will be enhanced by good relations with different internal and external groups and to understand their needs, interests and expectations.

Corcel is committed to sustainable natural resource investment and development worldwide and recognises a responsibility to protect the environments in which it operates. The Company seeks to manage and mitigate environmental risks as well as to minimise the overall impact of our operations on the people and countries in which we operate. The Board encourages that good relations are cultivated with local governments and communities, aiming to better understand various parties' aspirations and ensure that the Company's business activities are compliant not only with local and global laws, including environmental laws, but also where possible take account of local expectations and priorities.

Maintaining High Standards of Business Conduct

The Board places great importance on this aspect of corporate life, where failure could put the Company at risk, and seeks to ensure that this flows through all its business interactions and at all levels of the Company. The Board upholds the importance of sound ethical values and behaviour not only because it is important to the Company to successfully achieve its corporate objectives and to transmit this culture throughout the organisation but also to set a benchmark and send a signal of what it will and will not do in some of the jurisdictions in which the Company operates.

The Company is incorporated in the UK and governed by the Companies Act 2006, the Group's business operations are carried out within the UK and Internationally, which requires the Company to conform with the various statutory and regulatory provisions in the UK as well as in other locations in which it operates. The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the 'QCA Code') and the Board recognises the need to maintain a high standard of corporate governance as well as to comply with AIM Rules to safeguard the interest of the Company's stakeholders. The corporate governance arrangements that the Board has adopted, together with a punctilious observance of applicable regulatory requirements also form part of the corporate culture, requiring a standard of behaviour when interacting with contractors, business partners, service providers, regulators and others. For example, the Company has adopted an Anti-Corruption and Bribery Policy, Whistleblowing Policy, HR and H&S Policies that dictate acceptable behaviour as well as the Share Dealing Code for Directors and employees, required for the AIM listed companies and in accordance with the requirements of the Market Abuse Regulation, which came into effect in 2016. Staff training on anti-corruption and anti-bribery is monitored and refresher courses are provided as when required to ensure that the issues of bribery and corruption remain at the forefront of peoples' mind.

Shareholder Engagement

The Board places equal importance on all shareholders and recognises the significance of transparent and effective communications with shareholders. As an AIM listed company, there is a need to provide fair and balanced information in a way that is understandable to all stakeholders and particularly our shareholders.

The Board recognises that it is accountable to shareholders for the performance and activities of the Company and is committed to providing effective communication with its shareholders. Significant developments are disseminated through stock exchange announcements. The changes to the Board and Board Committees, changes to major shareholder information, QCA Code disclosure updates are promptly published on the website to enable the shareholders to be kept abreast of the Company's affairs. The Company's Annual Report and

Notice of Annual General Meetings (AGM) are available to all shareholders and the Interim Report and other investor presentations are also available for the last five years and can be downloaded from the Company's website. In addition, press releases and updates on Twitter (@CorcelPlc) as well as Company interviews, broker notes, video updates and presentations, all are available on the Company's website www.corcelplc.com, where shareholders may sign up to receive news releases directly by e-mail.

Shareholders can, COVID-19 guidance allowing, attend the Company's Annual General Meetings, where they can formally ask questions, raise issues and vote on the resolutions as well as engage in a more informal one-to-one dialogue with the executive Directors.

The Strategic Report has been approved and signed on behalf of the Board.



James Parsons
Executive Chairman

05 December 2021

Governance

Chairman's Corporate Governance Statement

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended 30 June 2021. We at Corcel believe that having a solid corporate governance structure throughout the business is a vital factor in achieving our strategic goals and creating value for our shareholders. The Board is committed to maintaining high standards of corporate governance and in this it is guided by the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). The Directors believe the QCA Code to be the most appropriately recognised corporate governance code for the Company. During the year under review, the Board continued to strive to uphold the principles of the QCA Code across the business.

Corcel follows a medium to long-term corporate strategy with the objective of identifying and developing natural resource investments with attractive risk-weighted return profiles, primarily in the battery metals and distributed energy space. These may include early-stage projects with higher risk and larger upside as well as more mature and conservative investments with near-term cash flow potential. The Company delivers its business strategy with tightly controlled overheads, supplementing its financial resources through corporate transactions, JVs and partnerships as well as trading and disposals or exchanges for listed shares of non-core assets.

The Board upholds its responsibility to govern the Company in the best interests of all its stakeholders. The Board takes charge of formulating, reviewing and approving the Company's strategy, financial activities and operational performance, whilst working closely with the executive team. The Board has established Audit and Remuneration Committees to provide additional review and scrutiny in their respective areas. The Committees report back to the Board, following each committee meeting and make appropriate recommendations with regard to the matters under their purview.

The Board, as a whole, is committed to instill a culture across the Company, delivering strong values and behaviours. Emphasis has been placed on rebuilding and strengthening all segments across the business, whilst working within a structured governance framework. Adding value to all stakeholders has been at the forefront of the Board and executive management's thinking. Corcel recognises all sectors of stakeholders in delivering our strategy and we are mindful of our responsibilities and duties to our stakeholders. A statement, detailing our stakeholders and our engagement with them, is included in the Strategic Report on pages 6 to 11.



James Parsons
Executive Chairman

05 December 2021

QCA Code 2018 Principles

The Board is committed to maintaining high standards of corporate governance and in this it is guided by the Quoted Companies Alliance's Corporate Governance Code (the "QCA Code"). The QCA Code sets out ten principles that are listed below together with a short explanation of how the Company applies each of the principles and reasons for any non-compliance.

Further disclosures regarding the Company's application of the QCA Code can be found on the Company's website.

Principle	Corcel's Application
<p>Establish a strategy and business model, which promote long-term value for shareholders</p>	<p>Corcel follows a medium to long-term corporate strategy, with the objective of identifying and developing natural resource investments, with attractive risk weighted return profiles. The Company has embarked on early stage exploration projects with higher risk and larger upside as well as more mature and conservative investments with near-term cash flow potential, exploring the potential leveraging of its existing portfolio of nickel-cobalt assets through exposure to the ongoing revolution in batteries and energy storage technologies. The Company seeks to grow its business and make acquisitions and disposals to crystallise gains and enhance shareholder value.</p> <p>The Company's Business Model and Strategy is detailed on pages 6 to 11 of the Strategic Review.</p>
<p>Seek to understand and meet shareholder needs and expectations</p>	<p>The Company seeks to understand the varied needs and expectations of its shareholders and recognises that in order to ensure a good match between the shareholder profile and the Company's Business Model and the plans for implementation of that model, it needs to manage shareholder communications clearly regarding expectations and timelines. This is achieved by giving regular updates on developments via RNS announcements, Twitter service, Company interviews and meetings, both informal and formal, in order to serve the needs of private and institutional investors as well as analysts.</p> <p>The Company also engages with shareholders and prospective investors via the Annual General Meeting and various physical and virtual presentations.</p>
<p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Corcel recognises its duties to stakeholders, including employees, whether at the parent company or joint venture level, and investment level business partners, consultants and contractors as well as suppliers, service providers and regulators. The Company strives to be a responsible corporate citizen in all its territories of operation and has established a range of processes and systems to ensure that there is ongoing two-way communication, control and feedback processes in place to enable appropriate and timely responses to stakeholder needs interests and expectations.</p>

QCA Code 2018 Principles

continued

Principle	Corcel's Application
<p>Embed effective risk management, considering both opportunities and threats throughout the organisation</p>	<p>The Company continues to build an effective risk management framework, which identifies the risks to which the Company has been or could be exposed. The Audit Committee oversees the Company's financial reporting, including accounting policies and internal financial controls and is responsible for ensuring that the financial performance of the Company is properly monitored and reported to the Board.</p> <p>Details on principal risks and internal controls established for Risk management are set out on pages 6 to 11 of the Strategic Review.</p>
<p>Maintain the Board as a well-functioning balanced team led by the Chair</p>	<p>The QCA Code requires that the boards of AIM companies have an appropriate balance between Executive and Non-Executive Directors of which at least two should be independent. Following Nigel Burton's resignation as a Director in December 2020, the Company was in a position during the first nine months of 2021 that there was only one Non-Executive Director. It was recognised that this was not in accordance with the recommended governance guidelines and the Company appointed Lord Henry Bellingham to the Board in October 2021. As a result, the Board currently comprises of four Directors with a 50/50 balance of Executive and Non-Executive Directors. The two Non-Executive Directors are both independent.</p> <p>The Board, led by the Chair, has the necessary skills and knowledge to discharge their duties and responsibilities effectively. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operational performance. Day to day management is delegated to the Executive Directors, responsible for consulting the Board on all significant financial and operational matters. The Board approves the annual budget and amendments to it, issues of shares or other securities and all significant acquisitions and disposals.</p> <p>The Board believes that it is in the best interests of the Company to have the role of the Chairman as an executive position, given the early stage of growth of the business and the entrepreneurial skills required to secure value growth.</p>

Principle	Corcel's Application
	<p>The Board meets as regularly as necessary and also has established an Audit Committee and a Remuneration Committee to provide support in these specific areas. The attendance of the Board and Committee meetings are set out in on page 18 of the Annual Report. During the first part of 2021, when the Company had only one Non-Executive Director, Ewen Ainsworth, the Executive Directors supported Mr. Ainsworth with the discharging of the committee duties. Upon the appointment of Lord Bellingham both Executive Directors stepped down and Lord Bellingham joined the Committees.</p> <p>Further details of the Companies application of the principal Five are set out in the QCA Code disclosures published on the Company's website.</p>
<p>Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities</p>	<p>The Board consists of four Directors: two Executives and two Independent Non-Executives and the Company believes that there is a strong balance of resource sector, technical, financial, accounting, legal and public markets skills. The profiles of the Board of Directors are included on page 17 of the Annual Report.</p>
<p>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>Whilst the Board has not undertaken collectively any formal training, this is something that will be considered as the business grows and the Board is further established. The Directors have a wide knowledge of the business and requirements of Directors' fiduciary duties. The Directors receive briefings and updates from the Company's advisors (legal, auditors, NOMAD and broker) on developments and initiatives as they deem appropriate. The Company's auditors brief the Audit Committee on accounting and regulatory developments, impacting the Company. Individual Directors may engage external advisors at the expense of the Company upon approval by the Board in appropriate circumstances.</p>

QCA Code 2018 Principles

continued

Principle	Corcel's Application
<p>Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The Company aims to ensure an open and respectful dialogue with shareholders and other interested parties for them to have the opportunity to express their views and expectations for the Company. In this dialogue, the importance of sound ethical values and behaviour is emphasised, both because it is important if the Company is to successfully achieve its corporate objectives that this culture is transmitted through the organisation, and also to set a benchmark and send a signal of what it will and will not do in some of the jurisdictions in which the Company operates.</p> <p>The Board places great importance on this aspect of corporate life, where failure could put the Company at risk, and seeks to ensure that this flows through all its business interactions and at all levels of the Company. The Company has adopted an Anti-Corruption and Bribery Policy, Whistleblowing Policy, HR and H&S Policies that dictate acceptable behaviour as well as the Share Dealing Code for Directors and employees, required for the AIM listed companies and in accordance with the requirements of the UK Market Abuse Regulations.</p> <p>The Company has a zero-tolerance approach to bribery and corruption and has an Anti-Bribery Policy in place to protect the Company, its employees and those third parties to which the business engages with. Employees and the Board are reminded of their obligations regularly.</p>
<p>Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board</p>	<p>The Company's governance structure, including matters reserved for the Board, is set out on pages 18 to 19 of the Annual Report.</p>
<p>Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>The Board recognises that it is accountable to shareholders for the performance and activities of the Company and Group and, to this end, is committed to providing effective communication with the shareholders of the Company.</p> <p>The Company's financial and operational performance are summarised in the Annual Report and the Interim Report, with regular updates on significant matters are disseminated to the shareholders via Stock Exchange announcements. The Company's stakeholders are kept up to date through descriptions of projects, press comments, broker notes, video updates and various presentations published on the Company's website.</p>

Board of Directors

James Parsons

Executive Chairman

In addition to his role as Executive Chairman of Corcel, James is currently Executive Chairman of Ascent Resources Plc and Non-Executive Chairman at Echo Energy Plc and Coro Energy Plc. James has over 20 years' experience in the fields of strategy, management, finance and corporate development in the energy industry. He started his career with the Royal Dutch Shell Group, where he spent 12 years with Shell working in Brazil, the Dominican Republic, Scandinavia, the Netherlands and London. James was previously Chief Executive at Sound Energy Plc for 8 years, is a qualified accountant and has a BA Honours in Business Economics.

Scott Kaintz

Chief Executive Officer

Scott Kaintz has over 10 years of experience managing and operating natural resource development companies. He has a degree in Russian Language and Russian Area Studies from Georgetown University and MBA degrees from London Business School and Columbia Business School. He started his career as a US Air Force Officer and analyst working across Europe, the Middle East and Central Asia. Scott has held operational and managerial roles in the defense industry and worked in corporate finance and investment funds in London, focusing primarily on capital raising efforts and debt and equity investments in small-cap companies. Scott is also a Non-Executive Director of Red Rock Resources Plc, listed on AIM, and an Executive Director of Curzon Energy Plc listed on the Standard List of the London Stock Exchange.

Ewen Ainsworth

Independent Non-Executive Director

Ewen Ainsworth is an experienced AIM company Director. In addition to his role with Corcel, he is currently Non-Executive Director at Ascent Resources Plc. He is currently CEO of Discovery Energy Limited, an advisory, consultancy and Investment Company and has worked in a variety of senior and board-level roles in the natural resource sector for over 30 years, most recently as Finance Director for San Leon Energy Plc and previously Gulf Keystone Petroleum Limited. He qualified as a chartered management accountant, before moving into leading commercial roles. He holds a degree in Economics and Geography from Middlesex University and is a member of the Energy Institute.

Lord Henry Bellingham

Independent Non-Executive Director

Lord Bellingham has enjoyed a distinguished Parliamentary career of almost 40 years and held a number of senior positions including: Foreign Office Minister for Africa, The UN, Caribbean, Overseas Territories and Conflict Issues, Chairman of the Westminster Foundation for Democracy, Chairman of the All-Party Group on the Commonwealth, and the Prime Minister's Trade Envoy to Libya. In 2016, he was Knighted in the New Year Honours list for Parliamentary and Political Service. He sits in the House of Lords after being awarded a Life Peerage in 2020. In addition to his Parliamentary career, Lord Bellingham has held several non-executive roles on AIM companies and, until recently, was Non-Executive Chairman of Pathfinder Minerals Plc since 2014. Prior to entering Parliament, Lord Bellingham practised as a barrister, having graduated from Magdalene College, Cambridge with a master's degree in Law.

Corporate Governance Framework

Role of the Board

The Board has a responsibility to govern the Company rather than to manage it and in doing so act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

Responsibilities of the Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Chief Executive Officer, who is charged with consulting the Board on all significant financial and operational matters.

Board of Directors

The Board of Directors currently comprises four Directors: James Parsons, Executive Chairman and Scott Kaintz, Chief Executive Officer, together with two Independent Non-Executive Directors: Lord Henry Bellingham, Non-Executive Director and Ewen Ainsworth Non-Executive Director.

The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the QCA Code have been implemented to an appropriate level. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

The Executive Chairman is part time and devotes at least two days per week to the business of the Company. The Chief Executive Officer has two additional directorships, which are deemed not to conflict with the business of the Company or his time commitment. The Non-Executives have a lesser time commitment and it is anticipated that each of the Non-Executive Directors will dedicate not less than 6 days a year to the Company.

All Directors have access to the advice of the Company's solicitors and the Company Secretary, necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice at the Company's expense as and when required.

Board Meetings

The Board meets regularly throughout the year. During the year ended 30 June 2021, the Board had 5 scheduled meetings together with additional ad hoc meeting as and when the business required.

Board Meeting Attendance

The Directors' attendance at scheduled and ad hoc Board meetings and Board Committees during the year ended 30 June 2021 is detailed in the table below:

Director	Board- Scheduled Meetings (5)	Board Ad Hoc Meeting (14)*	Audit Committee (2)	Remuneration Committee (2)
James Parsons (Chairman)	5	14	–	1
Scott Kaintz	5	14	1	–
Nigel Burton**	2	4	1	1
Ewen Ainsworth	5	14	2	2
Total meetings	5	14	2	2

* Ad hoc meetings: Additional meetings called for a specific matter either relating to a particular operational matter or of a more administrative nature.

** Nigel Burton resigned from the Board on 18 December 2020.

Matters Reserved for the Board

- **Strategy and Management** (responsibility for the overall leadership of the Company and setting the Company's values and standards, responsibility for the reputation of the Company, approval of the Company's strategic aims and objectives, approval of the Company's annual operating and capital expenditure budgets and any material changes to them, review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken, extension on the Company's activities into new business or geographical areas, any decision to cease to operate all or any material part of the Company's business);
- **Structure and Capital** (major changes to the Company's corporate structure, changes to the Company's management and control structure, any changes to the Company's listing);
- **Financial Reporting and Controls** (approval of half yearly, interim management statements and any preliminary announcements of final year results, approval of the annual report and accounts, approval of any significant changes in accounting policies or practices, approval of treasury policies, including foreign currency exposure and the use of financial derivatives);
- **Internal Controls** (ensuring maintenance of a sound system of internal control and risk management, including a) reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives; b) reviewing the Company's risk register; and c) approving an appropriate statement for inclusion in the annual report);
- **Contracts** (major capital contracts, contracts, which are material, strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business);
- **Communication** (approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting, approval of all circulars and prospectuses);
- **Board Membership and Other Appointments;**
- **Remuneration** (determining the remuneration policy for the Directors and other senior Executives, determining the remuneration of the Non-Executive Directors, introduction of new share incentive plans or major changes to existing plans, for approval);
- **Delegation of Authority** (the division of responsibilities between the Chairman, the Chief Executive and other Executive Directors, approval of terms of reference of Board Committees, receiving reports from Board Committees on their activities);
- **Corporate Governance Matters** (review of the group's overall corporate governance arrangements);
- **Policies** (approval of group policies);
- **Other** (approval of the appointment of the Company's principal professional advisers, prosecution, defence or settlement of litigation involving above £5m or being otherwise material to the interests of the Group, approval of the overall levels of insurance for the Company, including Director's and Officers' Liability Insurance).

Board Activities 2020-21

The Board is responsible for full and effective control over the Company. The Board holds regular meetings at which financial, operational and strategic goals are considered and decided upon.

2020-21 Board Activities:

- Conducted Exploration Programme at Dempster Vanadium Project
- Acquired AUD4.76M Debt Position in ASX Listed RMI
- Converted RMI Debt Position to 100% Interest in Wowo Gap Nickel/Cobalt Project
- Acquired 100% Interest in the 50MW Burwell Energy Storage Project
- Acquisition of a 40% Interest in the 50MW Tring Road Gas Peaker Project
- Grant of Environmental Permit at Mambare Nickel-Cobalt Project
- Agreed an Option to Acquire a 100% Interest in the 50MW Avonmouth Gas Peaker
- Minimised Investor Dilution from Funding Activities

2021-22 Board Focus:

- Complete Refinancing of December 2021 Debt Position
- Complete Wowo Gap Project Handover, Upgrade JORC and Apply for Mining Lease
- Explore Synergies with Mambare Nickel/Cobalt Project
- Reach Financial Close on Tring Road and Avonmouth Gas Peaker Projects
- Advance Burwell Energy Storage Project
- Expand and Improve Wider Transitional Energy Project Pipeline
- Improve Linkages Between Battery Metal Projects and Transitional Energy Projects
- Increase Market Understanding of Existing Value Proposition
- Leverage Investors to the Growth of Batteries and Global Decarbonisation

Board Committees

The Board has established the following committees, each of which has its own terms of reference:

Audit Committee

The Audit Committee considers the Group's financial reporting, including accounting policies, and internal financial controls. It is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Audit Committee meets at least twice a year, once with the auditors, and is comprised of Ewen Ainsworth Independent Non-Executive Director as Chairman and Lord Henry Bellingham, Independent Non-Executive Director. The Auditors and other personnel attend the Committee as requested by the Committee.

During the past year, the Audit Committee has reviewed its terms of reference, which were approved by the Board and can be found on the Company's website. A review of the Company's policies was also undertaken and is monitored on an annual basis. The Committee will continue to build upon the risk management framework as the business grows and develops.

It is the responsibility of the Committee to review the annual and half-yearly financial statements, to ensure that they adequately comply with appropriate accounting policies, practices and legal requirements, to recommend to the Board their adoption and to consider the independence of and to oversee the management's appointment of the external auditors.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on Executive Directors' remuneration. It currently comprises the Independent Non-Executive Director Ewen Ainsworth as Chairman and Lord Henry Bellingham, Independent Non-Executive Director. Lord Bellingham will assume the role of Chairman of this committee during the next calendar year. The Executive Directors and other senior personnel attend meetings as requested by the Committee, which meets at least twice a year. The Remuneration Committee considers the performance of the Executive Directors in line with those targets set at the beginning of the year within the Company's scorecard.

During the past year, the Remuneration Committee has reviewed its terms of reference, which were approved by the Board and can be found on the Company's website.

Directors' Report

The Directors present their Annual Report on the affairs of the Group and the Parent Company, together with the Group Financial Statements for the year ended 30 June 2021.

Principal Activities

The Company was incorporated for the purpose of pursuing development of and investment in mineral exploration projects with a particular focus on base-metals. Company's current portfolio includes exploration and development of natural resources and battery metals as well as development of transitional energy production and storage projects.

Strategic Report

The Company is required by the Companies Act 2006 to include a Strategic Report in its Annual Report. The information that fulfils this requirement can be found in the Annual Report on pages 6 to 11.

Business Review and Future Developments

The business review and future developments are dealt with in the Chairman's Statement and in the Strategic Review on pages 3 to 11.

Fundraising and Share Capital

During the year, cash of £1,050,000, gross before deducting the associated transaction costs, (2020: £1,521,000) was raised by the issue of new equity of 99,000,000 (2020: 205,454,410) new ordinary shares and warrants totalling 153,576,923 (2020: 55,723,206); further details are given in Note 17.

Results and Dividends

The Group's results are set out in the Group Income Statement on page 33. The audited Financial Statements for the year ended 30 June 2021 are set out on pages 32 to 80. The Group made a loss after taxation of £1.224 million (2020: loss of £1.508 million). The Directors do not recommend the payment of a dividend (2020: nil).

Directors

The Directors, who served during the period and following the year end, are as follows:

	Appointed	Resigned
James Parsons	23.12.2019	–
Scott Kaintz	21.11.2011	–
Lord Henry Bellingham	15.07.2021	–
Ewen Ainsworth	24.06.2019	–
Nigel Burton	–	18.12.2020

The interests of the Board in the shares of the Company as at 30 June 2021 were as follows:

	Ordinary shares	As percentage of issued share capital	Options	Warrants
James Parsons	3,089,773	0.80%	3,040,567	2,381,250
Scott Kaintz	4,325,219	1.12%	3,164,767	2,185,417
Ewen Ainsworth	2,253,429	0.59%	–	1,281,250

The interests of the Board in the shares of the Company as at 30 June 2020 were as follows:

	Ordinary shares	As percentage of issued share capital	Options	Warrants
James Parsons	2,289,773	1.21%	3,040,567	781,250
Scott Kaintz	2,013,791	1.06%	3,164,767	594,508
Ewen Ainsworth	2,253,429	1.19%	–	1,281,250
Nigel Burton	122,312	0.06%	–	–

Substantial Shareholdings

On 30 June 2021, the following were registered as being interested in 3% or more of the Company's Ordinary share capital:

	Ordinary shares of £0.0001 each	Percentage of issued share capital
Base Asia Pacific Ltd	37,000,000	9.62
Interactive Investor Services Nominees Ltd – Designation SMKTISAS*	30,135,396	7.83
Hargreaves Lansdown (Nominees) Limited – Designation 15942*	27,811,040	7.23
Align Research Limited	24,567,692	6.38
Barclays Direct Investing Nominees Limited- Designation Client1*	21,860,472	5.68
Interactive Investor Services Nominees Limited – Designation SMKTNOMS*	19,506,020	5.07
Hargreaves Lansdown (Nominees) Limited – Designation HLNOM*	18,494,418	4.81
Hargreaves Lansdown (Nominees) Limited – Designation VRA*	17,748,316	4.61
Winterflood Securities Ltd – Designation WINSCREP*	12,592,644	3.27
Monecor (London) Limited	12,296,999	3.20
Arlington Energy Limited	12,026,168	3.13

* client accounts

Management Incentives

In the year to 30 June 2021, the Company has granted no options over its ordinary shares (2020: 6,081,134). As at 30 June 2021, 6,212,534 options were outstanding (2020: 6,212,534).

In addition, the Company operates a tax efficient Share Incentive Plan, a government approved scheme, the terms of which provide for an equal reward to every employee, including Executive Directors, who had served for three months or more at the time of issue. The terms of the plan provide for:

- each employee to be given the right to subscribe any amount up to £150 per month with Trustees, who invest the monies in the Company's shares;
- the Company to match the employee's investment by contributing an amount equal to double the employee's investment; and
- the Company to award free shares to a maximum of £3,600 per employee per annum.

The subscriptions remain free of taxation and national insurance if held for five years. Further details on share options and Share Incentive Plan are set out in Note 18 to the Financial Statements.

Directors' Report

continued

Directors' Remuneration

The remuneration of the Executive Directors, paid during the year, was fixed on the recommendation of the Remuneration Committee. The remuneration of the Non-Executive Directors, paid during the year, was fixed on the recommendation of the Executive Directors. Remuneration levels reflected the need to maximise the effectiveness of the Company's limited resources during the year.

Fees paid to each Director, for the year ended 30 June 2021, are set out in Note 8 to the Financial Statements.

The Chief Executive Officer is entitled to participate in the Share Incentive Plan.

The Company also offers a Group Personal Pension Scheme for all eligible employees, including the Executive Directors. The Scheme is an insured, defined contribution arrangement with all members entitled to an employer pension contribution equivalent to 8% of basic salary, subject to the individual agreeing to make a minimum contribution to the Scheme equivalent to 2.4% of basic salary (subject to statutory and regulatory conditions). The Scheme is available on a Salary Sacrifice basis, with 100% of the employer national insurance saving passed on to the member by way of an enhanced employer contribution to the Scheme, of an equivalent amount.

Corporate Governance Statement and QCA Code

Corporate Governance Statement and QCA Corporate Governance principles are set out in the Annual Report on pages 12 to 16.

Control Procedures

The Board has approved financial budgets and cash forecasts. In addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

Environmental Responsibility

The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company ensures that it and its subsidiaries, at a minimum, comply with the local regulatory requirements and the revised Equator Principles, the industry standard for environmental and social risk.

Employment Policies

The Group is committed to promoting policies, which ensure that high calibre employees are attracted, retained and motivated, to ensure the on-going success for the business. Employees, and those who seek to work within the Group, are treated equally, regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective, the Group provides training and support to employees and sets demanding standards for workplace safety. Being an exploration company with very mobile staff personnel, the Company maintains and follows Emergency Response and Evacuation Plans ("EREP") in all its projects.

Going Concern

It is the prime responsibility of the Board to ensure the Company and the Group remains a going concern. At 30 June 2021, the Group had cash and cash equivalents of £0.392 million and £0.818 million of borrowings and, as at the date of signing these Financial Statements the, cash balance was £0.341 million. Current borrowings of £729,000 of principal are due 23 December 2021 and at time of publication of this report are in the process of being refinanced to December 2022. The Directors anticipate having to raise additional funding over the course of the financial year.

Having considered the prepared cashflow forecasts and the Group budgets, which includes the possibility of Directors reducing or foregoing their salaries if required, the progress in activities post year-end, including an anticipated fundraise, the Directors consider that they will have access to adequate resources in the 12 months from the date of the signing of these Financial Statements. As a result, they consider it appropriate to continue to adopt the going concern basis in the preparation of the Financial Statements.

Should the Group be unable to continue trading as a going concern, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities, which might arise, and to classify non-current assets as current. The Financial Statements have been prepared on the going concern basis and do not include the adjustments that would result if the Group was unable to continue as a going concern. Due to the factors described above, a material uncertainty exists, which may cast significant doubt on the Group and the Company's ability to act as a going concern. The auditors have made reference to this within their Audit Report. More details surrounding this may be found in the Audit Report on page 27.

Events After the Reporting Period

Events after the reporting period are set out in Note 25 to the Financial Statements.

Independent Auditors

At the AGM of the Company held in December 2020, PKF Littlejohn LLP were re-appointed as auditors for the coming year.

Disclosure of Information to Auditors

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

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

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

By order of the Board



James Parsons
Executive Chairman

05 December 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company Financial Statements in accordance with IFRS as adopted by the EU.

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 Group and the Company and of the profit or loss of the Group and Company for that period.

In preparing the Group and Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures, disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors confirm that:

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

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

Legislation in the United Kingdom, governing the preparation and dissemination of Financial Statements, may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Corcel Plc

Opinion

We have audited the Financial Statements of Corcel Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2021, which comprise the Consolidated and Parent Company Statements of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, 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 a summary of 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 30 June 2021 and of the Group'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.

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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.2 in the Financial Statements, which indicates that the Group is reliant on securing further financing to meet committed expenditure requirements and working capital needs as they fall due. As stated in Note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the Financial Statements, we have concluded that the 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 Company's ability to continue to adopt the going concern basis of accounting included a review of cash flow projections for a period up to 31 December 2022, providing challenge to key assumptions used.

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

Emphasis of Matter

We draw attention to Note 14, which discloses the debt instrument in Resource Mining Corporation Limited, purchased by the Company during the current and previous years and valued at £987,000 within the Financial Statements. The license relating to the Wowo Gap project, Resource Mining Corporation Limited's key project, remains under renewal as at the year end. The good standing of this licence is critical for project development and subsequent value extraction, which is key to the recoverability of the debt. Should the license not be renewed, an impairment may be required to the value of the debt as at 30 June 2021.

Independent Auditor's Report to the members of Corcel Plc

continued

Our Application of Materiality

The materiality applied to the group Financial Statements was £122,000 (2021: £98,000), based on a percentage of net assets, as it is from these net assets that the Group seeks to deliver returns for shareholders, in particular the value of exploration and development projects the Group is interested in through its associates and joint ventures. Headline materiality for the Parent Company Financial Statements was set at £120,000 (2020: £97,500), based on a percentage of net assets. Performance materiality has been set at 80% (2020: 70%) of headline materiality, and the threshold for which we communicate errors to management has been set at 5%.

We apply the concept of materiality in both planning and performing the 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 the audit and the extent of the sample sizes during the audit. Materiality has been reassessed during the fieldwork and closing stages of the audit, taking into consideration new information, which arose. No alterations were made to materiality either during or at the conclusion of the audit.

Our Approach to the Audit

In designing our audit, we looked at areas which deemed to involve significant judgement and estimation by the Directors, such as the key audit matter surrounding the carrying value of investments in joint ventures and associates, and receivables from other Group Companies. Other judgemental areas are the accounting treatment and valuation of financial assets, including the debt instrument purchased during the year, as well as the valuation of share-based payment transactions. We also addressed the risk of management override of controls, including consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Work on all significant components of the Group has been performed by us as Group auditor.

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 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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How Our Scope Addressed this Matter
<p>Carrying value of Investments in Joint Ventures and Associates and Intragroup Balances (Notes 11 and 14)</p> <p>Investments in joint ventures and associates, and receivables from other Group Companies, are the most significant balances in the financial statements and the recoverability of these balances involves judgement.</p> <p>The Group and Company own a 50% interest in DVY196 Holdings Corp, and a 41% interest in Oro Nickel JV entity as at 30 June 2021, both of which have material value in the Financial Statements.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none">• Review of management's assessment of recoverability of intragroup receivables in accordance with IFRS 9 criteria;• Consideration of recoverability of investments and intragroup loans by reference to underlying net asset values, including the recoverability potential of the underlying exploration projects (Mambare Nickel-Cobalt Project; Dempster Vanadium Project);• Review of Board impairment papers in respect of investments, including challenge and obtaining corroboration for key assumptions used;

Key Audit Matter	How Our Scope Addressed this Matter
<p>Given the continuing losses in these entities, and delays in advancing developments at the underlying projects, there is a risk that the investment and any associated receivable balances cannot be recovered and that the balances should be impaired.</p>	<ul style="list-style-type: none"> • Obtaining and reviewing any relevant agreements relating to investments (shareholder agreements; JV agreements; license agreements etc) to ensure all terms are complied with; and • Review of disclosures made in respect of these balances in accordance with IFRS. <p>We draw attention to the fact that the exploration license held by Oro Nickel JV in respect of the Mambare project remains under renewal and the mining license applied for has yet to be granted. If these applications were to be unsuccessful, this may result in an impairment to the carrying value of the investment in JV.</p>

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

Independent Auditor's Report to the members of Corcel Plc

continued

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 and 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.

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 it operates 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. We also selected a specific audit team based on experience with auditing entities within this industry facing similar audit and business risks.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from:
 - o AIM Rules;
 - o UK employment law; and
 - o Local environmental and mining regulations.
- 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:
 - o Making enquiries of management;
 - o A review of Board minutes;
 - o A review of legal ledger accounts; and
 - o A review of RNS announcements.
- We also identified the risks of material misstatement of the Financial Statements due to fraud. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- 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: the testing of journals, reviewing accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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.

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

Use of Our Report

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



Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

05 December 2021

Financial Statements

Consolidated Statement of Financial Position

as at 30 June 2021

	Notes	30 June 2021 £'000	30 June 2020 £'000
ASSETS			
Non-current assets			
Investments in associates and joint ventures	11	2,380	1,947
Property, plant and equipment		62	–
Goodwill	10	–	25
Financial instruments - fair value through other comprehensive income (FVTOCI)	12	7	4
Financial instruments at fair value through profit and loss (FVTPL)	13	72	–
Other receivables	14	1,362	1,690
Total non-current assets		3,883	3,666
Current assets			
Cash and cash equivalents	19	392	415
Financial instruments with fair value through profit and loss (FVTPL)	13	–	5
Trade and other receivables	14	1,215	175
Total current assets		1,607	595
Total assets		5,490	4,261
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Called up share capital	17	2,746	2,726
Share premium account	17	24,161	23,032
Shares to be issued	17	75	–
Other reserves		2,018	908
Retained earnings		(24,630)	(23,403)
Total equity attributable to owners of the Parent		4,370	3,263
Non-Controlling interests		–	13
Total equity		4,370	3,276
LIABILITIES			
Non-current liabilities			
Lease liability		–	30
Long-term borrowings	15	–	760
Total non-current liabilities		–	790
Current liabilities			
Trade and other payables	15	237	183
Lease liability		–	12
Short-term borrowings	15	883	–
Total current liabilities		1,120	195
Total equity and liabilities		5,490	4,261

These Financial Statements, on pages 32 to 80, were approved by the Board of Directors and authorised for issue on 05 December 2021 and are signed on its behalf by:



James Parsons
Executive Chairman

The accompanying notes form an integral part of these Financial Statements.

Consolidated Income Statement

for the year ended 30 June 2021

	Notes	Year to 30 June 2021 £'000	Year to 30 June 2020 £'000
Gain on sale of financial instruments designated as FVTPL		(5)	–
Exploration expenses		–	(205)
Project expenses		(121)	–
Impairment of investments in joint ventures	11	–	–
Impairment of goodwill		(25)	(106)
Impairment of right-of-use asset		–	(41)
Impairment of loans and receivables		–	(37)
Administrative expenses	4	(1,014)	(838)
Foreign currency loss		–	(26)
Other income		9	21
Finance costs, net	5	(65)	(247)
Share of loss of associates and joint ventures	11	(6)	(3)
Loss for the year before taxation	3	(1,227)	(1,482)
Taxation		–	–
Loss for the year		(1,227)	(1,482)
Loss per share attributable to:			
Equity holders of the Parent		(1,227)	(1,477)
Non-controlling interest		–	(5)
		(1,227)	(1,482)
Earnings per share attributable to owners of the Parent*:			
Basic	9	(1) pence	(2) pence
Diluted	9	(1) pence	(2) pence

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2021

	30 June 2021 £'000	30 June 2020 £'000
Loss for the year	(1,227)	(1,482)
Other comprehensive income		
Items that will be not be reclassified subsequently to profit or loss		
Revaluation of FVTOCI investments	3	(42)
Unrealised foreign currency gain/(loss) on translation of foreign operations	–	16
Total other comprehensive income for the year	3	(26)
Total comprehensive loss for the year	(1,224)	(1,508)
Total comprehensive loss attributable to:		
Equity holders of the Parent	(1,224)	(1,503)
Non-controlling interest	–	(5)
	(1,224)	(1,508)

All of the Group's operations are considered to be continuing.

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

The movements in equity during the year were as follows:

	Share capital £'000	Share premium account £'000	Shares to be issued £'000	Retained earnings £'000	Other reserves £'000	Total Equity attributable to owners of the Parent £'000	Non-controlling interests £'000	Total Equity £'000
As at 1 July 2019	1,999	21,113		(20,960)	(329)	1,823	18	1,841
Changes in equity for 2020								
Loss for the year	–	–	–	(1,477)	–	(1,477)	(5)	(1,482)
Acquisition of new subsidiary (Note 10)	–	–	–	–	–	–	12	12
Partner buy-out on a subsidiary (Note 10)	–	–	–	–	–	–	(12)	(12)
Transfer of FVTOCI reserve in relation to impaired assets (Note 12)	–	–	–	(400)	400	–	–	–
Other comprehensive income for the year								
Revaluation of FVTOCI investments	–	–	–	–	(42)	(42)	–	(42)
Transfer of FVTOCI revaluation reserve in relation to disposals	–	–	–	(567)	567	–	–	–
Unrealised foreign currency gain arising on re-translation of foreign operations	–	–	–	–	16	16	–	16
Total comprehensive income for the year	–	–	–	(567)	541	(26)	–	(26)
Transactions with owners								
Issue of shares	727	2,228	–	–	–	2,955	–	2,955
Share issue costs	–	(309)	–	–	273	(36)	–	(36)
Share options granted during the year	–	–	–	–	23	23	–	23
Total transactions with owners	727	1,919	–	–	296	2,942	–	2,942
As at 1 July 2020	2,726	23,032	–	(23,403)	908	3,263	13	3,276
Changes in equity for 2021								
Loss for the year	–	–	–	(1,227)	–	(1,227)	–	(1,227)
Acquisition of non controlling interests	–	–	–	–	–	–	(13)	(13)
Other comprehensive income for the year								
Revaluation of FVTOCI investments	–	–	–	–	3	3	–	3
Total comprehensive income for the year	–	–	–	(1,227)	3	(1,224)	(13)	(1,237)
Transactions with owners								
Issue of shares	20	2,287	–	–	–	2,307	–	2,307
Shares to be issued	–	–	75	–	–	75	–	75
Share issue costs	–	(51)	–	–	–	(51)	–	(51)
Warrants issued	–	(1,107)	–	–	1,107	–	–	–
Total transactions with owners	20	1,129	75	–	1,107	2,331	–	2,331
As at 30 June 2021	2,746	24,161	75	(24,630)	2,018	4,370	–	4,370

See Note 16 for a description of each reserve included above.

Consolidated Statement of Changes in Equity

continued

Other reserves	FVTOCI financial asset reserve £'000	Share- based payment reserve £'000	Warrant reserve £'000	Foreign currency translation reserve £	Total other reserves £
As at 1 July 2019	(924)	76	–	519	(329)
Revaluation of FVTOCI investments	(42)	–	–	–	(42)
Transfer of FVTOCI reserve relating to impaired assets and disposals	967	–	–	–	967
Share options granted during the year	–	23	–	–	23
Warrants granted during the year	–	–	273	–	273
Unrealised foreign currency gain on translation of foreign operations	–	–	–	16	16
As at 1 July 2020	1	99	273	535	908
Revaluation of FVTOCI investments	3	–	–	–	3
Warrants granted during the year	–	–	1,107	–	1,107
As at 30 June 2021	4	99	1,380	535	2,018

See Note 16 for a description of each reserve included above.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Year to 30 June 2021 £	Year to 30 June 2020 £
Cash flows from operating activities		
Loss before taxation	(1,227)	(1,482)
Increase in receivables	(53)	(28)
Increase in payables	374	78
Decrease in lease liabilities	(42)	
Share-based payments	–	63
Currency adjustments	–	26
Finance cost, net (Note 5)	65	247
Gain on sale of FVTPL investments	(5)	–
Share of loss in associates and joint ventures, net of tax (Note 11)	(6)	(3)
Impairment of goodwill related to FGO (Note 10)	–	106
Impairment of goodwill related to WDD	25	–
Impairment of right-of-use assets	–	41
Impairment of loans and receivables	–	37
Net cash outflow from operations	(869)	(909)
Cash flows from investing activities		
Proceeds from sale of FVTOCI and FVTPL investments (Note 12 and 13)	14	109
Purchase of financial assets carried at amortised cost (Note 14)	(355)	(220)
Purchase of property, plant and equipment	(62)	–
Acquisition of a new subsidiary (Note 10)	–	(34)
Acquisition of non controlling interest	(15)	–
Payments for investments in associates and joint ventures (Note 11)	(183)	(5)
Net cash (outflow)/inflow from investing activities	(601)	(150)
Cash inflows from financing activities		
Proceeds from issue of shares net of issue costs	1,382	1,439
Interest paid (Note 21)	–	(5)
Proceeds of new borrowings, as received net of associated fees (Note 21)	65	7
Repayment of borrowings (Note 21)	–	(30)
Net cash inflow from financing activities	1,447	1,410
Net (decrease)/increase in cash and cash equivalents	(23)	351
Cash and cash equivalents at the beginning of period	415	64
Cash and cash equivalents at end of period	392	415

Major non-cash transactions are disclosed in Note 21.

The accompanying notes and accounting policies form an integral part of these Financial Statements.

Company Statement of Financial Position

Corcel Plc (Registration Number: 05227458)
as at 30 June 2021

	Notes	30 June 2021 £	30 June 2020 £
ASSETS			
Non-current assets			
Investments in subsidiaries	10	–	–
Investments in associates and joint ventures	11	2,501	2,067
Financial assets with fair value through other comprehensive income (FVTOCI)	12	7	4
Financial instruments with fair value through profit and loss (FVTPL)		72	–
Other receivables	14	1,379	1,740
Total non-current assets		(3,959)	3,811
Current assets			
Cash and cash equivalents	19	387	389
Trade and other receivables	14	1,148	175
Total current assets		1,535	564
Total assets		5,494	4,375
EQUITY AND LIABILITIES			
Called up share capital	17	2,746	2,726
Share premium account	17	24,161	23,032
Shares to be issued	17	75	–
Other reserves		1,483	373
Retained earnings		(24,065)	(22,698)
Total equity		4,440	3,433
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	–	760
Total non-current liabilities		–	760
Current liabilities			
Trade and other payables	15	211	182
Short-term borrowings	15	883	–
Total current liabilities		1,094	182
Total equity and liabilities		5,494	4,375

Company Statement of Comprehensive Income

As permitted by Section 408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's loss for the financial year was £1,366,448 (2020: loss of £1,949,687). The Company's Total comprehensive loss for the financial year was £1,363,300 (2020: loss £1,991,647).

These Financial Statements, on pages 32 to 80, were approved by the Board of Directors and authorised for issue on 05 December 2021 and are signed on its behalf by:



James Parsons
Executive Chairman

The accompanying notes form an integral part of these Financial Statements.

Company Statement of Changes in Equity

for the year ended 30 June 2021

The movements in reserves during the year were as follows:

	Share capital £'000	Share premium account £'000	Shares to be issued £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
As at 30 June 2019	1,999	21,113	–	(20,181)	(448)	2,483
Changes in equity for 2020						
Loss for the year	–	–	–	(1,950)	–	(1,950)
Other comprehensive income for the year						
Revaluation of FVTOCI investments	–	–	–	–	(42)	(42)
Transfer of FVTOCI reserve relating to impaired assets and disposals	–	–	–	(567)	567	–
Total comprehensive income for the year	–	–	–	(567)	525	(42)
Transactions with owners						
Issue of shares	727	2,228	–	–	–	2,955
Share issue and fundraising costs	–	(309)	–	–	273	(36)
Share options granted during the year	–	–	–	–	23	23
Total transactions with owners	727	1,919	–	–	296	2,942
As at 1 July 2020	2,726	23,032	–	(22,698)	373	3,433
Changes in equity for 2021						
Loss for the year	–	–	–	(1,367)	–	(1,367)
Other comprehensive income for the year						
Revaluation of FVTOCI investments	–	–	–	–	3	3
Total comprehensive income for the year	–	–	–	(1,367)	3	(1,364)
Transactions with owners						
Issue of shares	20	2,287	–	–	–	2,307
Shares to be issued	–	–	75	–	–	75
Share issue and fundraising costs	–	(51)	–	–	–	(51)
Share warrants granted during the year	–	(1,107)	–	–	1,107	–
Total transactions with owners	20	1,129	75	–	1,107	2,331
As at 30 June 2021	2,746	24,161	75	(24,065)	1,483	4,400

Company Statement of Changes in Equity

continued

Other reserves	FVTOCI financial asset reserve £'000	Share- based payment reserve £'000	Warrants reserve £'000	Total other reserves £'000
As at 30 June 2019	(524)	76	–	(448)
Changes in equity for 2020			–	
Other comprehensive income for the year			–	
Revaluation of FVTOCI investments	(42)	–	–	(42)
Transfer of FVTOCI reserve relating to impaired assets and disposals	567	–	–	567
Share options granted during the year	–	23	–	23
Warrants issued during the year	–	–	273	273
Total Other comprehensive (expenses)/income	525	23	273	821
As at 1 July 2020	1	99	273	373
Changes in equity for 2021				
Other comprehensive income for the year				
Revaluation of FVTOCI investments	3	–	–	3
Transfer of FVTOCI reserve relating to impaired assets and disposals	–	–	–	–
Share options granted during the year	–	–	–	–
Warrants issued during the year	–	–	1,107	1,107
Total Other comprehensive expenses	3	–	1,107	1,110
As at 30 June 2021	4	99	1,380	1,483

See Note 16 for a description of each reserve included above.

Company Statement of Cash Flows

for the year ended 30 June 2021

	Year to 30 June 2021 £'000	Year to 30 June 2020 £'000
Cash flows from operating activities		
Loss before taxation	(1,366)	(1,950)
Increase in receivables	13	(30)
Increase/(decrease) in payables	377	92
Share-based payments	–	63
Finance income	65	247
Currency gains	–	26
Impairment of loans and receivables	–	678
Net cash outflow from operations	(911)	(874)
Cash flows from investing activities		
Payments for investments in associates and joint ventures	(183)	(5)
Purchase of financial assets carried at amortised cost	(355)	(220)
Payments made on behalf of subsidiaries	–	(66)
Proceeds from sale of FVTOCI financial instruments	–	109
Net cash (outflow)/inflow from investing activities	(538)	(182)
Cash inflows from financing activities		
Proceeds from issue of shares, net of issue costs	1,382	1,439
Interest paid (Note 21)	–	(5)
Proceeds of new borrowings (Note 21)	65	7
Repayments of borrowings (Note 21)	–	(30)
Net cash inflow from financing activities	1,447	1,411
Increase in cash and cash equivalents	(2)	355
Cash and cash equivalents at the beginning of period	389	34
Cash and cash equivalents at end of period	387	389

Major non-cash transactions are disclosed in Note 21.

The accompanying notes and accounting policies form an integral part of these Financial Statements.

Notes to Financial Statements

for the year ended 30 June 2021

1. Principal Accounting Policies

1.1 Authorisation of Financial Statements and Statement of Compliance with IFRS

The Group Financial Statements of Corcel Plc (the “Company”, “Corcel” or the “Parent Company”), for the year ended 30 June 2021, were authorised for issue by the Board on 05 December 2021 and signed on the Board’s behalf by James Parsons. Corcel Plc is a public limited company, incorporated and domiciled in England and Wales. The Company’s ordinary shares are traded on AIM.

1.2 Basis of Preparation

The Financial Statements have been prepared in accordance with international accounting standards (‘IFRS’) in conformity with the requirements of the Companies Act 2006. They are presented in thousand Pounds Sterling (£’000), unless stated otherwise.

The principal accounting policies adopted are set out below.

Going Concern

It is the prime responsibility of the Board to ensure the Company and the Group remains a going concern. At 30 June 2021, the Group had cash and cash equivalents of £0.392 million and £0.818 million of borrowings and, as at the date of signing these Financial Statements, the cash balance was £0.341 million. Current borrowings of £729,000 of principal are due 23 December 2021 and at time of publication of this report are in the process of being refinanced to December 2022. The Directors anticipate having to raise additional funding over the course of the financial year.

Having considered the prepared cashflow forecasts and the Group budgets, which includes the possibility of Directors reducing or foregoing their salaries if required, the progress in activities post year-end, including the anticipated fundraising of £390,000, the Directors consider that they will have access to adequate resources in the 12 months from the date of the signing of these Financial Statements. As a result, they consider it appropriate to continue to adopt the going concern basis in the preparation of the Financial Statements, with the understanding that there is no certainty that required fundraisings during the year will be successful.

Should the Group be unable to continue trading as a going concern, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities, which might arise, and to classify non-current assets as current. The Financial Statements have been prepared on the going concern basis and do not include the adjustments that would result if the Group was unable to continue as a going concern. Due to the factors described above, a material uncertainty exists, which may cast significant doubt on the Group and the Company’s ability to act as a going concern. The auditors have made reference to this within their Audit Report. More details surrounding this may be found in the Audit Report on page 27.

The auditors have made reference to going concern within their audit report by way of a material uncertainty.

Company Statement of Comprehensive Income

As permitted by Section 408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company’s loss for the financial year was £1.366 million (2020: loss of £1.949 million). The Company’s other comprehensive loss for the financial year was £1.363 million (2020: loss £1.991 million).

New Standards, Amendments and Interpretations

The Group and Parent Company have adopted all of the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after 1 July 2020.

The following new IFRS standards and / or amendments to IFRS standards were adopted for the first time during the year, none of which had a material impact on the financial statements:

- Amendments to IFRS 3: Business Combinations (effective 1 January 2020);
- Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020); and
- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform (effective 1 January 2020).

No standards or Interpretations, that came into effect for the first time for the financial year beginning 1 July 2020, have had an impact on the Group or Company.

New Standards, Amendments and Interpretations Not Yet Adopted

At the date of approval of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements were in issue but not yet effective:

- Amendments to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective date not yet confirmed);
- Amendments to IFRS 3: Business Combinations – Reference to Conceptual Framework (effective 1 January 2022);
- Amendments to IAS 16: Property, Plant and Equipment (effective 1 January 2022);
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2022);
- Annual Improvements to IFRS Standards 2018-2020 Cycle (effective 1 January 2022);
- Amendments to IAS 8: Accounting Policies, Changes to Accounting Estimates and Errors (effective date not yet confirmed); and
- Amendments to IAS 12: Income Taxes – Deferred Tax arising from a Single Transaction (effective date not yet confirmed).

The effect of these new and amended Standards and Interpretations, which are in issue but not yet mandatorily effective, is not expected to be material.

Standards Adopted Early by the Group

The Group has not adopted any standards or interpretations early in either the current or the preceding financial year.

1.3 Basis of Consolidation

The consolidated Financial Statements of the Group incorporate the Financial Statements of the Company and entities controlled by the Company, its subsidiaries, made up to 30 June each year.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain economic benefits from their activities. Subsidiaries are consolidated from the date on which control is obtained, the acquisition date, until the date that control ceases. They are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs, directly attributable to the acquisition, are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation, except to the extent that intra-group losses indicate an impairment.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Statement of Comprehensive Income. Any impairment recognised for goodwill is not reversed.

Notes to Financial Statements

continued

1. Principal Accounting Policies continued

1.3 Basis of Consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Non-Controlling Interests

Profit or loss and each component of other comprehensive income are allocated between the Parent and non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any differences between the adjustment for the non-controlling interest and the fair value of consideration paid or received are recognised in equity.

1.4 Summary of Significant Accounting Policies

1.4.1 Investment in Associates

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or jointly control, through participation in the financial and operating policy decisions of the investee.

Investments in associates are recognised in the Consolidated Financial Statements, using the equity method of accounting. The Group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income are recognised directly in other comprehensive income. The carrying value of the investment, including goodwill, is tested for impairment when there is objective evidence of impairment. Losses in excess of the Group's interest in those associates are not recognised unless the Group has incurred obligations or made payments on behalf of the associate.

Where a Group company transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Where the Company's holding in an associate is diluted, the Company recognises a gain or loss on dilution in profit and loss. This is calculated as the difference between the Company's share of proceeds received for the dilutive share issue and the value of the Company's effective disposal.

In the Company accounts investments in associates are recognised and held at cost. The carrying value of the investment is tested for impairment, when there is objective evidence of impairment. Impairment charges are included in the Company Statement of Comprehensive Income.

1.4.2 Interests in Joint Ventures

A joint venture is a joint arrangement, whereby the partners, who have joint control of the arrangement, have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of the joint arrangement, which exists only when decisions on relevant activities require the unanimous consent of the parties sharing control. The Group recognises its interest in the entity's assets and liabilities, using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in value of individual investments. The Group Income Statement reflects the share of the jointly controlled entity's results after tax.

Any goodwill arising on the acquisition of a jointly controlled entity is included in the carrying amount of the jointly controlled entity and is not amortised. To the extent that the net fair value of the entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the entity's profit or loss in the period in which the investment is acquired.

Financial Statements of the jointly controlled entity will be prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies used into line with those of the Group and to reflect impairment losses where appropriate. Adjustments are also made in the Group's Financial Statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity. The Group ceases to use the equity method on the date from which it no longer has joint control over, or significant influence in, the joint venture.

At 30 June 2021, the Group had following contractual arrangements, which were classified as investments in associates and joint ventures:

- Oro Nickel Ltd, a contractual arrangement with Battery Metals Pty Ltd, which represents a joint venture established through an interest in a jointly controlled entity, in order to develop and exploit the Mambare nickel project;
- DVY196 Holdings Corp ("DVY"), 50% interest in a North American vanadium project; and
- ARL 021 Limited, a 40% interest in the Tring Road 50MW gas peaker project.

1.4.3 Taxation

Corporation tax payable is provided on taxable profits at the prevailing UK tax rate. The tax expense represents the sum of the current tax expense and deferred tax expense.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction, which affects neither the taxable profit nor the accounting profit.

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

Notes to Financial Statements

continued

1. Principal Accounting Policies continued

1.4 Summary of Significant Accounting Policies (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either:

- the same taxable entity; or
- different taxable entities, which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the significant deferred tax assets and liabilities are expected to be realised or settled.

1.4.4 Property, Plant and Equipment

Property, plant and equipment acquired and identified as having a useful life that exceeds one year is capitalised at cost and is depreciated on a straight-line basis at annual rates that will reduce book values to estimated residual values over their anticipated useful lives as follows:

Office furniture, fixtures and fittings – 33% per annum

Leasehold improvements – 5% per annum

1.4.5 Foreign Currencies

Both the functional and presentational currency of Corcel Plc is Sterling (£). Each Group entity determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

The functional currencies of the foreign subsidiaries and joint ventures are the Australian Dollar (“AUD”), the Papua New Guinea Kina (“PNG”) and the US Dollar (“USD”).

Transactions in currencies other than the functional currency of the relevant entity are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities 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. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income, when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group’s overseas operations are translated into the Group’s presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the year, in which case, the exchange rate at the date of the transaction is used. All exchange differences arising, if any, are recognised as other comprehensive income and are transferred to the Group’s foreign currency translation reserve.

1.4.6 Exploration Assets

Exploration assets comprise exploration and evaluation costs, incurred on prospects at an exploratory stage. These costs include the cost of acquisition, exploration, determination of recoverable reserves, economic feasibility studies and all technical and administrative overheads directly associated with those projects. These costs are carried forward in the Statement of Financial Position as non-current intangible assets less provision for identified impairments. Costs associated with an exploration activity will only be capitalised if, in management's opinion, the results from that activity led to a material increase in the market value of the exploration asset, which is determined by management to be following the economic feasibility stage. Generally, costs associated with non-drilling activities, such as geophysical and geochemical surveys, are not capitalised.

Recoupment of exploration and development costs is dependent upon successful development and commercial exploitation of each area of interest and will be amortised over the expected commercial life of each area once production commences. The Group and the Company currently have no exploration assets, where production has commenced.

The Group adopts the "area of interest" method of accounting whereby all exploration and development costs, relating to an area of interest, are capitalised and carried forward until abandoned. In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made. All expenditure incurred prior to approval of an application is expensed, with the exception of refundable rent, which is raised as a receivable.

Upon disposal, the difference between the fair value of consideration receivable for exploration assets and the relevant cost within non-current assets is recognised in the Income Statement.

1.4.7 Impairment of Non-Financial Assets

The carrying values of assets, other than those to which IAS 36 "Impairment of Assets" does not apply, are reviewed at the end of each reporting period for impairment, when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

When there is a change in the estimates, used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.4.8 Share-Based Payments

Share Options

The Group operates equity-settled share-based payment arrangements, whereby the fair value of services provided is determined indirectly by reference to the fair value of the instrument granted.

The fair value of options granted to Directors and others, in respect of services provided, is recognised as an expense in the Income Statement with a corresponding increase in equity reserves – the share-based payment reserve until the award has been settled and then make a transfer to share capital. On exercise or lapse of share options, the proportion of the share-based payment reserve, relevant to those options is transferred to retained earnings. On exercise, equity is also increased by the amount of the proceeds received.

The fair value is measured at grant date and charged over the vesting period during which the option becomes unconditional.

The fair value of options is calculated using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The exercise price is fixed at the date of grant.

Notes to Financial Statements

continued

1. Principal Accounting Policies continued

1.4 Summary of Significant Accounting Policies (continued)

Non-market conditions are performance conditions that are not related to the market price of the entity's equity instruments. They are not considered, when estimating the fair value of a share-based payment. Where the vesting period is linked to a non-market performance condition, the Group recognises the goods and services it has acquired during the vesting period, based on the best available estimate of the number of equity instruments expected to vest. The estimate is reconsidered at each reporting date, based on factors such as a shortened vesting period, and the cumulative expense is "trued up" for both the change in the number expected to vest and any change in the expected vesting period.

Market conditions are performance conditions that relate to the market price of the entity's equity instruments. These conditions are included in the estimate of the fair value of a share-based payment. They are not taken into account for the purpose of estimating the number of equity instruments that will vest. Where the vesting period is linked to a market performance condition, the Group estimates the expected vesting period. If the actual vesting period is shorter than estimated, the charge is accelerated in the period that the entity delivers the cash or equity instruments to the counterparty. When the vesting period is longer, the expense is recognised over the originally estimated vesting period.

For other equity instruments, granted during the year (i.e. other than share options), fair value is measured on the basis of an observable market price.

Share Incentive Plan

Where the shares are granted to the employees under Share Incentive Plan, the fair value of services provided is determined indirectly by reference to the fair value of the free, partnership and matching shares granted on the grant date. Fair value of shares is measured on the basis of an observable market price, i.e. share price as at grant date and is recognised as an expense in the Income Statement on the date of the grant. For the partnership shares, the charge is calculated as the excess of the mid-market price on the date of grant over the employee's contribution.

1.4.9 Pension

The Group operates a defined contribution pension plan, which requires contributions to be made to a separately administered fund. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable.

1.4.10 Finance Income/Expense

Finance income and expense is recognised as interest accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period, using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts/re-payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

1.4.11 Financial Instruments

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair Value through Profit or Loss (FVTPL)

This category comprises in-the-money derivatives and out-of-the-money derivatives, where the time value offsets the negative intrinsic value. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income in the finance income or expense line. Other than derivative financial instruments, which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised Cost

These assets comprise the types of financial assets, where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost, using the effective interest rate method, less provision for impairment. Impairment provisions for current and non-current trade receivables are recognised, based on the simplified approach within IFRS 9, using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For the receivables, which are reported net, such provisions are recorded in a separate provision account, with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions, for receivables from related parties and loans to related parties, are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those, where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Consolidated Statement of Financial Position.

Fair Value through Other Comprehensive Income (FVTOCI)

The Group held a number of strategic investments in listed and unlisted entities, which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets, measured at fair value through other comprehensive income, are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Notes to Financial Statements

continued

1. Principal Accounting Policies continued

1.4 Summary of Significant Accounting Policies (continued)

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired:

Other Financial Liabilities

Other financial liabilities include:

- Borrowings, which are initially recognised at fair value net of any transaction costs, directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost, using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption as well as any interest or coupon payable, while the liability is outstanding;
- Liability components of convertible loan notes are measured as described further below; and
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured, using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and, for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the Financial Statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

More information is disclosed in Note 20.

1.4.12 Investments in the Company Accounts

Investments in subsidiary companies are classified as non-current assets and included in the Statement of Financial Position of the Company at cost at the date of acquisition less any identified impairments.

For acquisitions of subsidiaries or associates achieved in stages, the Company re-measures its previously held equity interests in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss. Any gains or losses, previously recognised in other comprehensive income, are transferred to profit and loss.

Investments in associates and joint ventures are classified as non-current assets and included in the Statement of Financial Position of the Company at cost at the date of acquisition less any identified impairment.

1.4.13 Share Capital

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

1.4.14 Convertible Debt

The proceeds, received on issue of the Group's convertible debt, are allocated into their liability and equity components. The amount, initially attributed to the debt component, equals the discounted cash flows, using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability, measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within shareholders' equity, net of income tax effects.

1.4.15 Warrants

Derivative contracts, that only result in the delivery of a fixed amount of cash or other financial assets for a fixed number of an entity's own equity instruments, are classified as equity instruments. Warrants, relating to equity finance and issued together with ordinary shares placement, are valued by residual method and treated as directly attributable transaction costs and recorded as a reduction of share premium account, based on the fair value of the warrants. Warrants, classified as equity instruments, are not subsequently re-measured (i.e., subsequent changes in fair value are not recognised).

1.4.16 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting, provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of foreign exchange gains or losses, investment income, interest payable and tax. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance. When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment non-current assets. For this purpose, all non-current assets are allocated to reportable segments.

Notes to Financial Statements

continued

1. Principal Accounting Policies continued

1.4 Summary of Significant Accounting Policies (continued)

1.4.17 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 June 2019 without restatement of comparative figures.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease if the term of the lease has been estimated on the basis of termination option being exercised.

Lease liabilities are subsequently measured at the present value of the contractual payments due to the lessor over the lease term.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised, where the Group is contractually required to dismantle, remove or restore the leased asset.

1.5 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's Consolidated Financial Statements, requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant Judgements and Accounting Estimates

In the process of applying the Group's accounting policies, management has made the following judgements and estimates, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

Impairment of Investments in Associates and Joint Ventures

The carrying amount of investments in joint ventures is tested for impairment annually and this process is considered to be key judgement along with determining whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable.

The continued progress at the Mambare nickel/cobalt project during the year, when considered alongside the increases in nickel prices, have encouraged the Board to continue to hold the value of its stake in the Mambare joint venture at the previous valuation of £1.77 million alongside a £1.3 million receivable.

The Company believes that the carrying values reflect the sizeable JORC resource and work done to date as well as the potential to progress the project to a mining license and Direct Shipping Ore “DSO” production in 2021 and beyond. During the year, the JV had a successful Warden’s Hearing over the mining plans and was awarded the environmental permit, both key metrics prior to the award of a Mining Lease. The Company has assessed the viability of the project, given current and expected nickel prices and the anticipated cost of a DSO operation, and believes the project can be successfully taken into production in the mid-term. The Board further believes that the likelihood of recovery of the receivable has also increased over the past 12-24 months due to the progress made on the JV, and that full repayment of this figure is likely through either a disposal and trade sale prior to production or through dividends once the project begins shipping ore.

The Company, following a successful exploration season at the Dempster Vanadium project in Canada in 2020, believes it is prudent to hold this asset at cost pending decisions to conduct a follow-on exploration programme that may include a significant drill campaign.

At year-end the Company owned AUD 4.7m of senior debt in Resource Mining Corporation Limited (“RMI”), the purchase of which was completed on 17 November 2020. The cost of the acquisition of this position was £987,000 or AUD 1.8m. After the year-end on 12 August 2021, the Company announced that it had agreed to acquire a 100% interest in the Australian registered Niugini Nickel Pty Ltd (“Niugini Nickel”), which owned 100% of the Wowo Gap nickel-cobalt project in Papua New Guinea. As consideration for this acquisition, the Company released all liabilities and obligations in connection with its AUD 4.7m senior debt position. On 18 October 2021, the Company announced that it had completed the share purchase agreement with RMI to acquire the 100% interest in Niugini Nickel. As such, the Company believes that holding the cost of the debt at year end at the cost of acquisition is appropriate at this time and will ultimately reflect the fair value of the Wowo Gap project.

More information is disclosed in Note 11.

The Company acquired a 40% interest in ARL 021, which gave it partial ownership of the Tring Road gas peaker plant, immediately before the year end. Given the very short period of time prior to the year and the progress on funding Tring Road subsequent to the year end, the Company feels it is appropriate to retain the carrying value of this asset at cost. The Company has further decided to write-off its existing investment in Weirs Drove Development, owner of the Burwell Energy Storage project, as the project is currently working through potential delays relating to grid congestion and potential upgrades in the area. While the Burwell project may successfully progress to financial close, there remains uncertainty around the timeframe in which this is likely to occur.

The Company has also made judgements in respect of the success of licence renewals on the core projects.

Share-Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined using the Black-Scholes model and the estimates used within this model are disclosed in Note 18.

Valuation of a receivable from Oro Nickel JV

The Directors believe that the receivable from the Oro Nickel Joint Venture will be fully recoverable in light of the project’s ongoing progress towards a mining lease, supporting a shipping ore operation at the site. Substantial progress has been made on the mining lease application during the course of the year end, including a successful Warden’s Hearing and the award of the critical Environmental Permit. While the existing exploration licenses remain under renewal at the year-end, the Company and the joint venture partners believe there remains a high likelihood of renewal, given ongoing dialogue with the PNG authorities, and would expect to have these renewed independently of any outcome of the mining lease application.

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2. Segmental Analysis

Once the Group's main focus of operations becomes production of battery metal mineral resources or flexible production and storage of energy, the nature of management information, examined by the Board, will alter to reflect the need to monitor revenues, margins, overheads and trade balances as well as cash.

IFRS 8 requires the reporting of information about the revenues derived from the various areas of activity and the countries in which revenue is earned regardless of whether this information is used in by management in making operating decisions. Management determined that the most useful presentation of revenues and expenses came from an analysis by operational type as opposed to geographic representation due to the similar nature of the revenues and expenses when grouped in these categories.

	Battery Metals £'000	Flexible Grid Solutions (UK) £'000	Corporate and unallocated £'000	Total £'000
Year to 30 June 2021				
Revenue	–	–	–	–
Management services	–	–	–	–
Project expenses	–	(121)	–	(121)
Exploration expenses	–	–	–	–
Administrative expenses	–	–	(1,014)	(1,014)
Impairment of right of use asset	–	–	–	–
Impairment of goodwill	–	(25)	–	(25)
Currency (loss)/gain	–	–	–	–
Share of profits in joint ventures	(6)	–	–	(6)
Impairment of financial assets carried at amortised cost	–	–	–	–
Loss on sale of financial instruments FVTPL	–	–	(5)	(5)
Other income	–	–	9	9
Finance cost – net	–	–	(65)	(65)
Net (loss) before tax from continuing operations	(6)	(146)	(1,075)	(1,227)
	Battery Metals £'000	Flexible Grid Solutions (UK) £'000	Corporate and unallocated £'000	Total £'000
Year to 30 June 2020				
Revenue	–	–	–	–
Management services	–	–	–	–
Management services	–	–	–	–
Exploration expenses	(178)	–	(27)	(205)
Administrative expenses	–	(21)	(817)	(838)
Impairment of right of use asset	–	(41)	–	(41)
Impairment of goodwill	–	(106)	–	(106)
Currency (loss)/gain	–	–	(26)	(26)
Share of profits in joint ventures	(3)	–	–	(3)
Impairment of financial assets carried at amortised cost	–	–	(37)	(37)
Other income	–	–	21	21
Finance cost – net	–	–	(247)	(247)
Net (loss) before tax from continuing operations	(181)	(168)	(1,133)	(1,482)

Information by Geographical Area

Presented below is certain information by the geographical area of the Group's activities. Investment sales revenue and exploration property sales revenue are allocated to the location of the asset sold.

Year to 30 June 2021	UK £'000	Australia £'000	Papua New Guinea £'000	USA £'000	Canada £'000	Total £'000
Revenue	–	–	–	–	–	–
Total segment revenue and other gains	–	–	–	–	–	–
Non-current assets						
Investments in associates and joint ventures	472	–	1,654	–	326	2,452
Goodwill	–	–	–	–	–	–
Property, plant and equipment	62	–	–	–	–	62
Receivable from a joint venture	12	–	1,349	–	–	1,351
Purchased debt	–	–	987	–	–	987
FVTOCI financial instruments	–	–	–	–	7	7
Total segment non-current assets	546	–	3,990	–	333	4,869

Year to 30 June 2020	UK £'000	Australia £'000	Papua New Guinea £'000	USA £'000	Canada £'000	Total £'000
Revenue	–	–	–	–	–	–
Total segment revenue and other gains	–	–	–	–	–	–
Non-current assets						
Investments in associates and joint ventures	–	–	1,654	–	293	1,947
Goodwill	25	–	–	–	–	25
Receivable from a joint venture	–	–	1,323	–	–	1,323
Purchased debt	–	–	367	–	–	367
FVTOCI financial instruments	–	–	–	–	4	4
Total segment non-current assets	25	–	3,344	–	297	3,666

3. Loss on Ordinary Activities Before Taxation

Group	2021 £'000	2020 £'000
Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
– fees payable to the Company's auditor for the audit of consolidated and Company Financial Statements	30	25
Directors' emoluments (Note 8)	449	379

As declared in Note 8, Directors are remunerated in part by third parties with whom the Company and Group have contractual arrangements.

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4. Administrative Expenses

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Staff costs				
Payroll	453	369	465	369
Pension	31	15	19	15
Share-based payments	–	33	–	33
Consultants	–	32	–	32
Insurance	2	1	1	1
Employers NI	50	36	50	36
Professional services				
Accounting	67	72	65	69
Legal	33	15	33	15
Business development	25	1	2	1
Marketing	20	14	20	12
Investor relations	88	–	80	–
Funding costs	–	42	–	42
Other	–	26	–	25
Regulatory compliance	127	101	127	101
Travel	7	8	4	8
Office and Admin				
General	21	(2)	22	(5)
IT costs	46	8	45	8
Rent	16	58	16	44
Insurance	28	9	28	9
Total administrative expenses	1,014	838	978	815

5. Finance Costs, Net

Group	2021 £'000	2020 £'000
Interest expense	(65)	(247)
	(65)	(247)

6. Taxation

	2021 £'000	2020 £'000
Current period transaction of the Group		
UK corporation tax at 19.00% (2020: 19.00%) on profits for the period	–	–
Deferred tax		
Origination and reversal of temporary differences	–	–
Deferred tax assets derecognised	–	–
Tax (credit)	–	–
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(1,227)	(1,482)
Loss on ordinary activities at the average UK standard rate of 19% (2020: 19.00%)	(233)	(282)
Effect of non-deductible expense	37	136
Effect of tax benefit of losses carried forward	196	267
Tax losses brought forward	–	(121)
Current tax (credit)	–	–

Deferred tax amounting to £nil (2020: £nil), relating to the Group's investments was recognised in the Statement of Comprehensive Income. No deferred tax charge has been recognised due to uncertainty as to the timing of future profitability of the Group. Unutilised trading losses are estimated at circa £3,281 thousand (2020: £3,085) and capital losses estimated circa £nil (2020: £nil).

7. Staff Costs

The aggregate employment costs of staff for the Group (including Directors) for the year was:

	2021 £'000	2020 £'000
Wages and salaries	453	369
Pension	31	15
Social security costs, net of allowances	50	36
Medical costs	2	1
Employee share-based payment charge	–	34
Total staff costs	536	455

The average number of Group employees (including Directors) during the year was:

	2021 Number	2020 Number
Directors	4	4
Administration	1	1
	5	5

During the year, for all Directors and employees, who have been employed for more than three months, the Company contributed to a defined contributions pension scheme as described under Directors' remuneration in the Directors' Report and a Share Incentive Plan ("SIP") as described under Management incentives in the Directors' Report.

All emoluments presented for current and comparative years, except for pension, are short-term in nature.

Notes to Financial Statements

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8. Directors' Emoluments

2021	Directors' fees £'000	Consultancy fees £'000	Bonus £'000	Share Incentive Plan £'000	Pension contributions £'000	Short term benefits £'000	Total £'000
Executive Directors							
J Parsons	146	–	14	–	12	–	172
S Kaintz	175	–	15	7	15	2	214
Non-executive Directors							
N Burton	23	–	–	–	–	–	23
E Ainsworth	30	10	–	–	–	–	40
	374	10	29	7	27	2	449

2020	Directors' fees £'000	Consultancy fees £'000	Bonus £'000	Share Incentive Plan £'000	Pension contributions £'000	Social security costs £'000	Total £'000
Executive Directors							
A R M Bell	43	–	–	–	1	–	44
J Parsons*	85	–	–	–	–	–	85
S Kaintz	145	–	–	7	11	2	165
Non-executive Directors							
N Burton	45	–	–	–	–	–	45
E Ainsworth	17	23	–	–	–	–	40
	335	23	–	7	12	2	379

* Includes 8% pension contribution paid in cash as a part of gross salary.

The number of Directors, who exercised share options in year, was nil (2020: nil).

During the year, the Company contributed to a Share Incentive Plan, more fully described in the Directors' Report on pages 22 to 25, where shares were issued to each employee, including Directors, making a total of 14,717,790 (2020: 14,717,790) partnership and matching shares. Those shares were issued in relation to services provided by those employees during the reporting year.

The Company also operates a contributory pension scheme, more fully described in the Directors' Report in the section Directors' Remuneration on page 24.

9. Earnings per Share

The basic earnings/(loss) per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Parent by the weighted average number of shares in issue. Diluted earnings/(loss) per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Parent by the weighted average number of shares in issue plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

	2021	2020
Loss attributable to equity holders of the Parent Company, £'000	(1,227)	(1,482)
Weighted average number of ordinary shares of £0.0001 in issue, used for basic EPS, adjusted for 100:1 share consolidation	279,406,266	75,338,810
Earnings per share – basic, pence	(1)	(2)
Earnings per share – fully diluted, pence	(1)	(2)

At 30 June 2021 and at 30 June 2020, the effect of all the instruments in issue is anti-dilutive as it would lead to a further reduction of loss per share, therefore, they were not included into the diluted loss per share calculation.

Options and warrants with conditions not met at the end of the period, that could potentially dilute basic EPS in the future, but were not included in the calculation of diluted EPS for the periods presented:

	2021	2020
(a) Share options granted to employees – total, of them	6,212,534	6,212,534
- Vested at the end of reporting period	122,900	122,900
- Not vested at the end of the reporting period	6,089,634	6,089,634
(b) Number of warrants in issue	170,399,328	60,839,078
Total number of contingently issuable shares that could potentially dilute basic earnings per share in future and anti-dilutive potential ordinary shares that were not included into the fully diluted EPS calculation	182,824,396	67,051,612

There were no ordinary share transactions after 30 June 2021, that could have changed the EPS calculations significantly if those transactions had occurred before the end of the reporting period.

Notes to Financial Statements

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10. Investments in Subsidiaries and Goodwill

Company	Investments in subsidiaries 2021 £	Investments in subsidiaries 2020 £	Goodwill 2021 £'000	Goodwill 2020 £'000
Cost				
At 1 July 2019 and 1 July 2020	483	483	131	42
Additions	–	–	–	89
At 30 June 2021 and 30 June 2020	483	483	131	131
Impairment				
At 1 30 June 2021 and 30 June 2020	–	–	(131)	(106)
Net book amount at 30 June 2021 and at 30 June 2020	483	483	–	25

The Parent Company of the Group holds more than 50% of the share capital of the following companies, the results of which are consolidated:

Company Name	Country of registration	Class	Proportion held by Group	Nature of business
Regency Mines Australasia Pty Limited	Australia	Ordinary	100%	Mineral exploration
Flexible Grid Solutions Limited (former ESTEQ Limited)	UK	Ordinary	100%	Holding company
Flexible Grid One Limited (former Allied Energy Services Ltd (indirectly owned through ESTEQ Limited))	UK	Ordinary	100%	Energy storage and trading and grid backup
Weirs Drove Development Limited	UK	Ordinary	100%	Energy storage

Regency Mines Australasia Pty Limited registered office is c/o Paragon Consultants PTY Ltd, PO Box 903, Claremont WA, 6910, Australia.

Regency Resources Inc registered office is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, United States of America.

Flexible Grid Solutions Limited registered office is Salisbury House, London Wall, London EC2M 5PS, United Kingdom.

Flexible Grid One Limited registered office is Salisbury House, London Wall, London EC2M 5PS, United Kingdom.

Weirs Drove Development Limited registered office is 20-22 Wenlock Road, London N1 7GU, United Kingdom.

Flexible Grid One Limited (FGO) (former Allied Energy Services Ltd (indirectly owned through Flexible Grid Solutions Limited))

On 10 November 2017, Corcel formed a 100% owned subsidiary, Flexible Grid Solutions Limited, to act as the vehicle for development of opportunities in the battery and energy storage technology sector across the UK. On 15 March 2018, Flexible Grid Solutions Limited committed to investing up to £250,000 into Flexible Grid One Limited, representing an 80% interest in that entity. Non-controlling shareholders brought with them a development pipeline, including land rights and connections for combined battery and gas and anaerobic digestion generation plants to be constructed and operated across the UK. On 3 January 2020, the Company announced the completion of a buy-out of the 20% minority shareholders in Flexible Grid One Limited through the issuance of 2,461,538 new ordinary shares in the Company. The investment in Flexible Grid One Limited was subsequently written off in the prior year.

Weirs Drove Development Limited (indirectly owned through Flexible Grid Solutions Limited)

On 19 June 2020, the Company announced an investment acquiring a 50% stake in Weirs Drove Development Limited, a developer of UK based energy storage and flexible production projects. The cost of the transaction was an initial investment and directly attributable acquisitions costs, totalling £37,750, with the agreement to extend a further £100,000, following the project meeting all shovel ready criteria. At year end, these conditions had not been met and so the Company will hold the project at the cost of the initial investment, pending further developments. Goodwill in the amount of £25,250 was recognised in relation to this acquisition and subsequently impaired to £nil as at 30 June 2021.

On 1 December 2020, the Company announced the acquisition of the remaining 50% interest in Weirs Drove Development Limited, thereby becoming the 100% owner of the Burwell project for consideration of £90,000. This total potential consideration was broken down into £15,000 payable in cash and £75,000 payable in new Corcel ordinary shares due at financial close of the initial 50MW of capacity of the Burwell project.

11. Investments in Associates and Joint Ventures

Carrying balance	Group £'000	Company £'000
At 1 July 2019	1,950	2,067
Additions	(3)	–
Share of loss in joint venture	–	–
Impairment of investment in associate	–	–
At 30 June 2020	1,947	2,067
Additions	439	439
Share of loss in joint venture	(6)	(6)
Impairment of investment in associate	–	–
Net book amount at 30 June 2021	2,380	2,500

Notes to Financial Statements

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11. Investments in Associates and Joint Ventures continued

At 30 June 2021, the Parent Company of the Group had a significant influence by virtue other than a shareholding of over 20% or had joint control through a joint venture contractual arrangement in the following companies:

Company Name	Country of registration	Class	Proportion held by Group at 30 June 2021	Proportion held by Group at 30 June 2020	Status at 30 June 2021	Accounting year end
Direct						
Oro Nickel Ltd (Held indirectly through Oro Nickel Vanuatu)	Papua New Guinea	Ordinary	41%	41%	Active	30 June 2021
DVY196 Holdings Corp	UK	Ordinary	50%	50%	Active	30 Sept 2021
ARL 021 Limited	UK	Ordinary	40%	0%	Active	31 July 2021

Oro Nickel Ltd registered office is c/o Sinton Spence Chartered Accountants, 2nd Floor, Brian Bell Plaza, Turumu Street, Boroko, National Capital District, Papua New Guinea.

DVY196 Holdings Corp registered office is 3081 3rd Avenue, Whitehorse, Yukon, Canada Y1A 4Z7.

ARL 021 Limited registered office is 70 Jermyn Street, London, UK SW1Y 6NY.

Summarised financial information for the Company's associates and joint ventures, where available, is given below for the year as at 30 June 2021:

Company	Revenue £'000	Loss £'000	Assets £'000	Liabilities £'000	Net Assets £'000
Oro Nickel Ltd	–	–	3,667	(3,034)	633
DVY196 Holdings Corp	–	–	326	–	326
ARL 021 Limited	–	–	400	–	400

Carrying balance	Oro Nickel £'000	DVY196 £'000	ARL 021 £'000	Total Group £'000
At 1 July 2020	1,654	293	–	1,947
Additions	–	39	400	439
Share of loss in joint venture	–	(6)	–	(6)
Net book amount at 30 June 2021	1,654	326	400	2,380

During the year to 30 June 2021, there were no movements in the net loss within the joint ventures.

12. Financial Instruments with Fair Value through Other Comprehensive Income (FVTOCI)

	30 June 2021 Group £'000	30 June 2020 Group £'000	30 June 2021 Company £'000	30 June 2020 Company £'000
FVTOCI financial instruments at the beginning of the period	4	178	4	178
Transferred from Available-for-sale category	–	–	–	–
Additions	–	–	–	–
Disposals	–	(132)	–	(132)
Revaluations and impairment	3	(42)	3	(42)
FVTOCI financial assets at the end of the period	7	4	7	4

Market Value of Investments

The market value as at 30 June 2021 of the investments', available for sale listed and unlisted investments, was as follows:

	30 June 2021 Group £'000	30 June 2020 Group £'000	30 June 2021 Company £'000	30 June 2020 Company £'000
Quoted on other foreign stock exchanges	7	4	7	4
At 30 June	7	4	7	4

13. Financial instruments with Fair Value through Profit and Loss (FVTPL)

	30 June 2021 Group £	30 June 2020 Group £	30 June 2021 Company £	30 June 2020 Company £
FVTPL financial instruments at the beginning of the period	5	5	–	–
Transferred from Available-for-sale category	–	–	–	–
Additions	72	–	72	–
Disposals	(5)	–	–	–
Revaluations	–	–	–	–
FVTPL financial assets at the end of the period (audited)	72	5	72	–

Notes to Financial Statements

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14. Trade and Other Receivables

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Non-current				
Amounts owed by Group undertakings	–	–	17	51
Purchased debt	–	367	–	367
Amounts owed by related parties				
– due from associates and joint ventures	1,362	1,323	1,362	1,322
Total non-current	1,362	1,690	1,379	1,740
Current				
Sundry debtors	142	150	76	150
Prepayments	86	25	86	25
Purchased debt	987	–	987	–
Amounts owed by related parties				
– due from key management	–	–	–	–
Total current	1,215	175	1,149	175

Trade and other receivables include a balance of:

- £nil (2020: £16,549) owing to Red Rock Resources Plc, a related party entity as a result of having common Directors;
- £33,733 (2020: £20,619) owing to Curzon Energy Plc, a related party entity as a result of having a common Director.

Debt Purchased from Resource Mining Corporation Limited

On 7 April 2020, the Company completed the acquisition of a AUD 1.7m (£907,000) debt position in ASX listed Resource Mining Corporation Limited for consideration of £178,096 and 13,288,982 new ordinary shares of Corcel. The Company's share price on the date of transaction was £0.011. For this consideration, the Company also acquired a six-month option to buy the balance of Resource Mining Corporation Limited debt for the same proportional term, AUD 640,000 in cash and 23,711,018 new ordinary shares in Corcel. The option was exercised, for more details please see Note 25. Resource Mining Corporation Limited's exploration licenses in Papua New Guinea remain under renewal at the time of this report.

On 28 October 2020, the Company has also exercised the 6-month option to purchase the remaining RMI debt of AUD 3.05 million for consideration of 23,711,018 new ordinary shares and AUD 640,000 in cash (£355,259), which represents a similar discount to the initial acquisition. All the loan notes are interest free and unsecured.

Directly attributable transactions costs were also included in the carrying value of the debt, bringing the total of the debt value to £987,121 on 30 June 2021.

15. Trade and Other Payables

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Trade and other payables	202	140	176	139
Amounts due to related parties:				
– due to Red Rock Resources plc	–	8	–	8
Accruals	35	35	35	35
Trade and other payables	237	183	211	182
Borrowings (note 21)	883	760	883	760
Total	1,120	943	1,094	942

Trade and other payables, include a balance of £nil (2020: £7,962), owing to Red Rock Resources Plc, a related party entity as a result of having common Directors.

Short Term Borrowings Maturity

	2021 £'000	2020 £'000
Due by 23 December 2021	818	760
Due by 28 April 2022	65	–
Total long-term borrowings	883	760

C4 Energy Notes – YA PN II – Riverfort

On 5 December 2019, the Company announced that YA PN II and Riverfort Global Opportunities Limited, holders of Promissory Notes and Convertible Loan Notes, first announced on 6 June 2018 and updated on 22 July 2019, agreed to extinguish the entire remaining balance, through a subscription for New Loan Notes and a share conversion. The partial conversion of the Promissory Notes resulted in the issuance of 25,963,636 new ordinary shares of the Company and the investors have agreed to lock up the resulting promissory conversion shares: 100% of the total for three months, 70% of the total shares for a subsequent six months and 40% of the total shares of the promissory conversion shares for a further six-month period. The approximate residual balance of £286,756 of the promissory notes was retired, and YA PN II Ltd and Riverfort Global Capital Ltd have subscribed for new two-year loan notes, payable on 23 December 2021, bearing 8% interest per annum with no conversion rights.

Subsequent to year end, the Company is in the process of refinancing the YA PN II Ltd and Riverfort Global Capital Ltd borrowings to extend the payment period through to December 2022. The refinancing is currently on-going and expected to be formally agreed prior to the repayment date.

Also on 5 December 2019, the Company was informed by YA II PN Ltd and Riverfort Global Capital Limited that, following the subscription of New Loan Notes, both parties had granted an option over their interests in the New Loan Notes, totalling £729,272, to C4 Energy Ltd, a UK incorporated private entity. James Parsons, Chairman of Corcel Plc, is also a Director and shareholder of C4 Energy Ltd.

More details on all the borrowing are given in Note 22.

16. Reserves

Share Premium

The share premium account represents the excess of consideration received for shares issued above their nominal value net of transaction costs.

Foreign Currency Translation Reserve

The translation reserve represents the exchange gains and losses that have arisen on the retranslation of overseas operations.

Notes to Financial Statements

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16. Reserves continued

Retained Earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

FVTOCI Revaluation Reserve

The fair value through other comprehensive income (FVTOCI) reserve represents the cumulative revaluation gains and losses in respect of FVTOCI investments.

Share-Based Payment Reserve

The share-based payment reserve represents the cumulative charge for options granted, still outstanding and not exercised.

Warrant Reserve

The warrant reserve represents the cumulative charge for warrants granted, still outstanding and not exercised.

17. Share Capital, Share Premium and Shares to be Issued of the Company

The share capital of the Company is as follows:

	2021 £'000	2020 £'000
Authorised, issued and fully paid		
189,910,596 ordinary shares of £0.0001 each (2019: 1,516,894,159 ordinary shares of £0.0001 each)	38	19
1,788,918,926 deferred shares of £0.0009 each	1,610	1,610
2,497,434,980 A deferred shares of £0.000095 each	237	237
8,687,335,200 B Deferred shares of £0.000099 each	860	860
As at 30 June	2,745	2,726

Movement in ordinary shares	Number	Nominal, £	Share Premium
As at 30 June 2019 – ordinary shares of £0.0001 each	1,516,894,159	151,689	21,113,220
Issued on 18 Dec 2019 at £0.0001 per share (cash)	56	0.01	–
Issued on 23 Dec 2019 at £0.000275 per share (cash)	3,021,818,173	302,182	489,358
Issued on 23 Dec 2019 at £0.000275 per share (non-cash, debt extinguished)	530,030,036	53,003	92,864
Issued on 23 Dec 2019 at £0.000275 per share (non-cash, promissory notes conversion)	2,596,363,636	259,636	454,364
Issued on 23 Dec 2019 at £0.000275 per share (non-cash, CLN conversion)	1,022,229,140	102,223	170,457
23 December 2019 share subdivision into	(8,687,335,200)	(868,734)	–
- 8,687,335,200 ordinary shares of £0.000001 each			
- 8,687,335,200 B deferred shares of £0.000099 each			
Total ordinary shares of £0.000001 each at 23 Dec 2019 prior to share 100:1 consolidation	8,687,335,200	8,687	–
Share consolidation 100:1 new ordinary shares of £0.0001 each	86,873,352	8,687	–
Issued on 3 Jan 2020 at £0.0305 per share (non-cash, partner buy out)	2,461,538	246	74,831
Issued on 31 Jan 2020 at £0.0443 per share (non-cash, director's salary)	122,312	12	5,403

Movement in ordinary shares	Number	Nominal, £	Share Premium
Issued on 31 Jan 2020 at £0.0458 per share (non-cash, director's salary)	49,028	5	2,241
Issued on 31 Jan 2020 at £0.0467 per share (non-cash, director's fees)	141,901	14	6,619
Issued on 31 Jan 2020 at £0.0278 per share (non-cash, settled creditor)	168,421	17	4,783
Issued on 6 Apr 2020 investor warrants issued at time of fundraising	–	–	(117,529)
Issued on 7 Apr 2020 at £0.0083 per share (non-cash, settled creditor)	4,909,610	491	40,259
Issued on 7 Apr 2020 at £0.0110 per share (non-cash, debt purchase)	13,288,982	1,329	144,850
Issued on 7 Apr 2020 at £0.008 per share (cash)	58,750,000	5,875	444,500
Issued on 21 Apr 2020 at £0.0110 per share (non-cash, SIP shares)	1,145,452	115	12,485
Issued on 19 Jun 2020 investor warrants issued at time of fundraising	–	–	(116,655)
Issued on 19 Jun 2020 at £0.0100 per share (cash)	21,000,000	2,100	199,700
Issued on 19 Jun 2020 at £0.0100 per share (non-cash, settled creditor)	1,000,000	100	9,900
As at 30 June 2020 – ordinary shares of £0.0001 each	189,910,596	18,991	23,031,649
Issued on 26 Oct 2020 at £0.0100 per share (cash)	75,000,000	7,500	742,500
Share issuance costs in relation to shares issued on 26 Oct 2020	–	–	(45,000)
Issued on 26 Oct 2020 at £0.0100 per share (non cash creditor settlement)	3,000,000	300	29,700
Issued on 26 Oct 2020 37,500,000 investor warrants issued at time of fundraise	–	–	(210,000)
Issued on 28 Oct 2020 at £0.0098 per share (RMI debt acquisition)	23,711,018	2,371	229,997
Issued on 17 Feb 2021 at £0.0125 per share (non-cash, creditor settlement)	2,880,000	288	35,712
Issued on 17 Feb 2021 51,200,000 investor warrants issued at time of fundraise	–	–	(276,480)
Issued on 17 Feb 2021 23,000,000 investor warrants issued at time of fundraise	–	–	(230,769)
Share issuance costs in relation to shares issued on 17 Feb 2021	–	–	(9,000)
Issued on 18 Feb 2021 at £0.0125 per share (cash)	24,000,000	2,400	297,600
Issued on 18 Feb 2021 at £0.0125 per share (non cash creditor settlement)	2,880,000	288	19,713
Issued on 15 Apr 2021 at £0.0160 per share (cash, warrants exercised)	8,500,000	850	135,150
Issued on 20 Apr 2021 at £0.0160 per share (cash, warrants exercised)	500,000	50	7,950
Issued on 20 Apr 2021 at £0.0160 per share (cash, warrants exercised)	12,639,750	1,264	200,972
Issued on 22 Apr 2021 at £0.0160 per share (cash, warrants exercised)	2,500,000	250	39,750
Issued on 10 May 2021 at £0.0200 per share (non-cash, Tring Road interest)	12,026,168	1,203	248,797
Issued on 12 May 2021 25,000,000 investor warrants issued at time of fundraise	–	–	(150,000)

Notes to Financial Statements

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17. Share Capital, Share Premium and Shares to be Issued of the Company continued

Movement in ordinary shares	Number	Nominal, £	Share Premium
Issued on 12 May 2021 20,000,000 investor warrants issued at time of fundraise	–	–	(240,000)
Issued on 12 May 2021 at £0.0130 per share (non-cash creditor settlement)	23,076,924	2,308	277,692
Issued on 12 May 2021 at £0.0001 per share (non-cash creditor settlement)	1,846,152	185	1,656
Issued on 12 May 2021 at £0.0200 per share (non-cash interest settlement)	1,200,000	120	23,880
Issued on 12 May 2021 at £0.0001 per share (non-cash SIP)	1,116,994	112	–
As at 30 June 2021 – ordinary shares of £0.0100 each	384,787,602	38,480	24,161,469

The Company's share capital consists of three classes of shares, being:

- Ordinary shares with a nominal value of £0.0001, which are the company's listed securities;
- Deferred shares with a nominal value of £0.0009;
- A Deferred shares with a nominal value of £0.000095; and
- B Deferred share with a nominal value of £0.000099.

Subject to the provisions of the Companies Act 2006, the deferred shares may be cancelled by the Company, or bought back for £1 and then cancelled. These deferred shares are not quoted and carry no rights whatsoever.

Shares to be Issued

On 1 December, 2020 the Company acquired the remaining 50% interests in WDD for potential consideration of £90,000, payable in £15,000 in cash and £75,000 in new ordinary shares. The £75,000 consideration, payable in shares, is dependant on the financial close of the initial 50MW of capacity of the Burwell Project. Financial close is defined as having a fully funded SPV to take the project forward to operational capacity or any potential disposal or sale. As at 30 June 2021, these consideration had not been met and as such £75,000 remains in shares to be issued.

Warrants

At 30 June 2021, the Company had 170,399,328 warrants in issue (2020: 60,839,078) with exercise prices ranging £0.01245-£0.60 (2020: £0.01245-£0.60). Out of those, 3,999,999 (2020: 609,090,906) have market performance conditions that accelerate the expiry date. The weighted average remaining life of the warrants at 30 June 2021 was 695 days (2019: 979 days).

50,575,000 (post-consolidation) warrants were issued in the reporting year by the Group to its shareholders in the capacity of shareholders and therefore are outside of IFRS 2 scope.

Details related to valuation of all warrants are disclosed below.

Group and Company	2021 number of warrants	2020 number of warrants
Outstanding at the beginning of the period	60,839,078	689,567,098
Granted during the period	156,776,923	86,834,317
Exercised during the period	(47,216,673)	–
Adjusted number of warrants in issue in line with 100:1 share consolidation	–	(506,471,429)
Lapsed during the period	–	(209,090,908)
Outstanding at the end of the period	170,399,328	60,839,078

At 30 June 2021, the Company had the following warrants to subscribe for shares in issue:

Grant date	Expiry date	Warrant exercise price, adjusted post consolidation	Number of warrants before share consolidation	Number of post consolidation warrants
14 Jan 2019	12 Dec 2022	£0.60	91,587,303	915,873
15 Apr 2019	14 Apr 2021	£0.10	399,999,998	3,999,999
17 July 2019	1 July 2024	£0.25	20,000,000	200,000
31 Jan 2020	30 Jan 2023	£0.0285	–	438,596
7 Apr 2020	6 Apr 2023	£0.01245	–	4,909,610
7 Apr 2020	6 Apr 2023	£0.016	–	29,375,000
19 Jun 2020	18 Jun 2023	£0.016	–	21,000,000
26 Oct 2020	26 Oct 2023	£0.016	–	13,360,250
18 Feb 2021	18 Feb 2023	£0.020	–	51,200,000
18 Feb 2021	18 Feb 2024	£0.013	–	–
12 May 2021	31 Dec 2021	£0.020	–	25,000,000
12 May 2021	12 May 2024	£0.025	–	20,000,000
Total warrants in issue at 30 June 2021			511,587,301	170,399,328

The aggregate fair value recognised in warrants reserve in relation to the share warrants granted during the reporting period was £1,107,249 (2020: £272,785).

The following information is relevant in the determination of the fair value of warrants granted during the reporting period. Black-Scholes valuation model was applied for all the warrants below:

Grant date	Expiry date	Number of post consolidation warrants	Warrant life, years	Warrant exercise price, adjusted post consolidation, £	Share price at the grant date, £	UK risk-free rate at the date of grant, %	Volatility, %	FV of 1 warrant, £	FV of all warrants, £
26 Oct 2020	26 Oct 2023	37,500,000	3	0.016	0.0098	0.0001	103.50	0.0057	210,000
18 Feb 2021	18 Feb 2023	51,200,000	2	0.020	0.0120	0.0015	99.71	0.0054	276,480
18 Feb 2021	18 Feb 2024	23,076,923	3	0.013	0.0120	0.0015	99.71	0.0100	230,769
12 May 2021	31 Dec 2021	25,000,000	0.5	0.020	0.0212	0.0015	99.71	0.0060	150,000
12 May 2021	12 May 2024	20,000,000	3	0.025	0.0212	0.0015	99.71	0.0120	240,000
Total at 30 June 2021		156,776,923							1,107,249

Capital Management

Management controls the capital of the Group in order to control risks, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital, includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Notes to Financial Statements

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18. Share-Based Payments

Employee Share Options

In prior years, the Company established an employee share option plan to enable the issue of options as part of the remuneration of key management personnel and Directors to enable them to purchase ordinary shares in the Company. Under IFRS 2 “Share-based Payments”, the Company determines the fair value of the options issued to Directors and employees as remuneration and recognises the amount as an expense in the Income Statement with a corresponding increase in equity.

At 30 June 2021, the Company had outstanding options to subscribe for post-consolidation Ordinary shares as follows:

	Options issued 14 June 2016 exercisable at £0.45 per share expiring 29 January 2022 Number	Options issued 9 September 2016 exercisable at £0.8 per share, expiring on 9 September 2022, Number	Options issued 5 December 2019, exercisable at £0.0275 per share, expiring on 5 December 2024	Options issued 31 January 2020 exercisable at £0.0285 per share, expiring on 31 January 2025	Total Number
S Kaintz	28,200	96,000	–	3,040,567	3,164,767
J Parsons	–	–	3,040,567	–	3,040,567
Employees	7,200	–	–	–	7,200
Total	35,400	96,000	3,040,567	3,040,567	6,212,534

Company and Group	2021		2020	
	Number of options Number	Weighted average exercise price £	Number of options Number	Weighted average exercise price Pence
Outstanding at the beginning of the period	6,212,534	0.42	27,060,000	0.71
Granted during the year	–	–	6,081,134	0.28
Adjusted in line with 100:1 share consolidation	–	–	(26,928,600)	0.71
Outstanding at the end of the period	6,212,534	0.42	6,212,534	0.42

The exercise price of options outstanding at 30 June 2021 and 30 June 2020, ranged between £0.0275 and £0.80. Their weighted average contractual life was 3.462 years (2020: 4.462 years).

Of the total number of options outstanding at 30 June 2021, 122,900 (2020: 122,900) had vested and were exercisable. The weighted average share price (at the date of exercise) of options, exercised during the year, was nil (2020: nil) as no options were exercised during the reporting year (2020: nil).

The following information is relevant in the determination of the fair value of share options granted during the reporting period to the Company Directors. Black-Scholes valuation model was applied to value the options with the inputs detailed in the table below:

Grant date	Number of post consoli- dation options	Vesting period, years	Life of the option, years	Option exercise price, adjusted post consoli- dation, £	Share price at the grant date, £	UK risk-free rate at the date of grant, %	Volatility, %	FV of 1 option, £	FV of all options, £
5 Dec 2019	3,040,567	3	5	0.0275	0.0400	0.00557	100.3	0.027	82,095
31 Jan 2020	3,040,567	3	5	0.0285	0.0278	0.425	101.0	0.01712	52,055
Total at 30 June 2021	6,081,134								

Share-based remuneration expense, related to the share options granted during the reporting period, is included in the Administrative expenses line in the Consolidated Income Statement in the amount of £nil (2020: £23,193).

Share Incentive Plan

In January 2012, the Company implemented a tax efficient Share Incentive Plan (SIP), a government approved scheme, the terms of which provide for an equal reward to every employee, including Directors, who have served for three months or more at the time of issue. The terms of the plan provide for:

- each employee to be given the right to subscribe any amount up to £150 per month with Trustees, who invest the monies in the Company's shares;
- the Company to match the employee's investment by contributing an amount equal to double the employee's investment ("matching shares"); and
- the Company to award free shares to a maximum of £3,600 per employee per annum.

The subscriptions remain free of taxation and national insurance if held for five years.

All such shares are held by SIP Trustees and the shares cannot be released to participants until five years after the date of the award.

During the financial year, a total of 1,116,994 free, matching and partnership shares were awarded (2020: 1,145,452), resulting in a share-based payment charge of £5,400 (2020: £9,772), included into administrative expenses line in the Consolidated Income Statement.

19. Cash and Cash Equivalents

	30 June 2021 £'000	30 June 2020 £'000
Group		
Cash in hand and at bank	392	415

	30 June 2021 £'000	30 June 2020 £'000
Company		
Cash in hand and at bank	387	389

Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from notes and other receivables. The Directors manage the Group's exposure to credit risk by the application of monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Directors minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit Risk Concentration Profile

The Group's receivables do not have significant credit risk exposure to any single counterparty or any group of counterparties, having similar characteristics. The Directors define major credit risk as exposure to a concentration exceeding 10% of a total class of such asset.

The Company maintains its cash reserves in Coutts & Co, which maintains an A-1 credit rating from Standard & Poor's.

Notes to Financial Statements

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20. Financial Instruments

20.1 Categories of Financial Instruments

The Group and the Company holds a number of financial instruments, including bank deposits, short-term investments, loans and receivables and trade payables. The carrying amounts for each category of financial instrument are as follows:

Group

30 June	2021 £'000	2020 £'000
Financial assets		
<i>Fair value through other comprehensive income financial assets</i>		
Quoted equity shares (Note 12)	7	4
Total financial assets carried at fair value, valued at observable market price	7	4
<i>Fair value through profit and loss financial assets</i>		
Investments in warrant of a listed entity (Note 13)	–	5
Investments in a project of a private entity	72	
Total financial assets carried at fair value, valued using valuation techniques	72	5
Cash and cash equivalents	392	415
Loans and receivables		
Receivable from JVs	1,362	1,322
Purchased debt - current (Note 14)	987	367
Other receivables	228	174
Total financial assets held at amortised cost	2,577	1,863
Total financial assets	3,048	2,287
Total current	1,686	594
Total non-current	1,362	1,693

Company

30 June	2021 £'000	2020 £'000
Financial assets		
<i>Fair value through other comprehensive income financial assets</i>		
Quoted equity shares	7	4
Total FVTOCI financial assets	7	4
<i>Fair value through profit and loss financial assets</i>		
Investments in a project of a private entity	72	–
Total financial assets carried at fair value, valued using valuation techniques	72	–
Cash and cash equivalents	387	389
Loans and receivables		
Receivable from JVs	1,362	1,322
Purchased debt - current (Note 14)	987	367
Receivable from subsidiaries	17	51
Other receivables	161	174
Total financial assets held at amortised cost	2,527	1,914
Total financial assets	2,993	2,308
Total current	1,631	564
Total non-current	1,362	1,744

Financial Instruments Carried at Fair Value Using Valuation Techniques Other than Observable Market Value

Financial instruments, valued using other valuation techniques, can be reconciled from beginning to ending balances as follows:

Group	2021	2020
30 June	£'000	£'000
Financial assets		
Purchased debt	987	367
FVTPL	72	5
Total financial assets valued using valuation techniques	1,059	372
Financial liabilities		
Loans and borrowings		
Trade and other payables	232	183
Borrowings	818	760
Total financial liabilities	1,050	943

Trade Receivables and Trade Payables

Management assessed that other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Borrowings

The carrying value of interest-bearing loans and borrowings is determined by calculating present values at the reporting date, using the issuer's borrowing rate. The loan is due in December 2021 and impact of the discounting is immaterial and, therefore, not included into the valuation.

20.2 Fair Values

Financial assets and financial liabilities, measured at fair value in the statement of financial position, are grouped into three levels of a fair value hierarchy. The three levels are defined, based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The carrying amount of the Group and the Company's financial assets and liabilities is not materially different to their fair value. The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Where a quoted price in an active market is available, the fair value is based on the quoted price at the end of the reporting period. In the absence of a quoted price in an active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Financial Statements

continued

20. Financial Instruments continued

20.2 Fair Values (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Group and Company

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2021				
Financial assets at fair value through other comprehensive income – Quoted equity shares	7	–	–	7
Financial assets at fair value through profit and loss	–	–	72	72

Group and Company

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2020				
Financial assets at fair value through other comprehensive income – Quoted equity shares	4	–	–	4
Financial assets at fair value through profit and loss	–	–	5	5

20.3 Financial Risk Management Policies

The Directors monitor the Group's financial risk management policies and exposures, and approve financial transactions.

The Directors' overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk and market risk, consisting of interest rate risk, liquidity risk, equity price risk and foreign exchange risk.

Credit Risk

Exposure to credit risk, relating to financial assets, arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial liability of significant customers and counterparties), ensuring, to the extent possible, that customers and counterparties to transactions are of sound creditworthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Directors have otherwise cleared as being financially sound.

Trade and other receivables, that are neither past due nor impaired, are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 14.

There are no amounts of collateral held as security in respect of trade and other receivables.

The consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated Group.

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources; and
- maintaining a reputable credit profile.

The Directors are confident that adequate resources exist to finance operations and that controls over expenditures are carefully managed. All financial liabilities are due to be settled within the next twelve months.

Market Risk

Interest Rate Risk

The Company is not exposed to any material interest rate risk because interest rates on loans are fixed in advance.

Equity Price Risk

Price risk relates to the risk that the fair value, or future cash flows of a financial instrument, will fluctuate because of changes in market prices, largely due to demand and supply factors for commodities, but also include political, economic, social, technical, environmental and regulatory factors.

Foreign Exchange Risk

The Group's transactions are carried out in a variety of currencies, including Australian Dollars, Canadian Dollars, United States Dollars, Papua New Guinea Kina and UK Sterling. To mitigate the Group's exposure to foreign currency risk, non-Sterling cash flows are monitored. Fluctuation of +/- 10% in currencies, other than UK Sterling, would not have a significant impact on the Group's net assets or annual results.

The Group does not enter forward exchange contracts to mitigate the exposure to foreign currency risk as amounts paid and received in specific currencies are expected to largely offset one another.

These assets and liabilities are denominated in the following currencies as shown in the table below:

Group	GBP £'000	AUD £'000	USD £'000	CAD £'000	Total £'000
30 June 2021					
Cash and cash equivalents	392	–	–	–	392
Amortised cost financial assets - Other receivables	228	987	–	–	1,215
FVTOCI financial assets	7	–	–	–	7
FVTPL financial assets - warrants	–	–	–	–	–
FVTPL financial assets	72	–	–	–	72
Amortised costs financial assets - Non-current receivables	1,362	–	–	–	1,362
Trade and other payables, excluding accruals	237	–	–	–	237
Short-term borrowings	883	–	–	–	818

Notes to Financial Statements

continued

20. Financial Instruments continued

20.3 Financial Risk Management Policies (continued)

Group

	GBP £'000	AUD £'000	USD £'000	CAD £'000	Total £'000
30 June 2020					
Cash and cash equivalents	414	1	–	–	415
Amortised cost financial assets - Other receivables	175	–	–	–	175
FVTOCI financial assets	4	–	–	–	4
FVTPL financial assets - warrants	–	5	–	–	5
Amortised costs financial assets - Non-current receivables	1,322	368	–	–	1,690
Trade and other payables, excluding accruals	148	–	–	–	148
Short-term borrowings	–	–	–	–	–
Long-term borrowings	760	–	–	–	760

Company

	GBP £'000	AUD £'000	USD £'000	CAD £'000	Total £'000
30 June 2021					
Cash and cash equivalents	387	–	–	–	387
Amortised cost financial assets - Other receivables	161	987	–	–	1,148
FVTOCI financial assets	7	–	–	–	7
FVTPL financial assets	72	–	–	–	72
Amortised costs financial assets - Non-current receivables	1,362	–	–	–	1,362
Trade and other payables, excluding accruals	211	–	–	–	211
Short-term borrowings	883	–	–	–	818

Company

	GBP £'000	AUD £'000	USD £'000	CAD £'000	Total £'000
30 June 2020					
Cash and cash equivalents	389	–	–	–	389
Amortised cost financial assets - Other receivables	175	–	–	–	175
FVTOCI financial assets	4	–	–	–	4
Amortised costs financial assets - Non-current receivables	1,372	368	–	–	1,740
Trade and other payables, excluding accruals	148	–	–	–	148
Short-term borrowings	–	–	–	–	–
Long-term borrowings	760	–	–	–	760

Exposures to foreign exchange rates vary during the year, depending on the volume and nature of overseas transactions.

21. Reconciliation of Liabilities Arising from Financing Activities and Major Non-Cash Transactions

Significant non-cash transactions, from financing activities in relation to loans and borrowings, are as follows:

	30 June 2020 £'000	Cash flows Loans received £'000	Non-cash flow Restructured £'000	Non-cash flow Conversion £'000	Non-cash flow Forex movement £'000	Non-cash flow Interest and arrangement fees accreted £'000	Cash flows Principal repaid £'000	Cash flows Interest repaid £'000	30 June 2021 £'000
Riverfort Capital Ltd and YA II PN Ltd loan	–	–	–	–	–	–	–	–	–
Riverfort Capital and YA II PN Ltd loan - new	760	–	–	–	–	58	–	–	818
Convertible loan notes	–	–	–	–	–	–	–	–	–
Total	760	–	–	–	–	58	–	–	818

Significant non-cash transactions from financing activities in relation to raising new capital are disclosed in Note 17.

Significant non-cash transactions from investing activities were:

- 13,288,982 shares issued at £0.011 per share by the Company for the total of £146,178 to acquire discounted debt. More details are disclosed in Note 14.

Significant non-cash transactions from operating activities were as follows:

- Payment for services and Director remuneration (share-based payments in the form of options and warrants), in the amount of £nil (2020: £63,194), disclosed in Notes 17 and 18;
- Impairment of other receivables in the amount of £nil (2020: £36,599);
- Goodwill write off in the amount of £25,250 (2020: £105,815); and
- Share based payments to settle creditor balances £392,000 (2020: £nil).

22. Significant Agreements and Transactions

Financing

- On 26 October 2020, the Company announced a fundraising of £750,000 at a price of £0.01 per share. A total of 37,500,000 three-year warrants were issued to investors at a price of £0.016 per share. The Company also issued 3,000,000 shares to service providers.
- On 18 February 2021, the Company announced had agreed a funding package of equity and debt. The equity funding raised proceeds of £300,000 from the issue of 24,000,000 new ordinary shares at a price of £0.0125 per share. The Company also issued 48,000,000 two-year warrants, exercisable at £0.02 per share. The debt element of the fundraising included a £300,000 unsecured loan facility to be drawn down in 5 tranches. The loan plus a fixed coupon of 8% was repayable on maturity on 28 December 2021. The coupon is repayable in cash or shares at the Lenders discretion and if in shares at a price of £0.013. As part of the loan the Company issued 23,076,923 three-year warrants, exercisable when the share price is at or above £0.02 per share, at a price of £0.013 per share or at the future price of any placing or subsequent funding during the first 12 months of the warrants being issued. The warrant exercise proceeds will be netted off against the repayment of the pro-rata drawn loan facility with the full 8% of interest also payable in shares at a price of £0.013 per share.

Notes to Financial Statements

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22. Significant Agreements and Transactions continued

- On 12 May 2021, the Company announced that it had received notice of the exercise of 23,076,924 warrants at an exercise price of £0.012 per share for gross proceeds of £300,000. £200,000 of these proceeds were credited to the Company's account, with the balance having been netted off and used to repay in full the outstanding loan facility. The interest, due on the loan, was also repaid through the issuance of an additional 1,846,152 new ordinary shares. The Company has also agreed a new loan note, to provide in aggregate £500,000 through an unsecured loan facility to be drawn down in 5 tranches. The loan plus a fixed coupon of 8% was to be payable upon maturity, which is 31 April 2022. As part of the loan facility, the Company issued 25,000,000 warrants with a £0.02 strike price, expiring on 31 December 2021 and 20,000,000 three-year warrants with a £0.025 strike price. The coupon is repayable in either cash or shares at the lender's discretion and if payable in shares at a price of £0.02. Should the warrants be executed during the loan facility, the proceeds will be netted off the repayment of the pro-rata drawn loan facility.

Resource Mining Corporation Debt - Wo Wo Gap Nickel/Cobalt Project

- On 28 October 2020, the Company announced that it had exercised its option to buy AUD 3.05m of debt in Resource Mining Corporation Limited. Execution of the option consisted of the payment of AUD 640,000 and the issuance of 23,711,018 new ordinary shares to Base Asia Pacific Limited. The shares were locked in for a period of 12 months.
- On 17 November 2020, the Company announced the completion of the acquisition of AUD 3.05m from Resource Mining Corporation Limited and the subordination of the small remaining debt position of AUD 170,000 to Corcel's senior lending position.

Flexible Grid Solutions

- On 1 December 2020, the Company announced the acquisition of the remaining 50% interest in Weirs Drove Development Limited, thereby becoming the 100% owner of the Burwell project for consideration of £90,000. This total potential consideration was broken down into £15,000 payable in cash and £75,000 payable in new Corcel ordinary shares, payable at financial close of the initial 50MW of capacity of the Burwell project.
- On 10 May 2021, the Company announced that it had acquired a 40% interest in the shovel ready 50MW Tring Road gas peaker project from Arlington Energy Ltd. The consideration for the purchase was £400,000 satisfied through £150,000 in cash and 12,026,168 new ordinary shares in Corcel, locked in for six months.
- On 28 May 2021, the Company announced that it had acquired 100% of the rights to the Avonmouth gas peaker project as well as the rights to an additional 15MW of potential grid connection capacity and associated land at the Avonmouth complex. The consideration for the purchase was £72,000 payable immediately and a further £72,000 payable at financial close.

23. Commitments

As at 30 June 2021, the Company had entered into the following commitments:

- Exploration commitments: On-going exploration expenditure is required to maintain title to the Group mineral exploration permits. No provision has been made in the Financial Statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.
- On 8 November 2021, the Company entered into a new lease agreement for office space with WeWork Aldwych House. The initial lease runs from 1 January 2022 through 30 June 2022 and is non-cancellable during this period. Thereafter, the lease can be terminated by giving one full calendar month notice.

24. Related Party Transactions

- Related party receivables and payables are disclosed in Notes 14 and 15, respectively.
- The key management personnel are the Directors and their remuneration is disclosed within Note 8.
- Ewen Ainsworth, a Director of the Company, has provided consultancy services and the fee is disclosed within Note 8. This is paid to Discovery Energy Ltd, a company controlled by Mr Ainsworth. The consultancy services were terminated effective on 31 December 2020.

25. Events After the Reporting Period

- On 12 August 2021, the Company signed a binding but conditional share purchase agreement with Resource Mining Corporation Limited (“RMI”) to acquire 100% of the issued share capital of Niugini Nickel Pty Ltd, which owns 100% of the Wo Wo Gap nickel-cobalt project in Papua New Guinea. As consideration for the acquisition, the Company is releasing all liabilities and obligations in connection with its AUD 4,761,087 senior debt position in RMI.
- On 2 September 2021, the Company extended by one month the repayment date in respect of part of its AUD 4,761,087 debt position in Resource Mining Corporation Limited. The repayment which was due on 30 September 2021 in the amount of AUD 2,741,087 became due on 31 October 2021.
- On 18 October 2021, the Company completed the share purchase agreement with Resource Mining Corporation Limited to acquire 100% of the issued share capital of Niugini Nickel Pty Ltd, which owns 100% of the Wowo Gap nickel-cobalt project in Papua New Guinea. As consideration for the acquisition, the Company released all liabilities and obligations with its AUD 4,761,087 senior debt position in RMI, of which the cost of the acquisition of the position was £987,000.

The consideration of £987,000 was satisfied through the release of liabilities and obligations of the Company’s senior debt position in RMI.

The initial estimate of the fair value of the assets acquired and liabilities assumed of Niugini Nickel Pty Ltd at the date of acquisition based upon the Niugini Nickel Pty Ltd consolidated balance sheet at 18 October 2021 are as follows:

	£'000
Property, plant and equipment	43
Cash	20
Trade and other payables	(12)
Total identifiable net assets acquired	51
Goodwill	936
Consideration	
Total consideration recorded at market value of debt extinguished	987

Goodwill relates to the accumulated “knowhow” and expertise of the business and its staff. None of the goodwill is expected to be deducted for income tax purposes. As we complete the purchase price allocation the Company expects to recognise specific identifiable intangible assets, which may be deductible for income tax purposes. Any separately identified intangible assets will reduce the value attributed to goodwill.

The initial accounting for the acquisition of Niugini Nickel Pty Ltd is incomplete as at the date of these financial statements given the limited period of time since the acquisition was completed.

- On 8 November 2021, the Company announced that it had agreed with FPC Electric Land Ltd to extend its 100% rights over the Avonmouth project to 1 February 2022 and is in discussion with Arlington Energy Ltd, regarding extending the option to lease the site at the Tring Road Project, where Corcel owns 40%. The extension of the Tring Road lease option was completed after the period end.

Notes to Financial Statements

continued

25. Events After the Reporting Period continued

- On 08 November 2021, the Company entered into a new lease agreement for office space with WeWork Aldwych House. The initial lease runs from 1 January 2022 through 30 June 2022 and is non-cancellable during this period. Thereafter, the lease can be terminated by giving one full calendar month notice.

26. Control

There is considered to be no controlling party.

