Company Registration No. 09829720 (England and Wales)

CARACAL GOLD PLC (FORMALLY PAPILLON HOLDINGS PLC)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDING 30 JUNE 2022

COMPANY INFORMATION

Directors	Simon Games-Thomas Rachel Johnston Gerard Kisbey-Green Riaan Lombard Robbie McCrae Stefan Muller H.E. Daniel Kazungu
Company number	09829720
Company Secretary	Cargil Management Services Limited 27-28, Eastcastle Street, London W1W 8DH
Registered Office	7-28 Eastcastle Street, London W1W 8DH
Auditors	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD
Registrar	Share Registrars Ltd Suite E, First Floor, 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
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CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to be writing to you as the new Chair of Caracal Gold plc. The period under review has been a busy and transformational period for the Company with the acquisition of the Kilimapesa Mine on 31 August 2021 (acquired via a reverse acquisition, see note 5 for further details) and the concurrent placing to raise funds for the Group's ongoing working capital and the satisfaction of acquisition-related liabilities. The Company has continued to raise further funds through the issue of smaller placings during the period under review. The Group have used these proceeds to progress notably in the growth of the Kilimapesa mining plant as well as the introduction of our Heap Leach Operations. Production has increased substantially with the result in our Revenue increasing to £7m for the period. However, the Group still remains loss making for the period.

Having overcome the global challenges stemming from COVID-19 pandemic we are delighted to be readmitted to the London Stock exchange and look forward to building future opportunities for our new shareholders. Due to the hard work of our staff our operations have both resumed and grown, and we have expanded and upgraded our operations at Kilimapesa. As the world is returning to normal, we remain focused on the continuing growth of our operations along with the health and safety of our employees, suppliers and local communities. Against the background of a global pandemic the gold price has remained a supportive factor and offers the prospect of stronger financial returns as our efficiency continues to improve.

Strategic Focus

The Board is aware of the risk of having a single asset in production and so we believe the acquisition in Tanzania will serve to start to reduce that risk. There has been an extensive drilling programme carried out at Kilimapesa which has supported the increase in JORC resource to 1,300,000 ounces. Gold Production has reached 12,000 ounces per annum and is on track to reach 16,000 ounces in 2023 and 24,000 by 2024.

Values and Culture

As the Board has been expanded through the appointment of new Directors so has the breadth of the skill set available. We believe in a strong corporate governance structure with management accountability and active oversight from the Board.

Three Board Committees, Audit, ESG and Remuneration, provide oversight and guidance in these areas, ensuring adoption of the correct strategies with the highest standards available along with protecting shareholder interests.

Caracal is committed to sustainable development and recognises that the long-term sustainability of our business is dependent upon responsible stewardship in both the protection of the environment and the efficient management of the exploration and extraction of mineral resources, and the sustainable use of resources for the benefit of all our stakeholders.

The mine is located in an area of high unemployment and so we are proud of the fact that we have created over 350 jobs for locals and over a hundred further jobs for Kenyans from other Districts. We liaise with the local community through our Community Liaison Officer and we also try to purchase locally where possible. We view our people as one of the key pillars of the company and are proud of the fact that in 18 months we have delivered around 500 new job opportunities.

Performance

The focus of the Board and Management is on the development of the operations at Kilimapesa, the upgrading of plant and machinery, grade improvement and the acquisition of further prospects. The Company has invested in a new Laboratory and a new Elution Plant as part of the programme of improvements which we believe will assist in our drive to improve standards, improve grades and drive returns. The company has also recently invested in a new fleet of work vehicles to improve efficiency, reduce downtime and breakdowns and offer a higher level of personal safety to the operators.

It is the intention of the Board to continue to invest in its operations, assets, people, and community as the company continues to grow whilst respecting the impact and influence of climate change and continuing to operate in a responsible manner.

In May 2022 it was agreed to acquire 100% of Tyacks Gold Limited ('Tyacks'), the holder of the licences collectively referred to as the Nyakafuru Project ('Nyakafuru' or the 'Project') in Tanzania. The Project is located in the world-class Lake Victoria Gold Fields in northern Tanzania, 140km southwest of Mwanza, Tanzania's second largest city, and 60km from Barrick Gold's 18Moz Bulyanhulu Gold Mine. This is an established high-grade shallow gold resources of 658,751oz at 2.08g/t contained within four deposits over 280 km2. This resource is amenable to development as a large scale conventional open pit operation and Carbon-in-Leach processing plant.

This will double Caracal's total gold resources to 1,330,197 ounces prior to impending resource update at Kilimapesa - delivering on the goal of building an emerging East African focussed gold producer.

The future is extremely promising for the Caracal Group and let me take this opportunity to thank all our shareholders for your support in this expansion.

Chairman
8 November 2022

CHIEF EXECUTIVE'S STATEMENT

2021 was a transformative year for Caracal Gold PLC and all of its stakeholders. The standout event was the acquisition of the Kilimapesa Gold Mine in Kenya which concluded with the successful RTO on the LSE in September 2021.

This acquisition positioned Caracal as an established East African based and focussed gold producer and explorer and provided the Board and Management the platform to attract funding to optimise and grow our Kilimapesa operations and pursue our strategy of expanding our portfolio in the region.

In line with this strategy, in November 2021 we announced the acquisition of Tyacks Gold Limited (Tyacks) in Tanzania (see note 13 for further details on this acquisition). This transaction significantly grew our resource base with high quality ounces, it made us a multiple asset company and diversified our physical and geographic footprint. After a comprehensive legal and technical review, a final SPA was signed with the shareholders of Tyacks for the acquisition of 100% of Tyacks Gold and has begun work on the ground with whilst awaiting completion of all regulatory approvals which are in process.

At Kilimapesa work by the production team increased the number of ounces and confidence in our resources at Kilimapesa. Consequently they finalised the strategy for increasing production and optimising recoveries and costs at Kilimapesa and also made significant progress on ESG and community related areas.

With Caracal's robust business fundamentals providing a strong platform from which to grow, we go into the next year excited at the opportunities in front of us, particularly the near-term opportunity for Kilimapesa to become a 24,000oz per annum producer during 2024 and for the ongoing increase of our resource base from exploration activities in both Kenya and Tanzania.

Highlights

Kilimapesa Gold Mine

Progress at Kilimapesa is across the board.

On the exploration side drilling activities commenced in January 2022 and have continued through the period, the highlight of these activities was the announcement of an updated MRE. This was the 1st significant exploration to be done on the license area in over 11 years.

Being based in a significant gold producing greenstone belt the project has significant exploration upside both within the mining license, where we plan to grow confidence and extend mine life, and within the wider exploration permit, where we continue to explore for large, shallow, high grade, open pit projects.

The Kilimapesa expansion project commenced in March 2022.

An expansion to 24,000oz per annum is underway at Kilimapesa. This expansion focusses on the processing of the lower grade ore being mined from the Kilimapesa Hill deposit through a heap leach processing facility with a capacity of 65,000tpm along with the required expansion of mining activities and infrastructure to support the expanded production.

The Kilimapesa Gold Mine employs 496 people, of which 470 are Kenyan highlighting Caracal's commitment to developing in country talent. Our investment is transforming the Trans Mara South region and our ongoing community initiatives directly benefit the people on the ground through investment into schools, roads, water projects and environmental initiatives.

Tyacks Gold

During the year Caracal successfully acquired 100% of Tyacks, which owns 11 exploration licenses in the Lake Victoria Gold Fields. The licenses are collectively known as the Nyakafura Project. The acquisition creates a major new gold mine development opportunity for Caracal in one of Africa's largest gold producing regions.

Nyakafura contains established high grade shallow gold resources of 658,751oz within four known, closely located deposits. Work done historically by major gold producer Resolute Mining have shown that these projects are amenable to large scale, conventional open pit mining and Carbon-in-Leach processing.

Looking forward to 2022, Caracal will commence with rehabilitating the infrastructure (camp, offices, workshops, vehicles etc), the existing core will be relogged and selected samples sent away for assay all of this work culminating in the preparation of a drilling plan which we expect to commence in the 4th QTR of 2022.

OUTLOOK

2022/2023 is set to be an exciting year for the group. Our ongoing exploration programs in Kenya and Tanzania will play an important role in growing our resource base and confidence in our resources which will translate into improving returns for all stakeholders from our shareholders to our social partners on the ground. The construction of the Kilimapesa expansion will complete and the production of 24,000oz will cement Caracal's profile as a upcoming producer, the success of the expansion at Kilimapesa will have a positive impact for all stakeholders including shareholders, social partners and the Kenyan Govt to name a few. The development plan for Tanzania and the next phase of Kilimapesa will also evolve and become clear to all of us during the year.

I would like to take this opportunity to thank our shareholders, employees, members of the Board, our local communities and all stakeholders for their continued commitment to the Company and ongoing support during the period. With the expansion at Kilimapesa, the ongoing exploration we are excited by the near and long-term prospects of becoming a diversified +50,000oz per annum producer and +3moz resource owner.

Chief Executive Officer

8 November 2022

STRATEGY AND BUSINESS MODEL

The company's strategy is to become a mid-tier, leading independent, diversified producer and explorer. We plan to develop and exploit our portfolio of producing and advanced exploration projects in Kenya and Tanzania. To this end we have developed and are carrying out the work programs to deliver maximum value and have recruited a management team with all the necessary experience to deliver on the work programs and project potential.

In Kenya the clear plan and strategy is to deliver on the expansion project increasing production to 24,000oz per month and to continue to grow and increase confidence in the resources at the project. Our regional exploration strategy to discover and prove additional commercially viable, shallow open pit style deposits within the license area is progressing well and will deliver results.

In Tanzania the strategy is to confirm the historical results and to carry out some additional exploration so that an updated mineral resource estimate can be published and from that work on the development plan for production can commence. With historic resources and significant opportunity for additional resources we are targeting 50,000oz per annum production from Nyakafura as our base case.

Despite many challenges including COVID good progress was made during 2021, including:

- Gold production was uninterrupted for the entire period,
- Expansion plan for Kilimapesa was finalized and work commenced,
- Board of Directors was strengthened with 2 NED and 1 executive appointments,
- Management was strengthened with key appointments across disciplines,
- Tanzania project was acquired growing resources and securing future growth.

The company continues to review opportunities to build the company's portfolio particularly in the immediate region once these include advanced projects that will provide immediate additional resources ounces and production.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG") POLICY

ESG PILLARS

Environmental	Minimise our footprint and act with environmental stewardship in the areas of compliance, energy consumption and carbon emissions, water quality and consumption, noise, dust, air, vibrations, rehabilitation and closure
Social	Protect (health & safety) and grow our people (training, inclusion, retention) Enhance and share the benefits across local communities and stakeholders (social impact, cultural heritage, local procurement and local recruitment)
Governance	Strong ethical principles and controls to ensure we do business the right way (sound structure, corporate policies, codes of conducts, risk identification and management as well as public disclosure)

ENVIRONMENTAL

Caracal is committed to sustainable development and recognises that the long-term sustainability of our business is dependent upon responsible stewardship in both the protection of the environment and the efficient management of the exploration and extraction of mineral resources, and the sustainable use of resources for the benefit of all our stakeholders.

We seek to minimise our environmental footprint, mitigating any adverse impacts, and to promote sustainable development in the areas in which we operate. Our values and business principles as a Company are based on a “zero harm” environmental management performance.

We conduct Environmental Impact Assessments prior to commencing mining activities and put in place environmental management plans - examples of actions conducted at the Kilimapesa mine include:

- Partnering with the National Environment Management Authority (NEMA) to plant 6,000 trees in collaboration with 10 local schools;
- Segregation, recycling, reuse of all waste produced and the disposal of waste is conducted by a NEMA accredited and licensed waste handler; and
- Regular monitoring of water, air and soil as well as noise by NEMA accredited laboratories

During this reporting period, Kilimapesa mine transitioned from being fully powered by generators to receiving 67% of its powered from the Kenyan national grid, of which 80% is renewable geothermal energy. The mine’s energy consumption from December 2021 up to August 2022 is 294,680 kWh, from the National grid and 218,162kWh powered by the Genset. Our average monthly emissions while on the national grid is 208.93 metric tons and 123.552 metric tons while on Genset.

Caracal Gold recognises that climate change is one of the most critical challenges facing society, the environment and our planet. As a responsible explorer and producer, we will be looking at ways of identifying, assessing and implementing actions in response to climate change challenges and the transition to a low carbon future.

SOCIAL

Employees

Caracal Gold's people are the driving force behind our exploration and mining activities. We seek to treat our people fairly and with respect and ensure they have the opportunity to develop and reach their potential. We comply with the labour legislation where we work.

Over this reporting period, the capability of the team has been strengthened to match our organisational growth and expansion.

We work in areas where the unemployment rate is high and therefore local employment is an important part of sharing benefits with surrounding communities. Currently the Kilimapesa mine, employs a total of 485 people of which 94% are national Kenyan staff and 73% come directly from the neighbouring villages.

Learning and training activities are central to staff engagement, learning and development as such, we provide on-the-job training through an internship scheme that currently has 3 interns in Exploration, 1 in Human Resources, 1 in the store keeping and 2 in the processing plant.

We actively promote diversity in the workforce and are proud to have increased the number of female staff from 14 to 32 during the reporting period at the Kilimapesa mine. We also have 1 female board member.

Health & Safety

Caracal Gold places its employees first, as they represent the backbone of the Company and our ongoing success relies on them staying safe, healthy and happy in their jobs. We work in complex environments with a wide range of potential risks to be managed and so providing a safe working environment is our highest priority. Our business principles, policies and management plans are based on targeting the achievement of a "zero harm" performance.

At the Kilimapesa mine, an Occupational health and safety plan is in place to manage risks and opportunities, prevent work-related injuries and ill health to workers and providing safe and healthy workplaces. During the reporting period, we have had 0 fatalities and 1 Lost Time in Injury (LTI).

Stakeholder engagement

Caracal Gold believes that a strong social license to operate in our host countries and local communities is built on mutual respect and open two-way dialogue. This social license is fundamental to the long-term viability and success of our business.

Our stakeholders include our employees, contractors, suppliers, business partners, local communities and government authorities, including all individuals who live in proximity to our operations or who may be impacted by our business relationships.

Community Stakeholder engagement is conducted on a weekly basis through a dedicated Community Liaison Officer and the local monitoring committee ("the Moyoi committee") which was created in 2000 to facilitate communication between the community and the mine. It currently meets every Friday to discuss matters affecting the community such as grievances, community development initiatives, local procurement and local employment.

COMMUNITY

Caracal Gold recognises that our activities have impacts on the communities where we work. We also recognize the positive role we can play to enable sustainable development by treating impacted stakeholders justly so that they don't lose out, and fairly so that they gain from the presence of the company.

Caracal's vision is to create genuine value for our stakeholders and continually improve our sustainability performance, as a good corporate citizen and neighbour, sharing the benefits of responsible mining and ensuring that we leave a legacy of positive socio-economic impact in the areas in which operate.

At our Kilimapesa mine, examples of community development initiatives include:

- Education within the local community: sponsorship of a computer teacher, assistance with electricity bills and construction of 2 pre-school classrooms
- Water: drilling of a borehole for a local high school that also supplies water to the local communities, provision of a livestock watering point
- Local procurement: we seek to procure as much as locally as possible and during this reporting period USD 233,000 was spent on local supplies

GOVERNANCE

Caracal Gold recognises that the long-term success and viability of its business requires responsible stewardship of its environmental impact, a strong social license to operate and ethical business practices. We are committed to complying with all national and international laws, regulations and standards that apply to our business.

Caracal Gold has appointed a new board composed of 3 non-executive directors, the Chief Executive Officer, Technical Director and Managing Director, who all bring extensive corporate, technical, financial and ESG (environmental, social and governance) experience to the company. The board assumes overall responsibility for all the environmental, social and governance aspects of the company and meets at least once a quarter.

In June 2022, the ESG Committee was created and held its first meeting. Its aim is to advise the Board of Directors and support the Company's management team in relation to the development and implementation of the Corporation's ESG initiatives, policies, compliance systems, and monitoring processes.

A suite of group governance policies has been drafted. These will be validated and communicated to all staff for the next reporting period. These policies address subjects of ethical conduct, anti-bribery and corruption, whistleblowing as well as environmental and social responsibility, and health and safety.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates in an uncertain environment and is subject to a number of risk factors. The Directors have carried out a robust assessment of the risks and consider the following risk factors are of particular relevance to the Group's activities, although it should be noted that this list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

Description	Impact	Mitigation
Strategic Risks		
• Concentration Risk - Group's reliance on its assets in Kenya, as Tanzania is a new and non non-producing asset. • Whilst the Group will not experience competition for its sales, it may encounter competition in identifying and acquiring further rights for attractive gold properties • The Group's success depends in large measure on its key personnel – loss of key personnel may have a material effect on the implementing the Group strategy.	Medium	• Board actively seeking to diversify current portfolio risk by acquiring further exploration and production assets. • Adding to the Group's technical team capability and deploying capital prudently to maximise return for shareholders. • Have embarked on a programme of training and educating successors in roles for key personnel
Financial Risks		
• Raising additional funding to develop further exploration, development and production programmes. • Dependency on UK Stock market trading to raise further cash when necessary • The profitability of operations and cash flows generated will be significantly affected by changes in the Gold price. • Changes in the Group's capital costs and operating costs are likely to have a significant impact on its profitability.	High	• Regular review of cashflow, working capital and funding options. • Build strong and sustainable relationships with key shareholders • Prudent approach to budgeting and strong financial stewardship - managing commitments and liquidity to ensure the Group has sufficient capital to meet spending commitments. • The use of hedging and risk management will be reviewed on an ongoing basis and implemented where necessary.
HSSE and Operational Risks:		
• The Group's mining licences and contracts are dependent on renewal to continue operating – any failure to secure continuation will have a material effect on the Group • Dependence on availability of leases, services and personnel from third parties • Material incidents such as adverse weather conditions or mechanical difficulties. Shortages of power, water and weather conditions may all impact operations	High	• As a group Caracal manages its relationships with the local and federal authorities carefully. • Careful consideration and assessment of third-party contractors technical, financial and HSSE capabilities prior to entering into contracts for services • Ensure that all stages of the exploration and production work programme have been rigorously stress tested and risk assessed

Legal and Compliance Risks:		
• Inaccurate reporting on Reserves and Resources as mineral reserve data is not necessarily indicative of future results of operations • Fraud and corruption • Litigation • The Group's involvement in exploration may result in the Group becoming subject to liability for pollution, leaks and other damage to the environment	Medium	• The Group hires qualified technicians to write and analyse resource data • Employment of suitably qualified staff and external advisers to ensure full compliance • Insurance in place • Risk assessment and due diligence of all counterparties that the Group deals with • Please see ESG policy
Country Risks		
• Changes to the current political and regulatory environment in Kenya may adversely affect the Group • Governments, regulations and the environmental laws may adversely change • Licence renewal and continuance in force of appropriate surface and/or surface use contract may have a material adverse impact if not renewed. • Sovereign risk including political, economic or social uncertainty, changes in policy, law or regulation	High	• Engaging in constructive discussions with Government and key stakeholders. • Employment of suitably qualified staff and external advisers to ensure full compliance • Regular monitoring of political, regulatory and HSSE changes. • Diversification of operations and assets in different countries reduces single country risk.

SECTION 172 STATEMENT

The Directors acknowledge their duty under s.172 of the Companies Act 2006 and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Directors have regard to the interests of our Company employees and other stakeholders including our impact in the community, the environment and our reputation, when making their decisions. The Directors consider what is likely to promote the success of the Company for our members in the long-term in all their decision making. In doing so, they have had regard (amongst other matters) to:

- *the likely consequences of any decision in the long term:*

The Company's long-term strategic objectives, including progress made during the year and principal risks to these objectives, are shown on pages 11-12 above. The Company has invested significant funding to follow its strategy to upgrade and improve the mine site at Kilimapesa. These investments have been made to protect the long-term viability of the mine and the future of its employees.

- *the interests of the Company's employees:*

Our employees are fundamental to us achieving our long-term strategic objectives and the Company continues to invest in the well-being and training of its employees through regular training sessions. Caracal also has a preference to hire locally wherever possible.

- *the need to foster the Company's business relationships with suppliers, customer and others, including government:*

A consideration of our relationship with wider stakeholders and their impact on our long-term strategic objectives is disclosed above in our ESG policy statement on pages 8-10. The Company has ensured that local suppliers are involved in the supply of goods and services to the Company by ensuring their involvement in the tendering process.
We have extremely good relationships with both local and federal government officials. Despite the change in Kenyan National leadership over the Summer of 2022, the company has maintained its relationship with the mining minister, local governor and the relevant parliamentary secretaries.

- *the impact of the Company's operations on the community and the environment:*

The Group operates honestly and transparently by constantly reporting to the market and shareholders and by the senior staff and Board being available for discussion of specific issues. We consider the impact on the environment on our day-to-day operations and how we can minimise this. The Company is fully integrated with the local community and has appointed a Community Liaison Manager to maintain these relationships.

Regular meetings are held with the community and our Senior Management and our Chief Operating Officer, Riaan Lombard. We regularly invite community Leaders to site for clear strategy and dialogue on all aspects of the mine and community development.

- *the desirability of the Company maintaining a reputation for high standards of business conduct:*

Our intention is to behave in a responsible manner, operating within the high standard of business conduct and good corporate governance. The Company has built a team of

external professional advisors whose role is to provide advice and guidance on all aspects of the company's business and interactions with business and government.
Group Policies are being continuously developed on good governance and employee relationships within the business.

- *the need to act fairly as between members of the Company:*

Our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so that they too may benefit from the successful delivery of our strategic objectives.

- *the need to have continued engagement, transparency and faith from all our shareholders.*

The Chief Executive Officer, Mr. Robbie McCrae regularly speaks to key shareholders and gauges their thoughts on operations withing the company, whether it be expansion, exploration drilling results or general questions about the future running of the business. Further, our Chief Executive Officer produces various videos to update the market on a regular basis.
In future the board and the Chief Executive Officer are looking at a more comprehensively enhanced Investor programme.

Simon Carnes-Thomas

Director

8 November 2022

DIRECTORS' REPORT

The directors present their report together with the audited consolidated financial statements of Caracal Gold Plc for the 18 months ended 30 June 2022.

Principal Activity
The principal activity of the Company and its subsidiaries (the "Group") is the exploration, development and mining of gold in Kenya, exploration assets in Tanzania and the development of further projects to expand its operations within this industry.

On 31 August 2021, the Company acquired the holding company of Mayflower Gold Investments Limited (MGIL) and thus a 100% indirect interest in Kilimapesa Gold Pty Ltd (KPGL), whose principal activity is an established gold mine and gold processing operation in Kenya. This was accounted for as a reverse acquisition - See note 5 below for further details. A contemporaneous placing was also completed on this date to raise funds for the Group's ongoing working capital requirements.

Results and dividends
The results for the period and the financial position of the Group are shown in the following consolidated financial statements. The Group has incurred a pre-tax loss of £15.5m (2020: loss of £1.7m). The Group has net liabilities of £2.1m (2020: £4.8m).

The Directors do not recommend the payment of a dividend (2020: £Nil). The nature of the Company's business means that it is unlikely that the Directors will recommend a dividend in the next few years. The Directors believe the Company should seek to generate capital growth for its Shareholders. The Company may recommend distributions at some future date when it becomes commercially prudent to do so, having regard to the availability of the Company's distributable profits and the retention of funds required to finance future growth.

Financial and Performance Review
Income Statement
The gross loss for the period was £2.1m compared to the prior year loss of £1.0m. This represents an increase in the levels of production and as a percentage of sales has improved by nearly 50%. Though the Group is still making a loss there are positive signs for the future as sales of precious metals have increased to £6,858,000. As our plant becomes more operational and our productivity increases we expect this to continue to improve in the next accounting period.

Administration costs increased to £7.2m, with one off costs for the LSE Listing (£1.1m) and the reverse acquisition expenses (£3.3m) bringing the net loss for the period to £15.5m.

Balance Sheet
Intangible Assets represent the exploration and evaluation assets arising as a result of the acquisition of Tyacks.

Tangible Assets have increased from £3.8M to £5.7M notably due to the purchase of Drill Rigs and continued mining asset investment.

Cash flows
Net cash outflows from operating activities increased to £7.4M due to the cost of the reverse acquisition and the increased operations at the mine.

We had notable cash inflows from share proceeds which naturally went on continued growth and expansion within the Caracal Group.

Key Performance Indicators ("KPI's")
The Board has identified two main financial KPIs for the Group which allow them to monitor financial performance and plan future investment activities. These are detailed below.

	30 June 2022	31 December 2020
Cash and cash equivalents	£80,000	£121,000
Administrative expense as a percentage of total assets	74%	2%

Please note, that these KPIs are provisional and the Board will be looking to increase the number of KPIs reported to the shareholders as the Group continues on its growth strategy.

Business Review and Future Developments
A review of the business and likely future developments of the Company are contained in the CEO's Statement above.

Going Concern
The consolidated financial statements have been prepared on a going concern basis. The Group's assets are not currently generating substantial revenues and therefore an operating loss has been reported. An operating loss is expected in the 12 months subsequent to the date of these financial statements. As a result the Group will need to raise funding to provide additional working capital within the next 12 months. The ability of the Group to meet its projected expenditure is dependent on these further equity injections and / or the raising of cash through bank loans or other debt instruments. These conditions necessarily indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business. Whilst acknowledging this material uncertainty, the directors remain confident of raising finance and therefore, the directors consider it appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The auditors have made reference to going concern by way of a material uncertainty within the financial statements.

Risk Management
There is no formal programme of hedging for either commodity, interest rate or foreign exchange at this stage. However, where appropriate, such risks are managed through purchase or sale contracts with suppliers, banks or other institutions or companies.

Financial risk management is detailed out in note 4 to these consolidated financial statements.

Principal Risks and Uncertainties
The principal risks and uncertainties are included in the Strategic Report above and note note 4 to these consolidated financial statements.

Share Capital and Substantial Share Interests
The Company has been notified of the following interests of 3 per cent. or more in its issued share capital as at 2nd November 2022:

	Shareholding	Percentage of the Company's Ordinary Share Capital
Hargreaves Lansdown (Nominees) Limited (including James Longley)	559,666,299	29.8%
Vidacos Nominees Limited	257,588,929	13.7%
Interactive Investor Services Limited	160,251,406	8.5%
Pershing Nominees Limited	110,585,953	5.9%
Mansa Capital	98,500,000	5.2%
Jarvis Investment Management Limited	81,349,084	4.3%

Directors
The directors of the Company who served during the year ended 30 June 2021 and to the date of this report are listed below:

Simon Games-Thomas	appointed 31 August 2021
Rachel Johnston	appointed 1 March 2022
Gerard Kisbey-Green	appointed 31 August 2022
Riaan Lombard	appointed 18 July 2022
Robbie McCrae	appointed 31 August 2021
H.E. Dan Kazungu	appointed 7 March2022
Stefan Muller	appointed 18 July 2022
Lord Nicholas Monson	resigned 31 August 2021
Anthony Eastman	resigned 31 August 2022
James Longley	resigned 5 February 2022
Charles Tatnall	resigned 5 February 2022

Directors' interests
At the date of this report the directors and their connected parties held the following beneficial interest in the ordinary share capital of the Company:

Director	Shareholding	Percentage of the Company's Ordinary Share Capital	Warrants*
Simon Games-Thomas	-	-	15,000,000
Rachel Johnston	-	-	-
Gerard Kisbey-Green	55,300,000	2.9%	30,000,000
Riaan Lombard	-	-	-
Robbie McCrae	102,500,000	5.5%	30,000,000
Stefan Muller	-	-	-
Daniel Kazungu	-	-	-

** these warrants will only vest when the milestones are reached as shown in note 5 of these consolidated accounts.*

Directors' remuneration
Directors' remuneration is disclosed in the Remuneration Report.
Directors' and Officers' Indemnity Insurance

The Company had in force during the period and has in force at the date of this report a qualifying indemnity in favour of its directors against the financial exposure that they may incur in the course of their professional duties as Directors and officers of the Company and/or its subsidiaries.

Supplier Payment Policy
It is the Company's payment policy to pay its suppliers in conformance with industry norms. Trade payables are paid in a timely manner within contractual terms, which is generally 30 to 45 days from the date an invoice is received.

Streamlined Energy and Carbon Reporting
As per the Streamlined Energy and Carbon Reporting ("SECR") Regulations published in 2018 quoted companies and large unquoted companies that have consumed more than 40,000 kilowatt-hours (kWh) of energy in the reporting period must include energy and carbon information within their directors' report. The Company do not currently exceed this threshold and are therefore presently exempt from the SECR reporting requirements. The subsidiaries are excluded from reporting under this requirement.

Financial risk and management of capital
The major balances and financial risks to which the Company is exposed to and the controls in place to minimise those risks are disclosed in Note 4.

The Board considers and reviews these risks on a strategic and day-to-day basis in order to minimise any potential exposure.

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

Requirements of the Listing Rules
Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures required in relation to Listing Rule 9.8.4

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

On 23 February 2022, Jeffreys Henry LLP resigned as auditors and the Company engaged new auditors. PKF Littlejohn LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Annual general meeting
The Company will hold its annual general meeting for 2022 and the date will be announced on the Company website.

Political and charitable contributions
The Company have not yet made a charitable donation for in 2022 (2020 £nil). No political donations were made in either year. Charitable donations to local schools are taking place in the current year 2022/2023.

Post Balance Sheet Events
On 3 August 2022, the Company paid £343,308 as part of the final consideration for the purchase of Tyacks. The final payment of £482,155 is still due to be paid. These amounts have been accounted for as a deferred consideration creditor in the accounts.

On 18 July 2022, the Company entered into a Convertible Loan Note Instrument with Koenig Vermoegensvermaltungsgesellschaft MBH ("Koenig"), a company incorporated and registered in Germany, for £2 million at an interest rate of 8% per annum. The conversion price being agreed as £0.06 per Ordinary share, save that where the price per ordinary share falls below £0.06, the conversion price shall be 90% of the 10 day VWAP price of an ordinary share. 266 million warrants were also issued to Koenig, at an exercise price of £0.0085 and exercisable for 2 years from the date of grant.

Statement of Directors Responsibilities
The Directors are responsible for preparing the Annual Report, Report of the Directors, Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

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

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

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

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

Directors' Responsibility Statement Pursuant to Disclosure and Transparent Rules
Each of the Directors, confirm that, to the best of their knowledge and belief:

- The Financial Statements prepared in accordance with UK-adopted international accounting standards and give a true and fair view of the assets, liabilities, financial position and loss of the Group and Company; and
- the Annual Report and Financial Statements, including the Business review, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

This report was approved and authorised for issue by the board on 5 November 2022 and signed on its behalf by:

Director

8 November 2022

DIRECTORS' REMUNERATION REPORT

Introduction
The Company has established a Remuneration Committee during the year. The Committee reviews the scale and structure of the Directors' fees, taking into account the interests of shareholders and the performance of the Group and Directors.

The Company's auditors, PKF Littlejohn LLP are required by law to audit certain disclosures and where disclosures have been audited, they are indicated as such.

Statement of Caracal Gold Plc's policy on directors' remuneration by the chair of the Remuneration Committee
As chair of the Remuneration Committee I am pleased to introduce our Directors' Remuneration Report. One of the Remuneration Committee's aims is to provide clear, transparent remuneration reporting for our shareholders which adheres to the best practice corporate governance principles that are required for listed organisations.

Remuneration Policy
The Remuneration Committee, in forming its policy on remuneration, gives due consideration to the needs of the Group, the shareholders, and the provisions of the QCA Code. The ongoing policy of the Remuneration Committee is to provide competitive remuneration packages to enable the Group to retain and motivate its key executives and to cost-effectively incentivise them to deliver long-term shareholder value. It also applies the broader principle that Caracal Gold's executive remuneration should be competitive with the remuneration of directors of comparable companies. The Remuneration Committee keeps itself informed of relevant developments and best practice in the field of remuneration and seeks advice where appropriate from external advisers. It maintains oversight of the remuneration of staff, which is the responsibility of the Chief Executive Officer. The remuneration policy for the non-executive directors is determined by the Board, considering best practice.

Remuneration Committee
The remuneration committee consists of Simon Games-Thomas, Rachel Johnstone and Dan Kazungu. This committee's primary function is to review the performance of executive and non-executive directors and senior employees and set their remuneration and other terms of employment.

The key activities of the Remuneration Committee are:

- to determine and agree with the Board the framework or broad policy for the remuneration of the Company's chair, chief executive, and such other members of the executive management as it is designated to consider;
- in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements;
- recommend and monitor the level and structure of remuneration for senior management;
- when setting remuneration policy for directors, review and have regard to the remuneration trends across the Company, and review the on-going appropriateness and relevance of the remuneration policy;
- obtain reliable, up-to-date information about remuneration in other companies;
- approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;

- ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- oversee any major changes in employee benefits structures throughout the Company.

Directors' remuneration (audited):

				18 month period ended 30 June 2022 £'000	**Year ended 31 December 2020 £'000**
	Salary /Fees £'000	Bonus £'000	Share based payment £'000	**Total £'000**	Total £'000
Non-Executive Directors					
Rachel Johnston[4]	10	-	-	**10**	-
Daniel Muzee[5]	4	-	-	**4**	-
Anthony Eastman[1]	30	-	-	**30**	30
Lord Monson[1]	30	-	-	**30**	30
Simon Games-Thomas[3]	48	-	8	**56**	-
Subtotal	122	-	-	**130**	60
Executive Directors					
Robbie McCrae[3]	217	-	17	**234**	-
Gerard Kisbey-Green[3]	149	-	17	**166**	-
James Longley[2]	106	50	17	**173**	80
Charles Tatnall[2]	96	50	17	**163**	80
Subtotal	568	100	68	**636**	160
Total	**690**	**100**	**76**	**866**	**220**

[1] Resigned as a director on 31 August 2021
[2] Resigned as a director 5 February 2022
[3] Appointed as a director on 31 August 2021
[4] Appointed as a director on 1 March 2022
[5] Appointed as a director 7 March 2022

Remuneration Components
The main components of Director remuneration that are currently considered by the Board for the remuneration of directors are base salaries, cash bonuses and share-based payments which were included in the Prospectus as part of the acquisition.

The following are the agreed Annual Base Salaries:

Chief Executive Officer, Robbie McCrae - £180,000 per annum.
Technical Executive Director, Gerard Kisbey-Green - £150,000 per annum.
Director (Chief Operating Officer), Riaan Lombard - £160,000 ($180,000) per annum. This director will also receive a bonus of 8,500,000 shares after 2 full years of employment completion from February 2022.

	Position	Annual Salary	Committee Salaries *(Audit , Remuneration, ESG)*
Simon Games-Thomas	Chairman, Non-Executive	£45,000	£24,000
Rachel Johnstone	Non-Executive	£25,000	£24,000
Dan Kazungu	Non-Executive	£25,000	£24,000
Stefan Muller	Non-Executive	£25,000	N/A

No pension contributions were made by the company on behalf of its directors, and no excess retirement benefits have been paid out to current or past directors. The Company has not paid any compensation to past Directors.

Presently, the Company have no set KPIs for the directors although this is set to be reviewed in the coming accounting year.

Recruitment Policy
Base salary levels will take into account market data for the relevant role, internal relativities, their individual experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time, subject to performance in the role. Benefits will generally be in accordance with the approved policy. For external and internal appointments, the Board may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Payment for loss of Office
The Committee will honour the Executive Director's contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Director or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Service Agreements and letters of appointment (unaudited) (terms/notice assumed)

Executive Directors	**Date of Service Agreement**	**Term**	**Notice period**
Gerard Kisbey-Green	31 August 2021	N/A *	3 months
Robbie McCrae	31 August 2021	N/A*	3 months

Non-Executive Directors	**Date of Service Agreement/Letter of Appointment**	**Term**	**Notice period**
Simon Games-Thomas	31 August 2021	N/A*	6 months
Dan Kazungu	31 March 2022	N/A*	3 months
Rachel Johnston	31 January 2022	N/A*	3 months

** contract terms are to be reviewed and agreed to 3 years by the remuneration committee. Contract Notice Periods also to be amended to 3 months.*

The terms of all Directors' appointments are subject to their re-election by the Company's shareholders at any Annual General Meeting at which all Directors stand for re-election.

Percentage change tables (unaudited)
No calculation has yet been made to compare the Chief Executive Officer's percentage change of remuneration to that of the average employee as Robbie McCrae was appointed midway through the 18 month period. This table will be included in the next accounting period.

Company performance graph (unaudited)
The Directors have considered the requirement for a UK 10-year performance graph comparing the Company's Total Shareholder Return with that of a comparable indicator. The Directors do not currently consider that including the graph will be meaningful in its position as a mining company during its first year on the LSE. The Directors will review the inclusion of this table for future reports.

Relative Importance of spend on pay (audited)
The table below illustrates a comparison between total remuneration to distributions to shareholders and loss before tax for the financial period ended 30 June 2022 and 31 December 2020:

Year ended	Employee remuneration	Distributions to shareholders	Operational cash inflow /(outflow)
	£	£	£
30 June 2022	2,068,000	-	(7,386,000)
31 December 2020	210,000	-	(771,000)

Employee remuneration does not include fees payable to the Directors. Further details can be found above.

Operational cash outflow has been shown in the table above as cash flow monitoring and forecasting in an important consideration for the Board when determining cash-based remuneration for Directors and employees.

Approval by shareholders
At the next annual general meeting of the company a resolution approving this report is to be proposed as an ordinary resolution. The Board considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's annual policy on remuneration.

This report was approved by the board on 8 November 2022.

On Behalf of the Board

Simon Games-Thomas

Simon Games- Thomas (Committee Member, Group Chairman)

CORPORATE GOVERNANCE REPORT

Introduction:

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

They are aware that there are currently several areas of non-compliance which include: (i) the formal developments and publication of Key Performance Indicators ("KPIs") that are relevant to the business, (ii) the adoption of an appropriate Corporate & Social Responsibility ("CSR") policy.

The QCA Code has ten principles of corporate governance that the Company is committed to apply within the foundations of the business by the end of the next financial reporting period. These principles are:

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

Here follows a short explanation of how the Company applies each of the principles, including where applicable an explanation of why there is a deviation from those principles.

Principle One

Business Model and Strategy

The Group has a mining licence in Kenya and has recently acquired several exploration licences in Tanzania. It has a clear strategy of exploring and developing this and future opportunities which has been set out in the Chief Executive's Statement. Further to earlier comments on risk and strategy the company is committed to broadening its area and scope of operations as appropriate.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. They will be encouraged to attend the AGM and website communications will be improved in the coming year.

Principle Three

Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Company is reliant upon open communication with its internal and external stakeholders: investee companies, shareholders, contractors, suppliers, regulators and other stakeholders. The Company has created close ongoing relationships with a broad range of its stakeholders and will ensure that it provides them with regular opportunities to raise issues and provide feedback to the Company. The Company is committed to delivering lasting benefit to the local communities and environments where we work as well as to our shareholders, employees and contractors. As the company evolves we anticipate that this aspect of community engagement will evolve further.

Principle Four

Risk Management

The Board is responsible for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Group. It is in the process of establishing a framework of internal financial controls to address financial risk and regularly reviews the non-financial risks to ensure all exposures are adequately managed. The Group maintains appropriate insurance cover in respect of legal actions against the Directors as well as against material loss or claims against the Group. The principal risks and uncertainties are as set out in the Strategic Report. An internal audit function is expected to be established in the coming year to ensure risk management is properly managed.

Principle Five

A Well Functioning Board of Directors

The Board will maintain a balance of executives and non-executive directors. Currently there are 3 non-executives including the Chairman and 2 Executives. There are no mandatory hours for directors to be available for Company business although the CEO is required to commit 100% of his working time (based on a 40 hour working week) to the Company. The non-executive directors are available for any Company business when it may arise.

Further information about the directors can be found on the company website at www.caracalgold.com. The biographical details of these Directors are set out within Principle Six below. All Directors are subject to re-election in accordance with the Company's articles of association ("Articles"). The Company's Articles state that one-third of the Directors shall retire by rotation and be subject to re-election at each Annual General Meeting.

The Board meets formally in person and by telephone multiple times throughout the year and at least four times per year. The Board also holds regular informal project appraisal and strategy discussions, to examine operations, opportunities and assess risks.

The directors encourage a collaborative Board culture to ensure that each decision reached is always in the Company's and its shareholders' best interests and that any one individual opinion never dominates the decision-making process. The Board seeks, so far as possible, to achieve decisions by consensus and all directors are encouraged to use their independent judgement and to challenge all matters whether strategic or operational.

The Board delegates certain decisions to an Audit Committee and a Remuneration Committee. The Audit Committee, of which Simon Games- Thomas is Chair, has joint responsibility for reviewing the year end accounts with the Auditor. The Remuneration Committee, of which Daniel Kazungu is Chair, reviews the remuneration of the executive directors on an annual basis. Both committees are dedicated to establish and maintain robust internal financial control systems for the Company. The Company has not held a Nominations Committee to date.

Attendance at Board and Committee Meetings
The Group will report annually in the Directors' Report on the number of Board and committee meetings held during the year and the attendance record of individual Directors. Directors meet formally and informally both in person and by telephone. To date the following directors have attended the following meetings:

Director	*Board Meetings*	*Audit Committee*	*Remuneration Committee*
Robbie McCrae	6/6	-	-
Gerard Kisbey-Green	6/6	-	-
Simon Games- Thomas	6/6	1/1	1/1
Rachel Johnston	1/1	1/1	1/1
Dan Kazungu	1/1	1/1	1/1

Principle Six
Appropriate Skills and Experience of the Directors
The Company believes that the Directors have wide ranging experience working for/and/or advising businesses operating within the natural resources sector. They also have an extensive network of relationships to reach key decision-makers to help achieve their strategy.

The Board recognises that it currently has only one female Director and is aware, that as it grows, it will look to recruit and develop a diverse and more gender-balanced team.

Biographies of the Board are as included below.

Mr David Simon Games-Thomas, Non-Executive Chairman (born 1955, aged 66)
Mr Simon Games-Thomas has over 30 years' experience in the global financial and commodity markets. His career has involved extended periods in running trading operations in precious metals, base metals and agricultural products as well as having set up and run his own futures brokerage.

Simon also has significant experience in the financing of advanced exploration and development projects and mining operations in Africa, Asia and Europe using debt and commodity linked debt instruments. Simon held senior management roles in London, Sydney and Singapore for banks such as UBS, JP Morgan, Merrill Lynch, Rothschild and Lehman Brothers.

Simon is the founder and director of Pegasus. Since leaving banking he has founded a firm offering financing and risk management advice and re-structuring advice to corporates in Africa, South America and Australia. He is also a shareholder in a renewable energy start-up and establishing a commodity lending and trade finance fund.

Gerard-Anthony Kisbey-Green, Executive Director (born 1962, aged 60)
Gerard Kisbey-Green has over 34 years of experience in the mining and related financial industry. After graduating as a Mining Engineer in South Africa, Gerard gained experience on South African mines, eventually working in various management positions for several large South African mining companies. During that time, he worked on gold, platinum and coal mines primarily in South Africa but also in Germany and Australia. Gerard then moved into the financial markets where he spent 17 years, the first 5 of which as a mining equity analyst on the Johannesburg Stock Exchange where he was rated amongst the top analysts in the Financial Times; annual rankings. He then moved into mining corporate finance and worked in South Africa for 5 years and England for 7 years for banks including JPMorgan Chase, Investec and Standard Bank.

Gerard has significant experience in IPO's, including in capital raisings, M&A transactions, and has worked with industry participants such Nomads, broker, and other advisors on deals that cover a diversity of commodities and geographic locations. On leaving the banking industry, Gerard became CEO of Peterstow Aquapower (SA), which is a mining technology company, and Director of Peterstow Holdings. Gerard then held the positions of President and CEO of Aurigin Resources, a Toronto-based private company focused on gold exploration in East Africa, between December 2012 and September 2018. He joined the Board of Goldplat plc in August 2014 as a NonExecutive Director and assumed the role of Chief Executive Officer of Goldplat plc in February 2015—a position he held until April 2019. Gerard re-joined the Board of Goldplat plc in May 2020 as a non-executive Director. He is currently working as a private consultant and is the Mining Lead for Sutton International Limited, a private company developing mining projects – primarily in Africa.

Robert Andrew McCrae, Executive Director (born 1973, aged: 49)
Robert McCrae has over 25 years' experience in the mining and exploration industry in Africa. Mr McCrae qualified with a BCom Economics and Financing from the University of Witwatersrand. He has been involved in the exploration, development and financing of projects in over 15 African countries across a broad range of commodities including precious metals, gemstones, base metal, bulk commodities and industrial minerals. He has managed both the development of these projects for both private and listed companies and has acted in roles of project owner as well as project/construction contractor. Mr MCrae was the founding shareholder of Mining Project Development ltd, which owned the Zanaga Iron Ore Project in the Republic of Congo prior to its acquisition by Glencore.

Mr McCrae has held senior executive management positions with a number of Australian Securities Exchange listed mining and exploration companies, including CEO of Minbos Resources, which had several high-grade phosphate projects in Angola and the Democratic Republic of Congo and COO of Black Mountain Resources which operated a high grade vermiculite mine and phosphate exploration project located in Uganda. He was also a founder of Luiri Gold Limited, which explored and developed gold projects in Zambia and where he was also involved on the listing onto the Toronto Stock Exchange. Between 1994 and 2006, Mr McCrae was Director, Business Development of MDM Engineering (Pty) ltd, an African focused natural resource contracting and process engineering companies in Africa, which was responsible for the construction of processing plants for a number of major gold and copper operations throughout Africa.

Rachel Johnstone, non-Executive Director (born 1979, aged:43)
Ms Johnston brings to the Board a wealth of experience, having worked in various roles across Africa's mining sector over a ten-year period. She is currently working as an independent consultant on sustainability across the continent - advising mining companies on stakeholder engagement, sustainability reporting, supervising Environmental and

Social Impact Assessments (ESIA) and the implementation of Environmental, Social, and Governance (ESG) programs and initiatives.
Previous roles held include Group CSR Manager at tier-one gold producer Endeavour Mining, where she was responsible for managing its West African assets and CSR Consultant at TSX-listed True Gold Mining. In addition, Ms Johnston was also CEO of auger drilling business, Sahara Geoservices, based in Burkina Faso. Through these roles, she garnered significant practical experience of the social, administrative, management, governmental and labour relations issues that arise in the development and day-to-day operation of mining projects in Africa.

Before joining the mining sector, Ms Johnston also managed community humanitarian and development projects in Central and West Africa. She holds a Masters' Degree in International Development Management and a National Higher Diploma in Mining Engineering.

Her strong focus on social, environmental, health and safety management and community engagement are perfectly aligned to the corporate ethos and operating practices of the Company. The Board of Directors believe that Ms Johnston will add significant value to the Board of Directors and further strengthen our broad ESG and ESIA activities in East Africa.

Stefan Muller, non-executive Director (born 1971, aged: 51)
Mr. Müller has extensive corporate and financial experience having supported over 250 capital market transactions during his career and served on the boards of a number of national and international companies. He started his career at Dresdner Bank AG in international securities trading before becoming Senior Vice President at Bankhaus Sal Oppenheim (Europe's largest private bank at the time). He subsequently worked in asset management before founding DGWA - Deutsche Gesellschaft für Wertpapieranalyse GmbH (German Institute for Asset and Equity Allocation and Valuation), a German Investment Banking Boutique focused on the global mining and resources industry, where he is still CEO. He is also a board member of the German Federation of International Mining and Mineral Resources (FAB), and a member of the DIN Technical Committee, which is establishing a new ISO standard for lithium. His corporate and financial experience will support the Company in delivering on its growth strategy.

Although there is no formal process to keep Directors' skill sets up-to-date at present the Board will look to implement access to training where skill gaps have been highlighted. However, the Company's lawyers and brokers provide regular updates on governance, financial reporting and Listing rules and the Board is able to obtain advice from other external bodies when necessary.

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

Principle Eight
Corporate Culture
The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole which in turn will impact the Group's performance. The Directors are very aware that the tone and culture set by the Board will greatly impact all aspects of the Group and the way that consultants or other

representatives behave. The corporate governance arrangements that the Board has adopted are designed to instil a firm ethical code to be followed by Directors, consultants and representatives alike throughout the entire organisation. The Group strives to achieve and maintain an open and respectful dialogue with representatives, regulators, suppliers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through everything that the Group does. The Directors are focused on ensuring that the Group maintains an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Group has adopted, a code for Directors' dealings in securities which is appropriate for a company whose securities are traded on this main market and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Issues of bribery and corruption are taken seriously. The Group has a zero-tolerance approach to bribery and corruption and has recently put an anti-bribery and corruption policy in place to protect the Group, its employees and those third parties to which the business engages with.

Principle Nine

Maintenance of Governance Structures and Processes

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

Audit committee

The audit committee comprises the three directors: Simon Games-Thomas, Rachel Johnston and H.E. Dan Kazungu and the Chief Financial Officer Paul Reeves and meets at least once a period. The committee's terms of reference are in accordance with the UK Corporate Governance Code. The committee has been established to review the company's financial and accounting policies, interim and final results and annual report prior to their submission to the board, together with management reports on accounting matters and internal control and risk management systems. It reviews the auditors' management letter and considers any financial or other matters raised by both the auditors and employees. The Committee met once in the period, with 100% attendance.

The committee considers the independence of the external auditors and ensures that, before any non-audit services are provided by the external auditors, they will not impair the auditors' objectivity and independence. Before the current auditors were appointed they had acted as the Company’s Reporting Accountants. Any future work by the auditors for non-audit services will need to be approved by the Board to ensure it does not affect the independence or objectivity of the external auditor.

The Committee has primary responsibility for making recommendations to the board in respect of the appointment, re-appointment and removal of the external auditors. Having assessed the performance objectivity and independence of the auditors, the Committee will be recommending the reappointment of PKF Littlejohn LLP as auditors to the Company at the 2022 Annual General Meeting.

The Group does not currently have an internal audit function but will continue to monitor the situation and look to hire an internal auditor if this is deemed necessary.

Remuneration committee
The Remuneration Committee comprises the three directors: H.E. Dan Kazungu (Chair), Simon Games-Thomas and Rachel Johnston. The primary function of the Committee is to advise the board on overall remuneration packages of the directors after consideration of remuneration policies, employment terms, current remunerations of the Board and advisors and the policies of comparable companies in the Industry. No third parties have provided advice that materially assisted the Remuneration Committee during the year. The Committee met once in the period, with 100% attendance.

The remuneration committee determines the company's policy for the remuneration of executive directors, having regard to the UK Corporate Governance Code and its provisions on directors' remuneration. This is set out in the Directors' Remuneration report.

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

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

Simon Games-Thomas

On Behalf of the Board

Director

8 November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARACAL GOLD PLC

Qualified opinion

We have audited the financial statements of Caracal Gold PLC (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 June 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report:

- 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 2022 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards 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 qualified opinion

On 31 August 2021 the Parent Company acquired, by way of a transaction outside the scope of IFRS 3 (See page 62), an operating mine (Kilimapesa). The year-end of the Parent Company was changed in the period from December to June to align with that of the operating mines. The last audit and therefore the last date for which financial statements were prepared for Kilimapesa was for the period ended 30 June 2020. In order to ensure that the reporting period following the transaction was no longer than the permitted 18 months, financial figures for Kilimapesa were prepared for the 12 months to 31 December 2020. These financial figures were unaudited and the work performed thereon by the component auditor did not allow us to obtain sufficient appropriate audit evidence on comparative figures and opening balances. Any adjustment to these figures would have a consequential effect on the loss for the year ended 31 December 2020.

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

Other matter

The financial statements of Kilimapesa for the year ended 31 December 2020, forming the comparative figures in these financial statements for the period ending 30 June 2022, are not audited. The reason as to why the financial statements of Kilimapesa form the comparatives is explained on page 62. Those financial statements are not audited as they were prepared on a proforma basis to ensure that, following the accounting treatment of the acquisition, that the Group's accounting period did not exceed 18 months.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group's assets are not currently generating substantial revenues and therefore an operating loss has been reported. Additional funding is required to bring the mine into profitable production and as at the date of this report, whilst management are confident that these will occur and are in active discussions to secure such funding, there is no guarantee that they will happen within the required timelines. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, 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:

- Management's assessment of going concern: we discussed with management the process undertaken in preparing the going concern assessment.

- Assessment of assumptions within the trading and cash flow forecasts: we challenged the assumptions used in the forecasts, in particular the sales growth rates, gross margins and cash flows generated from operations against actuals achieved in recent financial years.

- We tested the numerical accuracy of the model used to prepare the forecasts.

- Cash balances: we agreed the Group cash balances to the amounts included in the forecast.

- Sensitivity analysis: evaluation of sensitivities over the Group's cash flows to changes in the significant inputs and assumptions used. The analysis considered reasonably possible adverse effects that could arise as a result of a significant decrease in sales as this is considered to be the most significant variable in the cash flow forecasts.

- Discussed with management the funding options available and their status.

- Post year end trading performance: comparison of the post year end trading results to the forecasts so as to evaluate the accuracy and achievability of the forecasts prepared.

- Disclosures: evaluation of the adequacy of the relevant going concern disclosures within the financial statements

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

Our application of materiality

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole. Comparative are not provided for materiality as this is the first year audit.

	Group financial statements	Parent company financial statements
Overall materiality	£549,000	£250,600
Performance materiality	£356,800	£163,000
Basis for determining materiality	5% of adjusted losses before tax	5% of losses before tax
Rationale for the benchmark applied	We believe loss before tax to be the main driver of the group as material amounts of revenues and expenses occurred in Kilimapesa Pty Gold (main trading subsidiary). We consider this to be the key benchmark for the group given that current and potential investors will be most interested in potential earnings of the group. Parent company had incurred material amount of expense due to listing in the current period, therefore we believe that losses before tax would be the key benchmark for the parent company. This was deemed to be the key driver given the one off nature of this expense.	

Performance materiality for the group financial statements was set at £356,000 and the parent company was set at £163,000, being 65% of materiality for the financial statements as a whole respectively. The performance materiality for the group and parent company is based on our assessment of the relevant risk factors e.g. previous experience of misstatements, management's attitude towards proposed adjustments, and the level of estimation inherent within the group and parent company.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £27,000 for the group and for the parent company a value in excess of £11,500. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

The scope of our audit was influenced by our application of materiality.

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Of the four components of the group, a full scope audit was performed on the complete financial information of one component, and for the components not considered significant, we performed an analytical review together with substantive testing as appropriate on some areas based on group audit risk applicable to those components

The full scope component was located in Kenya. The component auditor worked under our instruction. The audit of the remaining components was performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing publicly listed entities. The Senior Statutory Auditor interacted regularly with the component audit team during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the group and parent company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the 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 matters described in the Basis for qualified opinion and Material uncertainty related to going concern sections we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Note (7) - **Revenue recognition** Under ISA (UK) 240 there is a rebuttable presumption that there is a risk of fraud in revenue recognition. There is the risk that revenue in relation to the sale of metals has not been recognized accurately in accordance with IFRS 15, and that revenue is incomplete due to incorrect cut-off. The Group had revenues of £6.8m which is a significant increase to that reported in prior period. Owing to the magnitude of the increase, the revenue generating nature of the group and the need to ensure that revenue has been correctly	Our work in this area included: • Obtaining an understanding of the internal control environment in operation for the material income streams; • Ensuring that sufficient and appropriate disclosures have been made in relation to revenue recognition and in accordance with the requirements of IFRS 15; • Reviewing the Group's revenue recognition policy to ensure that it is in accordance with IFRS15; and • Reviewing the work performed by the component auditors which included:

recognised in the correct period, we determined revenue to be a key audit matter.	- Review component auditor understanding of the internal control environment in operation for the material income streams and undertaking a walk-through to ensure that the key controls within these systems have been operating in the period under audit; - Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at the year-end; and - A review of post year end receipts to ensure completeness of income recorded in the accounting period. Based on the audit work performed revenue has been not materially misstated within the financial statements.
Notes (14) and (15) - Valuation of PPE, mining and intangible assets. The group hold PPE, mining and intangible assets with a net book value of £2.4m, and £3.1m. The Group was loss making during the year and requires additional funding as a result. There is the risk that there are impairment triggers and that these assets should be impaired. Management perform impairment assessments to support the carrying values of these assets. The assessments contain judgements and estimates. As a result of the materiality of the asset balances held and the level of estimation and judgement involved in performing the impairment reviews, we determined the carrying value of PPE, mining and Intangible assets to be a key audit matter.	Our work in this area included: • Holding meetings with management to review management assessment of operating activity levels and development of the assets undertaken in the year and future plans; • Examining title documents such as licence agreements and other supporting documentation to assess the legal and beneficial ownership of the mines; • Reviewing management's impairment indicators assessment for the mines against the criteria in the accounting standard in order to determine whether their assessment is complete and in accordance with the requirements; • Obtaining and reviewing the key inputs into the Group's Discounted Cash Flow models and challenging the reasonableness of the key inputs included in the models such as gold prices, reserves, capex, interest rates and discount rates; • Testing the mathematical integrity of the Group's model and ensuring that the basis of preparation of the model is in line with our expectations; and • Reviewing the Competent Persons Report ("CPR") in relation to the mines and assessing the competency of the preparer. The carrying value of the assets at the period end are not materially misstated but note that this is dependent on: • Sufficient funds being raised to ensure production targets can be met; • Expected production targets are achieved; and

	• Licences are renewed. Should any of the above considerations not be met then the assets may need to be impaired in light of facts and circumstances known to us at period end.
Note (13) - Accounting for the acquisition On 31 August 2021 the Company acquired the holding company of Mayflower Gold Investments Limited (MGIL) and thus a 100% indirect interest in Kilimapesa Gold Pty Ltd (KPGL), whose principal activity is an established gold mine and gold processing operation in Kenya. Management have considered that the acquisition falls outside the scope of IFRS 3 ("Business Combinations") and have applied the reverse acquisition accounting methodology to account for the transaction. There is a risk that the transaction has been incorrectly accounted for within the financial statements. This has been determined to be a key audit matter to the fact that the transaction was key into turning the Company into a Group with trading operations and a mining asset.	Our work in this area included: • Reviewing management's analysis of the transaction and postings made to account for the acquisition; • Agreeing all inputs in management's analysis to supporting documentation; • Reviewing journals processed as at the date of acquisition to ensure that they are in compliance with IFRS; and • Assessing the fair value of identifiable assets and liabilities at the date of acquisition. Based on the audit work performed the acquisition accounting is not materially misstated for within the financial statement.

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, evaluation of internal control and through our experience in the sector.

- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
  - Listing Rules
  - Companies Act 2006
  - Employment Act 2008
  - Money Laundering Regulations 2007
  - GDPR
  - Local laws and regulations, including tax, in the jurisdictions where each subsidiary operates

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group or parent company with those laws and regulations. These procedures included, but were not limited to:
  - review of legal and professional fees and correspondences to understand the nature of the costs and the existence of any non-compliance with laws and regulations;
  - discussion with management regarding potential non-compliance; and
  - review of minutes of meetings of those charged with governance and RNS

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls and revenue recognition , the potential for management bias was identified in relation to the going concern of the group and parent company and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.

- 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.

- The audit team addressed any matters of non-compliance with laws and regulations, including fraud at the group and component levels by communicating with component auditor and including procedures in the group instructions to detect non-compliance, including fraud.

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.

Other matters which we are required to address

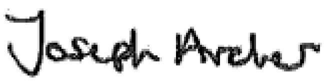
We were appointed by the board of directors on 4 July 2022 to audit the financial statements for the period ending 30 June 2022 and subsequent financial periods. Our total uninterrupted period of engagement is one financial18 month period covering the period ending 30 June 2022.

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no 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
8 November *2022*

15 Westferry Circus
Canary Wharf
London E14 4HD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 18 MONTH PERIOD ENDING 30 JUNE 2022

	Note	18 months ended 30 June 2022 £'000	12 months ended 31 December 2020 £'000
Continuing operations			
Revenue	7	6,858	1,399
Cost of sales		(9,007)	(2,353)
Gross loss		**(2,149)**	**(954)**
Administrative expenses	8	(7,188)	(10)
Listing costs		(1,146)	-
Share-based payments	24	(84)	-
Operating loss before finance costs		**(10,567)**	**(964)**
Finance costs (net)	10	(744)	(110)
Other income		2	-
Foreign exchange		(941)	(616)
Reverse acquisition expense	5	(3,298)	-
Loss before taxation		**(15,548)**	**(1,690)**
Taxation	11	-	-
Loss for the period		**(15,548)**	**(1,690)**
Other comprehensive income – items that may be reclassified subsequently to profit and loss account			
Translation of foreign operations		(65)	511
Total other comprehensive income		**(65)**	**511**
Total comprehensive income for the period attributable to the owners of the Parent Company		**(15,613)**	**(1,179)**
Earnings per share – basic and diluted (pence)	12	(1.09p)	(0.12p)

The notes on pages 48 to 79 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	As at 30 June 2022 £'000	As at 31 December 2020 £'000
Non-Current Assets			
Intangible assets	14	2,392	-
Property, plant and equipment	15	5,689	3,758
Total Non-Current Assets		**8,081**	**3,758**
Current Assets			
Inventories	16	712	575
Trade and other receivables	17	826	737
Cash and cash equivalents	18	80	121
Total Current Assets		**1,618**	**1,433**
Total Assets		**9,699**	**5,191**
Equity and Liabilities			
Share capital	23	1,879	4,430
Share premium	23	14,306	-
Translation reserve		444	509
Reverse acquisition reserve	5	6,481	-
Share-based payment reserve		148	-
Retained earnings		(25,321)	(9,773)
Total Equity		**(2,063)**	**(4,834)**
Non-Current Liabilities			
Deferred tax liability	21	552	-
Provisions and contingent liabilities	22	1,989	-
Amount due to related parties		-	8,433
Loans and borrowings – non-interest bearing	20	-	48
Loans and borrowings – interest bearing	20	167	142
Total Non-Current Liabilities		**2,708**	**8,623**
Current Liabilities			
Trade and other payables	19	7,357	1,330
Loans and borrowings – non-interest bearing		-	63
Loans and borrowings – interest bearing	20	1,697	9
Total Current Liabilities		**9,054**	**1,402**
Total Liabilities		**11,762**	**10,025**
Total Equity and Liabilities		**9,699**	**5,191**

The notes on pages 48 to 79 form part of these financial statements.

Approved by the Board and authorised for issue on 8 November 2022.

Director

CARACAL GOLD PLC

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
Company Registration No. 09829720

	Note	As at 30 June 2022 £'000	As at 31 December 2020 £'000
Non-Current Assets			
Investments	13	9,537	-
Property, plant and equipment	15	302	-
Total Non-Current Assets		**9,839**	**-**
Current Assets			
Trade and other receivables	17	7,108	12
Cash and cash equivalents	18	26	-
Total Current Assets		**7,134**	**-**
Total Assets		**16,973**	**12**
Equity and Liabilities			
Share capital	23	1,879	132
Share premium	23	14,306	602
Share-based payment reserve		148	-
Retained earnings		(7,655)	(2,595)
Total Equity		**8,678**	**(1,861)**
Non-Current Liabilities			
Provisions and contingent liabilities	22	619	-
Total Non-Current Liabilities		**619**	**-**
Current Liabilities			
Trade and other payables	19	6,019	1,423
Convertible loan notes	20	1,657	450
Total Current Liabilities		**7,676**	**1,873**
Total Liabilities		**8,295**	**1,873**
Total Equity and Liabilities		**16,973**	**12**

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

The Company's loss for the period from operations is £5,060,000 (2020: loss of £1,074,000).

The notes on pages 48 to 79 form part of these financial statements.

Approved by the Board and authorised for issue on 8 November 2022.

Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2022

	18 months ended 30 June 2022 £'000	12 months ended 31 December 2020 £'000
Cash flows from operating activities		
Operating loss – continuing operations	(15,548)	(1,690)
Adjustments for:		
Depreciation/amortisation	825	456
Finance costs (net)	744	110
Other income	(2)	-
Foreign exchange movement	290	168
Shares issued in lieu of fees	856	-
Share-based payments	84	-
Reverse acquisition share-based payment expense	3,298	-
Operating cash outflows before working capital movements	**(9,453)**	**(956)**
(Increase)/decrease in trade and other receivables	(19)	81
Increase in trade and other payables	2,223	195
Increase in inventories	(137)	(91)
Net cash outflows from operating activities	**(7,386)**	**(771)**
Net cash flows from investing activities		
Cash acquired on acquisition	82	-
Expenditure on intangibles	(548)	-
Expenditure of fixed assets	(1,094)	-
Net cash outflows from investing activities	**(1,560)**	**-**
Net cash flows from financing activities		
(Repayments) on external loans	(168)	(25)
Proceeds from external loans	1,207	-
Increase in previous owners parent company loan (eliminated in consolidation in current year)	-	1,027
Finance costs (net)	(65)	(110)
Proceeds from issue of share capital	8,378	-
Cost of share issues	(442)	-
Net cash inflows from financing activities	**8,910**	**892**
Net (decrease)/ increase in cash and cash equivalents	**(36)**	**121**
Cash and cash equivalents at the beginning of the period	121	11
Effect of exchange rates on cash	(5)	(11)
Cash and cash equivalents at the end of the period	**80**	**121**

Significant non-cash transactions

The only significant non-cash transactions were the issue of shares and warrants detailed in notes 23 and 24.

The notes on pages 48 to 79 form part of these financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS
FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2022

	18 months ended 30 June 2022 £'000	12 months ended 31 December 2020 £'000
Cash flows from operating activities		
Operating loss	(5,060)	(1,074)
Adjustments for:		
Depreciation	27	-
Finance costs (net)	546	144
Share-based payment – incentives	84	-
Shares issued for services	856	-
Operating cash outflows before working capital movements	**(3,547)**	**(930)**
(Increase)/decrease in trade and other receivables	(98)	468
Increase in trade and other payables	2,201	631
Net cash outflows from operating activities	**(1,444)**	**169**
Net cash flows from investing activities		
Purchase of tangible fixed assets	(128)	-
Purchase of Investments	(548)	-
Cash advanced to subsidiaries	(6,997)	-
Net cash outflows from investing activities	**(7,673)**	**-**
Net cash flows from financing activities		
Proceeds from external loans	1,207	-
Convertible loan note cash repayments	-	(25)
Finance costs (net)	-	(144)
Proceeds from issue of share capital	8,378	-
Cost of share issues	(442)	-
Net cash inflows from financing activities	**9,143**	**(169)**
Net increase in cash and cash equivalents	**26**	**-**
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	**26**	**-**

Significant non-cash transactions
The only significant non-cash transactions were the issue of shares and warrants detailed in notes 23 and 24.

The notes on pages 48 to 79 form part of these financial statements

CARACAL GOLD PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2022

	Share capital	Share premium	Share-based payment reserve	Reverse acquisition reserve	Foreign currency reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2019	**4,430**	**-**	**-**	**-**	**(2)**	**(8,083)**	**(3,655)**
Loss for the year	-	-	-	-	-	(1,690)	(1,690)
Other comprehensive income	-	-	-	-	511	-	511
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**511**	**(1,690)**	**(1,179)**
Balance at 31 December 2020	**4,430**	**-**	**-**	**-**	**509**	**(9,773)**	**(4,834)**
Loss for period	-	-	-	-	-	(15,548)	(15,548)
Other comprehensive income	-	-	-	-	(65)	-	(65)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(65)**	**(15,548)**	**(15,613)**
Transfer to reverse acquisition reserve	(4,430)	-	-	4,430	-	-	-
Recognition of plc equity at acquisition date	132	602	-	6,443	-	-	7,177
Issue of shares for acquisition of subsidiary	462	4,156	-	(7,690)	-	-	(3,072)
Issue of shares for placings	946	7,682	-	-	-	-	8,628
Issue of shares to settle debt	159	1,429	-	-	-	-	1,588
Issue of shares in lieu of fees	143	1,285	-	-	-	-	1,428
Warrants exercised	37	-	-	-	-	-	37
Share based-payment	-	-	148	3,298	-	-	3,446
Cost of share issues	-	(849)	-	-	-	-	(849)
Total transactions with owners	**(2,551)**	**14,306**	**148**	**6,481**	**-**	**-**	**18,384**
Balance at 30 June 2022	**1,879**	**14,306**	**148**	**6,481**	**444**	**(25,321)**	**(2,063)**

The notes on pages 48 to 79 form part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTH PERIOD ENDED 30 JUNE 2022

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Loan note equity reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2019	**132**	**602**	**-**	**22**	**(1,543)**	**(787)**
Loss for the period	-	-	-	-	(1,074)	(1,074)
Equity element of the issue of 10% convertible loan notes	-	-	-	(22)	22	-
Total comprehensive income for the period	**-**	**-**	**-**	**(22)**	**(1,052)**	**(1,052)**
Balance at 31 December 2020	**132**	**602**	**-**	**-**	**(2,595)**	**(1,861)**
Loss for period	-	-	-	-	(5,060)	(5,060)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(5,060)**	**(5,060)**
Issue of shares for acquisition of subsidiary	462	4,156	-	-	-	4,618
Issue of shares for placings	946	7,682	-	-	-	8,628
Issue of shares to settle debt	159	1,430	-	-	-	1,589
Issue of shares in lieu of fees	143	1,285	-	-	-	1,428
Warrants exercised	37	-	-	-	-	37
Share based-payment	-	-	148	-	-	148
Cost of share issues	-	(849)	-	-	-	(849)
Total transactions with owners	**1,747**	**13,704**	**148**	**-**	**-**	**15,599**
Balance at 30 June 2022	**1,879**	**14,306**	**148**	**-**	**(7,655)**	**8,678**

The notes on pages 48 to 79 form part of these financial statements.

1 General information

Caracal Gold Plc ('the Company' or 'CGP') (formerly Papillon Holdings plc) is a public limited company with its shares traded on the Main Market of the London Stock Exchange. The address of the registered office is 27-28 Eastcastle Street, London, W1W 8DN. The Company was incorporated and registered in England and Wales on 19 October 2015 as a private limited company and re-registered on 24 June 2016 as a public limited company. It changed its name on 10 September 2021 to Caracal Gold Plc. The Company's registered number is 09829720.

The principal activity of the Company and its subsidiaries (the "Group") is the exploration, development and mining of gold in Kenya and Tanzania, and the development of further projects to expand its operations within this industry.

On 31 August 2021, the Company acquired the holding company of Mayflower Gold Investments Limited (MGIL) and thus a 100% indirect interest in Kilimapesa Gold Pty Ltd (KPGL), whose principal activity is an established gold mine and gold processing operation in Kenya. This was accounted for as a reverse acquisition - See note 5 below for further details.

These consolidated financial statements were approved for issue by the Board of directors on 5 November 2022.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

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

During the year the Company changed its accounting reference date from 31 December to 30 June to align itself with its newly acquired subsidiary. Consequently, the current year covers a 18 month period, whereas the prior year is a 12 month period and so is not entirely comparable year on year.

The preparation of financial statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 3.

a) Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group's assets are not currently generating substantial revenues and therefore an operating loss has been reported. An operating loss is expected in the 12 months subsequent to the date of these financial statements. As a result, the Group will need to raise funding to provide additional working capital within the next 12 months. The ability of the Group to meet its projected expenditure is dependent on these further equity injections and / or the raising of cash through bank loans or other debt instruments. These conditions necessarily indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business. Whilst acknowledging this material uncertainty, the directors remain confident of raising finance and therefore, the directors consider it appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern. The auditors have made reference to going concern by way of a material uncertainty within their audit report.

b) Adoption of new and revised standards

i. New standards, amendments and interpretations adopted by the Group.

There were no new or amended accounting standards that required the Group to change its accounting policies for the year ended 30 June 2022 and no new standards, amendments or interpretations were adopted by the Group.

ii. New standards, amendments and interpretations not yet adopted by the Group.

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

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

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

2.2 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Please refer to note 5 for information on the consolidation of KPGL and the application of the reverse acquisition accounting principles.

The Group applies the acquisition method to account for business combinations. (There was an exception to this for the acquisition of KPGL as discussed in note 5 below). The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Asset Acquisitions

Acquisitions of mineral exploration licences through the acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset.
The consideration for the asset is allocated to the assets based on their relative fair values at the date of acquisition.
Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

2.3 Financial assets and liabilities

The Company classifies its financial assets at fair value through profit or loss or as loans and receivables and classifies its financial liabilities and other financial liabilities. Management determines the classification of it’s investments at initial recognition, A financial asset or liability is measured initially at fair value. At inception transaction costs that are directly attributable to the acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted on an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when funds are advanced to the recipient. Loans and receivables are carried at amortised cost using the effective interest method (see below).

Other financial liabilities
Are non-derivative financial liabilities with fixed or determined payments. Other financial liabilities are recognised when cash is received from a depositor. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of the other liabilities repayable on demand is assumed to be the amount payable on demand at the statement of financial position date.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all the risks and rewards of ownership. In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and retains control over the asset, the Company continues to recognise the asset to the extent of it's continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The Company derecognises a financial liability when it's contractual obligations are discharged, cancelled or expired.

Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any differences between the initial amount recognised and maturity amount, minus any reduction to impairment.

Fair value measurement
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the Company establishes fair value by using other financial liabilities appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net of present value and discounted cash flow analysis.

2.4 Cash and cash equivalents
Cash and cash equivalents include cash in hand and on demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

2.5 Investments and loans in subsidiaries
Subsidiary fixed asset investments are valued at cost less provision for impairment. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all investment and loans in subsidiaries.

2.6 Impairment of non-financial assets
The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time, value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill, a recognised impairment loss is not reversed.

2.7 Equity instruments

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

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

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

The share-based payments reserve represents equity-settled shared-based employee remuneration for the fair value of the warrants issued. It also includes the warrants issued for services rendered accounted for in accordance with IFRS 2.

The reverse acquisition reserve was recognised during the formation of the Group when the legal acquiree was considered to be the accounting acquirer under the rules of IFRS 3. As the accounting acquiree was not a business under IFRS 3, a part of the transaction was outside the scope of IFRS 3. This resulted in the recognition of a ‘reverse acquisition reserve’ on consolidation and is set out in more detail in note 5 below.

The convertible loan note reserve is used to account for the equity component of the convertible notes.

The foreign exchange translation reserve policy is set out below in 2.10.

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

2.8 Current and deferred income taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

There is no tax payable as the Company has made a taxable loss for the year. Taxable loss differs from net loss as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

2.9 Rehabilitation and Environmental Provision

The Group recognises a rehabilitation and environmental provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The nature of these restoration activities includes dismantling and removing structures; rehabilitating the mine and tailings dam; dismantling operating facilities; and restoring, reclaiming and revegetating affected areas.

On initial recognition, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining asset to the extent that it was incurred as a result of the development or construction of the mine. Any changes to or additional rehabilitation costs are recognised as additions or charges to the corresponding asset and rehabilitation liability when they occur.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The annual unwinding of the discount is recognised in the statement of comprehensive income as part of finance costs. The Group does not recognise a deferred tax asset in respect of the temporary difference on the rehabilitation liability nor the corresponding deferred tax liability in respect of the temporary difference on the rehabilitation asset.

2.10 Foreign currency translation

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

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

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

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

2.11 Share-based payments

The Group issued warrants in the period which were accounted for as equity settled share based payment transactions with employees. The fair value of the employees services received in exchange for these warrants is recognised as an expense in the profit and loss account with a corresponding increase in equity in the Share-based payment reserve. As there are no vesting conditions for these warrants the expense was recognised immediately and will not be subsequently revisited. Fair value is determined using Black-Scholes option pricing models.

The Group has also adopted an incentive plan to issue its management Performance Shares based on non-market based performance conditions. These are valued by management using the fair value of the equity instrument expected to be received and a judgement of the likelihood for these conditions to be met. At the end of each reporting period, the Group revises its estimate of the number of shares that are expected to be awarded.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of the goods and services received.

2.12 Intangible assets

Exploration and evaluation assets
Intangible assets represent exploration and evaluation assets (IFRS 6 assets), being the cost of acquisition by the Group of rights, licences and know-how. Such expenditure requires the immediate write-off of exploration and development expenditure that the Directors do not consider to be supported by the existence of commercial reserves.

All costs associated with mineral exploration and investments, are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads and these assets are not amortised until technical feasibility and commercial viability is established. If an exploration project is successful, the related expenditures will be transferred to “mining assets” and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished or a project abandoned, the related costs are written off. On 1 January 2020, all the exploration and evaluation expenditure relating to the Kilimapesa Mine was transferred to Mining assets as the mine is considered to be fully operational and production has commenced.

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition thereof.

Exploration and evaluation assets shall no longer be classified as such when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. When relevant, such assets shall be assessed for impairment, and any impairment loss recognised, before reclassification to “Mine development”.

2.13 Property, plant and equipment

i) initial recognition
Upon commencement of commercial production, the intangible assets held under ‘exploration and evaluation" are transferred into Mining Assets. Items of property, plant and equipment and Mining assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Producing mines also consist of the value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii) Depreciation/amortisation

'Mining assets' are depreciated/amortised on a unit of production (UOP) basis over the economically recoverable reserves of the mine concerned. The unit of account used is the recoverable ounces of gold. Rights and concessions are depleted on the UOP basis over the economically recoverable reserves of the relevant area. The UOP rate calculation for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include indicated reserves only.

Depreciation on other plant and equipment is provided to write off the cost of an asset, less its estimated residual value, evenly over the expected useful economic life of that asset. Freehold land, that has been acquired outright is not depreciated.

- Buildings	20 Years
- Plant and equipment	10 Years
- Motor vehicles	3- 5 Years
- Office equipment	6 Years

The residual value, if significant, is reassessed annually.

Surplus/(deficits) on the disposal of mining assets, plant and equipment are credited/ (charged) to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

The Group holds some Right-of Use Assets – see policy note 2.15 below.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs, variable production overheads and an allocation of fixed production overheads based on normal operating capacity, but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials include costs incurred in acquiring the inventories and bringing them to their existing location and condition.

Broken ore comprises all ores extracted from the mine and stockpiled awaiting processing. The ores are valued at the cost of mining and transport to its current position.

Work-in-progress comprises materials in the process of being converted from raw materials to finished goods.

Precious metals inventories include bullion on hand and gold in process.

Bullion on hand and gold in process represent production on hand after the smelting process, gold contained in the elution process, gold loaded carbon in the Carbon in Leach (CIL), Carbon in Pulp (CIP) process, gravity concentrates, and any form of precious metal in process where the quantum of the contained metal can be accurately determined. It is valued at the average production cost for the period, including amortisation and depreciation.

2.14 Revenue
Revenue represents the fair value of consideration received or receivable for the sale of precious metal. It is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. It is stated net of Value Added Tax, rebates and trade discounts. Cash discounts are included as part of finance costs. No revenue is recognised if there are significant uncertainties regarding, the recovery of the consideration due, associated costs, the possible return of goods or the continuing management involvement with goods.

2.15 Leases
The Group has entered into leases of land (Saris leases) and field vehicles (additions in the current year). Lease liabilities are initially measured at the present value of lease payments unpaid at the commencement date. Lease payments are discounted using the incremental borrowing rate (being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions), unless the rate implicit in the lease is available. The Group currently uses the incremental borrowing rate as the discount rate for all leases. For the purposes of measuring the lease liability, lease payments comprise fixed payments and variable lease payments based on an index or rate.

Right-of-use assets are measured at cost, which comprises the initial measurement of the lease liability, plus any lease payments made prior to lease commencement, initial direct costs incurred, less any lease incentives received. These assets are depreciated over the lease term (or useful life, if shorter). Right-of-use assets are subject to an impairment test if events and circumstances indicate that the carrying value may exceed the recoverable amount.

Lease repayments made are allocated to capital repayment and interest so as to produce a constant periodic rate of interest on the remaining lease liability balance.

Right-of-use assets are presented within property, plant and equipment. Lease liabilities are presented as separate line items on the face of the Balance Sheet. In the Cash Flow Statement, lease repayments (of both the principal and interest portions) are presented within cash used in financing activities, except for payments for leases of short-term and low-value assets and variable lease payments, which are presented within cash flows from operating activities or cash used in investing activities in accordance with the relevant Group accounting policy.

2.16 Convertible loan notes
The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial assets for a fixed number of the Company’s own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to the convertible loan note reserve. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

2.17 Net financing costs
Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payment is recognised in the income statement using the effective interest rate method.

2.18 Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision maker, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Board of Directors.

3 Critical accounting estimates and judgments

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

Accounting for acquisitions and fair value (see Note 13)
Acquisitions are accounted for at fair value. The assessment of fair value is subjective and depends on a number of assumptions. These assumptions may include assessment of estimated resources, cost of bringing these resources to commercial production levels, discount rates, and the amount and timing of expected future cash flows from assets and liabilities. In addition, the selection of specific valuation methods for individual assets and liabilities requires judgment. The specific valuation methods applied will be driven by the nature of the asset or liability being assessed. The consideration given to a seller for the purchase of a business or a company is accounted for at its fair value. When the consideration given includes elements that are not cash, such as shares or options to

acquire shares, the fair value of the consideration given is calculated by reference to the specific nature of the consideration given to the seller.

Impairment of investments and loans to subsidiaries (see Note 13)
The Group and the Company assess at each reporting date whether there is any objective evidence that investments in and loans to subsidiaries are impaired. To determine whether there is objective evidence of impairment, a considerable amount of estimation is required in assessing the ultimate realisation of these investments/receivables, including valuation, creditworthiness and future cashflows which are calculated from the Life of Mines calculations. As at the year end the Directors do not assess there to be any impairment of these amounts.

Share-based payments (see Note 24)
The Group issues shares and warrants to its employees, directors, investors and suppliers. These are valued in accordance with IFRS 2 "Share-based payments". In calculating the related charge on issuing shares and warrants the Group will use a variety of estimates and judgements in respect of inputs used including share price volatility, risk free rate, and expected life. Changes to these inputs may impact the related charge.

Valuation of deferred consideration payable (see Note 5)
The Group has recorded a contingent consideration liability of £1.426m as at 30 June 2022 relating to the reverse acquisition of the KPGL. An estimate must be made when determining the value of contingent consideration to be recognised at each balance sheet date. Changes in assumptions could cause an increase, or reduction, in the amount of contingent consideration payable, with a resulting charge or credit in the consolidated income statement.

The deferred consideration (in the form of both deferred consideration shares and performance shares) is expected to be paid within 2 years of the acquisition and no discount was applied due to immateriality and immediacy of payment. It is based upon the achievement of differing milestones of gold poured or sold in a month from 300 ounces to 1,500 ounces. The Directors believe that there is a high probability that these conditions will be met in the next 12 months of operations.

Recoverable value of mining assets (see Note 15)
Costs capitalised in respect of the Group's mining assets are required to be assessed for impairment under the provisions of IAS 36. Such an estimate requires the Group to exercise judgement in respect of the indicators of impairment and also in respect of inputs used in the models which are used to support the carrying value of the assets. Such inputs include estimates of gold reserves (see www.caracalgold.com), production profiles, gold price, capital expenditure, inflation rates, and pre-tax discount rates that reflect current market assessments of (a) the time value of money; and (b) the risks specific to the asset for which the future cash flow estimates have not been adjusted. The Directors concluded that there was no impairment as at 30 June 2022.

Rehabilitation and environmental "decommissioning" provision *(see Note 22)*
The Group's activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate of the asset decommissioning costs in the period in which they are incurred. Such estimates of costs include pre-tax discount rates that reflect current market assessments of (a) the time value of money; and (b) the risks specific to the asset for which the future cash flow estimates have not been adjusted. Actual costs incurred in future periods could differ materially from the estimates.

Additionally, future changes to environmental laws and regulations, life of mining assets, estimates and discount rates could affect the carrying amount of this provision. The Directors provisionally assessed the extent of decommissioning required as at 31 August 2021 and concluded that a provision of £1.4m should be recognised in respect of future decommissioning obligations at the Kilimapesa Gold Mine.

Valuation of inventory *(see Note 16)*
As at 30 June 2022, inventory has been valued at £712,000. This includes slow moving inventory but due to its nature the Directors do not believe that any impairment of this balance is necessary at year end.

4. Financial risk management

The Group's activities may expose it to some financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Liquidity risk

Liquidity risk arises from the possibility that the Group and its subsidiaries might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. In addition to equity funding, additional borrowings have been secured to finance operations. The Group manages this risk by monitoring its financial resources and carefully plans its expenditure programmes. Financial liabilities of the Group comprise trade payables which mature in less than six months, convertible loan notes as referenced in note 20 and deferred consideration that is payable in shares.

b) Capital risk

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its gold exploration, development and production activities to provide returns for shareholders and benefits for other stakeholders.

The Group's capital structure comprises all the components of equity (all share capital, share premium, retained earnings when earned and other reserves). When considering the future capital requirements of the Group and the potential to fund specific project development via debt, the Directors consider the risk characteristics of the underlying assets in assessing the optimal capital structure.

c) Credit risk

Credit risk is the risk that the Group will suffer a financial loss as a result of another party failing to discharge an obligation and arises from cash and other liquid investments deposited with banks and financial institutions. The Group considers the credit ratings of banks and institutions in which it holds funds to reduce exposure to credit risk. The Group considers that it is not exposed to major concentrations of credit risk.

The currency profile of the Group's cash and cash equivalents is as follows:

	30 June 2022	**31 December 2020**
Cash and cash equivalents	**£'000**	**£'000**
GBP	-	-
Kenyan Shillings	23	2
USD	57	119

On the assumption that all other variables were held constant, and in respect of the Group's cash position, the potential impact of a 20% increase in the GBP: USD foreign exchange rate would not have a material impact on the Group's cash position and as such is not disclosed.

d) Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value which also approximates the fair values of those financial instruments. Therefore, no separate disclosure for fair value hierarchy is required.

e) Market risk

Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. It is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), and foreign exchange rates (currency risk). The Convertible loan note held at year end has a fixed interest rate and is denominated in US Dollars and therefore a risk exists that repayment may be higher than provided for if the foreign exchange rate significantly changes. This is mitigated by the underlying assets which are also denominated in US Dollar (ie the gold reserves).

A 10% movement in the strength of the US Dollar against Pound Sterling would increase the repayment by £164,000.

f) Price risk

Price risk arises from the exposure to equity securities arising from investments held by the Group. No such investments are held by the Group and therefore no risk has been identified.

g) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Pound sterling, US Dollar and Kenyan Shilling. Foreign exchange risk arises from recognised monetary assets and liabilities, where they may be denominated in a currency that is not the Group's functional currency. One significant risk in Kenya is a US Dollar risk as the loans to KPG are denominated in US Dollars. A 10% movement in the strength of the US Dollar against Pound Sterling would decrease the liability owed to the parent company by £1.6m. The Directors consider that, for the time being, no hedging or other arrangements are necessary to mitigate this risk.

h) Categories of financial instruments

In terms of financial instruments, these solely comprise of those measured at amortised costs and are as follows:

	Group		**Company**	
	30 June 2022 £'000	**31 Dec 2020 £'000**	**30 June 2022 £'000**	**31 Dec 2020 £'000**
Trade and other payables	**7,357**	**1,330**	**6,019**	**1,423**
Cash and cash equivalents at amortised cost	80	121	26	-
Trade and other receivables	826	737	7,108	12
	906	**858**	**7,134**	**12**

5. Reverse acquisition

On 31 August 2021, the Company acquired through an issue of 428,846,154 Consideration shares the entire share capital of MGIL and thus a 100% indirect interest in Kilimapsea Gold Pty Ltd (KPGL), whose principal activity is an established gold mine and gold processing operation in Kenya. (On 2 November 2021, 32,867,800 further consideration shares were issued in lieu of an outstanding cash payment of $450,000 to GMRL and a further payment of $150,000 in cash was made in accordance with the Prospectus).

Although the transaction resulted in KPGL becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse acquisition as in substance, it resulted in a fundamental change in the business of the Company and the executive management of KPGL were given the right to appoint two executive directors, one non-executive director and a non-executive chairman to the Company's board of directors, with the Company reserving the right to appoint two non-executive directors. Thus the executive management of KPGL effectively became the controlling executive management of the Company.

The shareholders of KPGL acquired a controlling interest in the Company, before further share issues to reduce debt and raise cash diluted their ownership to 29.61%. The transaction has therefore been accounted for as a reverse acquisition. As the Company's activities prior to the acquisition were purely the maintenance of the Main Market LSE Listing, acquiring KPGL and raising equity finance to provide the required funding for the operations of the acquisition the Directors determined that the Company did not meet the definition of a business in accordance with IFRS 3.

Accordingly, this reverse acquisition does not constitute a business combination. Although, the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements.

The Directors have prepared these financial statements using the reverse acquisition methodology, but rather than recognising goodwill, the difference between the equity value given up by the KPGL shareholders and the share of the fair value of net assets gained by the KPGL shareholders is charged to the statement of comprehensive income as a share-based payment on reverse acquisition, and represents in substance the cost of acquiring a Main Market LSE listing.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated statements of MGIL and its subsidiaries and include:

- The assets and liabilities of MGIL and its subsidiaries at their pre-acquisition carrying value amounts and the results for both periods; and
- The assets and liabilities of the Company as at 31 August 2021 and its results from the date of the reverse acquisition 31 August 2021 to 30 June 2022.

On 31 August 2021, the Company issued 428,846,154 ordinary shares to acquire the entire share capital of MGIL and thus indirectly KPGL. On the same date, the Company was readmitted to the Main Market of the LSE, after completing its second Placing round with a placing share price of £0.01. The Company was also contracted to issue further cash and shares as part of the overall consideration calculation bringing the value of the investment in KPGL to £7,690,000 (see below for further details).

Because the legal subsidiary, KPGL, was treated on consolidation as the accounting acquirer and the legal Parent Company, CGP, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by KPGL was calculated at £1,138,000 based on an assessment of the purchase consideration for a 100% holding of CGP of 132,400,000 shares at a weighted average placing price of £0.0086 per share.

The fair value of the net assets of CGP at acquisition was as follows:

	£'000
Cash and cash equivalents	75
Other assets	6
Liabilities	(2,241)
Net Liabilities	**(2,160)**

The difference between the deemed cost (£1,138,000) and the fair value of the net liabilities assumed per above of £2,160,000 resulted in £3,298,000 being expensed within "reverse acquisition expenses" in accordance with IFRS 2, Share Based Payments, reflecting the economic cost to KPGL shareholders of acquiring a quoted entity.

The reverse acquisition reserve which arose from the reverse takeover is made up as follows:

	£'000
Pre-acquisition equity[1]	(2,894)
KPGL share capital at acquisition [2]	4,430
Investment in KPGL [3]	(7,690)
Loan assigned from GMR on acquisition[4]	9,337
Reverse acquisition expense [5]	3,298
	6,481

1. Recognition of pre-acquisition equity of CGP as at 31 August 2021.
2. KPGL had issued share capital and share premium of £4,430,000. As these financial statements present the capital structure of the legal parent entity, the equity of KPGL is eliminated.
3. The value of the shares and cash issued by the Company in exchange for the entire share capital of KPGL. The above entry is required to eliminate the balance sheet impact of this transaction.*
4. The Loan held between GMR and KPGL was assigned to MGIL and therefore is eliminated as part of the Reverse Acquisition.
5. The reverse acquisition expense represents the difference between the value of the equity issued by the Company, and the deemed consideration given by KPGL to acquire the Company.

***Value of the Shares issued by the Company to acquire KPGL is made up as follows:**

	£'000
Consideration Shares	4,288
Deferred Consideration Shares	1,500
Cash Consideration	146
Share Consideration in lieu of cash	330
Performance Shares Awards	1,426
	7,690

The Deferred Consideration shares were deemed payable before year end and therefore their cost has been included in the cost of the investment. £1m was payable on the recommencement of gold being commercially produced and sold at the mine on 24 September 2021 and £500,000 became payable on the achievement of the first 5,000 ounces of gold commercially produced and sold by KGPL on 31 March 2021. These shares (to be valued at 1p per share as per the Prosepectus) are still to be issued at year end and have been included in the Other Creditors balance.

The Performance Share Awards which were granted at the date of the Reverse Acquisition have been recognised as part of the cost of investment as under IFRS 2 as they do not have any non-vesting conditions and therefore should be recognised on grant.

Recognition has been based on an estimate of the number of instruments which are expected to be issued based on the achievement of the following milestones at a share price forecast between 1.0p and 1.11p:

Management Incentives shall vest in five equal instalments upon the occurrence of the following milestones:

1. On the achievement of 300 ounces of gold poured or sold in a month (20%);
2. On the achievement of 600 ounces of gold poured or sold in a month (20%);
3. On the achievement of 900 ounces of gold poured or sold in a month (20%);
4. On the achievement of 1,200 ounces of gold poured or sold in a month (20%); and
5. On the achievement of 1,500 ounces of gold poured or sold in a month (20%).

There is no expiry date set for the achievement of the milestones with respect to the Performance Share Awards.

For the purposes of the current period of reporting, the values related to the transaction accounting are considered provisional. These fair values will be finalised within a period of twelve months from the reverse acquisition date.

6. Segment reporting

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

- Head office, corporate and administrative, including parent company activities of raising finance and seeking new investment opportunities, all based in the UK and;
- Gold mining operations, all based in Kenya and Tanzania.

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

18 month period ending 30 June 2022	**United Kingdom £’000**	**Kenya £’000**	**Tanzania £’000**	**£’000**
Revenue	-	6,858	-	6,858
Cost of sales	-	(9,007)	-	(9,007)
Gross Profit		(2,149)	-	(2,149)
Operating expenses	(3,411)	(3,776)	(1)	(7,188)
Operating Loss	(3,411)	(5,925)	(1)	(9,337)
Share-based payments	(84)	-	-	(84)

Listing costs	(1,146)	-	-	(1,146)
Other income/FX	(19)	(920)	-	(939)
Net finance costs	(546)	(198)	-	(744)
Reverse acquisition	(3,298)	-	-	(3,298)
Loss before and after	(8,504)	(7,073)	(1)	(15,548)
Net Assets				
Assets	435	6,862	2,402	9,699
Liabilities	(8,737)	(2,471)	(554)	(11,762)
Net assets (liabilities)	(8,302)	4,391	1,848	(2,063)

No segmental information has been provided for prior period as there was only one segment, being the Operations in Kenya. As such the prior year financial statements of the segment is the same as that set out in the prior period consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows.

Major customer: all revenue in both periods came from one customer located in Kenya in each period.

7. Revenue

	18 months ended 30 June 2022	Year ended 31 December 2020
	£'000	**£'000**
Sales of precious metals	6,858	1,384
Total revenue	**6,858**	**1,384**

8. Expenditure by nature

	18 months ended 30 June 2022	Year ended 31 December 2020
	£'000	**£'000**
Directors remuneration	866	24
Wages and salaries	2,068	210
Depreciation of PPE	824	439
Legal and professional fees	1,459	-

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

	18 months ended 30 June 2022	Year ended 31 December 2020
	£'000	**£'000**
Fees payable to the Group's auditors for the audit of the Company	65	16
Fees payable to the Group's auditors for other services – Reporting Accountant services in respect to the Reverse Acquisition	35	-
	100	**16**

9. Directors and employees

The average monthly number of persons employed by the Group, including Executive Directors, was:

	18 months ended 30 June 2022 £'000	Year ended 31 December 2020 £'000
Management	13	2
Operations	461	114
Administration	25	5
	499	**121**

Remuneration in respect of these Directors and Employees was:

	18 months ended 30 June 2022 £'000	Year ended 31 December 2020 £'000
Wages and salaries	1,135	205
Pensions (National Social Security Fund)	17	6
Directors' fees	772	-
	1,924	**206**

The share-based payments comprised the fair value of warrants granted to directors and employees in respect of services provided.

Wages and salaries include amounts that are capitalised as development and production assets and others are administration expenses.

Directors' remuneration is disclosed in the Remuneration Report of these consolidated financial statements.

10. Finance costs

	18 month period ended 30 June 2022 £'000	Year ended 31 December 2020 £'000
Interest on loans	609	110
Unwinding of discount on provisions	135	-
	744	**110**

11. Taxation

No charge to taxation arises due to the losses incurred.

GROUP	18 months period ended 30 June 2022 £'000	12 months ended 31 December 2020 £'000
Loss on ordinary activities before taxation	(15,548)	(1,690)

Tax at the applicable rate of 24.5% (2020:30%)	(3,810)	(507)
Disallowed expenses	2,068	714
Losses for which no deferred tax is recognised	13,480	976
Total tax charge	-	-

The weighted average applicable tax rate of 24.5% (2021: 30%) used is a combination of the 19% standard rate of corporation tax in the UK and 30% Kenyan corporation tax.

The Group has total tax losses of £20,845,000 to carry forward against future profits. There are £1,230,000 of UK tax losses brought forward and £6,135,000 Kenyan tax losses brought forward.

No deferred tax asset on losses carried forward has been recognised on the grounds of uncertainty as to when profits will be generated against which to relieve said amount.

12. Earnings per share

Basic and diluted loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	18 months ended 30 June 2022	**12 months ended 31December 2020**
Loss for the period (£'000)	15,548	1,690
Weighted average number of shares in issue	1,423,204,110	1,429,487,180
Basic and Diluted loss per share (pence)	(1.09p)	(0.12)p

The weighted average number of shares is adjusted for the impact of the reverse acquisition as follows: Prior to the reverse takeover, the number of shares is based on KPGL, adjusted using the share exchange ratio arising on the reverse takeover; and from the date of the reverse takeover, the number of share is based on the Company. The prior year number of shares is also adjusted using the share exchange ratio.

There is no difference between the diluted loss per share and the basic loss per share presented. Warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented.

13. Investment in subsidiaries

COMPANY	**£'000**
Cost and net book amount	
At 1 January 2020, 2021	-
Additions - KPGL	7,690
Additions – Tyacks	1,847
Additions – Other subsidiaries	-
At 30 June 2022	**9,537**

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

Name	Principal activity	Place of incorporation and operation	% owned subsidiary
Kilimapesa Gold Pty Ltd ("KPGL")	Precious metals production	Kenya	100*
Tyacks Gold Limited ("Tyacks")	Exploration and Mining	Tanzania	100
Mayflower Gold Investments Ltd ("MGIL")	Precious metals production	England and Wales	100
Caracal Investments Ltd	Holding company	Mauritius	100

*held indirectly through Mayflower Gold Investments Limited

On 31st August 2021, the Company acquired the entire share capital of KPGL. Further details regarding this reverse acquisition and its accounting can be found in Note 5 above. The registered office of KPGL is L.R. No.209/8342/3, First Ngong Avenue, PO Box 7478, Nairobi, Kenya.

MGIL was incorporated on 9th December 2020 and its registered office is 165 Fleet Street, London, UK, EC4A 2DY. On 16th August 2022, the company changed its name to Caracal Holdings Limited.

The registered office of Caracal Investments is c/o Dale International Trust Company Limited, 3rd Floor Tower A, 1 Cybercity, Ebene 72201, Mauritius.

The registered office of Tyacks is 10 Chato Street, Regent Estate, PO Box 9020, Dar es Salaam, Tanzania.

On 23 May 2022, the Company entered into a Sales and Purchase Agreement with Tyacks Gold Limited, a gold mining and exploration company, to acquire the entire share capital of said company (66.7% to the Company and 33.3% to MGIL). As consideration for the transaction, the Purchase price was agreed to be a total of £1.2m ($1.5m) cash which was paid in three tranches ($500,000 on 27 June 2022, $413,000 on 3 August 2022 and the final amount of $587,000 is still outstanding as at the date of these accounts) and the seller was also granted a 0.5% gross net smelter return royalty on all gold produced and sold related to the Project and Licences, less any transportation, insurance, marketing and refining costs. The present value of the contingent consideration (the net smelter royalty) was calculated to be £619,000.

The acquisition provided the Company with the opportunity to expand its gold production and exploration programme as Tyacks are the holder of several mining licenses. On this date the Company assumed 100% of the budgeted costs required to operate Tyacks and the Project and therefore it is considered that control was to have passed on the Signature Date of 23 May 2022.

The amounts recognised in respect of the identifiable assets acquired and liability assumed as a result of the acquisition are as follows:

	Net book value of assets acquired £'000	Fair value adjustments £'000	Fair value of assets acquired £'000

Intangible assets	-	2,392	2,392
Financial assets	10	-	10
Financial liabilities	(3)	-	(3)
Deferred tax liability	-	(552)	(552)
Total identifiable assets acquired and liabilities assumed	**7**	**1,840**	**1,847**

Fair value of consideration paid:	
Cash paid	402
Cash due post year end	826
Contingent consideration	619
Total consideration	**1,847**

Under IFRS 3, a business must have three elements: inputs, processes and outputs. Tyacks is an early stage exploration company and has no mineral reserves and no plan to develop a mine. Tyacks does have titles to mineral properties but these could not be considered inputs because of their early stage of development. Tyacks has no processes to produce outputs and has not completed a feasibility study or a preliminary economic assessment on any of its properties and no infrastructure or assets that could produce outputs. Therefore, the Directors conclusion is that the transaction is an asset acquisition and not a business combination. The fair value adjustment to intangible assets of £2,392,000 represents the excess of the purchase and contingent consideration of £1,847,000 over the excess of the net assets acquired (net assets of £7,000) and a deferred tax liability of £552,000.

During the period since acquisition, Tyacks contributed a loss of £2,000 to the Group. If the acquisition had occurred on 1 January 2021, consolidated pro-forma loss for the 18 months ended 30 June 2022 would have been £58,000.

14. Intangible assets

GROUP	Total £'000
Cost	
Balance as at 1 January 2020	-
Additions/acquisitions	-
Balance as at 31 December 2020	**-**
Acquisition of Tyacks	2,392
Balance as at 30 June 2022	**2,392**

No impairment was recorded in either period.

15. Property, plant and equipment

GROUP	Land	Land (leased)	Buildings	Mining assets	Plant and equipment	Production vehicles	Field vehicles (leased)	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost									
Balance as at 31 December 2020	236	96	95	1,554	3,246	278	-	16	5,521
Additions	-	-	24	1,677	700	16	92	22	2,531
FX effect	7	4	3	71	124	10	4	1	224
Balance as at 30 June 2022	**243**	**100**	**122**	**3,302**	**4,070**	**304**	**96**	**39**	**8,276**
Accumulated depreciation									
Balance as at 31 December 2020	-	12	38	155	1,300	246	-	12	1,763
Depreciation charge	-	9	7	63	624	32	-	1	736
FX effect	-	1	1	7	70	9	-	-	88
Balance as at 30June 2022	**-**	**22**	**46**	**225**	**1,994**	**287**	**-**	**13**	**2,587**
Carrying value									
Balance as at 31 December 2020	236	84	57	1,399	1,946	32	-	4	3,758
Balance as at 30 June 2022	**243**	**78**	**76**	**3,077**	**2,076**	**17**	**96**	**26**	**5,689**

Details of land

Freehold land to the extent of 11,736 Ha, situated in Lolgorian, Transmara West, Narok County, held under Title Deed Nr TRANSMARA/MOYOI/2366,Registry Map Sheet No. 19, in the Transmara District Land Registry. Purchased on 4 May 2015 for £230,216.

Pledged as security

Field vehicle additions in the period were acquired through a finance lease agreement which is secured on these assets.

COMPANY	**Plant and equipment £'000**	**Total £'000**
Cost		
Balance as at 31 December 2020,2021	-	-
Additions	330	330
Balance as at 30 June 2022	330	330
Depreciation		
Balance as at 31 December 2020,2021	-	-
Additions	27	27
Balance as at 30 June 2022	27	27
Carrying value		
Balance as at 31 December 2020,2021	-	-
Balance as at 30 June 2022	**302**	**302**

In assessing the carrying amounts of its mining assets, the Directors have used an expansion of the mining capacity up to 24,000 oz of gold per annum in the next year, Gold revenues have been estimated over the life of mine period at a management estimate of $1,600 per oz. A discount rate of 20% has been utilised to give a net present value of the existing mine. No impairment has been indicated.

16. Inventories

GROUP	**As at 30 June 2022 £'000**	**As at 31 December 2020 £'000**
Consumable stores	138	360
Raw materials	457	5
Precious metal on hand and in process	117	210
	712	575

17. Trade and other receivables

	Group		**Company**	
	30 June 2022 £'000	**31 Dec 2020 £'000**	**30 June 2022 £'000**	**31 Dec 2020 £'000**
Trade debtors	-	4	-	-
VAT receivables	642	729	71	-
Amounts due from Group undertakings	-	-	6,997	-
Other receivables and prepayments	184	4	39	12
	826	737	7,108	12

All of the above amounts are due within one year.

Amounts due from Group undertakings are denominated in US dollars and interest free and repayable on demand.

Under IFRS 9, the Expected Credit Loss ("ECL") Model is required to be applied to the intercompany loans receivable from subsidiary companies, which are held at amortised cost. An assessment of the expected credit loss arising on intercompany loans has been calculated and the directors do not believe a provision is required in the parent Company financial statements during 2022 as the cashflows from the underlying asset (the Kilimapsea Mine) show that the repayments on the loan will cover the repayments required. The Company had no subsidiaries in prior year.

18. Cash and cash equivalents

	Group		Company	
	30 June 2022 £'000	**31 Dec 2020 £'000**	**30 June 2022 £'000**	**31 Dec 2020 £'000**
Cash and cash equivalents	80	121	26	-
	80	121	26	-

Cash and cash equivalents consist of balances in bank accounts and Company, a money transfer service used to efficiently execute international foreign currency transactions. Corpay is a part of the Barclays Group with a Fitch credit score of A and ABSA Bank Limited holds a BB- credit score.

19. Trade and other payables

	Group		Company	
	30 June 2022 £'000	**31 Dec 2020 £'000**	**30 June 2022 £'000**	**31 Dec 2020 £'000**
Trade creditors	541	305	164	918
Amounts payable to related parties	-	221	-	-
Other payables and accruals	3,882	804	2,922	505
Taxes and social security	8	-	8	-
Deferred consideration	1,500	-	1,500	-
Contingent consideration due within one year	1,426	-	1,426	-
	7,357	1,330	6,019	1,423

Other payables includes an amount of £825,000 due to the owners of Tyacks for the completion of this acquisition (see note 13) and an amount of £2m owed to Orca Capital for Shares paid for but still to be issued.

The deferred consideration is due to Mayflower Capital as part of the consideration due for the acquisition of KPGL (see note 5). This is due to be paid in shares.

The contingent consideration is based on the management performance shares as set out in note 5 and is also due to be paid in shares.

20. Borrowings

Non-Interest Bearing:	Group		Company	
	30 June 2022 £'000	**31 Dec 2020 £'000**	**30 June 2022 £'000**	**31 Dec 2020 £'000**
Non-current liabilities				

Other	-	48	-	-
Outstanding on purchase price of Land	-	-	-	-
	-	48		
Current liabilities				
Other	-	48	-	-
Outstanding on purchase price of Land	-	15	-	-
	-	63	-	-

KPGL owns a plot of land measuring 11,736 hectares described as parcel 2366 situated in the Transmara Region of Kenya. The liability is unsecured, interest free and was repaid in 2022.

Interest Bearing:	**Group**		**Company**	
	30 June 2022 £'000	**31 Dec 2020 £'000**	**30 June 2022 £'000**	**31 Dec 2020 £'000**
Non-current liabilities				
Other	5	32		
Finance leases	162	110	-	-
	167	142		
Current liabilities				
Current portion of finance leases	40	9	-	-
Loan notes	1,657	-	1,657	450
	1,697	9	1,657	450

Instalments due:

	Minimum instalment £'000	**Interest £'000**	**Principle £'000**
30 June 2022			
Less than one year	1,657	407	1,250
Finance Leases			
Vehicles	95	11	84
Land	119	8	111

Finance lease creditors	**2022 £'000**	**2020 £'000**
Less than one year	40	9
1-2 years	72	9
2-5 years	23	31
Over 5 years	67	70

New interest bearing loans and borrowings relating to motor vehicles were taken out in the period and secured over these vehicles with a net book value of £96,000. The finance leases are repayable over 36 monthly instalments and bear interest at 8.58%. For more information about the Group's exposure to interest rate and foreign currency risk see note 4.

The Group also has a finance lease over the 10 acres of land where the Mine is situated. It has a term of 20 years and bears an interest rate of 10%.

Convertible loans
On 21 June 2022, the Company entered into a Loan Note Instrument with Mill End Capital Limited (the "Noteholder") for a total of £1.25m ($1.5m). This was draw down in its entirety on 27 June 2022. The total creditor recorded in the accounts is £1.7m which is made up of £1.25m principal and £407,000 accrued interest.

The terms of repayment vary on the time of such repayment as set out below:

Within 90 days – 120% of the principal to be repaid
Between 90-120 days – 126.667% of the principal to be repaid
Between 121-150 days – 133.333% of the principal to be repaid

If the amount is not paid within this time frame, then the Noteholder may notify the Company to convert the loan into shares which will be valued at 80% of the closing VWAP price of an ordinary share on the business day prior to that on which the Noteholder makes its request.

On 5 January 2021, the Company entered into individual standalone agreements with the holders of the remaining £450,000 of convertible loan notes (interest bearing at 10%). The combined outstanding interest payable was agreed at a fixed £62,500 and the holders agreed to convert their combined loan and accrued interest totalling £512,500 into 51,250,000 new ordinary shares of 1 pence each in the Company which took place on 31 August 2021 when the company's enlarged share capital was admitted to trading on the standard segment of the London Stock Exchange.

21. Deferred tax liabilities

Group	**£'000**
Brought forward as at 1 January 2021	-
Deferred tax arising from acquisitions in period	552
Carried forward as at 30 June 2022	**552**

The deferred tax liability has arisen following the acquisition of Tyacks in the year which has been accounted for as asset acquisition. Therefore a deferred tax liability has been recognised on the Fair Value uplift of the assets acquired (see note 13), which has been calculated at a rate of 30% of the uplift of asset value being the applicable Tanzanian tax rate.

22. Provisions and contingent liabilities

	Group		**Company**	
	30 June 2020 £'000	**31 Dec 2020 £'000**	**30 June 2020 £'000**	**31 Dec 2020 £'000**
Provision for rehabilitation and environmental provision	1,370	-	-	-
Contingent consideration	619	-	619	-
	1,989	-	619	-

Group	**£'000**
Provision for rehabilitation and environmental provision	
Brought forward as at 1 January 2021	-
Provision provided for on reverse acquisition	1,235
Unwinding of discount	135

Carried forward as at 30 June 2022	**1,370**

Rehabilitation and environmental provisions are based on management estimates of work and the judgement of the directors. By its nature, the detailed scope of work required, and timing of such work is uncertain. The provision had not been provided for prior to the reverse acquisition and is presented as a provisional figure in the current year accounts.

Group and Company	**£'000**
Contingent consideration	
Brought forward as at 1 January 2021	-
Contingent consideration provided for in the period	619
Carried forward as at 30 June 2022	**619**

The contingent consideration is due on the purchase of Tyacks (see note 13 for further details).

23. Share capital and premium

Group	Ordinary Shares (number)	Share Capital £'000	Share Premium £'000	Total £'000
At 30 December 2019	**600,000**	**4,430**	**-**	**4,430**
At 31 December 2020	**600,000**	**4,430**	**-**	**4,430**
Transactions dated 31 August 2021:				
Transfer of capital of KPGL to Reverse Acquisition Reserve	(600,000)	(4,430)	-	(4,430)
Issued share capital of CGP at acquisition	132,400,000	132	602	734
Issue of shares for acquisition of subsidiary	428,846,154	429	3,860	4,289
Issue of shares at placing price £0.0075	358,251,275	358	2,329	2,687
Issue of shares at placing price £0.01	280,700,000	281	2,526	2,807
Issue of Equity-for-Debt shares	107,753,803	108	969	1,077
Issue of Convertible Debt shares	51,050,000	51	460	511
Issue of shares in lieu of settlement of fees	89,424,425	89	793	882
	1,448,425,657			
Issue of additional placing shares £0.01 on 20 September 2021	30,897,834	31	278	309
Issue of shares in lieu of settlement of fees on 20 September 2021	29,450,000	29	275	304
Issue of additional placing shares at £0.0075 on 20 September 2021	19,080,000	19	124	143
Issue of shares for acquisition of subsidiary (to GMRL $450,000)	32,867,800	33	296	329
Issue of shares in lieu of settlement of fees on 4 November 2021	14,608,709	15	136	151
Issue of shares at placing price of £0.0125 on 2 December 2021	40,000,000	40	460	500
Issue of shares at placing price of £0.0125 on 27 December 2021	24,000,000	24	276	300
Issue of shares in lieu of settlement of fees on 27 January 2022	9,100,000	9	82	91

Issue of shares on warrant exercise on 7 February 2022	37,500,000	38	-	38
Issue of shares at placing price of £0.0095 on 14 February 2022	177,048,592	177	1,505	1,682
Issue of shares at placing price of £0.0125 on 17 February 2022	16,000,000	16	184	200
Cost of share issue			(849)	(849)
As at 30 June 2022	**1,878,978,592**	**1,879**	**14,306**	**16,185**

The issued capital of the Group for the period to 31 August 2021 is that of KPGL which had 600,000 shares in issue of 1,000 Kenyan Shillings (KSH) each.

Upon completion of the acquisition the share capital of KPGL was transferred to the Reverse Acquisition Reserve (see note 5) and the share capital of CGP was brought to account. The shares were all of par value £0.001.

24. Warrants and share-based payments

The Group has issued the following warrants:

Date of Issue	Reason for issue	No. of warrants	Exercise price pence per share	Expiry date
24.06.2016	Founder warrants	20,000,000	1.0p	24.06.2023
24.06.2016	Placing (2016) warrants	41,200,000	0.004p	24.06.2022
01.08.2016	JIM Nominees Warrants	10,300,000	1.00p	24.06.2021
31.08.2021	Placing (2020/1) warrants	220,669,263	2.50p	31.12.2022
31.08.2021	Management warrants	150,000,000	1.00p	31.12.2022
08.03.2022	Placing Warrants	210,526,316	1.25p	30.09.2022
23.06.2022	Loan Note Warrants	52,101,062	0.8p	20.06.2024
		704,796,641		
Expired and exercised	Founder/Placing (2016)/JIM Nominee	(71,500,000)		
		633,296,641		

The movements in warrants during the period were as follows:

	Number of warrants	Exercise price (pence)
As at 31 December 2019, 2020	**-**	**-**
Acquired through reverse acquisition	71,500,000	1.00p
Issued in the period	633,296,641	0.8p-2.5p
Expired in the period	(41,500,000)	1.0p
Exercised in the period	(30,000,000)	Pay debt
	633,296,641	

The Founder and all Placing warrants have been determined as equity instruments under IAS 32 and as such have been issued at nil cost. The Founder warrants were repriced from 1.25p to 1.0p and their expiry date was extended to 24 June 2023 on 31 August 2021. The Placing (2106) warrants were repriced from 1.25p to 1.0p and their expiry date was extended to 24 June 2022 on 31 August 2021.

The weighted average exercise price of the warrants outstanding at the year-end is 2.6p (2020: 1.0p). The weighted average life of the warrants outstanding at the year-end is 0.81 years (2020: 1.64 years).

The Management warrants and Loan Note warrants are valued in accordance with IFRS 2, as equity settled share-based payment transactions. £84,000 has been recognised as the fair value of compensation for the Management warrants and £64,000 for the Loan Note warrants.

Management warrants have the same milestones as the Performance Shares set out in note 5 above, however, their expiry date of 31.12.2022 lowers the probability of the milestones being met.

The fair value was calculated using the Black Scholes model with inputs as detailed below:

	Management warrants	*Loan Note warrants*
Share price	1.0p	0.7p
Exercise price	1.0p	0.8p
Expected life	1.3 years	3 years
Volatility	31%	31%
Risk-Free Interest rate	1.24%	1.24%
Probability of Milestone being reached	36% overall	n/a
Expected dividends	-	-

Expected volatility has been based on an evaluation of the historical volatility of a similar Company's share price in the same industry and listed on the same Exchange.

25. Contingent liabilities

The Group does not have any contingent liabilities at the year-end (2020: none).

26. Capital commitments

The Group has no known capital commitments as the licences do not contain a minimum spend. Ground rent at the Kilimapesa mine is 500,000 KES per year (£3,333) and is due to be paid annually until 2032. The exploration licence at Kilimapesa is 138,284 KES per year (£922) and is due to be paid for a period of two further years. All Royalty commitments are recorded as they fall due in the same accounting period as the revenue it relates to.

27. Ultimate controlling party

The Directors do not consider there to be one ultimate controlling party and the significant shareholders have been disclosed in the Directors' Report.

28. Related party transactions

Transactions with subsidiaries/related parties

	30 June 2022 £'000	**31 Dec 2020 £'000**
Amounts owed to related parties:		
Gold Mineral Resources Limited (GMRL)	-	8,433
Caracal Investments Limited	8	-
Amounts due from related parties:		
Kilimapesa Gold	6,997	-

In prior year KPGL had been granted loans from its Holding Company, GMRL. Interest was charged at 1% per annum. No interest has been charged since the loan was reassigned. The loan is unsecured and has no maturity date and is denominated in USD. This loan was transferred to MGIL as part of the Reverse Acquisition (see note 5).

Transactions with Key Management Personnel

Directors remuneration is set out in the Remuneration Report and note 9 to these accounts.

During the period ended 30 June 2022 (Year ended 31 December 2020 in prior year) the Directors received consultancy fees through the following companies:

Directors	Company	2022 Fees Paid £'000	2020 Fees Paid £'000
James Longley	James Longley Limited	156	80
Charles Tatnall	Tatbels Limited	146	80

During the prior year the Company received loans of £112,365 (2019: £8,915) from Fandango Holdings PLC at a rate of 5% per month payable upon demand. The amount of interest accrued at the year ended amounted to £24,792. Charles Tatnall is a director of Fandango Holdings PLC.

During the prior year ended the Company received loans totalling of £150,879 (2019: £57,000) from Stranger Holdings PLC at an interest rate of 5% per month. The amount of interest accrued at the year ended amounted to £ 70,384. Both Charles Tatnall and James Longley are directors of Stranger Holdings PLC.

On 5 January 2021 as part of a standstill agreement between Fandango Holdings PLC, Stranger Holdings PLC and Papillon Holdings PLC it was agreed that no further interest would accrue on any of the borrowings from the two companies, that the total amount of capital and interest due to Stranger Holdings PLC would be assigned to Fandango Holdings PLC and that the revised total amount due to Fandango Holdings PLC of £381,332 comprising capital and accrued interest would be converted into 38,133,261 new ordinary shares of 1 pence each in the company. This allotment of new shares took place on 31 August 2022 as part of the reverse acquisition of KPG.

During the prior year ended 31 December 2020 the Company received an interest free loan of £65,000 from Plutus Energy Limited payable upon demand. James Longley and Charles Tatnall are also the directors of Plutus Energy Limited. This was all paid back by 30 June 2022.

Medini Rwanda Pty Limited received 98.5 million consideration shares at £0.01 per share and Mansa Capital Limited received 5 million ordinary shares at £0.01 per share in lieu of cash as part of an introducers fee in relation to the reverse acquisition of KPG. Robbie McCrae is a director and has overall control of both companies.

Theseus Enterprises Limited received 55.3 million consideration shares at £0.01 per share in relation to the reverse acquisition of KPG. Gerard Kisbey-Green is a director and has overall control of said company.

KPG directors, due to the nature of the reverse acquisition, are considered to be related parties. These directors, that are not also directors of Caracal Gold are disclosed below:

Directors	Emoluments	Share-based payments	Total	
	2022	2022	2022	2020
	£'000	£'000	£'000	£'000
J Brewer	90	8	98	-
LK Biwott	10	-	10	23
R Shikuko	33	-	33	-

Gathoni Muchani Investments Limited received 15.9 million ordinary shares at £0.01 per share in lieu of cash as part of an introducers fee in relation to the reverse acquisition of KPG. Jason Brewer, a director of KPG is also a significant shareholder of said company.

Management Warrants and Performance Shares

The following awards were made to related parties – see note 5 for the performance related conditions relating to these awards.

Directors	Number of Performance Shares awarded	Number of Management warrants awarded	Value of Performance shares included in deferred consideration	Value of Management warrants included in the share-based payments in the period
			£'000	£'000
S Games-Thomas	-	15,000,000	8	-
James Longley	18,750,000	30,000,000	17	178
Charles Tatnall	18,750,000	30,000,000	17	178
G Kisbey-Green	30,000,000	30,000,000	17	285
R McCrae	30,000,000	30,000,000	17	285
J Brewer	52,500,000	15,000,000	8	499
	150,000,000	**150,000,000**	**84**	**1,425**

29. Events after the reporting period

On 3 August 2022, the Company paid £343,308 as part of the final consideration for the purchase of Tyacks. The final payment of £482,155 is still due to be paid These amounts have been accounted for as a deferred consideration creditor in the accounts.

On 18 July 2022, the Company entered into a Convertible Loan Note Instrument with Koenig Vermoegensvermaltungsgesellschaft MBH ("Koenig"), a company incorporated and registered in Germany, for £2 million at an interest rate of 8% per annum. The conversion price being agreed as £0.06 per Ordinary share, save that where the price per ordinary share falls below £0.06, the conversion price shall be 90% of the 10 day VWAP price of an ordinary share. 266m warrants were also issued to Koenig, at an exercise price of £0.0085 and are exercisable for 2 years from the date of grant.