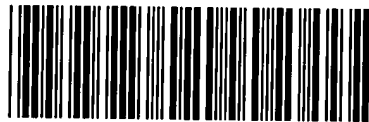


Registration number 07220790 (England and Wales)

KODAL MINERALS PLC
GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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KODAL MINERALS PLC

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KODAL MINERALS PLC

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KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report of Kodal Minerals plc ("Kodal" or the "Company" and together with its subsidiaries, the "Group") for the year ended 31 March 2021.

This has been an extraordinary and, at times, difficult year with the worldwide impact of the Covid-19 pandemic as well as turbulence in financial markets and other operational pressures. Our Company was not immune from such challenges, however I am pleased to report that all Kodal staff, consultants and employees remain safe and healthy and the Company continues to prioritise the welfare and security of its personnel. We have also closely monitored the political situation in Mali and, following a period of political upheaval, we are pleased to note the commitment of the transitional government to undertaking new elections in February 2022.

Our focus for this coming year will be on the development of our Bougouni Lithium project in Mali. Our mining licence application is passing through its final approvals and we expect to receive our mining licence in the near future, which is the final approval needed for the project to be fully permitted for development. The Company will continue its development plans including the further optimisation and design of the proposed open pit mines, the refinement of the processing flowsheet to include updated metallurgical testwork and the potential scheduling of development.

In 2021 we have seen a resurgence of interest in the lithium sector driven by the focus of governments, industry and consumers on the future of energy usage and storage and on the implementation of infrastructure projects. The demand for lithium continues to exceed previous forecasts as the utilisation of lithium-ion batteries increases in the green energy solutions both on a large infrastructure scale as well as on the personal level through vehicles and personal devices. Kodal's advanced project is well positioned to take advantage of this supply shortfall and the strongly rising prices for the lithium spodumene concentrate will underpin our efforts to secure financing for the Bougouni project development.

Kodal has also expanded its portfolio of gold exploration projects during the year with the acquisition of the Fatou gold project located in southern Mali. This is an advanced exploration project where previous work has outlined the potential for the Company to delineate a mineral resource with targeted drilling which is scheduled to take place later this year. Kodal also regained management of and retained a 100% interest in the Nielle gold concession in northern Cote d'Ivoire following the termination of the joint venture with Resolute Mining Limited ("Resolute"). Previous exploration work had identified a new zone of gold mineralisation and our recently completed drilling campaign has returned very encouraging high-grade gold mineralisation that requires further follow-up. Kodal has developed and is implementing an exploration programme across its gold projects in Mali and Cote d'Ivoire with the aim of rapidly defining new mineral resources that will underpin the value of these highly prospective assets.

During the year, Kodal has successfully completed a number of fundraisings. These included a £0.5 million equity financing facility and a \$1.5 million convertible loan note both of which have been fully converted, with no further amounts outstanding to the investors. In March 2021, we successfully completed an equity fundraising of £3.5 million (before expenses) that has resulted in Kodal moving into the new year in a strong financial position.

This coming year offers great opportunity for Kodal with the focus on our Bougouni lithium project in a very positive market as well as our exciting gold exploration and development projects. I look forward to reporting to you on our progress during this year.



Robert Wooldridge
Non-executive Chairman

25 August 2021

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

OPERATIONAL REVIEW

Kodal's operational focus during this year has been on progressing the mining licence application for the Bougouni Lithium project that was initially lodged in January 2020. The approval of this application has been delayed due to the impact of the Covid-19 pandemic, however we have been very pleased with the progress of the application in the first half of 2021 with the final approval meetings being held in May 2021. We are confident that the process of obtaining the final permit is on-track and no further information or payment is required from the Company.

In addition to advancing the mining licence application, we have continued to review our proposed mining and processing operation for the Bougouni Lithium project. The focus of this work has been on defining improvements in the processing flow sheet to lead to an expected increase in the metallurgical recovery of the lithium bearing spodumene minerals. This has a significant impact on the profitability of the proposed operation and this review work continues to indicate a very robust project.

Kodal has also taken the opportunity to expand its gold portfolio through the acquisition of the Fatou project in southern Mali and we have taken back management of the Nielle and Tiebiessou concessions in Cote d'Ivoire following the termination of the Joint Venture with Resolute. Details of the gold projects and proposed exploration are summarised in the sections below.

Concession and Exploration Licence Review

Kodal maintains extensive tenure in Mali and Cote d'Ivoire. Kodal's management ensures that all government compliance, reporting and fees are kept up to date and all concessions are retained in good standing.

Kodal's Bougouni and Bougouni West lithium exploration projects are located in southern Mali, with the rights and concessions held by subsidiary company Future Minerals SARL ("Future Minerals"), a Malian registered company owned 100% by the Group. During the year, the Company agreed modifications to the Foulaboula, Sogola Nord and Fariedele concessions with the Direction Nationale de la Geologie et des Mines ("DNGM") of Mali in preparation for the granting of the mining licence. The new mining licence will be issued to replace the Foulaboula concession and the changes were agreed to ensure all areas of mineralisation and the proposed mining infrastructure and processing plant for Bougouni are included within the one licence area.

Kodal acquired the Fatou project in December 2020 consisting of the Fininko and Foutiere concessions located in southern Mali. These concessions are prospective for gold mineralisation, and details of the concessions are included in the table below.

Table of Concessions – All Kodal concessions in West Africa

| Tenements | Country | Kodal Economic Ownership | Project | Validity |
|-----------|---------|--|--------------------------|--|
| Dogobala | Mali | 90% economic interest via direct ownership following completion of option payments | Bougouni Lithium Project | Licence valid and in good standing. Arrêté No. 2018-1115 granted on 13 April 2018 for initial 3 year period, with option for 2 extensions of 2 years validity each. Application for first renewal has been lodged and all fees paid. |

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

| | | | | |
|---------------|---------------|---|--------------------------|---|
| Foulaboula | Mali | 90% economic interest via direct ownership following completion of option payments | Bougouni Lithium Project | Licence valid and in good standing. Arrêté No. 2018-1116 granted on 13 April 2018 for initial 3 year period, with option for 2 extensions of 2 years validity each. Licence subject to modification during 2020 to prepare for Mining Licence application. Granting of Mining Exploitation permit in progress. |
| Sogola Nord | Mali | 90% economic interest. Concession replaces part Madina concession, which had reached time limit | Bougouni Lithium Project | Licence valid and in good standing. Arrete number 2020-0072 granted 22 January 2020 for an initial 3 year period, with option for 2 extensions of 2 years validity each. Licence area modified during 2020 to account for the future Foulaboula Exploitation permit. |
| Fariedeles | Mali | 90% economic interest. Concession replaces part Madina concession, which had reached time limit | Bougouni Lithium Project | Licence valid and in good standing. Arrete number 2020-0073 granted 22 January 2020 for an initial 3 year period, with option for 2 extensions of 2 years validity each. Licence area modified during 2020 to account for the future Foulaboula Exploitation permit. |
| Mafele Ouest | Mali | Held through Option to Purchase giving right to acquire 80% economic interest | Bougouni West Lithium | Licence valid and in good standing. Arrêté No. 2018-4537 granted on 31 December 2018 for initial 3 year period, with option for 2 extensions of 2 years validity each. |
| NKemene Ouest | Mali | Held through Option to Purchase giving right to acquire 80% economic interest | Bougouni West Lithium | Licence valid and in good standing. Arrêté No. 2018-4486 granted on 28 December 2018 for initial 3 year period, with option for 2 extensions of 2 years validity each. |
| Boundiali | Côte d'Ivoire | 100% direct ownership (under application). | Gold Exploration | Licence application submitted and in process. Application updated during 2020 and application remains in good standing. |
| Korhogo | Côte d'Ivoire | 100% direct ownership | Gold Exploration | Licence valid and in good standing. Renewal granted on 31 March 2020 for a 3 year term |

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

| | | | | |
|---------------|---------------|---|--|---|
| Dabakala | Côte d'Ivoire | 100% direct ownership | Gold Exploration | Licence valid and in good standing. Renewal granted on 31 March 2020 for a 3 year term. |
| Niellé | Côte d'Ivoire | 100% direct ownership | Gold Exploration | Licence valid and in good standing. Initial licence expired on 7 January 2017, and Renewal decree received on the 28 February 2018 for a 3 year period. Second Renewal decree received 18 December 2020 for a 3 year period. |
| Tiebissou | Côte d'Ivoire | 100% direct ownership | Gold Exploration | Licence valid and in good standing. Initial term expired 30 September 2018. An application for renewal has been lodged, fees paid and approved. Renewal decree is pending signature. |
| M'Bahiakro | Côte d'Ivoire | 100% direct ownership | Gold Exploration | Licence application submitted and in process. Application updated during 2020 and application remains in good standing. |
| Djelibani Sud | Mali | 100% direct ownership | Gold Exploration | Convention d'Etablissement granted on 21 December 2018. The Conventions allows for non-ground disturbing work and application has been made for the granting of an Arrête to allow more detailed exploration. Application for Arrêté made and all fees paid. |
| Nangalasso | Mali | 100% direct ownership following completion of option payments | Nangalasso Project Gold Exploration | Nangalasso Arrêté completed second renewal on 4 February 2021. A new convention application covering the same permit has been lodged with the DNGM and is awaiting approval. |
| Sotian | Mali | Kodal completed Option agreement and is beneficial owner of concession. | Nangalasso Project Gold Exploration | Arrêté No. 2018-1925 granted on 12 June 2018 for initial 3 year period, with option for 2 extensions of 2 years validity each. Application for first renewal has been lodged and all fees paid. |

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

| | | | | |
|--------------|------|--|--|--|
| Tiedougoubou | Mali | Kodal completed Option agreement and is beneficial owner of concession | Nangalasso Project Gold Exploration | Arrêté No. 2018-3319 granted on 4 September 2018 for initial 3 year period, with option for 2 extensions of 2 years validity each. Application for first renewal will be lodged imminently. |
| Fininko | Mali | Held through Option Agreement giving right to acquire 100% ownership | Fatou Project Gold Exploration | Arrêté No. 2018-0369 granted on 21 February 2018 for initial 3 year period, with option for 2 extensions of 2 years validity each. Application for first renewal has been lodged and all fees paid. |
| Foutiere | Mali | Held through Option Agreement giving right to acquire 100% ownership | Fatou Project Gold Exploration | Convention d'Etablissement granted on 18 December 2012. Application for Arrêté made and all fees paid. |

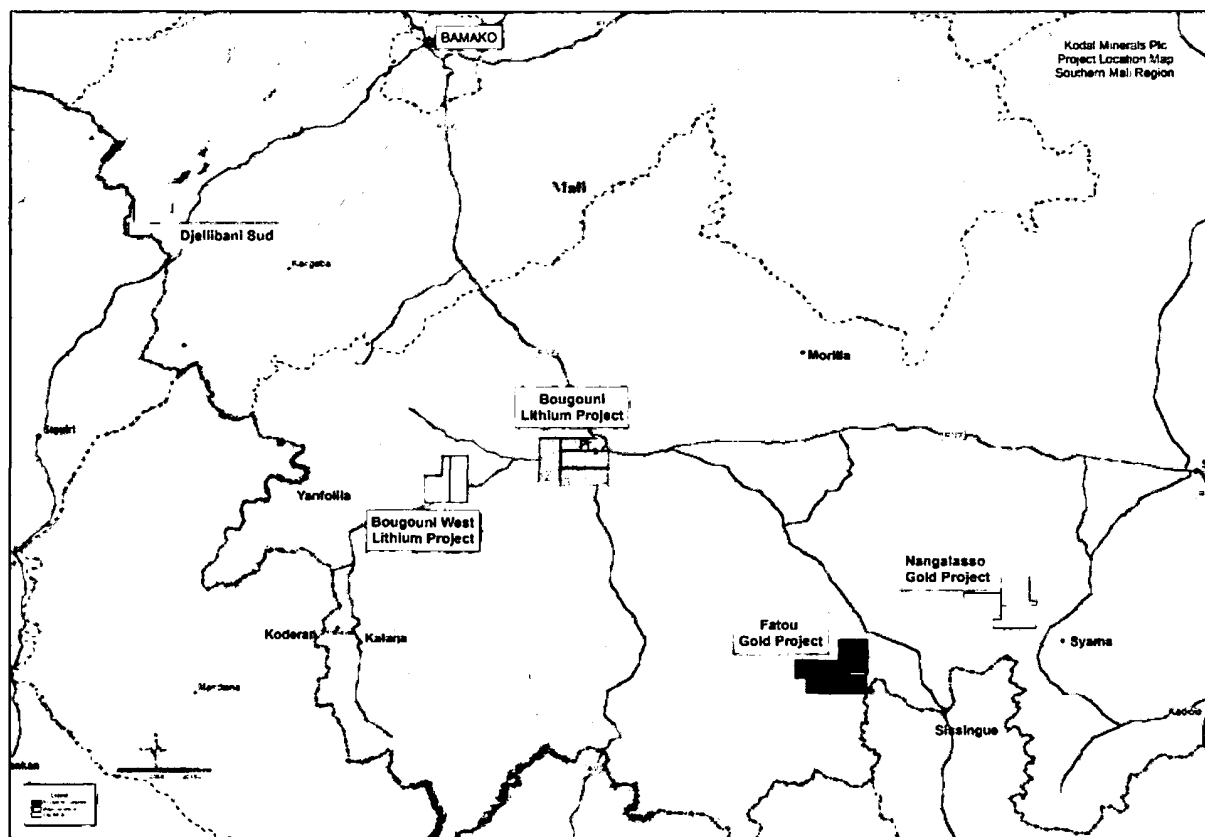


Figure 1: Location of Kodal projects in Mali

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

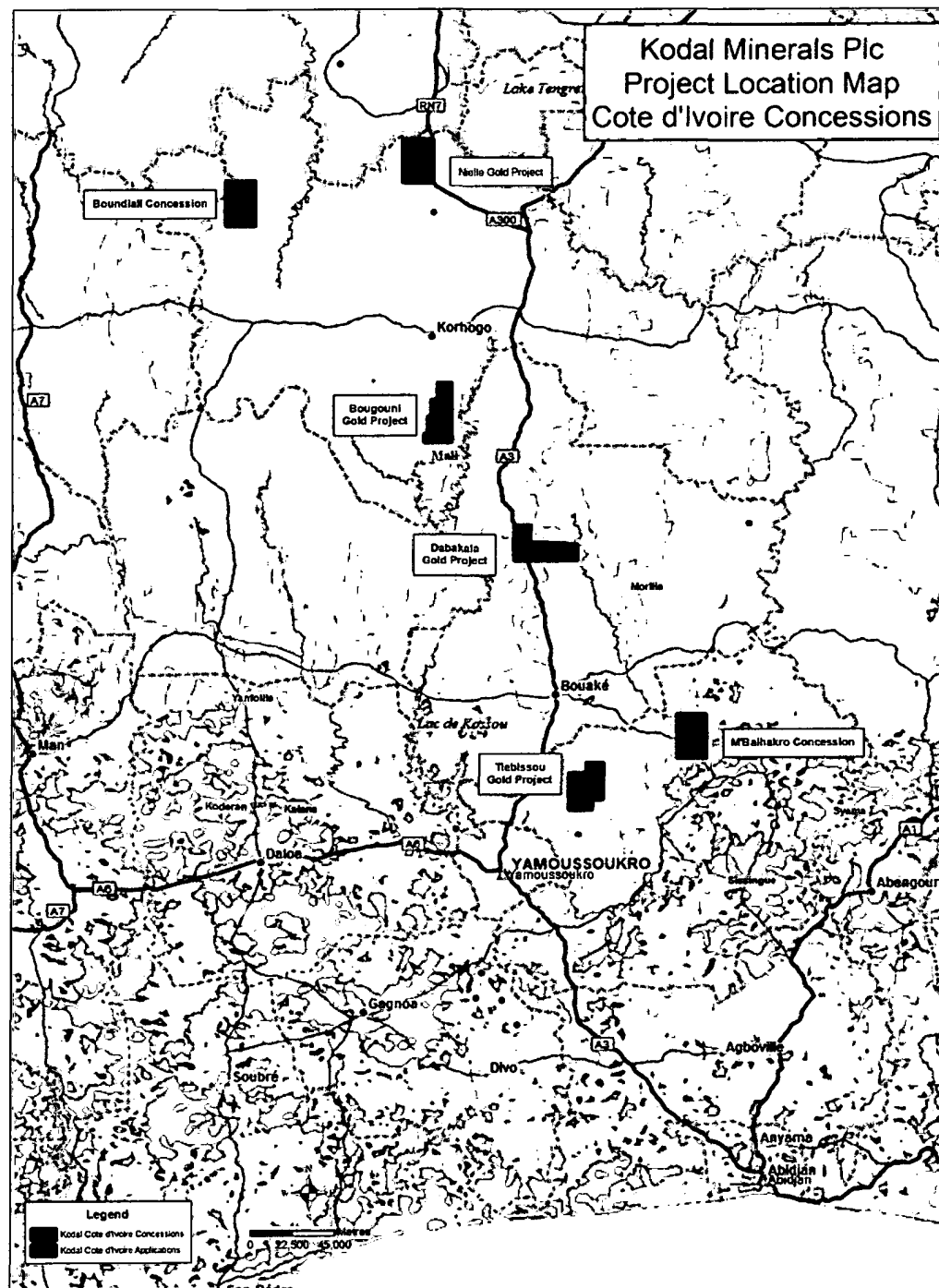


Figure 2: Location of Kodal projects in Côte d'Ivoire

Bougouni Lithium Project – Mining Licence Update and Feasibility Study Summary

Kodal's application for a mining licence for the Bougouni lithium project has made significant progress during 2021.



Figure 3: Bernard Aylward with the Mali Minister of Mines, Energy and Water

In May 2021, Kodal representatives attended a committee at the DNGM in Bamako to formally review the feasibility study and proposed mining development for Bougouni. At the meeting, the feasibility study and mining development plan were ratified and approved by the DNGM committee, subject to the Company making some minor corrections to bring the mining licence application in line with the new Mali Mining Code of 2019. These corrections have been completed and lodged with the DNGM. Following this lodgement, Kodal received formal notification of the acceptance of the application and a request to pay the Mining licence application fee, which the Company immediately paid.

The new Exploitation Decree (mining licence) has been drafted and verified by the Ministry of Mines, Energy and Water and forwarded to the Secretary General's office. From this point the licence application is prepared for presentation at the Conseil des Ministres of Mali and following agreement will be formally approved.

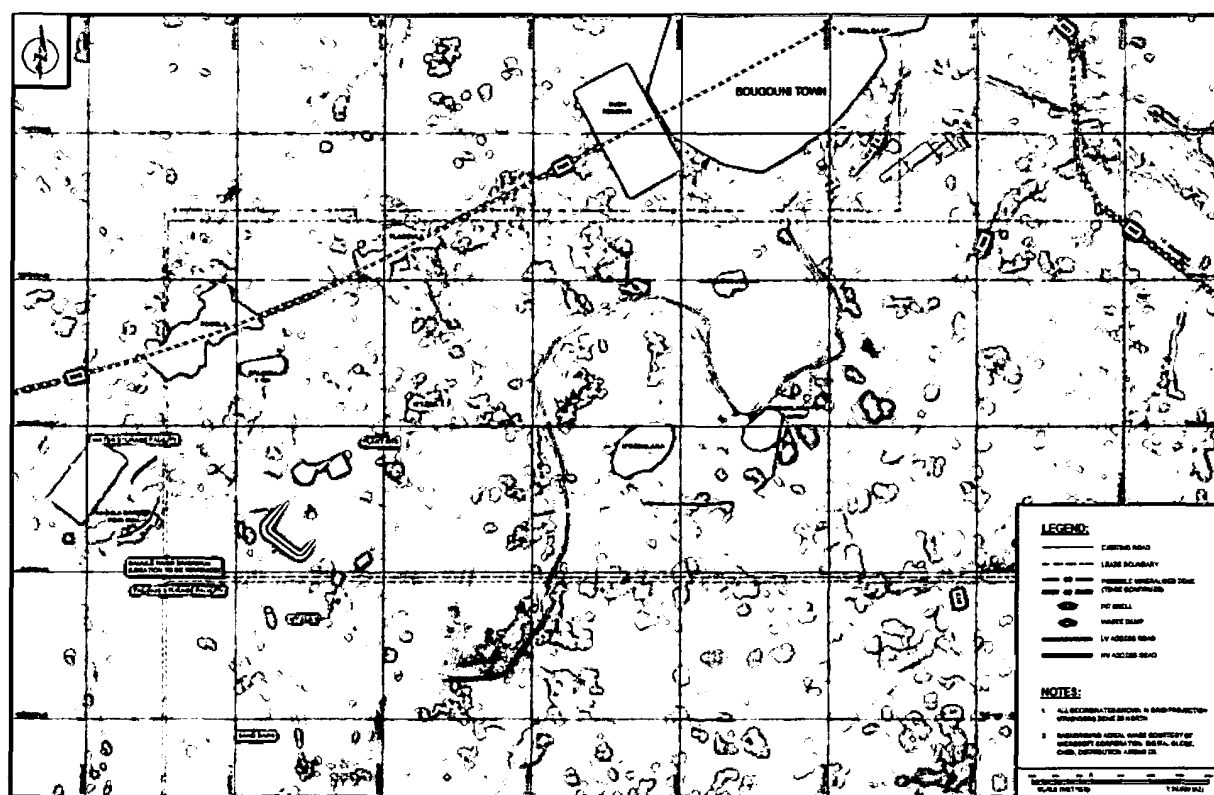


Figure 4: Bougouni Metallurgy and Process Plant

Summary of the Bougouni Project Feasibility Study

The Bougouni Lithium project feasibility study has demonstrated the potential for a robust mining operation with attractive economic fundamentals. Further studies continue with a particular focus on optimising the processing plant flow sheet to further improve lithium recovery and lower capital and operating costs.

The key highlights of the Bougouni Project Feasibility Study are:

- Robust project with pre-tax NPV_{7%} of USD\$300m
- Total life of mine production of 1.94Mt of concentrate and revenue exceeding US\$1.4bn, with an initial assumed concentrate sale price of \$680/t increasing 2% year-on-year;
- Minimum 8.5-year mine life, producing on average approximately 220,000 tonnes of ~6% spodumene concentrate per annum, at life of mine lithium average metallurgical recovery of 71%, based on laboratory metallurgical recoveries of 75%;
- Proposed 2Mtpa processing plant utilising a conventional flotation circuit to maximise spodumene recovery;
- Estimated C1* cash costs of US\$431 per tonne of concentrate (US\$466 including royalties and sustaining capital);
- Capital requirement for development estimated to be US\$117M plus contingency; and
- Forecast payback period of 1.7 years and IRR of 58% (51% post tax).

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

**CI is the net direct cash cost that represents the cash cost at each processing stage from mining through to recoverable metal as indicated in the Company's announcement on 27 January 2020.*

Gold Exploration Projects and Exploration Programme

Kodal has expanded its gold exploration portfolio through the acquisition of the Fatou project as announced on 17 December 2020.

The Fatou project consists of two concessions, the Fininko (also known as Fatou) and Foutière concessions, located 280km south of Bamako, the capital city of Mali. The project forms a contiguous landholding exceeding 300km² and has been acquired through agreements with local vendors.

The Fatou project is complementary to Kodal's existing activities in southern Mali being 100km to the south of the town of Bougouni and only 30km to the west of the Nangalasso gold project. The Fatou project is an advanced project with previous exploration defining preliminary mineral resource estimates and Kodal considers the project to have excellent exploration prospects that are drill ready and have potential to expand the defined zones of gold mineralisation. Historical exploration has been completed by AngloGold Ashanti and Rockridge Capital Corp, a Canadian listed company, which explored the project from 2010 to 2014 resulting in a preliminary mineral resource estimate exceeding 350,000 ounces of gold for the Fatou Main prospect.

Kodal has developed an exploration programme to test the defined geological structures and extensions. The geological field team has made reconnaissance visits to the project area to confirm areas of historical exploration, the location of artisanal mining and host rock of mineralisation, and to determine suitable access for exploration drilling.

Details of the acquisition terms and geological summary have been provided in the Company's announcement of 17 December 2020.

During the reporting year, Kodal regained management of, and retained a 100% interest in, the Nielle, Tiebissou and M'Bahiakro (application) gold concessions after termination of the joint venture with Resolute following the decision by Kodal to refuse an extension request.

The Company has reviewed its gold portfolio and defined priority targets based on the potential to define JORC compliant mineral resources quickly, as well as projects that have potential to host large scale gold mineralisation. The priority exploration targets for this exploration campaign are:

- **Fatou project in Mali**, with drilling commencing at Fatou Main prospect where historical exploration defined a NI43-101 Mineral Resource estimate exceeding 350,000oz gold. The drilling will aim to confirm and expand the known gold mineralisation and provide data to support data for a JORC compliant Mineral Resource estimate to be completed.



Figure 5: Fatou Location

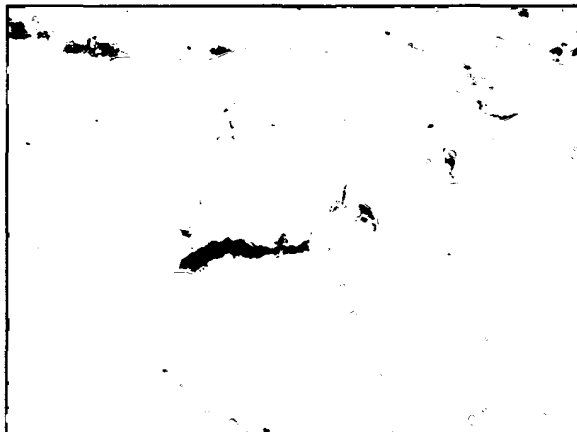


Figure 6: Fatou historical workings

- **Nielle project in Cote d'Ivoire**, where exploration completed by Resolute has defined an extensive zone of gold mineralisation with positive initial drilling results. The mineralised zone remains open along strike and at depth and Kodal's initial programme is designed to confirm and extend the mineralised zone and provide confidence in the geological interpretation prior to undertaking a maiden mineral resource assessment.
- **Dabakala project in Cote d'Ivoire**, where exploration activity completed by Kodal continues to confirm a major surface geochemical anomaly with assay results up to 6.14g/t gold returned. This new anomaly has never been previously drill tested and Kodal will focus on infill geochemical sampling to define the key targets for reconnaissance drill testing.



Figure 7: Dabakala hard rock workings



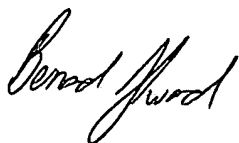
Figure 8: Geologist and land manager at Dabakala

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Kodal has commenced this exploration campaign with exploration drilling completed at the Nielle concession in northern Cote d'Ivoire and additional surface geochemistry completed at Dabakala in central Cote d'Ivoire. The initial results from this exploration are very encouraging with high-grade gold mineralisation intersected in the new gold mineralised zone at Nielle, and the continued definition of the extensive surface geochemical anomaly at Dabakala has developed a new high priority exploration target.

I look forward to being able to report back on these exciting opportunities for the advancement of the Bougouni lithium project towards mine development and the results of our gold exploration campaign during the coming year.



Bernard Aylward
Chief Executive Officer

25 August 2021

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

FINANCE REVIEW

Results of operations

For the year ended 31 March 2021, the Group reported a loss before other comprehensive income for the year of £623,000 compared to a loss of £630,000 in the previous year. Operational activity has remained broadly in line with last year as the Group has completed the Feasibility Study work at Bougouni and has continued the running of offices in Mali and Côte d'Ivoire. Further information is provided in the Operational Review above.

During the year, the Group invested £542,000 (2020: £1,602,000) in exploration and evaluation expenditure on its various projects. As a result, the carrying value of the Group's capitalised exploration and evaluation expenditure increased from £8,643,000 to £8,964,000 after taking account of the effects of foreign exchange. At 31 March 2021, after taking account of the effects of foreign exchange, the carrying value of the gold projects in Mali and Cote d'Ivoire was £1,476,000 (2020: £1,179,000) and of the lithium projects in Mali was £7,488,000 (2020: £7,464,000).

Cash balances as at 31 March 2021 were £2,433,000, an increase of £2,400,000 on the previous year's level of £33,000, due to the receipt of £1.7 million from the successful £3.5m equity fundraising completed in March 2021, the final £1.8 million of which was received by the Company after the year end in April 2021. Net assets of the Group at the year-end were £12,636,000 (2020: £8,052,000).

Financing

During the year, the Group has successfully completed a number of fundraisings.

In April 2020 the Company entered into an equity financing facility with Riverfort Global Opportunities PCC and YA II PN Ltd (the 'Investors'), who subscribed for 1,428,571,429 ordinary shares at an average price of 0.04686 pence per share, raising £670,000 before expenses. These subscription proceeds were used immediately to satisfy the Company's obligation to pay £0.5 million to the Investors to enter into an Equity Sharing Agreement, under which the Investors undertook to make cash payments to the Company for a period of up to 12 months based on the performance of Kodal's share price. All obligations under the Equity Sharing Agreement were satisfied prior to the year end with the Company receiving over £650,000.

In July 2020, the Company entered into a Convertible Loan Note Agreement with the Investors for a total commitment of \$1.5 million before expenses with the first tranche of \$750,000 advanced at closing, and the second tranche drawn down in October 2020. Investors had fully exercised the option to convert outstanding principal and interest into new ordinary shares in the Company prior to the year end.

In December 2020, at the time of securing the acquisition of the Fatou project, the Company entered into a conditional term sheet with Riverfort Global Capital Limited ("Riverfort") in connection with a proposed \$2.5 million funding facility. To secure exclusivity, Riverfort advanced an initial amount of \$300,000 to the Company which is to be repaid by the Company in October 2021 as the Company and Riverfort agreed not to go ahead with the funding facility.

In March 2021, Kodal announced that it had completed an equity fundraising of £3.5 million before expenses, for the purpose of supporting Kodal in undertaking exploration, drilling and development activities at its priority gold assets in Mali and Cote d'Ivoire, as well as advancing its flagship Bougouni Lithium Project.

Impact of the Covid-19 pandemic

During the year to 31 March 2021, the pandemic resulted in lockdowns and the imposition of travel bans in many countries, including in West Africa. As a result, field exploration operations ceased for most of 2020, but limited activities recommenced in early 2021 with sampling work in Dabakala, and other site visits to the Fatou and Nielle projects undertaken. Further drilling work has been taking place on the gold assets with further drilling work planned later in the year as operations increasingly return to normal.

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

After the substantial disruption to global equity markets in early 2020, markets rebounded strongly during the year. This specifically included the mining sector, and particularly for gold, which has always been regarded as a safe haven in times of economic turbulence. The market for lithium also improved with the increasing focus on the need to reduce carbon emissions and the anticipated demand for batteries in electric vehicles.

The Company was able to take advantage of this improving environment for financing and entered into a convertible loan note agreement for \$1.5 million in July 2020, which provided important funds to sustain the Group's continued development. With the loan note fully converted in March 2021 the Company completed an over-subscribed placing of ordinary shares to raise £3.5 million (before expenses) for further exploration and development activities.

Although vaccine roll outs still have some way to go, particularly in West Africa, we anticipate that, with the appropriate health precautions, field activities and the ability to travel will increasingly return to normal during the rest of the year.

Going concern and funding

The Group has not earned revenue during the year to 31 March 2021 as it is still in the exploration and development phases of its business. The operations of the Group are currently being financed from funds which the Company has raised from the issue of new ordinary shares and other equity linked instruments.

At 31 March 2021, the Group held cash balances of £2,433,000 (2020: £33,000). As noted above an equity placement for £3.5 million took place in late March 2021, with £1.8 million of the proceeds only being received after the year-end in April 2021. The Group's cash balances at 20 August 2021 were £3,248,876.

The Directors have prepared cash flow forecasts for the period ending 30 September 2022. The forecasts include payments for the Bougouni mining licence and second stage concession payments for the Fatou project, repayment of the \$300,000 advance from Riverfort, further development of the Bougouni Feasibility Study, additional exploration activity for both gold and lithium, as well as covering ongoing overheads.

Further funding will be required in due course, but the forecasts show that the Group has sufficient cash resources available to allow it to continue as a going concern and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements without the need to raise further financing. Accordingly, the financial statements have been prepared on a going concern basis.

Utilising key performance indicators ("KPIs")

The following KPIs are used by the Group to assist it in monitoring its cash position and assessing costs and exploration and development activities:

| KPI | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| Cash and cash equivalents (a) | £2,433,000 | £33,000 |
| Administrative expense (b) | £513,000 | £590,000 |
| Exploration and evaluation expenditure (c) | £542,000 | £1,602,000 |

The directors have provided more information on the state of the Group's financing and operational activity above.

- 'Cash and cash equivalents' is used to measure the Group's financial liquidity. Cash and cash equivalents have increased by £2.4 million in the year.
 - 'Administrative expenses' is used to measure the Group's administrative costs and operating results. Administrative expenses for the year were £513,000 compared to £590,000 in the previous year.
 - 'Exploration and evaluation expenditure' is used to measure expenditure on the Group's gold and lithium projects. Exploration and evaluation expenditure in the year was £1.1 million lower than prior year as Kodal's operational focus has been on progressing our application for the mining licence for its key Bougouni Lithium project.
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KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and trade and other payables. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are liquidity risk, price risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to fund the Group's exploration and operating activities. Management prepares and monitors forecasts of the Group's cash flows and cash balances monthly and ensures that the Group maintains sufficient liquid funds to meet its expected future liabilities. The Group intends to raise funds in discrete tranches to provide sufficient cash resources to manage the activities through to revenue generation.

Price risk

The Group is exposed to fluctuating prices of commodities, including gold and lithium, and the existence and quality of these commodities within the licence and project areas. The Directors will continue to review the prices of relevant commodities as development of the projects continues and will consider how this risk can be mitigated closer to the commencement of mining.

Foreign exchange risk

The Group operates in a number of overseas jurisdictions and carries out transactions in a number of currencies including Sterling, CFA Franc, US dollars and Australian dollars. The Group does not have a policy of using hedging instruments but will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a number of risks which it seeks to mitigate as set out in the table below:

| Risk | Comment and Mitigating Actions |
|---|--|
| Exploration and Development Risk The Group is a mineral exploration company and the success of the Company is dependent on the discovery and/or acquisition of Mineral Reserves and Mineral Resources and the successful development of mines therefrom. Significant risk exists within technical, legal and financial aspects of the exploration for and the development of mines, which may have an adverse effect on the Group's business. | <p>There is no assurance that the Group's exploration and potential future development activities will be successful, and statistically few properties that are explored are ultimately developed into profitable producing mines.</p> <p>The Group ensures that there is regular review of projects, expenditure and exploration activity to maintain focus on targets and ensure best possible information in the decision-making process to focus resources and expenditure upon key exploration and development targets.</p> |

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

| | |
|--|---|
| <p>Reliability of Mineral Resources and Mineral Reserves</p> <p>The Group has reported Mineral Resources for its Bougouni Lithium project in West Africa. Any estimates will be based on a range of assumptions, including geological, metallurgical and technical factors; there can be no assurance that the anticipated tonnages or grades will be achieved.</p> | <p>The Mineral Resource estimates are prepared by third party consultants who have considerable experience and are certified by appropriate bodies.</p> <p>Mineral Resources are reported as general indicators and should not be interpreted as assurances of minerals or the profitability of current or future operations.</p> |
| <p>Licensing and Title Risk</p> <p>The Group's exploration and future development opportunities are dependent upon maintaining clear tenure and access to licences as well as ensuring the relevant operation licences, permits and regulatory consents are valid. The licences and regulatory permits may be withdrawn or made subject to limitations.</p> <p>The granting of licences and permits are a practical matter subject to the discretion of the applicable government or government office. The interpretations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition.</p> <p>A new Mining Code has passed before the Republic of Mali Assemblée Nationale. The Company's licences have been granted under the previous Mining Code (June 21 2012 (modified)) and remain subject to these conditions. In addition, future Mining Licence applications will remain subject to the 2012 Mining code unless the Company specifically request a variation to the new code.</p> | <p>The Group complies with existing laws and regulations.</p> <p>The Group ensures that the regulatory reporting and the government compliance requirements for each licence are met.</p> <p>There is a risk that negotiations with a government in relation to the grant, renewal or extension of a licence may not result in the grant, renewal or extension taking effect prior to the expiry of the previous licence period, and there can be no assurance of the terms of any extension, renewal or grant.</p> <p>The Group regularly monitors the good standing of its licences.</p> <p>The Company has received an Environmental Permit for the development of the Bougouni Lithium project following submission and acceptance of the Company's Environmental and Social Impact Assessment ("ESIA").</p> <p>The Company has applied for a mining licence for the development of the Bougouni Lithium project and this remains in progress at the reporting date. The Company has detailed the progress of the application in this report and confirms communication with the Mali government officials indicates the application remains on track. The Company has paid the licence application fee and has no further obligations prior to the granting of the Mining Licence.</p> |
| <p>Political Risk</p> <p>The Group has significant activities in Mali and Côte d'Ivoire in West Africa. The success of the Group will be influenced by the legal, political and economic situation in Mali, Côte d'Ivoire and the wider African region. Countries in the region have experienced political instability and economic uncertainty in the past. government policy in the countries in which the Group operates can be unpredictable, and the institutions of government and market economy may be unstable and subject to rapid change, which may result in a material adverse effect on the Group's operations.</p> | <p>Mali has undergone political upheaval in this last year.</p> <p>A military coup d'état was staged on the 18 August 2020 following several months of non-violent protest and general strikes. The coup overthrew the government of President Ibrahim Keita who resigned his office to avert violence.</p> <p>A Transitional government was established following the coup and had an aim of returning to democratically elected governance with elections planned for February 2022.</p> <p>A second military coup d'état was staged on the 24 May 2021 following attempts at Transitional Government re-shuffle. Following this coup Colonel Assimi Goita was appointed President.</p> |

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

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| <p>The renewal of exploration and exploitation licences is an area of risk given the countries in which the Group operates. Whilst the Group has in place legal titles on the assets in its portfolio, there remains a risk to the Group that changes within regimes could put the ownership of these assets at risk.</p> <p>The Group is also at risk of taxation reviews that may change or apply more stringently the laws and regulations of the countries in which it operates.</p> | <p>The Transition government remains committed to the stated aim of General elections in February 2022.</p> <p>In general, the security risk in Mali remains high and the United Nations peacekeeping mission has helped maintain the security situation throughout most of the country but the situation in the north of the country remains fragile.</p> <p>In Côte d'Ivoire, the political situation has been calm since 2011. The election in 2015 returned the government of President Ouattara with increased popular support and on 31 October 2020 President Ouattara was returned for a further 5 year mandate.</p> <p>The economic situation in Côte d'Ivoire is improving dramatically with significant government expenditure on infrastructure and development activity.</p> |
| <p>Financial Risk</p> <p>The Group is an exploration company and does not generate revenue or self-sustaining funding at this stage. The Group requires funds to support ongoing exploration and future development of mineral properties. The Group's access to funding will depend on its ability to obtain financing through the raising of equity capital, joint venture projects, debt financing, farm outs or other means.</p> <p>There is no assurance that the Group will be successful in obtaining the necessary financing in a timely manner on acceptable terms to complete its investment strategy. The equity markets and ability to raise finance were significantly affected by the Covid-19 pandemic, but have subsequently improved.</p> <p>If the Group is unable to obtain additional financing as needed, some interests may be relinquished, and / or the scope of the operations reduced.</p> | <p>The Board regularly reviews the levels of discretionary spending on capital items and exploration expenditure. This includes regularly updating working capital models, reviewing actual costs against budget and assessing potential impacts on future funding requirements and performance targets.</p> <p>In the past, the Group has been successful in raising additional equity finance to support its ongoing activities.</p> <p>In March 2021 the group raised £3.5 million before expenses with an equity placement. These funds will enable the Group to finance its plans to further develop the Feasibility Study, pay for the mining licence and the second Fatou concession commitment, repay the outstanding Riverfort loan, fund additional exploration activity of the gold and lithium assets and cover ongoing administrative overheads.</p> |
| <p>Covid-19 Pandemic</p> <p>The Company is pre-revenue, in an exploration and evaluation phase, and much of its work is sub-contracted; accordingly the Company has few employees and limited operational activity. During the year, there has been relatively limited activity on the ground in Mali and Cote d'Ivoire as a result of the lockdowns and travel bans imposed in many countries.</p> <p>Vaccine availability is limited in West Africa and so its roll-out may yet take some time. Efficacy of the vaccines against new variants also remains a risk.</p> <p>Because of the disruption caused to normal working patterns, the decision on the granting of a mining licence by the Malian authorities was delayed but is now progressing again.</p> | <p>The Company continues to monitor the status of travel in Mali and Côte D'Ivoire, and also the ability for employees and sub-contractors to be able to operate safely. Travel restrictions continue to be eased, and limited field visits have recently been undertaken; drilling has been taking place and more is planned over the next few months, as activities increasingly return to normal.</p> <p>Further engineering development studies and additional work in connection with offtake and financing arrangements will continue as planned.</p> <p>The Company and local country manager continue to remain in contact with the Malian government authorities over the timing of issuing the mining licence for the Bougouni Lithium project.</p> |

KODAL MINERALS PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

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| <p>The most significant impact on the Company during the year was the ability to raise funding at an important time in the Group's development caused by the substantial disruption to global equity markets; however, additional finance has recently been raised as noted above.</p> | <p>Corporate activities remain relatively unaffected, carried out remotely via video-conferencing.</p> <p>Although vaccine roll outs still have some way to go, particularly in West Africa, we anticipate appropriate health measures will need to remain in place for some time but operations will increasingly return to normal during the rest of the year.</p> |
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S172 Statement

The Directors of the Company have a duty to promote the success of the Company. A director of the Company must act in the way they consider, in good faith, to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

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

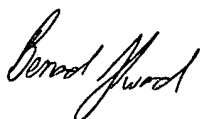
The Directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

The Board believes that long-term success requires good relations with a range of different stakeholder groups both internal and external. The board has identified Kodal's stakeholders to include employees and consultants working for the Company, the local communities and governments in Mali and Cote d'Ivoire in which it operates, suppliers and contractors, as well as shareholders.

In the Corporate Governance Report, we explain the regular engagement with employees, communities and local governments in West Africa where we operate; and the impact assessment we have performed on the environment and local society as part of our permitting process. We also comment on the decision-making for the long term success of the Company, its governance and culture; as well as the nature and methods of communication with all shareholders.

The Group relies heavily on having suppliers and contractors with appropriate levels of experience and expertise of working successfully with junior miners in West Africa, as well as professional advice for AIM quoted companies in London. Accordingly Kodal is committed to maintaining constructive relationships with all its suppliers and advisers, and operating in line with its Corporate Code of Conduct.

Signed on behalf of the Board



Bernard Aylward
Chief Executive Officer

25 August 2021

KODAL MINERALS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their report, together with the audited consolidated financial statements for Kodal Minerals Plc for the year ended 31 March 2021.

Principal activity

The Company was incorporated for the purposes of exploring and developing mineral assets. The Company's shares are traded on AIM.

Domicile and principal place of business

Kodal Minerals Plc is domiciled in the United Kingdom and has its registered office at Prince Frederick House, 35-39 Maddox Street, London W1S 2PP. Its principal place of business as at 31 March 2021 was West Africa, and specifically Mali and Côte d'Ivoire.

Directors

The current membership of the board and the Directors who held office during the year are set out below:

Bernard Aylward
Charles Joseland
Robert Wooldridge
Qingtao Zeng

Biographical details of the Directors

Bernard Aylward (Chief Executive Officer)

Bernard is a geologist with over 20 years' experience as a manager and exploration geologist in the mining and exploration industry in a variety of commodities. Bernard's experience includes serving as the Managing Director of Taruga Gold Limited from its initial listing on the ASX, Chief Operating Officer of International Goldfields Ltd, General Manager of Azumah Resources Ltd (Ghana), and Exploration Manager for Croesus Mining NL. Bernard has been involved in the discoveries and management of the Bepkong, Julie, Collette and Kunche deposits in Ghana, as well as the Deep South gold deposit, Gladstone North deposit, St Patrick's, Norseman Reef, and the Safari Bore gold deposit in Western Australia. Bernard has experience operating in Europe (Greece Sappes deposit), Siberia, South America and extensive experience throughout West Africa. He brings significant experience in geology, mineral exploration and evaluation, and mine engineering and development; he has the leadership, public communication skills and legal & regulatory understanding required for a publicly listed, junior miner.

Charles Joseland (Independent Non-executive Director)

Charles is a former Chartered Accountant with 32 years' experience. After graduating with a degree in Classics from Cambridge University, he joined PwC where he was an audit partner for 20 years as part of its Energy, Utilities & Mining Group, including secondments to Moscow and Madrid. Charles has been responsible for providing services to many international resources groups, including those with operations in Russia, Kazakhstan and Africa, as well as North & South America. Charles has also acted as reporting accountant and advisor for many companies quoted on both LSE's AIM and Main Market. He brings knowledge and skills to the board in the areas of finance & accounting, audit, corporate governance, internal control & risk management frameworks for public quoted, mining companies. As an audit partner for 20 years, he is experienced in providing an independent point of view.

Robert Wooldridge (Non-executive Chairman)

Robert is currently a partner at SP Angel Corporate Finance LLP. After graduating with a degree in Natural Sciences from Cambridge University, he spent eight years at PricewaterhouseCoopers International Limited, qualifying as a Chartered Accountant in 1989. He left in 1994 to join the international equity capital markets division of HSBC Investment Bank where he spent a further eight years and was responsible for completing a number of landmark equity transactions across Europe, India and the Middle East & Africa. In 2003 he joined an investment banking boutique, to head up its corporate finance and securities operation and was then one of the founding partners of SP Angel in 2006. SP Angel is an independent corporate finance and broking operation which focuses on advising small and mid-cap

KODAL MINERALS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

companies in the mining, oil and gas, healthcare and technology sectors. He brings knowledge of and skills in capital markets, broking, corporate finance and corporate governance in small & mid-cap miners.

Qingtao Zeng (Non-executive Director)

Dr Zeng completed a PhD in geology at the University of Western Australia in 2013. Dr Zeng has been engaged as a consulting geologist, principally working with CSA Global based in Perth, Australia, and has a range of geological and commercial specialities. Since 2015, Dr Zeng has been extensively involved in the lithium exploration and development sector and through his strong network of contacts throughout China has helped clients complete a range of contracts relating to the supply or purchase of lithium in the form of concentrate or direct shipping ores. He brings detailed knowledge of the mining sector, in particular of lithium, with extensive Chinese contacts across the value chain from engineering, construction, processing, financing & investment, and commercial markets.

Directors' interests

The beneficial interests in the Company's shares of the current Directors and their families as at 31 March 2021 are as follows:

| Directors | Ordinary Shares 31 March 2021 | Ordinary Shares 31 March 2020 |
|-------------------|--|--|
| Bernard Aylward | 221,007,656 | 119,834,948 |
| Charles Joseland | 6,250,000 | 6,250,000 |
| Robert Wooldridge | 153,723,858 | 89,438,144 |
| Qingtao Zeng | 6,250,000 | 6,250,000 |

Events after the reporting period

Events after the reporting period are outlined in note 18 to the financial statements on page 62.

Directors' and Officers' liability insurance

The Group has Directors' and Officers' liability insurance to cover claims up to a maximum of £1.0 million.

Strategic Report

The Directors have chosen, in accordance with s414(c) of the Companies Act, to include in the Strategic Report on pages 2 to 18 information on the Group's principal activities, business review and key performance indicators which would otherwise be required to be included in the Directors' Report and which they consider to be of strategic importance to the Company.

Statement as to disclosure of information to auditors

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that he has taken all the steps that he ought to have taken as a Director, in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

Directors' responsibilities statement

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules for Companies of the London Stock Exchange to prepare Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law.

KODAL MINERALS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

The Group financial statements are required by law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the Company will continue in business.

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

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

Environmental, Social & Governance (ESG) and Sustainability

The Directors recognise the importance of operating in a sustainable manner with high levels of governance, and with respect for environmental and social considerations. As this also helps drive value for shareholders over the long term, there is increasing investor and public interest in understanding how companies address ESG issues. We note the Quoted Companies Alliance has recently published a Practical Guide to ESG for small and mid-sized quoted companies. We recognise lithium has a crucial role to help decarbonise the economy through its use in batteries in Electric Vehicles, but it is also important that the lithium is mined in a responsible and sustainable manner.

As we are currently at the early stage of our Company's life cycle, our focus has been on the more social aspects. We have been engaging with the Mali government and local communities to adapt our planned approach for their comments and suggestions. This is in order both to be granted a formal legal licence as well as to receive the social licence to operate in their community near Bougouni. It is important to continue to manage these social aspects throughout the life cycle of our Bougouni project, minimising disruption, providing job opportunities, and supporting local social projects.

The potential environmental impacts will only arise when we commence construction and enter into production. However, we are considering those environmental aspects now within our design plans. Our Environmental Social Impact Assessment (ESIA) considered air quality, water & waste water management, energy sources, waste & hazardous materials management, as well as the potential ecological impacts. These results formed part of our Preliminary Feasibility Study (PFS) and feed into our engineering design plans. We continue to develop our PFS and the project design not only to improve the process engineering and efficiency of our plant but also to ensure the impact of potential climate change events is managed, and improvements to greenhouse gas emissions and energy sources are also considered.

KODAL MINERALS PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

Our approach to governance already follows the QCA Code, as set out below in our Corporate Governance section; this details the way we approach governance considering the 10 principles.

As we develop our projects over the next few years, we will also develop our narrative to explain how we address environmental and social matters, and our ESG objectives, targets and results alongside our normal financial performance reporting.

Auditors and Annual General Meeting

RSM UK Audit LLP offer themselves for reappointment as auditors in accordance with section 489(4) of the Companies Act 2006. A resolution to reappoint RSM UK Audit LLP will be proposed at the Annual General Meeting.

Approved by the board of directors and signed on behalf of the board on 25 August 2021.



Robert Wooldridge
Director
25 August 2021

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Chairman's introduction

We formally adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") in September 2018, believing it to be the most appropriate code for an AIM quoted company of our size and stage of development. As chairman, I am responsible for leading the board; ensuring its composition with people of the right experience and engagement; and focusing on our strategy to bring our African lithium project to production.

As a small company, we are aware that the board's and senior management's actions and attitude have a strong impact on the culture of our organisation; the regular, on site presence of our CEO and Project Manager in Mali and Cote d'Ivoire, as well as regular communication with our local manager are important aspects of conveying and monitoring our culture and values.

I believe for the size of our company we have a well-functioning board, the right corporate structures, appropriate engagement and information flow with our small senior management team, and a clear strategy to drive value for our shareholders, employees, communities where we operate, and our suppliers. We have engaged closely with local communities and the Malian government through the Environmental and Social Impact Assessment process and taken their considerations into account; in addition to our market updates, our CEO makes regular presentations, gives media interviews and engages with shareholders, to keep stakeholders informed and understand expectations. We explain more under the QCA Code's ten principles below.

Principle 1. Establish a strategy and business model which promote long-term value for shareholders

The Board has concluded that highest medium- and long-term value can be delivered to shareholders through a primary focus on the continued exploration and development of its Bougouni Lithium project (the "Project") located in southern Mali. The medium-term objective is to develop the Project through feasibility studies and bring it in to production as rapidly as possible. The Strategic and Operational Review above explains the strategy, key areas of focus and challenge, and management action, including completing full engineering design, obtaining financing for construction and further exploration of the gold assets. The Principal Risks outlined on pages 15 to 18 highlight the key challenges the Group faces in executing the strategy and how the Board seeks to protect the Group from those risks.

The Company has already secured a strategic investor and off-take partner and will continue to explore similar opportunities to fund mine and plant construction in order to enter production rapidly.

The key drivers to the continued growth of the lithium market are the increasing demand for electric vehicles and battery storage as well as growth in the use of personal electric devices driven by social choice, government regulations and an improvement in the performance and affordability of high quality battery products.

In addition to the lithium prospects in Mali, the Company holds a suite of gold assets in Mali and Cote d'Ivoire. With the increase in the gold price, the Company continues to assess and rank the projects it holds directly to determine priorities for further exploration or for ways to deliver value to our shareholders.

Principle 2. Seek to understand and meet shareholder needs and expectations

The Board is committed to communicating openly and regularly with both its private and institutional shareholders to ensure that its strategy and performance are understood. Significant developments are disseminated through RNS announcements which are then made available on the Company's website.

The Company communicates regularly with private shareholders through investor evenings and similar events; audio and video interviews; periodic webcast Question & Answer sessions. The Company's website also contains its latest corporate presentations and interview recordings. In addition, the Company encourages all shareholder to attend the Annual General Meeting which provides an excellent opportunity to meet with management and engage directly with them.

KODAL MINERALS PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2021

Kodal has an active and effective investor relations programme which includes regular institutional road-shows to meet shareholders and potential shareholders. It also meets its corporate brokers and other research analysts to assist them in preparing and publishing their research on the Company.

These promotional and marketing activities are co-ordinated by its corporate broker and financial PR advisers.

Principle 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board believes that long-term success requires good relations with a range of different stakeholder groups both internal and external. The board has identified Kodal's stakeholders to include employees and consultants working for the Company, the local communities in Mali and Cote d'Ivoire in which it operates, local governments, suppliers, customers and partners. The Company's CEO, Project Manager and Country Manager in Mali regularly visit the locations in which Kodal operates and meets with these stakeholders in order to gain their feedback on the Company's operations, although this has been limited in the past year due to Covid-19 travel restrictions. Any concerns raised are communicated to the Board for further consideration.

A key part of Kodal's business model is assessing the impact that the Company's business activities will have on the host communities and environment in which it operates. As part of its application for a mining licence at Bougouni, the Company has recently carried out an Environmental and Social Impact Assessment (ESIA) engaging with and responding to comments from officials of the departments of Geology & Mines, Forestry & Water, Heritage & Culture, as well as the local community as a whole.

The Company is also committed to ensuring the safety of its workers on site and has strict health and safety policies which it firmly enforces.

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board is responsible for identifying and managing areas of significant business risk for the Company; the Audit & Risk Committee assists the board in ensuring that there is an effective system for risk management in place.

At each Board meeting, the Directors review ongoing operational performance, discuss budgets and forecasts and new risks associated with ongoing operations; appropriate mitigating actions and controls are discussed with management, and subsequently monitored by the Directors. The Board formally reviews and documents the principal risks to the business at least annually as part of the annual audit process.

The Company has in place an anti-bribery and corruption policy as well as other policies and procedures to which employees, management, consultants and, where appropriate, key suppliers are required to adhere. Robust financial procedures and safeguards are in place regarding expenditure and accounting functions.

The principal risk areas identified by the board and the mitigating actions are set out above. The Board has considered the need for an internal audit function to provide assurance on the effectiveness of risk management and internal controls; however, given the size of the group and the stage of its development, the board does not consider this necessary. The Board works closely with and has regular ongoing dialogue with its finance functions across the Group and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

Principle 5. Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board meets approximately each month throughout the year to discuss important operational and strategic matters and to review financial and operational performance. In addition, there are additional board meetings to consider specific proposals, including for example to issue further shares to raise funds or to consider significant contracts or actions. Board papers are provided in advance with the information necessary to facilitate a proper assessment of the issues under consideration. The non-executive directors spend between 2 and 6 days a month working on Company matters.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The structure and composition of the Board has been kept under review by the Chair during the year. No replacements have been sought for the two directors who resigned in the year ended 31 March 2020. Although this reduces the board to just one formal independent non-executive director (below the QCA Guide of two), there is one executive director and three non-executive directors, who recognise the importance of maintaining an independent mind-set and objectivity in their views. The board size and structure is considered appropriate given the lower level of activity in the Company and focus on cash preservation during the Covid-19 crisis. Although these directors hold some share options and company shares, the holdings are not considered to be of sufficient size to impact their independent judgments (including Charles Joseland whose shares in the Company were worth £8,750 at year-end). Biographical details of all the directors are set out on pages 19-20.

The Directors believe that this Board provides the Company and its shareholders with the necessary skills and experience to drive the business forward balanced by a sufficient level of independent analysis and judgement to provide challenge and oversight. As a Board, the Directors are also mindful of the need to control costs and provide value for shareholders.

In the year ended 31 March 2021 there were 10 full board meetings of which Robert Wooldridge attended 10, Bernard Aylward 10, Charles Joseland 10 and Qingtao Zeng 9. In addition to the full board meetings, additional ad hoc meetings were convened as required to issue shares and for other procedural matters.

The Board has an Audit & Risk Committee which during the year to 31 March 2021 comprised Charles Joseland (Chair) and Robert Wooldridge. The Board also has a Remuneration & Nomination Committee which during the year to 31 March 2020 comprised Robert Wooldridge (Chair), Charles Joseland and Qingtao Zeng. The Remuneration & Nomination Committee meets as required and at least once each year.

Principle 6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

Biographical details of the Directors are on pages 19-20.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of geology, mineral exploration, mine engineering and development, public company and capital markets, finance and corporate governance.

The directors keep their skillsets up to date by attending industry and qualification relevant seminars and training sessions. During the year, the Directors sought advice from their corporate advisers (including the Company's nominated adviser, lawyers and accountants) on the contractual arrangements and the various financing agreements entered into during the year. The Company has also employed the services of Weaver Financial Limited to act as Company Secretary.

When considering the composition of the Board and the appointment of new Directors, the Board has established a Remuneration & Nomination Committee to oversee this process and make recommendations to the Board. The Board recognises that it currently has limited diversity, and this will form a part of any future recruitment consideration.

Principle 7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman reviews the performance of individual Directors on an on-going basis and assesses each Director's contribution to the effective operation and management of the Company.

The Chairman sets individual objectives for each Director within the context of the overall strategy and objectives for the Company; at the end of the year, he considers each director's performance, including the level of achievement of their objectives, and their overall contribution to the Company's performance. The review establishes further objectives for the coming year, identifying any additional training or other support that may be required.

KODAL MINERALS PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2021

Succession planning is the responsibility of the Remuneration and Nomination Committee and is reviewed by the Board at least on an annual basis. When considering succession planning, the Remuneration and Nomination Committee takes into account the skills and experience required as the Company grows and develops its projects.

Principle 8. Promote a culture that is based on ethical values and behaviours

As a small company the Board's and senior management's actions and attitude have a strong impact on the culture of our organisation. The Board believes that it has established a culture of responsible and ethical behaviour which it follows and which it believes has been successfully transmitted to its employees overseas.

Foremost amongst these are its focus on:

- The health and safety of its workers and consultants;
- An awareness of the environmental and social impact of its operations on the local communities and efforts to mitigate and minimise them;
- contributing to the overall development of the local communities in which it operates;
- conducting honest and transparent dealings with employees, consultants and suppliers; and
- adopting a zero tolerance to bribery.

At this stage of its development, Kodal has only approximately five non-Board employees all of whom are based at its offices in Mali and Cote d'Ivoire. There is near daily contact with these offices and regular visits by the CEO, although this has been limited by the pandemic in the year ended 31 March 2021. This enables the Board to monitor employees' conduct and behaviour to ensure that the Company's ethical values and standards are recognised and respected, and appropriate action taken where necessary.

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

Kodal's key strategic, financial and operational decisions are reserved exclusively for the decision of the Board. The Board seeks to meet formally approximately once a month and is supplied with appropriate and timely information ahead of each meeting. The Directors are free to seek any further information they consider necessary. In addition, there are additional Board meetings to consider specific matters that require decision between the regular board meetings and to which all Directors are invited. In addition to the formal meetings, there is regular contact and communication between the Board members to discuss day-to-day operational matters.

Robert Wooldridge, the Non-executive Chairman, is responsible for the running of the Board and Bernard Aylward, the Chief Executive Officer, has executive responsibility for running the Company's operational activities. Bernard Aylward and Robert Wooldridge take responsibility for the Company's liaison with shareholders. At year-end Charles Joseland provided additional input into the audit process, reviewing financial forecasts, judgments and estimates, accounts disclosure and liaising with the auditors; independence is maintained as the underlying judgments, accounts preparation and forecasts are made by the CEO, Project Manager and/or Financial Controller.

The Company has a significant shareholder, Suay Chin International Pte Ltd ("Suay Chin"), which owns 14.56% of the Company's issued share capital. It is a Singapore registered company which has extensive connections with the Chinese lithium market including lithium carbonate producers and lithium-ion battery manufacturers. Suay Chin has entered into a Relationship Agreement with the Company and its advisers, under which it undertakes to do all such things as it is reasonably able to do to ensure that the Company is capable of carrying on its business independently of Suay Chin. Under this agreement, it also has the right to appoint a Director to the Board of Kodal and Qingtao Zeng has been appointed in this capacity.

The Board is supported by the Audit & Risk Committee and the Remuneration & Nomination Committee. The reports of those committees are set out below.

The Board continues to monitor its governance framework on an ongoing basis. The Directors have not engaged the services of external governance advisers

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

Principle 10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. All material information is released to the London Stock Exchange via RNS announcements which are then made available on the Company's website. The Company prepares and updates a corporate presentation which is also available on its website along with other news and information about the Company and its operations.

As detailed in Principle 2 above, the directors believe that the Company has an effective and well-established programme for communicating with both its institutional and private shareholders.

The Company will disclose the outcome of all shareholder votes on its website and in the case of 20% of independent votes being cast against a resolution, provide an explanation of the actions that will be taken to enable the Board to understand the reasons for this result and any future actions it will take to address such concerns.

The Company's website contains historic annual reports for the past five years and also notices of general meetings.

Report from the Audit & Risk Committee

The Audit & Risk Committee comprised Charles Joseland, Robert Wooldridge and was chaired by Charles Joseland during the year. The Committee meets at least twice a year to consider the integrity of the financial statements of the Group, including its annual and interim accounts, the accounting policies and auditor reports, as well as the terms of appointment and remuneration for the auditors, the effectiveness of the Group's internal controls and risk management systems, and external compliance matters.

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Committee met with the auditors to discuss their audit plan and scope of work, and also the findings from their audit. There was specific focus on the fair presentation of the Company's exploration and development activities, the assumptions underlying the calculation of warrants and share options, the carrying value and any potential impairment of the evaluation and exploration assets and inter-company balances, compliance with laws and regulations including the status of the licences, and the going concern assumption, including the impact of Covid-19.

The Committee also considered the process for identifying and considering risks and their mitigating actions, and their disclosure in the Annual Report on pages 15 to 18. They also considered the need for an internal audit function but decided the size and complexity of the Group did not justify it at present. However, it will keep this decision under annual review.

Report from the Remuneration & Nomination Committee

The Remuneration Committee performs both remuneration and nomination functions and during the year ended 31 March 2021 comprised Robert Wooldridge (Chair), Charles Joseland, and Qingtao Zeng. It meets as and when required but at least annually. The purpose of the remuneration function is to ensure that the directors are fairly rewarded for their individual contributions to the overall performance of the Group, to determine all elements of the remuneration of the executive directors and to demonstrate to the Group's shareholders that the remuneration of the directors is set by a Board committee whose Chairman has no personal interest in the outcome of the committee's decision and will have appropriate regard to the interests of the shareholders.

The purpose of the nomination function is to identify and nominate potential new directors to the Board as considered necessary and make recommendations on such appointments to be considered by the Board as a whole.

KODAL MINERALS PLC

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2021

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Group operates within a competitive environment and its performance depends on the individual contributions of the Directors.

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary; the remuneration will also reflect the Directors' responsibilities. The Remuneration Committee is considering a new long term incentive plan for management aligned with the Group's objectives and to drive shareholder value.

In light of the slowdown in activity of the Company and the risks to the business arising from the Covid-19 pandemic, together with the Company's limited working capital in the early months of the year, the Chairman and Chief Executive in April 2020 agreed to receive shares in the Company in lieu of their accrued but unpaid salaries and fees for the previous 6 months. In addition, over the first 7 months of the financial year certain directors agreed to forego part of their salaries and fees as follows:

| Director | Amount foregone (£) | Percentage of annual remuneration foregone |
|-------------------|---------------------|--|
| Robert Wooldridge | 17,750 | 39% |
| Bernard Aylward | 44,205 | 31% |
| Qingtao Zeng | 6,250 | 25% |

In November 2020, following a review of the Chief Executive's remuneration, the Board agreed to increase his annual remuneration by approximately 6.5%.

Other Board fees have remained unchanged during the year.

The remuneration of the Directors of the Company who served during the year ended 31 March 2021 was as follows:

| | Fees and salary year to 31 March 2021 | Share based payments year to 31 March 2021 | Total year to 31 March 2021 | Total year to 31 March 2020 |
|----------------------|--|---|--|--|
| | £ | £ | £ | £ |
| Bernard Aylward (a) | 96,510 | - | 96,510 | 113,539 |
| Luke Bryan | - | - | - | 7,161 |
| Charles Joseland (b) | 35,000 | - | 35,000 | 42,994 |
| Mark Pensabene | - | - | - | 13,955 |
| Robert Wooldridge | 27,250 | - | 27,250 | 45,888 |
| Qingtao Zeng (c) | 18,750 | - | 18,750 | 26,321 |
| | <u>177,510</u> | <u>-</u> | <u>177,510</u> | <u>249,858</u> |

a Matlock Geological Services Pty Ltd ("Matlock") a company wholly owned by Bernard Aylward, provided consultancy services to the Group during the year ended 31 March 2021 and received fees of

KODAL MINERALS PLC

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2021

£76,094 (2020 £76,764). These fees are included within the remuneration figure shown for Bernard Aylward.

- b In addition to the amounts included above, Carolus Consulting Ltd, a company wholly owned by Charles Joseland, provided consultancy services to the Group during the year and received fees of £nil (2020: £1,500).
- c In addition to the amounts included above, Geosmart Consulting Pty Ltd, a company wholly owned by Qingtao Zeng, provided consultancy services to the Group during the year and received fees of £10,595 (2020: £13,480).

The reference to “Share based payments” recorded in the consolidated statement of comprehensive income relate to a theoretical calculation of the non-cash cost to the Group of any share options granted to the directors that were awarded and still vesting to the Directors during the year. These would not represent cash payments to the Directors either made in the past or due in the future.

Notice periods of the Directors

Bernard Aylward’s appointment will continue until the earlier of: (i) the termination of the consultancy agreement between the Company and Matlock Geological Services Pty Ltd (a company wholly owned by Mr Aylward); and (ii) termination by either the Company or Mr Aylward on three months’ prior written notice. Charles Joseland’s, Robert Wooldridge’s and Qingtao Zeng’s service agreements are subject to three months’ notice of termination by either party.

Pensions

In compliance with the Pensions Act 2008 the Company has established a Workplace Pension Scheme for its UK based employees and Directors with effect from 1 July 2017. Prior to this date, the Company has not made any pension arrangements for the Directors. The Company made no contributions into the scheme on behalf of the Directors in the year.

KODAL MINERALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAL MINERALS PLC FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Kodal Minerals plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included a review of the forecast costs for a period of at least 12 months from the date of this report, consideration of the cash position of the group as at the date of this report and discussions with management regarding the necessity of planned expenditure and the possibilities available to them.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Summary of our audit approach

Key audit matters Group

- Valuation of exploration and evaluation intangible assets

Parent Company

- Impairment of non-current intercompany receivables
-

KODAL MINERALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAL MINERALS PLC FOR THE YEAR ENDED 31 MARCH 2021

| | |
|--------------------|---|
| Materiality | Group <ul style="list-style-type: none">• Overall materiality: £298,000 (2020: £213,000)• Performance materiality: £223,000 (2020: £160,000) |
| | Parent Company <ul style="list-style-type: none">• Overall materiality: £287,000 (2020: £192,000)• Performance materiality: £215,000 (2020: £144,000) |
| Scope | Our audit procedures covered 100% of total assets and loss before tax. |

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company 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 group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of exploration and evaluation intangible assets (Group)

| | |
|--|--|
| Key audit matter description | <p>As shown in the Statement of Financial Position and discussed in note 7, the group's main assets are in exploration and evaluation assets of £9.0m.</p> <p>This is considered to be a Key Audit Matter due to the significance of the balance to the Group Statement of Financial Position and the level of judgement involved in the impairment review. There is a risk that the carrying value of the assets are not supportable.</p> |
| How the matter was addressed in the audit | <p>Management completed impairment assessments for both the lithium and gold exploration and evaluation assets, on which our work included:</p> <ul style="list-style-type: none">• Agreed a sample of additions in the year to supporting documentation and recalculated the exchange rate used,• Discussing and challenging the assumptions, inputs and judgements with management and the audit committee,• Reviewing copies of correspondence with relevant licensing authorities and the terms of the license agreements,• Discussing future plans and management's intentions for the licenses held,• Considering the results of exploration activities, changes in commodity prices and foreign exchange fluctuations,• Audit of the disclosures included in the financial statements with reference to IFRS 6. <p>The related disclosures are included in note 7 in the financial statements.</p> |
| Key observations | <p>The majority of the additions to the intangible assets in 2021 relate to the gold assets, with minimal spend incurred on the lithium licenses during the year.</p> |

KODAL MINERALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAL MINERALS PLC FOR THE YEAR ENDED 31 MARCH 2021

Impairment of non-current intercompany receivables (Parent company)

| | |
|--|---|
| Key audit matter description | <p>At 31 March 2021 the Parent Company statement of financial position includes amounts owed by subsidiary undertakings of £7,916,150 (2020: £7,104,085), which includes an impairment of £876,686, recognised in 2020. There is a risk that these balances may not be recoverable owing to the pre-revenue state of the group's subsidiary undertakings and the uncertainty over the future cashflows. The balance is required to be assessed for impairment using the expected credit loss model under IFRS 9. Given the uncertainty over the recoverability, the size and the judgement involved in calculating the expected credit loss, this is considered a Key Audit Matter to the parent company.</p> |
| How the matter was addressed in the audit | <p>Management prepared an IFRS 9 expected credit loss model. Our work on this included:</p> <ul style="list-style-type: none">• Discussion with management and the audit committee regarding the scenarios applied and considered these against those used in the prior year for consistency,• Challenged management on the expected recovery under each scenario and the percentage likelihoods applied to each,• Re-calculated the expected credit loss,• Audit of the disclosures included in the financial statements with reference to IFRS 9. <p>The related disclosures are included in note 9 in the financial statements.</p> |
| Key observations | <p>The expected credit loss model prepared by management gave a trivial loss for 2021 which has not been recognised on the grounds of materiality.</p> |

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

| | Group | Parent company |
|--|---|---|
| Overall materiality | £298,000 (2020: £213,000) | £287,000 (2020: £192,000) |
| Basis for determining overall materiality | 2.25% of total assets | 2.27% of total assets |
| Rationale for benchmark applied | The group is in the early stages of E&E development and consequently the majority of expenses are capitalised under IFRS 6. The carrying value of assets is therefore the key metric considered by users of the financial statements. | The value of the company is reflected in its investment and intercompany balances with its subsidiaries and as such total assets is considered to be the appropriate benchmark. |
| Performance materiality | £223,000 (2020: £160,000) | £215,000 (2020: £144,000) |
| Basis for determining performance materiality | 75% of overall materiality | 75% of overall materiality |

KODAL MINERALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAL MINERALS PLC FOR THE YEAR ENDED 31 MARCH 2021

| | | |
|--|--|--|
| Reporting of misstatements to the Audit Committee | Misstatements in excess of £14,900 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds. | Misstatements in excess of £14,300 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds. |
|--|--|--|

An overview of the scope of our audit

The group consists of three components, located in the following countries;

- United Kingdom,
- Mali,
- Ivory Coast.

Full scope audits were performed on all three components and therefore 100% coverage of total assets and loss before tax was achieved.

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 financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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 set out on pages 20 and 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KODAL MINERALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAL MINERALS PLC FOR THE YEAR ENDED 31 MARCH 2021

In preparing the 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

| Legislation / Regulation | Additional audit procedures performed by the group audit engagement team included: |
|--|--|
| International Accounting Standards in conformity with the Companies Act 2006 and Companies Act 2006 | Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance. |

The areas that we identified as being susceptible to material misstatement due to fraud were:

KODAL MINERALS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KODAL MINERALS PLC FOR THE YEAR ENDED 31 MARCH 2021

| Risk | Audit procedures performed by the audit engagement team: |
|--|---|
| Management override of controls | Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. |

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

Use of our report

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

RSM UK Audit LLP

PAUL WATTS (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date: 25 August 2021

KODAL MINERALS PLC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

| | Note | Year ended 31 March 2021 £ | Year ended 31 March 2020 £ |
|--|------|-------------------------------------|-------------------------------------|
| Continuing operations | | | |
| Revenue | | - | - |
| Administrative expenses | | (512,885) | (590,389) |
| Share based payments | 5 | <u>(77,979)</u> | <u>(39,226)</u> |
| OPERATING LOSS | | (590,864) | (629,615) |
| Finance charge | | (32,506) | - |
| Finance income | | <u>-</u> | <u>111</u> |
| LOSS BEFORE TAX | 2 | (623,370) | (629,504) |
| Taxation | 6 | - | - |
| LOSS FOR THE YEAR FROM CONTINUING OPERATIONS | | (623,370) | (629,504) |
| OTHER COMPREHENSIVE INCOME | | | |
| Items that may be subsequently reclassified to profit or loss | | | |
| Currency translation (loss) / gain | | (223,635) | 148,618 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>(847,005)</u> | <u>(480,886)</u> |
| Loss per share | | | |
| Basic and diluted (pence) | 4 | (0.0054) | (0.0072) |

The loss for the current and prior years and the total comprehensive income for the current and the prior years are wholly attributable to owners of the parent company.

KODAL MINERALS PLC

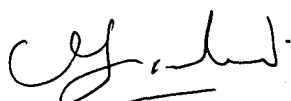
CONSOLIDATED AND PARENT COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

Registered number: 07220790

| | Note | Group 31 March 2021 £ | Group 31 March 2020 £ | Company 31 March 2021 £ | Company 31 March 2020 £ |
|--|------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| NON-CURRENT ASSETS | | | | | |
| Intangible assets | 7 | 8,964,089 | 8,642,568 | - | - |
| Property, plant and equipment | 8 | 8,677 | 14,549 | - | - |
| Amounts due from subsidiary undertakings | 9 | - | - | 7,916,150 | 7,104,085 |
| Investments in subsidiary undertakings | 9 | - | - | 512,373 | 512,373 |
| | | <u>8,972,766</u> | <u>8,657,117</u> | <u>8,428,523</u> | <u>7,616,458</u> |
| CURRENT ASSETS | | | | | |
| Other receivables | 10 | 1,854,908 | 19,978 | 1,854,908 | 19,978 |
| Cash and cash equivalents | | <u>2,432,807</u> | <u>33,221</u> | <u>2,376,329</u> | <u>28,147</u> |
| | | <u>4,287,715</u> | <u>53,199</u> | <u>4,231,237</u> | <u>48,125</u> |
| TOTAL ASSETS | | <u>13,260,481</u> | <u>8,710,316</u> | <u>12,659,760</u> | <u>7,664,583</u> |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 11 | <u>(624,616)</u> | <u>(658,713)</u> | <u>(321,851)</u> | <u>(239,230)</u> |
| TOTAL LIABILITIES | | <u>(624,616)</u> | <u>(658,713)</u> | <u>(321,851)</u> | <u>(239,230)</u> |
| NET ASSETS | | <u>12,635,865</u> | <u>8,051,603</u> | <u>12,337,909</u> | <u>7,425,353</u> |
| EQUITY | | | | | |
| Attributable to owners of the parent: | | | | | |
| Share capital | 12 | 4,916,364 | 2,889,606 | 4,916,364 | 2,889,606 |
| Share premium account | 12 | 15,841,134 | 12,514,604 | 15,841,134 | 12,514,604 |
| Share based payment reserve | | 807,802 | 729,823 | 807,802 | 729,823 |
| Translation reserve | | (210,460) | 13,175 | - | - |
| Retained deficit | | <u>(8,718,975)</u> | <u>(8,095,605)</u> | <u>(9,227,391)</u> | <u>(8,708,680)</u> |
| TOTAL EQUITY | | <u>12,635,865</u> | <u>8,051,603</u> | <u>12,337,909</u> | <u>7,425,353</u> |

The Company's loss for the year ended 31 March 2021 was £518,711 (2020: £1,454,166).

The financial statements were approved and authorised for issue by the board of directors on 25 August 2021 and signed on its behalf by



Charles Joseland
Director

KODAL MINERALS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

| Group | Attributable to the owners of the Parent | | | | | |
|--|--|----------------------------|----------------------------------|--------------------------|-----------------------|-------------------|
| | Share capital £ | Share premium account £ | Share based payment reserve £ | Translation reserve £ | Retained deficit £ | Total equity £ |
| At 31 March 2019 | 2,566,418 | 12,147,792 | 690,597 | (135,443) | (7,466,101) | 7,803,263 |
| Comprehensive income | | | | | | |
| Loss for the year | - | - | - | - | (629,504) | (629,504) |
| Other comprehensive income | | | | | | |
| Currency translation gain | - | - | - | 148,618 | - | 148,618 |
| Total comprehensive income for the year | - | - | - | 148,618 | (629,504) | (480,886) |
| Transactions with owners | | | | | | |
| Share based payment | - | - | 39,226 | - | - | 39,226 |
| Proceeds from shares issued | 323,188 | 366,812 | - | - | - | 690,000 |
| At 31 March 2020 | 2,889,606 | 12,514,604 | 729,823 | 13,175 | (8,095,605) | 8,051,603 |
| Comprehensive income | | | | | | |
| Loss for the year | - | - | - | - | (623,370) | (623,370) |
| Other comprehensive income | | | | | | |
| Currency translation (loss) | - | - | - | (223,635) | - | (223,635) |
| Total comprehensive income for the year | - | - | - | (223,635) | (623,370) | (847,005) |
| Transactions with owners | | | | | | |
| Share based payment | - | - | 77,979 | - | - | 77,979 |
| Proceeds from shares issued | 2,026,758 | 3,548,315 | - | - | - | 5,575,073 |
| Share issue expenses | - | (221,785) | - | - | - | (221,785) |
| At 31 March 2021 | 4,916,364 | 15,841,134 | 807,802 | (210,460) | (8,718,975) | 12,635,865 |

KODAL MINERALS PLC

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

| Company | Share capital £ | Share premium account £ | Share based payment reserve £ | Retained deficit £ | Total equity £ |
|--|--------------------|----------------------------|----------------------------------|-----------------------|-------------------|
| At 31 March 2019 | 2,566,418 | 12,147,792 | 690,597 | (7,254,514) | 8,150,293 |
| Comprehensive income | | | | | |
| Loss for the year | - | - | - | (1,454,166) | (1,454,166) |
| Total comprehensive income for the year | - | - | - | (1,454,166) | (1,454,166) |
| Transactions with owners | | | | | |
| Share based payment | - | - | 39,226 | - | 39,226 |
| Proceeds from shares issued | 323,188 | 366,812 | - | - | 690,000 |
| At 31 March 2020 | 2,889,606 | 12,514,604 | 729,823 | (8,708,680) | 7,425,353 |
| Comprehensive income | | | | | |
| Loss for the year | - | - | - | (518,711) | (518,711) |
| Total comprehensive income for the year | - | - | - | (518,711) | (518,711) |
| Transactions with owners | | | | | |
| Share based payment | - | - | 77,979 | - | 77,979 |
| Proceeds from shares issued | 2,026,758 | 3,548,315 | - | - | 5,575,073 |
| Share issue expenses | - | (221,785) | - | - | (221,785) |
| At 31 March 2021 | 4,916,364 | 15,841,134 | 807,802 | (9,227,391) | 12,337,909 |

KODAL MINERALS PLC

CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

| | Note | Group Year ended 31 March 2021 £ | Group Year ended 31 March 2020 £ | Company Year ended 31 March 2021 £ | Company Year ended 31 March 2020 £ |
|---|------|--|--|--|--|
| Cash flows from operating activities | | | | | |
| Loss before tax | | (623,370) | (629,504) | (518,711) | (1,454,166) |
| Adjustments for non-cash items: | | | | | |
| Share based payments | | 77,979 | 39,226 | 77,979 | 39,226 |
| Operating cash flow before movements in working capital | | (545,391) | (590,278) | (440,732) | (1,414,940) |
| Movement in working capital | | | | | |
| Decrease in receivables | | 3,965 | 1,033 | 3,965 | 1,033 |
| (Decrease) / increase in payables | | (34,097) | 61,463 | 82,621 | 44,828 |
| Net movements in working capital | | (30,132) | 62,496 | 86,586 | 45,861 |
| Net cash outflow from operating activities | | (575,523) | (527,782) | (354,146) | (1,369,079) |
| Cash flows from investing activities | | | | | |
| Purchase of intangible assets | 7 | (535,947) | (1,554,353) | - | - |
| Loans to subsidiary undertakings | | - | - | (812,065) | (592,171) |
| Net cash outflow from investing activities | | (535,947) | (1,554,353) | (812,065) | (592,171) |
| Cash flow from financing activities | | | | | |
| Net proceeds from share issues | 12 | 2,419,241 | 690,000 | 2,419,241 | 690,000 |
| Net proceeds from convertible loan notes | | 1,095,152 | - | 1,095,152 | - |
| Net cash inflow from financing activities | | 3,514,393 | 690,000 | 3,514,393 | 690,000 |
| Increase / (decrease) in cash and cash equivalents | | 2,402,923 | (1,392,135) | 2,348,182 | (1,271,250) |
| Cash and cash equivalents at beginning of the year | | 33,221 | 1,408,393 | 28,147 | 1,299,397 |
| Exchange (loss) / gain on cash | | (3,337) | 16,963 | - | - |
| Cash and cash equivalents at end of the year | | 2,432,807 | 33,221 | 2,376,329 | 28,147 |

Cash and cash equivalents comprise cash on hand and bank balances.

KODAL MINERALS PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2021

The Group has adopted the accounting policies set out below in the preparation of the financial statements. All of these policies have been applied consistently throughout the period unless otherwise stated.

Basis of preparation

The consolidated financial statements of Kodal Minerals Plc are prepared in accordance with the historical cost convention and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange.

Going concern

The Group has not earned revenue during the year to 31 March 2021 as it is still in the exploration and development phases of its business. The operations of the Group are currently being financed from funds which the Company has raised from the issue of new shares and other equity linked instruments.

At 31 March 2021, the Group held cash balances of £2,433,000 (2020: £33,000). An equity placement for £3.5 million took place in late March, but £1.8m of the proceeds were only received after the year-end in April. The Group's cash balances at 20 August 2021 were £3,248,876.

The Directors have prepared cash flow forecasts for the period ending 30 September 2022. The forecasts include payments for the Bougouni mining licence and second stage concession payments for the Fatou project, repayment of the \$300,000 advance from the Riverfort Investors, further development of the Feasibility Study, additional exploration activity for both gold and lithium, as well as covering ongoing overheads.

Further funding will be required in due course, but the forecasts show that the Group has sufficient cash resources available to allow it to continue as a going concern and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements without the need to raise further financing. Accordingly, the financial statements have been prepared on a going concern basis.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the statement of financial position date. Subsidiary undertakings are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Foreign currency translation

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in pounds sterling ("£"), which is the functional and presentational currency of the Parent Company and the presentational currency of the Group. End of year balances in the Group's West African subsidiary undertakings were converted using an end of year rate of XOF 1 : £0.00130 (2020: XOF 1 : £0.00135).

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gains or losses on translation are included in profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

KODAL MINERALS PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2021

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation, which is included in administrative expenses, is charged so as to write off the costs of assets down to their residual value, over their estimated useful lives, using the straight-line method, on the following basis:

| | |
|----------------------------------|---------|
| Plant and machinery | 4 years |
| Motor vehicles | 4 years |
| Fixtures, fittings and equipment | 4 years |

Where property, plant and equipment are used in exploration and evaluation activities, the depreciation of the assets is capitalised as part of the cost of exploration and evaluation assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognised.

Exploration and evaluation expenditure

In accordance with IFRS 6 (Exploration for and Evaluation of Mineral Resources), exploration and evaluation costs incurred before the Group obtains legal rights to explore in a specific area (a "project area") are taken to profit or loss.

Upon obtaining legal rights to explore in a project area, the fair value of the consideration paid for acquiring those rights and subsequent exploration and evaluation costs are capitalised as exploration and evaluation assets. The costs of exploring for and evaluating mineral resources are accumulated with reference to appropriate cost centres being project areas or groups of project areas.

Upon the technical feasibility and commercial viability of extracting the relevant mineral resources becoming demonstrable, the Group ceases further capitalisation of costs under IFRS 6.

Exploration and evaluation assets are not amortised prior to the conclusion of appraisal activities, but are carried at cost less impairment, where the impairment tests are detailed below.

Exploration and evaluation assets are carried forward until the existence (or otherwise) of commercial reserves is determined:

- where commercial reserves have been discovered, the carrying value of the exploration and evaluation assets are reclassified as development and production assets and amortised on an expected unit of production basis; or
- where a project area is abandoned, or a decision is made to perform no further work, the exploration and evaluation assets are written off in full to profit or loss.

Exploration and evaluation assets - impairment

Project areas, or groups of project areas, are determined to be cash generating units for the purposes of assessment of impairment.

With reference to a project area or group of project areas, the exploration and evaluation assets (along with associated production and development assets) are assessed for impairment when such facts and circumstances suggest that the carrying amount of the assets may exceed the recoverable amount.

Such indicators include, but are not limited to, those situations outlined in paragraph 20 of IFRS 6 and include the point at which a determination is made as to whether or not commercial reserves exist.

KODAL MINERALS PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2021

The aggregate carrying value is compared against the expected recoverable amount, generally by reference to the present value of the future net cash flows expected to be derived from production of the commercial reserves. Where the carrying amount exceeds the recoverable amount, an impairment is recognised in profit or loss.

Intangible assets and impairment

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives. Amortisation, which is included in administrative expenses, is charged so as to write off the costs of intangible assets, over their estimated useful lives, using the straight-line method, on the following basis:

| | |
|----------|---------|
| Software | 3 years |
|----------|---------|

Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax is realised, or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

IFRS 7 (Financial Instruments: Disclosures) requires information to be disclosed about the impact of financial instruments on the Group's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed. The required disclosures have been made in Note 14 to the financial statements.

The Group's policies include that no trading in derivative financial instruments shall be undertaken.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand.

Other receivables

Other receivables are carried at amortised cost less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is an expected credit loss on amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in profit or loss.

Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are carried at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

KODAL MINERALS PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2021

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Equity settled transactions (Share based payments)

The Group has issued shares as consideration for services received. Equity settled share-based payments are measured at fair value at the date of issue.

The Group has also granted equity settled options and warrants. The cost of equity settled transactions is measured by reference to the fair value at the date on which they were granted and is recognised as an expense over the vesting period, which ends on the date the recipient becomes fully entitled to the award. Fair value is determined by using the Black-Scholes option pricing model.

In valuing equity settled transactions, no account is taken of any service and performance conditions (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for the recipients to become fully entitled to an award are considered to be non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account in determining the grant value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous reporting date is recognised in profit and loss, with a corresponding entry in equity.

Where the terms of the equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity-based award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of the cancellation, and the cost not yet recognised in profit and loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, which has been identified as the Chief Operating Decision Maker. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments in line with the strategic direction of the Company.

KODAL MINERALS PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2021

Critical accounting judgements and estimates

The preparation of these consolidated financial statements in accordance with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRS also require management to exercise its judgement in the process of applying the Group's accounting policies.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

Exploration and evaluation expenditure

In accordance with the Group's accounting policy for exploration and evaluation expenditure, after obtaining licences giving legal rights to explore in the project area, all exploration and evaluation costs for each project are capitalised as exploration and evaluation assets.

The exploration and evaluation assets for each project are assessed for impairment when such facts and circumstances suggest that the carrying value of the assets may exceed the recoverable amount.

The directors have assessed the Group's gold Projects in Mali and Côte d'Ivoire that are not part of the joint venture agreements and determined that they remain prospective. Accordingly, the directors have determined to continue to maintain these licences and explore ways for the Group to advance these prospective areas most effectively. Accordingly, no impairment review has been conducted on these assets.

The directors have assessed the Group's Bougouni Lithium project in Mali, taking into account the Preliminary Feasibility Study published during the year. This project continues to be evaluated and has not yet entered into development; there is no indication of impairment. Accordingly, no impairment review has been conducted on these assets.

The Group's exploration activities and future development opportunities are dependent upon maintaining the necessary licences and permits to operate, which typically require periodic renewal or extension. In Mali and Côte d'Ivoire, the process of renewal or extension of a licence can only be initiated on expiry of the previous term and takes time to be processed by the relevant government authority. Until formal notification is received there is a risk that renewal or extension will not be granted.

As detailed in the Operational Review, at the date of these financial statements, the Group's key exploration licences are current. As detailed in note 7, the total carrying value of the exploration and evaluation assets at 31 March 2021 was £9.0 million (2020: £8.6 million). The Group complies with the prevailing laws and regulations relating to these licences and ensures that the regulatory reporting and government compliance requirements for each licence are met.

Valuation of warrants and share options

In accordance with the Group's accounting policy for equity settled transactions, all equity settled share-based payments are measured at fair value at the date of issue. Fair value is determined by using the Black-Scholes option pricing model based on the terms of the options and warrants, the Company's share price at the time and assumptions for volatility and exercise date. The assumptions used to value the options and warrants are detailed in note 5.

For options awarded to the directors, the award has been considered to be in relation to their overall contribution to the Group and, accordingly, the charge has been included within operating costs in the Consolidated Statement of Comprehensive Income rather than treated as an exploration and evaluation cost and capitalised against specific projects. For the award of warrants associated with the raising of funds through the issue of new shares, the charge has been treated as a share issue expense and offset against the share premium account.

KODAL MINERALS PLC

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2021

Recoverability of Intercompany Balances to Subsidiary Undertakings

The Company has outstanding intercompany balances from its directly held subsidiaries resulting from the primary method of financing the activity of those subsidiaries. The balances are shown in the Company Statement of Financial Position. However, there is a risk that the subsidiaries will not commence sufficient revenue generating activities and that the carrying amount of the intercompany balances will, therefore, exceed the recoverable amount. Under the requirements of IFRS 9 management has run various scenarios on the expected credit loss of the Company's intercompany balances, including entering production, project/asset sales, and insolvency. Management has updated its calculations reflecting additional amounts advanced to its subsidiaries for work on its lithium and gold projects during the year, and also slightly reduced the risk of credit loss given improvements since last year in the financial, lithium and gold markets. At 31 March 2021 a credit loss provision of £877,000 is held against amounts due from subsidiaries (2020: £877,000).

Adoption of New and Revised Standards

The Group has adopted all of the new or amended Accounting Standards and interpretations issued by the International Accounting Standards Board ("IASB") that are mandatory and relevant to the Group's activities for the current reporting period.

New standards and interpretations not applied

At the date of authorisation of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group. These are listed below. The Board anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The amendments to the standards noted below are not expected to have a material impact on the Group's consolidated financial statements.

| Standard | Details of amendment / New Standards and Interpretations | Annual periods beginning on or after |
|--|---|---|
| IAS 1 Presentation of Financial Statements | Amendments to IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. | 1 January 2023 |
| IAS 1 Presentation of Financial Statements | Amendments to IAS 1 Presentation of Financial Statements to specify the requirements for disclosure of accounting policies. | 1 January 2023 |

There are other standards in issue but not yet effective, which are not likely to be relevant to the Group which have therefore not been listed.

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. SEGMENTAL REPORTING

The operations and assets of the Group in the year ended 31 March 2021 are focused in the United Kingdom and West Africa and comprise one class of business: the exploration and evaluation of mineral resources. Management have determined that the Group had three operating segments being the West African Gold Projects, the West African Lithium Projects and the UK administration operations. The Parent Company acts as a holding company. At 31 March 2021, the Group had not commenced commercial production from its exploration sites and therefore had no revenue for the year.

| Year ended 31 March 2021 | UK | West Africa Gold | West Africa Lithium | Total |
|--------------------------|------------------|------------------|---------------------|------------------|
| | £ | £ | £ | £ |
| Administrative expenses | (512,349) | (409) | (127) | (512,885) |
| Share based payments | (77,979) | - | - | (77,979) |
| Finance charge | (32,506) | - | - | (32,506) |
| Loss for the year | (622,834) | (409) | (127) | (623,370) |

| | | | | |
|--|------------------|------------------|------------------|-------------------|
| At 31 March 2021 | | | | |
| Other receivables | 1,854,908 | - | - | 1,854,908 |
| Cash and cash equivalents | 2,377,831 | 30,846 | 24,130 | 2,432,807 |
| Trade and other payables | (321,851) | - | (302,765) | (624,616) |
| Intangible assets - exploration and evaluation expenditure | - | 1,491,269 | 7,472,820 | 8,964,089 |
| Property, plant and equipment | - | - | 8,677 | 8,677 |
| Net assets at 31 March 2021 | 3,910,888 | 1,522,115 | 7,202,862 | 12,635,865 |

| Year ended 31 March 2020 | UK | West Africa Gold | West Africa Lithium | Total |
|--------------------------|------------------|------------------|---------------------|------------------|
| | £ | £ | £ | £ |
| Administrative expenses | (589,806) | (500) | (83) | (590,389) |
| Share based payments | (39,226) | - | - | (39,226) |
| Finance income | 111 | - | - | 111 |
| Loss for the year | (628,921) | (500) | (83) | (629,504) |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| At 31 March 2020 | | | | |
| Other receivables | 19,978 | - | - | 19,978 |
| Cash and cash equivalents | 29,516 | 3,536 | 169 | 33,221 |
| Trade and other payables | (239,230) | (1,488) | (417,995) | (658,713) |
| Intangible assets - exploration and evaluation expenditure | - | 1,178,567 | 7,464,001 | 8,642,568 |
| Property, plant and equipment | - | - | 14,549 | 14,549 |
| Net (liabilities) / assets at 31 March 2020 | (189,736) | 1,180,615 | 7,060,724 | 8,051,603 |

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. LOSS BEFORE TAX

The loss before tax from continuing activities is stated after charging:

| | Group Year ended 31 March 2021 £ | Group Year ended 31 March 2020 £ |
|---------------------------------------|---|---|
| Fees payable to the Company's auditor | 35,000 | 30,000 |
| Share based payments (note 5) | 77,979 | 39,226 |
| Directors' salaries and fees | 127,265 | 164,939 |
| Employer's National Insurance | 5,672 | 1,956 |

Amounts payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows;

| | Group Year ended 31 March 2021 £ | Group Year ended 31 March 2020 £ |
|---|---|---|
| Audit services | | |
| - statutory audit of parent and consolidated accounts | 35,000 | 30,000 |

3. EMPLOYEES' AND DIRECTORS' REMUNERATION

The average number of people employed in the Company and the Group is as follows:

| | Group 31 March 2021 Number | Group 31 March 2020 Number | Company 31 March 2021 Number | Company 31 March 2020 Number |
|--|---|---|---|---|
| Average number of employees (including directors): | 9 | 9 | 4 | 4 |

The remuneration expense for directors of the Company is as follows:

| | Year ended 31 March 2021 £ | Year ended 31 March 2020 £ |
|----------------------------------|---|---|
| Directors' remuneration | 115,014 | 164,939 |
| Directors' social security costs | 5,673 | 1,956 |
| Total | 120,687 | 166,895 |

In addition to the amounts included above, £62,496 (2020: £67,300) of the directors' remuneration cost has been treated as Exploration and Evaluation expenditure.

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

| | Directors' salary and fees year ended 31 March 2021 | Share based payments year ended 31 March 2021 (see note 5) | Total year ended 31 March 2021 |
|----------------------|---|---|---|
| | £ | £ | £ |
| Bernard Aylward (a) | 96,510 | - | 96,510 |
| Charles Joseland (b) | 35,000 | - | 35,000 |
| Robert Wooldridge | 27,250 | - | 27,250 |
| Qingtao Zeng (c) | 18,750 | - | 18,750 |
| | <u>177,510</u> | <u>-</u> | <u>177,510</u> |

| | Directors' salary and fees year ended 31 March 2020 | Share based payments year ended 31 March 2020 (see note 5) | Total year ended 31 March 2020 |
|----------------------|---|---|---|
| | £ | £ | £ |
| Bernard Aylward (a) | 111,763 | 1,776 | 113,539 |
| Luke Bryan | 5,385 | 1,776 | 7,161 |
| Charles Joseland (b) | 33,430 | 9,564 | 42,994 |
| Mark Pensabene | 11,661 | 2,294 | 13,955 |
| Robert Wooldridge | 45,000 | 888 | 45,888 |
| Qingtao Zeng (c) | 25,000 | 1,321 | 26,321 |
| | <u>232,239</u> | <u>17,619</u> | <u>249,858</u> |

- a Matlock Geological Services Pty Ltd ("Matlock") a company wholly owned by Bernard Aylward, provided consultancy services to the Group during the year ended 31 March 2021 and received fees of £76,094 (2020 £76,764). These fees are included within the remuneration figure shown for Bernard Aylward.
- b In addition to the amounts included above, Carolus Consulting Ltd, a company wholly owned by Charles Joseland, provided consultancy services to the Group during the year and received fees of £nil (2020: £1,500).
- c In addition to the amounts included above, Geosmart Consulting Pty Ltd, a company wholly owned by Qingtao Zeng, provided consultancy services to the Group during the year and received fees of £10,595 (2020: £13,480).

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the result and share data used in the computations:

| | Loss £ | Weighted average number of shares | Basic loss per share (pence) |
|--------------------------|-----------|--------------------------------------|---------------------------------|
| Year ended 31 March 2021 | (623,370) | 11,529,513,459 | 0.0054 |
| Year ended 31 March 2020 | (629,504) | 8,786,936,058 | 0.0072 |

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Options in issue are not considered diluting to the loss per share as the Group is currently loss making. Diluted loss per share is therefore the same as the basic loss per share.

5. SHARE BASED PAYMENTS

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

| | Year ended 31 March 2021 Number | Year ended 31 March 2020 Number |
|----------------------------------|---------------------------------------|---------------------------------------|
| Share options outstanding | | |
| Opening balance | 205,000,000 | 195,000,000 |
| Issued in the year | - | 20,000,000 |
| Lapsed in the year | - | (10,000,000) |
| Closing balance | <u>205,000,000</u> | <u>205,000,000</u> |
| | | |
| | Year ended 31 March 2021 Number | Year ended 31 March 2020 Number |
| Warrants outstanding | | |
| Opening balance | 205,000,000 | 205,000,000 |
| Issued in the year | 389,282,755 | - |
| Exercised in the year | (308,927,092) | - |
| Closing balance | <u>285,355,663</u> | <u>205,000,000</u> |

Options outstanding for each of the directors at the year-end are outlined below:

| Exercisable between | Bernard Aylward | Robert Wooldridge | Qingtao Zeng | Charles Joseland |
|---------------------------|--------------------|----------------------|--------------|---------------------|
| 8 May 2017 – 8 May 2022 | 25,000,000 | 12,500,000 | - | - |
| 8 May 2018 – 8 May 2023 | 12,500,000 | 6,250,000 | - | - |
| 8 May 2019 – 8 May 2024 | 12,500,000 | 6,250,000 | - | - |
| 20 Nov 2017 – 20 Nov 2022 | - | - | 5,000,000 | - |
| 20 Nov 2018 – 20 Nov 2023 | - | - | 2,500,000 | - |

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

| | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| 20 Nov 2019 – 20 Nov 2024 | - | - | 2,500,000 | - |
| 18 April 2019 – 18 April 2024 | - | - | - | 3,333,334 |
| 18 April 2020 – 18 April 2025 | - | - | - | 3,333,333 |
| 18 April 2021 – 18 April 2026 | - | - | - | 3,333,333 |
| Closing balance | <u>50,000,000</u> | <u>25,000,000</u> | <u>10,000,000</u> | <u>10,000,000</u> |

The total value of options and warrants granted in the year was £29,912 (2020: £39,226). Included within operating losses is a charge for issuing share options and making share-based payments of £77,979 (2020: £39,226).

Details of share options and warrants outstanding at 31 March 2021:

| <i>Date of grant</i> | <i>Number of options</i> | <i>Option price</i> | <i>Exercisable between</i> |
|----------------------|--------------------------|---------------------|-----------------------------------|
| 20 December 2013 | 13,333,333 | 0.7 pence | 30 Dec 2014 – 30 Dec 2024 |
| 20 December 2013 | 13,333,333 | 0.7 pence | 30 Dec 2015 – 30 Dec 2025 |
| 20 December 2013 | 13,333,333 | 0.7 pence | 30 Dec 2016 – 30 Dec 2026 |
| 8 May 2017 | 72,500,000 | 0.38 pence | 8 May 2017 – 8 May 2022 |
| 8 May 2017 | 36,250,000 | 0.38 pence | 8 May 2018 – 8 May 2023 |
| 8 May 2017 | 36,250,000 | 0.38 pence | 8 May 2019 – 8 May 2024 |
| 22 May 2017 | 12,500,000 | 0.38 pence | 22 May 2017 – 22 May 2022 |
| 22 May 2017 | 6,250,000 | 0.38 pence | 22 May 2018 – 22 May 2023 |
| 22 May 2017 | 6,250,000 | 0.38 pence | 22 May 2019 – 22 May 2024 |
| 20 November 2017 | 5,000,000 | 0.38 pence | 20 Nov 2017 – 20 Nov 2022 |
| 20 November 2017 | 2,500,000 | 0.38 pence | 20 Nov 2018 – 20 Nov 2023 |
| 20 November 2017 | 2,500,000 | 0.38 pence | 20 Nov 2019 – 20 Nov 2024 |
| 23 November 2018 | 39,999,999 | 0.14-0.38 pence | 1 March 2019 – 1 March 2024 |
| 23 November 2018 | 50,000,001 | 0.14-0.38 pence | To be determined at a future date |
| 23 November 2018 | 90,000,000 | 0.14-0.38 pence | To be determined at a future date |
| 18 April 2019 | 3,333,334 | 0.14-0.25 pence | 18 April 2020 – 18 April 2025 |
| 18 April 2019 | 3,333,333 | 0.14-0.25 pence | 18 April 2021 – 18 April 2026 |
| 18 April 2019 | 3,333,333 | 0.14-0.25 pence | 18 April 2022 – 18 April 2027 |
| 15 July 2020 | 48,790,008 | 0.061 pence | 15 July 2023 |
| 27 October 2020 | 31,565,656 | 0.09 pence | 27 October 2023 |

Additional disclosure information:

Weighted average exercise price of share options and warrants:

| | |
|--|------------|
| • outstanding at the beginning of the period | 0.41 pence |
| • granted during the period | 0.06 pence |
| • outstanding at the end of the period | 0.35 pence |
| • exercisable at the end of the period | 0.33 pence |

| | |
|---|-----------|
| Weighted average remaining contractual life of share options outstanding at the end of the period | 3.2 years |
|---|-----------|

Warrants issued in the year to 31 March 2021

The Company entered into option agreements dated 7 April 2020, 15 July 2020 and 27 October 2020 with Riverfort Global Opportunities PCC Limited and YA II PN Ltd under which the following warrants were issued:

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

| Date | Warrants issued | Exercise price |
|-----------------|-----------------|----------------|
| 7 April 2020 | 228,571,428 | 0.04375 pence |
| 15 July 2020 | 97,580,016 | 0.061 pence |
| 27 October 2020 | 63,131,311 | 0.09 pence |

The warrants are all exercisable for a period of 36 months from the date of grant. Of the total warrants issued in the year, 308,927,092 had been exercised prior to the year end.

The fair values of the options and warrants granted were calculated using the Black-Scholes valuation model. The inputs into the model were:

| | 7 April 2020 | 15 July 2020 | 27 October 2020 |
|----------------|-----------------------------|-----------------------------|-----------------------------------|
| Strike price | 0.04375p | 0.061p | 0.09p |
| Share price | 0.0294p | 0.0294p | 0.0294p |
| Volatility | 75% | 75% | 75% |
| Expiry date | 7 April 2020 – 7 April 2023 | 15 July 2020 – 15 July 2023 | 27 October 2020 – 27 October 2023 |
| Risk free rate | 0.28% | 0.28% | 0.28% |
| Dividend yield | 0.0% | 0.0% | 0.0% |

Share options issued in the year to 31 March 2020

The Company entered into option agreements dated 18 April 2019 with Charles Joseland and dated 8 May 2019 with Mark Pensabene under which up to 10 million share options may be issued to each of Mr Joseland and Mr Pensabene in three tranches as follows:

| Exercise price per share | Tranche 1 | Tranche 2 | Tranche 3 | Total |
|--------------------------|-----------|-----------|-----------|------------|
| 0.14p | 1,666,667 | 1,666,667 | 1,666,666 | 5,000,000 |
| 0.25p | 1,666,667 | 1,666,666 | 1,666,667 | 5,000,000 |
| Total | 3,333,334 | 3,333,333 | 3,333,333 | 10,000,000 |

All the options have a life of 5 years from vesting. 34 per cent. of the options vest in one year, with a further 33 per cent. vesting in two years and the remaining 33 per cent. vesting in three years' time. The options issued to Mr Pensabene lapsed on 31 October 2019 when Mr Pensabene resigned before the options had vested.

The fair values of the options and warrants granted were calculated using the Black-Scholes valuation model. The inputs into the model were:

| | 18 April 2019 | 8 May 2019 |
|----------------|-------------------------------|-------------------------|
| Strike price | 0.14p – 0.25p | 0.14p – 0.25p |
| Share price | 0.08p – 0.11p | 0.07p – 0.09p |
| Volatility | 69% | 69% |
| Expiry date | 18 April 2020 – 18 April 2027 | 8 May 2020 – 8 May 2027 |
| Risk free rate | 0.11% - 0.19% | 0.12% - 0.20% |
| Dividend yield | 0.0% | 0.0% |

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6. TAXATION

| | Group Year ended 31 March 2021 £ | Group Year ended 31 March 2020 £ |
|--|---|---|
| Taxation charge for the year | - | - |
| Factors affecting the tax charge for the year | | |
| Loss from continuing operations before income tax | (623,370) | (629,504) |
| Tax at 19% (2019: 19%) | (118,440) | (119,606) |
| Expenses not deductible | - | 606 |
| Losses carried forward not deductible | 103,624 | 111,547 |
| Deferred tax differences | 14,816 | 7,453 |
| Income tax expense | - | - |

The Group has tax losses and other potential deferred tax assets totalling £2,425,000 (2020: £2,258,000) which will be able to be offset against future income. No deferred tax asset has been recognised in respect of these losses as the timing of their utilisation is uncertain at this stage.

7. INTANGIBLE ASSETS

| | Exploration and evaluation £ |
|---|------------------------------------|
| GROUP COST | |
| At 1 April 2019 | 6,951,209 |
| Additions in the year | 1,601,526 |
| Effects of foreign exchange | 89,833 |
| At 1 April 2020 | 8,642,568 |
| Additions in the year | 541,772 |
| Effects of foreign exchange | (220,251) |
| At 31 March 2021 | 8,964,089 |
| AMORTISATION | |
| At 1 April 2019 and 1 April 2020 and 31 March 2021 | - |
| NET BOOK VALUES | |
| At 31 March 2021 | 8,964,089 |
| At 31 March 2020 | 8,642,568 |
| At 31 March 2019 | 6,951,209 |

The Company did not have any Intangible Assets as at 31 March 2019, 2020 and 2021.

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. PROPERTY, PLANT AND EQUIPMENT

| | Plant and machinery £ |
|-----------------------------|-----------------------------|
| GROUP COST | |
| 1 April 2019 | 26,447 |
| Additions in the year | - |
| Effects of foreign exchange | 577 |
| | <hr/> |
| At 1 April 2020 | 27,024 |
| Additions in the year | 526 |
| Effects of foreign exchange | (1,471) |
| | <hr/> |
| At 31 March 2021 | 26,079 |
| | <hr/> |
| DEPRECIATION | |
| At 1 April 2019 | 6,546 |
| Depreciation charge | 5,929 |
| | <hr/> |
| At 1 April 2020 | 12,475 |
| Depreciation charge | 5,825 |
| Effects of foreign exchange | (898) |
| | <hr/> |
| At 31 March 2021 | 17,402 |
| | <hr/> |
| NET BOOK VALUES | |
| At 31 March 2021 | 8,677 |
| | <hr/> |
| At 31 March 2020 | 14,549 |
| | <hr/> |
| At 31 March 2019 | 19,901 |
| | <hr/> |

All tangible assets are wholly associated with exploration and development projects and therefore the amounts charged in respect of depreciation are capitalised as evaluation and exploration assets within intangible assets.

The Company did not have any Property, Plant and Equipment as at 31 March 2019, 2020 and 2021.

9. SUBSIDIARY UNDERTAKINGS

a. AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS

| | Company 31 March 2021 £ | Company 31 March 2020 £ |
|--|-------------------------------|-------------------------------|
| Amounts due from subsidiary undertakings | 7,916,150 | 7,104,085 |
| | <hr/> | <hr/> |
| | 7,916,150 | 7,104,085 |
| | <hr/> | <hr/> |

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Under the requirements of IFRS 9 management has run various scenarios on the expected credit loss of the Company's intercompany balances, including entering production, project/asset sales, and insolvency. Management has updated its calculations reflecting additional amounts advanced to its subsidiaries for work on its lithium and gold projects during the year, and also slightly reduced the risk of credit loss given improvements since last year in the financial, lithium and gold markets. At 31 March 2021 a credit loss provision of £877,000 is held against amounts due from subsidiaries (2020: £877,000).

b. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The consolidated financial statements include the following subsidiary companies:

| <u>Company</u> | <u>Subsidiary of</u> | <u>Country of incorporation</u> | <u>Registered office</u> | <u>Equity holding</u> | <u>Nature of business</u> |
|---|--|---------------------------------|--|-----------------------|---------------------------|
| Kodal Norway (UK) Ltd | Kodal Minerals Plc | United Kingdom | Prince Frederick House, 35-39 Maddox Street, London W1S 2PP | 100% | Operating company |
| International Goldfields (Bermuda) Limited | Kodal Minerals Plc | Bermuda | MQ Services Ltd Victoria Place, 31 Victoria Street, Hamilton HM 10 Bermuda | 100% | Holding company |
| International Goldfields Côte d'Ivoire SARL | International Goldfields (Bermuda) Limited | Côte d'Ivoire | Abidjan Cocody Les Deux Plateaux 7eme Tranche BP Abidjan Côte d'Ivoire | 100% | Mining exploration |
| International Goldfields Mali SARL | International Goldfields (Bermuda) Limited | Mali | Bamako, Faladi, Mali Univers, Rue 886 B, Porte 487 Mali | 100% | Mining exploration |
| Jigsaw Resources CIV Ltd | International Goldfields (Bermuda) Limited | Bermuda | MQ Services Ltd Victoria Place, 31 Victoria Street, Hamilton HM 10 Bermuda | 100% | Mining exploration |
| Corvette SARL | Jigsaw Resources CIV Ltd | Côte d'Ivoire | Abidjan Cocody Les Deux Plateaux 7eme Tranche BP Abidjan Côte d'Ivoire | 100% | Mining exploration |
| Future Minerals SARL | International Goldfields (Bermuda) Limited | Mali | Bamako, Faladi, Mali Univers, Rue 886 B, Porte 487 Mali | 100% | Mining exploration |

Kodal Minerals plc has issued a guarantee under section 479C to its subsidiary, Kodal Norway (UK) Ltd ("Kodal Norway", company number 08491224) in respect of its activities for the year ended 31 March 2021 to allow Kodal Norway to take advantage of the exemption under s479A of the Companies Act 2006 from the requirements of the Act relating to audit of its individual accounts for the year ended 31 March 2021.

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

| | Year ended 31 March 2021 £ | Year ended 31 March 2020 £ |
|--|----------------------------------|----------------------------------|
| Carrying value of investment in subsidiaries | | |
| Opening balance | 512,373 | 512,373 |
| Impairment in the year | - | - |
| Closing balance | <u>512,373</u> | <u>512,373</u> |

10. OTHER RECEIVABLES

| | Group 31 March 2021 £ | Group 31 March 2020 £ | Company 31 March 2021 £ | Company 31 March 2020 £ |
|---------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Share issue proceeds receivable | 1,838,895 | - | 1,838,895 | - |
| Other receivables | <u>16,013</u> | <u>19,978</u> | <u>16,013</u> | <u>19,978</u> |
| | <u>1,854,908</u> | <u>19,978</u> | <u>1,854,908</u> | <u>19,978</u> |

All receivables at each reporting date are current. No receivables are past due. The Directors consider that the carrying amount of the other receivables approximates their fair value and there are no expected credit losses.

11. TRADE AND OTHER PAYABLES

| | Group 31 March 2021 £ | Group 31 March 2020 £ | Company 31 March 2021 £ | Company 31 March 2020 £ |
|----------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade payables | 357,514 | 456,847 | 55,401 | 147,438 |
| Other payables | <u>267,102</u> | <u>201,866</u> | <u>266,451</u> | <u>91,792</u> |
| | <u>624,616</u> | <u>658,713</u> | <u>321,852</u> | <u>239,230</u> |

All trade and other payables at each reporting date are current. The Directors consider that the carrying amount of the trade and other payables approximates their fair value.

12. SHARE CAPITAL

GROUP AND COMPANY

Allotted, issued and fully paid:

| | Note | Nominal Value | Number of Ordinary Shares | Share Capital £ | Share Premium £ |
|----------------------------------|------|------------------|---------------------------------|--------------------|-----------------------|
| At 31 March 2019 | | | 8,212,539,503 | 2,566,418 | 12,147,792 |
| July 2019 | a | £0.0003125 | 718,750,000 | 224,609 | 228,516 |
| July 2019 – Treasury shares held | | £0.0003125 | (250,000,000) | (78,125) | - |

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

| | | | | | |
|-------------------------------------|---|------------|-------------|--------|--------|
| August 2019 | b | £0.0003125 | 65,451,616 | 20,454 | 44,546 |
| October 2019 | c | £0.0003125 | 250,000,000 | 78,125 | 93,750 |
| October 2019 – Treasury shares sold | | £0.0003125 | 250,000,000 | 78,125 | - |

| | | | | | |
|-------------------------|---|------------|-----------------------|------------------|-------------------|
| At 31 March 2020 | | | 9,246,741,119 | 2,889,606 | 12,514,604 |
| April 2020 | d | £0.0003125 | 1,428,571,429 | 446,429 | 202,102 |
| April 2020 | e | £0.0003125 | 378,323,379 | 118,226 | 14,187 |
| June 2020 | f | £0.0003125 | 56,987,211 | 17,809 | 2,137 |
| September 2020 | g | £0.0003125 | 228,571,428 | 71,429 | 28,571 |
| October 2020 | h | £0.0003125 | 125,034,486 | 39,073 | 40,199 |
| November 2020 | i | £0.0003125 | 85,063,264 | 26,582 | 27,348 |
| December 2020 | j | £0.0003125 | 118,600,205 | 37,063 | 38,130 |
| January 2021 | k | £0.0003125 | 176,190,315 | 55,059 | 56,645 |
| January 2021 | l | £0.0003125 | 347,078,879 | 108,462 | 111,586 |
| February 2021 | m | £0.0003125 | 153,379,428 | 47,931 | 74,314 |
| March 2021 | n | £0.0003125 | 128,080,136 | 40,025 | 68,131 |
| March 2021 | o | £0.0003125 | 210,896,619 | 65,905 | 114,538 |
| March 2021 | p | £0.0003125 | 168,489,949 | 52,653 | 91,507 |
| March 2021 | q | £0.0003125 | 2,800,000,000 | 875,000 | 2,424,075 |
| March 2021 | r | £0.0003125 | 48,790,008 | 15,247 | 14,515 |
| March 2021 | s | £0.0003125 | 31,565,656 | 9,864 | 18,545 |
| At 31 March 2021 | | | 15,732,363,511 | 4,916,364 | 15,841,134 |

- a) On 29 July 2019, a total of 718,750,000 shares were issued in a placing at an issue price of 0.08 pence per share. Of these placing shares, 250,000,000 shares were allotted to SVS Securities plc which entered administration on 5 August 2019 and did not complete its placing participation. These shares were held as treasury shares at 30 September 2019 and were then placed on 28 October 2019.
- b) On 2 August 2019, a total of 65,451,616 shares were issued to Bambara Resources SARL at an issue price of 0.099 pence per share.
- c) On 28 October 2019, a total of 250,000,000 shares were issued in a placing and subscription at a price of 0.05 pence per share. In addition, the Company placed the 250,000,000 shares allotted to SVS Securities plc in July 2019 at the same price.
- d) On 7 April 2020, a total of 1,428,571,429 shares were issued to Riverfort Global Opportunities PCC Limited and YA II PN Ltd (the "Investors") in connection with the Equity Sharing Agreement ("ESA"). The shares issued under the ESA were issued at an average price of 0.04686 pence per share. Share issue expenses of £20,860 were offset against the share premium account.
- e) On 7 April 2020, a total of 378,323,379 shares were issued at an issue price of 0.035 pence per share to a number of Directors and senior management as payment for salaries or fees owed.

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- f) On 29 May 2020, a total of 56,987,211 shares were issued at a price of 0.035 pence per share to satisfy payment of certain third party professional fees.
- g) On 7 September 2020, a total of 228,571,428 shares were issued to the Investors at a price of 0.04375 pence per share in connection with the exercise of warrants issued in connection with the ESA.
- h) On 15 October 2020, the Investors elected to convert a total amount of \$102,352.31 (equivalent to £79,271.86), made up of a principal amount of US\$100,004.40 and accrued interest of \$2,347.91, into 125,034,486 ordinary shares at a price of 0.06340 pence per share.
- i) On 2 November 2020, the Investors elected to convert a total amount of \$70,358.92 (equivalent to £53,930.11), made up of a principal amount of \$70,000.00 and accrued interest of \$358.92, into 85,063,264 ordinary shares at a price of 0.06340 pence per share.
- j) On 15 December 2020, the Investors elected to convert a total amount of \$101,160.41 (equivalent to £75,192.53), made up of a principal amount of \$100,000.00 and accrued interest of \$1,160.41, into 118,600,205 ordinary shares at a price of 0.06340 pence per share.
- k) On 5 January 2021, the Investors elected to convert a total amount of \$150,809.59 (equivalent to £111,704.66), made up of a principal amount of \$150,000.00 and accrued interest of \$809.59, into 176,190,315 ordinary shares at a price of 0.06340 pence per share.
- l) On 8 January 2021, the Investors elected to convert a total amount of \$300,242.88 (equivalent to £220,048.01), made up of a principal amount of \$300,000.00 and accrued interest of \$242.88, into 347,078,879 ordinary shares at a price of 0.06340 pence per share.
- m) On 19 February 2021, the Investors elected to convert a total amount of \$169,384.70 (equivalent to £122,244.94), made up of a principal amount of \$150,000.00 and accrued interest of \$19,384.70, into 153,379,428 ordinary shares at a price of 0.079701 pence per share.
- n) On 17 March 2021, the Investors elected to convert a total amount of \$150,971.51 (equivalent to £108,155.99), made up of a principal amount of \$150,000 and accrued interest of \$971.51, into 128,080,136 ordinary shares at a price of 0.084444 pence per share.
- o) On 22 March 2021, the Investors elected to convert a total amount of \$250,337.33 (equivalent to £180,443.15), made up of a principal amount of \$250,000 and accrued interest of \$337.33, into 210,896,619 ordinary shares at a price of 0.08556 pence per share.
- p) On 22 March 2021, the Investors elected to convert a total amount of US\$200,000 (equivalent to £144,160), made up of a principal amount of US\$200,000 and no accrued interest, into 168,489,949 ordinary shares at a price of 0.08556 pence per share.
- q) On 25 March 2021, a total of 2,800,000,000 shares were issued in a placing at a price of 0.125 pence per share. Share issue expenses of £200,925 were offset against the share premium account.
- r) On 25 March 2021, a total of 48,790,008 shares were issued to the Investors at a price of 0.061 pence per share in connection with the exercise of warrants.
- s) On 25 March 2021, a total of 31,565,656 shares were issued to the Investors at a price of 0.09 pence per share in connection with the exercise of warrants.

13. RESERVES

| Reserve | Description and purpose |
|-----------------------------|---|
| Share premium | Amount subscribed for share capital in excess of nominal value. |
| Share based payment reserve | Cumulative fair value of options and share rights recognised as an expense. Upon exercise of options or share rights, any proceeds received are credited to share capital. The share-based payment reserve remains as a separate component of equity. |
| Translation reserve | Gains/losses arising on re-translating the net assets of overseas operations into sterling. |
| Retained earnings | Cumulative net gains and losses recognised in the consolidated statement of |

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

financial position.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and cash equivalents, other receivables and trade and other payables.

The main purpose of cash and cash equivalents is to finance the Group's operations. The Group's other financial assets and liabilities such as other receivables and trade and other payables, arise directly from its operations.

It has been the Group's policy, throughout the periods presented in the consolidated financial statements, that no trading in financial instruments was to be undertaken, and no such instruments were entered in to.

The main risk arising from the Group's financial instruments is market risk. The Directors consider other risks to be more minor, and these are summarised below. The Board reviews and agrees policies for managing each of these risks.

Market risk

Market risk is the risk that changes in market prices, and market factors such as foreign exchange rates and interest rates will affect the Group's results or the value of its assets and liabilities.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

The Group does not have any borrowings and does not pay interest.

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate. These financial assets with variable rates expose the Group to interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing.

In regard to its interest rate risk, the Group periodically analyses its exposure. Within this analysis consideration is given to alternative investments and the mix of fixed and variable interest rates. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The Group in the year to 31 March 2021 earned interest of £nil (2020: £111). Due to the Group's relatively low level of interest-bearing assets and the very low interest rates available in the market the Group is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty could default on its contractual obligations resulting in financial loss to the Group. The Group's principal financial assets are cash balances and other receivables.

The Group has adopted a policy of only dealing with what it believes to be creditworthy counterparties and would consider obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure to and the credit ratings of its counterparties are continuously monitored. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned.

Other receivables consist primarily of prepayments and other sundry receivables and none of the amounts included therein are past due or impaired.

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial instruments by category – Group

| | Loans and receivables | Other financial liabilities at amortised cost | Total |
|---------------------------|--------------------------|---|------------------|
| 31 March 2021 | | | |
| Assets | | | |
| Other receivables | 1,854,908 | - | 1,854,908 |
| Cash and cash equivalents | 2,432,807 | - | 2,432,807 |
| Total | 4,287,715 | - | 4,287,715 |
| Liabilities | | | |
| Trade and other payables | - | (624,616) | (624,616) |
| Total | - | (624,616) | (624,616) |
| 31 March 2020 | £ | £ | £ |
| Assets | | | |
| Other receivables | 19,978 | - | 19,978 |
| Cash and cash equivalents | 33,221 | - | 33,221 |
| Total | 53,199 | - | 53,199 |
| Liabilities | | | |
| Trade and other payables | - | (658,713) | (658,713) |
| Total | - | (658,713) | (658,713) |

Foreign exchange risk

Throughout the periods presented in the consolidated financial statements, the functional currency for the Group's West African subsidiaries has been the CFA Franc.

The Group incurs certain exploration costs in the CFA Franc, US Dollars and Australian Dollars and has exposure to foreign exchange rates prevailing at the dates when Sterling funds are translated into other currencies. The CFA Franc has a fixed exchange rate to the Euro and the Group therefore has exposure to movements in the Sterling : Euro exchange rate. The Group has not hedged against this foreign exchange risk as the Directors do not consider that the level of exposure poses a significant risk.

The Group continues to keep the matter under review as further exploration and evaluation work is performed in West Africa and other countries and will develop currency risk mitigation procedures if the significance of this risk materially increases.

The Group's consolidated financial statements have a low sensitivity to changes in exchange due to the low value of assets and liabilities (principally cash balances) maintained in foreign currencies. Once any project moves into the development phase a greater proportion of expenditure is expected to be denominated in foreign currencies which may increase the foreign exchange risk.

KODAL MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial instruments by currency – Group

| | GBP | USD | NOK | AUD | XOF | Total |
|---------------------------|------------------|----------------|--------------|----------|---------------|------------------|
| 31 March 2021 | | | | | | |
| Assets | | | | | | |
| Other receivables | 1,854,908 | - | - | - | - | 1,854,908 |
| Cash and cash equivalents | 2,202,748 | 173,586 | 1,497 | - | 54,976 | 2,432,807 |
| Total | 4,057,656 | 173,586 | 1,497 | - | 54,976 | 4,287,715 |
| Liabilities | | | | | | |
| Trade and other payables | (83,714) | (539,503) | - | (749) | (650) | (624,616) |
| 31 March 2020 | | | | | | |
| Assets | | | | | | |
| Other receivables | 19,978 | - | - | - | - | 19,978 |
| Cash and cash equivalents | 28,147 | - | 1,370 | - | 3,704 | 33,221 |
| Total | 48,125 | - | 1,370 | - | 3,704 | 53,199 |
| Liabilities | | | | | | |
| Trade and other payables | (179,506) | (314,468) | - | (54,665) | (110,074) | (658,713) |

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The Group has established policies and processes to manage liquidity risk. These include:

- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows;
- Monitoring liquidity ratios (working capital); and
- Capital management procedures, as defined below.

Capital management

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, whilst in the meantime safeguarding the Group's ability to continue as a going concern. This is to enable the Group, once projects become commercially and technically viable, to provide appropriate returns for shareholders and benefits for other stakeholders.

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The Group has historically relied on equity to finance its growth and exploration activity, raised through the issue of shares. In the future, the Board will utilise financing sources, be that debt or equity, that best suits the Group's working capital requirements and taking into account the prevailing market conditions.

Fair value

The fair value of the financial assets and financial liabilities of the Group, at each reporting date, approximates to their carrying amount as disclosed in the Statement of Financial Position and in the related notes.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The cash and cash equivalents, other receivables, trade payables and other current liabilities approximate their carrying value amounts largely due to the short-term maturities of these instruments.

Disclosure of financial instruments and financial risk management for the Company has not been performed as they are not significantly different from the Group's position described above.

15. RELATED PARTY TRANSACTIONS

The Directors represent the key management personnel of the Group and details of their remuneration are provided in note 3.

Robert Wooldridge, a Director, is a member of SP Angel Corporate Finance LLP ("SP Angel") which acts as financial adviser and broker to the Company. During the year ended 31 March 2021, the Company paid fees to SP Angel of £240,381 (2020: £58,323). The balance due to SP Angel at 31 March 2021 was £nil (2020: £7,979).

Matlock Geological Services Pty Ltd ("Matlock") a company wholly owned by Bernard Aylward, a Director, provided consultancy services to the Group during the year ended 31 March 2021 and received fees of £76,094 (2019 £76,764). These fees are included within the remuneration figure shown for Bernard Aylward in note 3. The balance due to Matlock at 31 March 2021 was £nil (2020: £21,626).

Geosmart Consulting Pty Ltd ("Geosmart"), a company wholly owned by Qingtao Zeng, a Director, provided consultancy services to the Group during the year ended 31 March 2021 and received fees of £10,595 (2020: £13,480). The balance due to Geosmart at 31 March 2021 was £nil (2020: £2,502).

Carolus Consulting Ltd ("Carolus"), a company wholly owned by Charles Joseland, a Director, provided consultancy services to the Group during the year ended 31 March 2021 and received fees of £nil (2020: £1,500). The balance due to Carolus at 31 March 2021 was £nil (2020: £nil).

16. CONTROL

No one party is identified as controlling the Group.

17. CAPITAL COMMITMENTS

The Group had capital commitments to exploration and evaluation expenditure of £nil (2020: £130,000).

18. EVENTS AFTER THE REPORTING PERIOD

On 21 May 2021, a total of 80,355,664 shares were issued to the Investors in connection with the exercise of warrants. 48,790,008 warrants were issued in July 2020 with an exercise price of 0.061 pence per share and 31,565,656 warrants were issued in October 2020 with an exercise price of 0.09 pence per share.