Caracal Gold plc / EPIC: GCAT / Market: Main / Sector: Mining

29 April 2022

Caracal Gold plc ('Caracal' or the 'Company')

Interim Results for the 12 months to 31 December 2021

Caracal Gold plc, the expanding East African gold producer with over 650,000oz JORC-compliant gold resources, announces its interim results for the 12 months to 31 December 2021.

Chief executive of Caracal Gold Plc, Robbie McCrae, said: "Since our listing in September 2021 Caracal has firmly established itself as a gold producer and developer, with established operations in East Africa and over 650,000oz JORC-compliant gold resources. Our strategy is firmly focussed on building production and profitability, with an initial target of realising +50,000oz annual gold production and +3Moz JORC Compliant Resources across our portfolio. To this end we are already making strong headway; a three-phase operational plan is well underway at our flagship Kilimapesa gold mine In Kenya as we look to increase gold production to 24,000oz pa and improve efficiencies.

"Alongside this, in December 2021 we were delighted to acquire two highly prospective projects in the world-class Lake Victoria Gold Fields in Tanzania, one of Africa's largest gold producing regions. With high-grade, shallow gold resources amenable to conventional open pit operations, a current collective resource of 978,751oz gold and further upside identified, including an additional 448,000oz, these projects offer significant development potential. Add to this the strong performance of the gold price, which is moving ever closer to the US$2,000/oz mark, and the value fundamentals of our company are clear. The Caracal management team is looking forward to an equally eventful FY 2022 as we advance Kilimapesa and our new projects in Tanzania. I would like to thank shareholders for their support and look forward to delivering on our vision to become a significant gold player in East Africa in the year ahead."

FINANCIAL RESULTS

CARACAL GOLD PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	12 months ended 31 December 2021 £'000 (unaudited)	6 months ended 31 December 2020 £'000 (unaudited)
Continuing operations			
Revenue		4,433	1,009
Cost of sales		(5,630)	(1,488)
Gross loss		**(1,197)**	**(479)**

Administrative expenses		(3,038)	(117)
Share-based payments	12	(668)	-
Operating loss before finance costs		**(4,903)**	**(596)**
Finance costs		(48)	(50)
Other income: interest received		2	-
Foreign exchange gain/ (loss)		(70)	(190)
Reverse acquisition expense	5	(3,393)	-
Loss before taxation		**(8,412)**	**(836)**
Taxation		-	-
Loss for the period		**(8,412)**	**(836)**
Other comprehensive income **-** items that may be reclassified subsequently to profit and loss account			
Translation of foreign operations		220	513
Total other comprehensive loss		**220**	**513**
Total comprehensive loss for the period attributable to the owners of the Parent Company		**(8,192)**	**(323)**
Loss per share - basic and diluted (pence)	7	(0.54p)	(139.00p)

CARACAL GOLD PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 December 2021 £'000 (unaudited)**	**As at 30 June 2021 £'000 (audited)**
Non-Current Assets			
Property, plant and equipment	8	2,561	2,105
Intangible assets	9	971	1,079
Total Non-Current Assets		**3,532**	**3,184**
Current assets			
Inventories	10	1,232	549
Trade and other receivables		2,749	1,298
Cash and cash equivalents		35	1
Total Current Assets		**4,016**	**1,848**

Total Assets		**7,548**	**5,032**
Equity and Liabilities			
Share capital	11	1,639	4,430
Share premium	11	13,039	-
Translation reserve		502	321
Reverse acquisition reserve	5	8,385	-
Share-based payment reserve		668	-
Retained earnings		(18,170)	(10,340)
Total Equity		**6,063**	**(5,589)**
Non-Current Liabilities			
Loans and borrowings		72	9,266
Total Non-Current Liabilities		**72**	**9,266**
Current Liabilities			
Trade and other payables		1,409	1,324
Loans and borrowings - non-interest bearing		4	10
Loans and borrowings - interest bearing		-	21
Total Current Liabilities		**1,413**	**1,355**
Total Liabilities		**1,485**	**10,621**
Total Equity and Liabilities		**7,548**	**5,032**

CARACAL GOLD PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share-based payment reserve	Reverse acquisition reserve	Foreign currency reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2020 (audited)	4,430	**-**	**-**	**-**	**(231)**	**(8,922)**	**(4,723)**
Loss for the Period	-	-	-	-	-	(836)	(836)
Other comprehensive lincome	-	-	-	-	513	-	513
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**513**	**(836)**	**(323)**
Balance at 31 December 2020 (unaudited)	4,430	**-**	**-**	**-**	**282**	**(9,758)**	**(5,046)**
Loss for period	-	-	-	-	-	(582)	(582)

Other comprehensive income	-	-	-	-	39	-	39
Total comprehensive loss for the period	-	-	-	-	39	(582)	(543)
Balance at 30 June 2021 (audited)	**4,430**	**-**	**-**	**-**	**321**	**(10,340)**	**(5,589)**
Loss for period	-	-	-	-	-	(7,830)	(7,830)
Other comprehensive income	-	-	-	-	181	-	181
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**181**	**(7,830)**	**(7,649)**
Transfer to reverse acquisition reserve	(4,430)	-	-	4,430	-	-	-
Recognition of plc equity at acquisition date	132	602	-	8,573	-	-	9,307
Issue of shares for acquisition of subsidiary	462	4,156	-	(4,618)	-	-	-
Issue of shares for placing at Admission	670	5,133	-	-	-	-	5,803
Issue of other shares at Admission for to settle loans and creditors	296	2,690	-	-	-	-	2,986
Issue of shares in settlement of fees post Admission	15	136	-	-	-	-	151
Issue of shares for further placings post Admission	64	736	-	-	-	-	800
Share based-payment	-	-	668	-	-	-	668
Cost of share issues	-	(414)	-	-	-	-	(414)
Total transactions with owners	**(2,791)**	**13,039**	**668**	**8,385**	**-**	**-**	**19,301**
Balance at 31 December 2021 (unaudited)	**1,639**	**13,039**	**668**	**8,385**	**502**	**(18,170)**	**6,063**

CARACAL GOLD PLC
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	12 months ended 31 December 2021 £'000 (unaudited)	**6 months ended 31 December 2020 £'000 (unaudited)**
Cash flows from operating activities		
Operating loss - continuing operations	(8,412)	(836)
Adjustments for:		
Depreciation	643	279
Finance costs (net)	46	50
Shares and warrants issued to settle expenses relating to the reverse acquisition and in lieu of cash settlement to creditors	3,136	-
Foreign exchange movement	70	371
Share-based payment - incentives	669	-
Reverse acquisition share base payment expense	3,393	-

Operating cash flow before working capital movements	**(455)**	**(136)**
(Increase)/decrease in trade and other receivables	(1,628)	29
Decrease in trade and other payables	(2,522)	(17)
(Increase)/decrease in inventories	(653)	57
Net cash flows from operating activities	**(5,258)**	**(67)**
Net cash flows from investing activities		
Cash acquired on acquisition	96	-
Expenditure of exploration, development and production assets	(642)	(333)
Net cash flows from investing activities	**(546)**	**(333)**
Net cash flows from financing activities		
(Repayments)/ proceeds on external loans	(325)	200
Increases in Holding Company loan	-	412
Interest paid on loan notes	(46)	-
Proceeds from issue of share capital	6,053	-
Cost of share issues	(18)	-
Net cash flows from financing activities	**5,664**	**612**
Net increase in cash and cash equivalents	**(140)**	**212**
Cash and cash equivalents at the beginning of the period	121	5
Effect of exchange rates on cash	54	(96)
Cash and cash equivalents at the end of the period	**35**	**121**

1. General Information

Caracal Gold Plc ('the Company' or 'CGP') (formerly Papillon Holdings plc) is a public limited company with its shares traded on the Main Market of the London Stock Exchange. The address of the registered office is 27-28 Eastcastle Street, London, W1W 8DN. The Company was incorporated and registered in England and Wales on 19 October 2015 as a private limited company and re-registered on 24 June 2016 as a public limited company. It changed its name on to Caracal Gold Plc on 13 August 2021. The Company's registered number is 09829720.

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

On 31 August 2021 the Company acquired the holding company of Mayflower Gold Investments Limited (MGIL) and thus a 100% indirect interest in Kilimapsea Gold Pty Ltd (KPGL), whose principal activity is an established gold mine and gold processing operation in Kenya. This was accounted for as a reverse acquisition and these interim condensed consolidated financial statements have been presented to reflect this. See note 5 below for further details. MGIL has not been included in these statements due to its immateriality.

The Company changed its year end from 31 December to 30 June, to be in line with the reporting requirements of its subsidiary KPGL. Therefore, the Company only accounts, had they been included in this interim statement would have been for a period of 12 months.

These interim condensed consolidated financial statements were approved for issue by the Board of directors on 29 April 2022.

The Company's auditors have not reviewed these interim condensed consolidated financial statements.

2. Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Caracal Gold Plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. This condensed consolidated interim financial report for the interim period ended 31 December 2021 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements for the year ended 31 December 2020, which has been prepared in accordance with both "International Accounting Standards in conformity with the requirements of the Companies Act 2006" and "International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union", any public announcements made by Caracal Gold Plc during the interim reporting period and the Prospectus for the "Proposed Acquisition of Kilimapesa Gold Mines" dated 19th July 2021, which include the financial statements for KPGL for the year ended 30 June 2020

The interim financial statements present the results for the Group for the 12 months ended 31 December 2021. The profit and loss and cashflow comparative periods are for the period from 1 July 2020 to 31 December 2020 and the balance sheet is for the period ended 30 June 2021. These are extracted from the 2021 audited financial statements of Kilimipesa Gold Pty Limited ("KPGL") and the interim statements as contained within the Admission Prospectus. The independent auditor's report, as prepared by the subsidiary auditors Moore JVB LLP, on these 2021 financial statements was not qualified.

No taxation charge has arisen for the period and the Directors have not declared an interim dividend.

Copies of the interim report can be found on the Company's website at www.caracalgold.com

The financial information has been prepared under the historical cost convention, as modified by the accounting standard for financial instruments at fair value.

The business is not considered to be seasonal in nature.

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Company in its audited financial statements for the period ended 31 December 2020 and in the Financial Information of the Group as set out in the Prospectus for the "Proposed Acquisition of Kilimapesa Gold Mines" dated 19th July 2021, except as detailed below in note 3. There were no new or amended accounting standards adopted or introduced that required the Group to change its accounting policies. The directors also considered the impact of standards issued but not yet applied by the Group and do not consider that there will be a material impact of transition on the financial statements.

Going concern

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

3. New Group Accounting Policies

3.1 Basis of consolidation

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

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

Acquisition-related costs are expensed as incurred.

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

3.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group has chosen to present its condensed consolidated interim financial statements in Pounds Sterling (£), as the Directors believe it is a more convenient presentational currency for users of the consolidated financial statements and presented to the nearest £'000. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency). The functional currency of KPGL, is Kenyan Shillings (KSH) as this is the currency that mainly influences labour, material and other costs of providing services. IAS 21 The Effects of Changes in Foreign Exchange Rates requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period).

(ii) Transactions and balances

Transactions denominated in a foreign currency are translated into the functional currency at the exchange rate at the date of the transaction. Assets and liabilities in foreign currencies are translated to the functional currency at rates of exchange ruling at the balance sheet date. Gains or losses arising from settlement of transactions and from translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement for the period.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at the average exchange rate; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

3.3 Segment reporting

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

3.4 Share based payments

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

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

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

4. Critical Estimate and Judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of Caracal Gold Plc for the year ended 31 December 2021 and those relating to KPGL are contained within the Prospectus, except as set out below.

Warrants and share-based payment

Warrants and share-based payments issued by the Group relate to the CGP Performance Incentive Plans as set out in the Prospectus. The grant date fair value of such warrants is calculated using a Black-Scholes model whose input assumptions are derived from market and other internal estimates.

The key estimates include volatility rates and the expected life of the warrants, together with the likelihood of non-market performance conditions being achieved. (See note 12)

Reverse Acquisition accounting

The Reverse Acquisition accounting involves a fair value estimation of the shares deemed to have been issued by the KPGL shareholders to acquire CGP and judgements are made to consider the accounting treatment for this type of acquisition. (See note 5)

5. Reverse Acquisition

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

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

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

Accordingly, this reverse acquisition does not constitute a business combination. Although, the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements. The Directors have prepared these financial statements using the reverse acquisition methodology, but rather than recognising goodwill, the difference between the equity value given up by the KPGL shareholders and the share of the fair value of net assets gained by the KPGL shareholders is charged to the statement of comprehensive income as a share-based payment on reverse acquisition, and represents in substance the cost of acquiring a Main Market LSE listing.

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

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

On 31 August 2021, the Company issued 428,846,154 ordinary shares to acquire the entire share capital of MGIL and thus indirectly KPGL. On the same date, the Company was readmitted to the Main Market of the LSE, after completing its second Placing round with a placing share price of £0.01 and therefore the Company has valued the investment in KPGL at £4,288,000.

Because the legal subsidiary, KPGL, was treated on consolidation as the accounting acquirer and the legal Parent Company, CGP, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by KPGL was calculated at £1,138,413 based on an assessment of the purchase consideration for a 100% holding of CGP of 132,400,000 shares at a weighted average placing price of £0.0086 per share.

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

	£'000
Cash and cash equivalents	96
Other assets	7
Liabilities	(2,357)
Net Liabilities	**(2,254)**

The difference between the deemed cost (£1,138,000) and the fair value of the net liabilities assumed per above of £2,254,000 resulted in £3,393,000 being expensed within "reverse acquisition expenses" in accordance with IFRS 2, Share Based Payments, reflecting the economic cost to KPGL shareholders of acquiring a quoted entity.

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

	£'000
Pre-acquisition equity[1]	(2,989)
KPGL share capital at acquisition [2]	4,430
Investment in KPGL [3]	(4,618)
Loan assigned from GMR on acquisition[4]	8,169
Reverse acquisition expense [5]	3,393
	8,385

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

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

6. Segment Reporting

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

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

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

Interim period ending 31 December 2021	United Kingdom £'000	Kenya £'000	£'000
Revenue	-	4,433	4,433
Cost of sales	-	(5,630)	(5,630)
Gross Profit	-	(1,197)	(1,197)
Operating expenses	(1,723)	(1,314)	(3,037)
Operating Loss	(1,723)	(2,511)	(4,234)
Share-based payment	(669)	-	(669)
Finance and similar charges	-	(116)	(116)
Reverse acquisition expenses	(3,393)	-	(3,393)
Loss before and after tax	(5,785)	(2,627)	(8,412)
Net Assets			
Assets:	1,724	5,824	7,548
Liabilities	(87)	(1,398)	(1,485)
Net assets / (liabilities)	1,637	4,426	6,063

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

7. Earnings per share (EPS)

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

In the current period the weighted average number of ordinary shares has only been calculated since the Reverse Acquisition date of 31 August 2021 and the prior period EPS is calculated using the 600,000 shares held by KPGL prior to the acquisition. Therefore these values are not comparable and should not be compared.

	12 months ended 31 December 2021 £'000 (unaudited)	6 months ended 31 December 2020 £'000 (unaudited)
Loss for the period	(8,412)	(836)
Weighted average number of shares in issue	1,563,406,228	600,000

Basic and Diluted earnings per share	(0.54p)	(139.00p)

There is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented. See note 12 which provides more detail on the 431,869,263 potentially dilutive shares.

8. Property, Plant and Equipment

	Land £'000	Buildings £'000	Plant and Equipment £'000	Production Vehicles £'000	Office Equipment £'000	Total £'000
Cost						
Balance as at 31 December 2020 (unaudited)	237	95	3,266	280	13	3,891
FX effect	(3)	(2)	(38)	(3)	-	(46)
Balance as at 30 June 2021 (audited)	234	93	3,228	277	13	3,845
Additions	-	-	628	2	-	630
FX effect	(4)	(1)	(63)	(6)	-	(74)
Balance as at 31 December 2021 (unaudited)	**230**	**92**	**3,793**	**273**	**13**	**4,401**
Accumulated Depreciation						
Balance as at 31 December 2020 (unaudited)	-	38	1,310	256	11	1,615
Depreciation charge	-	10	130	56	1	197
FX effect	-	(8)	(10)	(53)	(1)	(72)
Balance as at 30 June 2021 (audited)	-	40	1,430	259	11	1,740
Depreciation charge	-	2	118	13	-	133
FX effect	-	(1)	(28)	(5)	1	(33)
Balance as at 31 December 2021 (unaudited)	**-**	**41**	**1,520**	**267**	**12**	**1,840**
Carrying value						
Balance as at 31 December 2020 (unaudited)	237	57	1,956	24	2	2,276
Balance as at 30 June 2021 (audited)	234	53	1,798	18	2	2,105
Balance as at 31 December 2021 (unaudited)	**230**	**51**	**2,273**	**6**	**1**	**2,561**

9. Intangible Assets

	Pre-production expenditure £'000	Exploration £'000	Development £'000	Total £'000
Cost				
Balance as at 31 December 2020 (unaudited)	1,589	422	896	2,907
FX effect	(19)	(5)	(11)	(35)
Balance as at 30 June 2021 (audited)	1,570	417	885	2,872
Additions	12	-	-	12
FX effect	(30)	(8)	(17)	(55)
Balance as at 31 December 2021 (unaudited)	**1,552**	**409**	**868**	**2,829**
Accumulated Depreciation				
Balance as at 31 December 2020 (unaudited)	1,036	292	418	1,746
Depreciation charge	162	14	36	212
FX effect	(99)	(27)	(39)	(165)
Balance as at 30 June 2021 (audited)	1,099	279	415	1,793
Depreciation charge	78	6	17	101
FX effect	(22)	(5)	(9)	(36)
Balance as at 31 December 2021 (unaudited)	**1,155**	**280**	**423**	**1,858**
Carrying value				
Balance as at 31 December 2020 (unaudited)	553	130	478	1,161
Balance as at 30 June 2021 (audited)	471	138	470	1,079
Balance as at 31 December 2021 (unaudited)	**397**	**129**	**445**	**971**

10. Inventories

	As at 31 December 2021 £'000 (unaudited)	As at 30 June 2021 £'000 (audited)
Consumable stores	102	365
Raw materials	281	100
Broken Ore	296	9
Precious metal on hand and in process	553	75
	1,232	549

11. Share Capital

Group	Ordinary Shares (number)	Share Capital £'000	Share Premium £'000	Total £'000

At 31 December 2020 and 30 June 2021	**600,000**	**4,430**	**-**	**4,430**
Transactions dated 31 August 2021:				
Transfer of capital of KPGL to Reverse Acquisition Reserve	(600,000)	(4,430)	-	(4,430)
Issued share capital of CGP at acquisition	132,400,000	132	602	734
Issue of shares for acquisition of subsidiary	428,846,154	429	3,860	4,289
Issue of shares at placing price £0.0075	358,251,276	358	2,329	2,687
Issue of shares at placing price £0.001	280,700,000	281	2,526	2,807
Issue of Equity-for-Debt shares	107,753,800	108	969	1,077
Issue of Convertible Debt shares	51,050,000	51	460	511
Issue of shares in lieu of settlement of fees	89,424,425	89	805	894
	1,448,425,655			
Issue of additional placing shares £0.001 on 20 September 2021	30,897,834	31	278	309
Issue of shares in lieu of settlement of fees on 20 September 2021	48,530,000	48	456	504
Issue of shares for acquisition of subsidiary (to GMRL $450,000)	32,867,800	33	296	329
Issue of shares in lieu of settlement of fees on 4 November 2021	14,608,709	15	136	151
Issue of shares at placing price of 1.25p on 2 December 2021	40,000,000	40	460	500
Issue of shares at placing price of 1.25p on 27 December 2021	24,000,000	24	276	300
Cost of share issue			(414)	(414)
As at 31 December 2021	**1,639,329,998**	**1,639**	**13,039**	**14,678**

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

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

12. Warrants and share-based payments

The Group has issued the following warrants:

Date of Issue	Reason for issue	No. of warrants	Exercise price pence per share	Expiry date
24.06.2016	Founder warrants	20,000,000	0.004p	24.06.2023
24.06.2016	Placing (2016) warrants	41,200,000	0.004p	24.06.2022
01.08.2016	JIM Nominees Warrants	10,300,000	1.00p	24.06.2021
31.08.2021	Placing (2020/1) warrants	220,669,263	2.50p	31.12.2022
31.08.2021	Management warrants	150,000,000	1.00p	31.12.2022
		442,169,263		
	Expired in the period	(10,300,000)		
		431,869,263		

The Founder and Placing warrants have been determined as equity instruments under IAS 32 and as such have been issued at nil cost.

The Management warrants are valued in accordance with IFRS 2, as equity settled share-based payment transactions. £346,000 has been recognised as the fair value of employee compensation. The fair value was calculated using the Black Scholes model with inputs as detailed below:

	Performance warrants
Share price	1.0p
Exercise price	1.0p
Expected life	1.5 years
Volatility	25%
Risk-Free Interest rate	1.24%
Expected dividends	-

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

The Company has also adopted an incentive plan to issue its management up to 150,000,000 Performance Shares based on non-market based performance conditions (achieved on volume of gold poured or sold), on an increasing scale and vesting in 5 equal installments.

These will need to be valued by management using the fair value of the equity instrument expected to be received and a judgement of the likelihood for these conditions to be met. This plan is set out in more detail in the Prospectus. A share-based payment charge of £322,000 has been provided in the accounts as at 31 December 2021 to recognise the fair value of employee compensation received on the achievement of the first milestone of 300 ounces of gold being poured or sold in a month.

13. Post balance sheet events

On 7 February 2022, James Longley and Charles Tatnall resigned as Directors of the Company.

On 27 January 2022, 9,100,000 shares were issued in lieu of fees of £90,000

On 7 February 2022, 30,000,000 warrants were exercised without cash being received by the former directors by way of setoff against all outstanding fees due to them.

On 7 February 2022, 7,500,000 performance shares were issued as the conditions of the incentives had been met.

On 14 February 2022, 177,048,592 placing shares were issued at a price of 0.95 pence per share, The proceeds of this placement were used to fund the capital and working capital costs of the announced Phase 3 Development Plan.

On 17 February 2022, 16,000,000 placing shares were issued at a price of 1.25 pence per share. The proceeds of this placement were used to fund the capital and working capital costs of the announced Phase 3 Development Plan.

14 Related party transactions **As at 31 Dec 2021**

- **Robbie McCRae** **£60,000**
- **Gerard Kisbey-Green** **£50,000**
- **James Longley** **£48,000**
- **Charles Tatnall** **£48,000**
- **Simon Games-Thomas** **£9,146**

15 Statement of directors' responsibilities

The Directors confirm that the condensed interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely: an indication of important events that have occurred during the first twelve months and their impact on the condensed interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and material related-party transactions in the first twelve months and any material changes in the related-party transactions described in the last Annual Report.

**** ENDS ****

For further information visit www.caracalgold.com or contact the following:

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