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30 September 2021

Capital Metals plc

("CMET" or the "Company")

Audited Results for the year ended 31 March 2021

Capital Metals plc (AIM:CMET), a natural resources company focused on the development of the Eastern Minerals Project in Sri Lanka ("the Project"), one of the highest-grade mineral sands' projects globally, is pleased to announce its audited results for the year ended 31 March 2021.

The Company's Annual Report and Notice of Annual General Meeting will shortly be posted to shareholders and made available on the Company's website at www.capitalmetals.com.

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CAPITAL METALS PLC
Chairman's Statement

Welcome to the 2021 Annual Report for Capital Metals plc ("the Company" or "CMET"), the first since our reverse takeover ("RTO") and re-admission to the AIM market of the London Stock Exchange in January 2021.

The Group is focused on the development of the Eastern Minerals Project in Sri Lanka ("the Project" or "EMP"), one of the highest-grade mineral sands' projects globally. Since listing, our team has been very focused on obtaining our Environmental Impact Assessment ("EIA") approval and the final permitting steps towards the grant of an Industrial Mining Licence ("IML") to enable the targeted commencement of production in 2022.

The public consultation process concluded on 12 March 2021 with the subsequent Technical Evaluation Committee meeting to consider the EIA occurring in July 2021. This has taken place amidst extremely challenging times in Sri Lanka with the COVID-19 virus extending widely across the country and strict lockdowns and travel restrictions making meetings with and between government officials very difficult. We are pleased to advise that the Sri Lankan authorities have been very cooperative and have made great efforts to hold a number of virtual meetings to continue the approval process and we are confident that we should receive the necessary approvals in the near future in order to adhere to our targeted production start in 2022. I would like to thank our team in Sri Lanka for the dedication and focus during these very difficult circumstances.

There is growing awareness in Sri Lanka of the positive economic and social benefits our mineral commodities export project can bring to the local communities and Sri Lanka as a whole.

Whilst we work towards development and first production, we are encouraged by the strengthening in the global metals market and specifically the ilmenite, rutile and zircon markets which are the main minerals in our deposit. Zircon has risen 14% to US$1,630/t since end March 2021, rutile prices have risen 40% to US$1,753/t since October 2020. Reports indicate prices for ilmenite are trading around US$340-400/t up some 45% from December 2020.

There has been major supply disruption to global markets, with large decreases in production from the major minerals sands operations of Richards Bay Minerals in South Africa and Sierra Rutile in Sierra Leone. At the same time there has been increased demand due to GDP growth, stimulus programs and inventory restocking. This has created a longer-term structural deficit as new mines have not been brought into production to replace supply losses and meet increased demand. As a result, there is strong interest from mineral sands consumers, to secure new and alternate sources of supply.

The team has also been active in developing exploration programmes to extend the high-grade resource, with several identified potential areas that could be drilled to increase the total resource. The Project currently has a JORC Resource of 17.2 Mt with an average grade of 17.6% Total Heavy Minerals ("THM"), which is based on auger drilling that has not penetrated more than three metres deep. Limited sonic drilling so far undertaken offers compelling indication of deeper mineralisation, including assays of 26.3% and 26.6% THM at respective depths of 14 and 8 metres. The Project's THM grades are some of the highest in the global peer group.

Less than 10% of the total Project area has been drilled to date. Initial exploration suggests potential for significant mineralisation further inland. Additional drilling is planned for H2 2021 for infill and step out drilling. We remain extremely excited about the potential to expand our resource and we look forward to updating you on further exploration activities over the coming year.

On 16 August 2021 (after the reporting period) we announced the appointment of Richard Stockwell as Technical Manager. Richard Stockwell is a seasoned technical mining expert having worked in the minerals sands industry for over 20 years. His expertise covers mineral exploration, resource development and mine planning.

Richard will be a key part of the Group's senior management team and his initial duties include overseeing the following:

i) Development Study which will provide an updated understanding of the technical scope and economics of the Project prior to its full commercial development.

ii) Project Exploration Strategy with the aim to increase the overall resource and target high value areas.

Richard spent over 13 years with ASX-listed Iluka Resources Limited, one of the world's largest mineral sands companies, based in Perth, Western Australia. At Iluka, Richard held a variety of roles and was a responsible Competent Person (CP) under the JORC reporting guidelines, for reporting of mineral resources for much of this time. Prior to commencement as an independent consultant, Richard's role at Iluka was Manager Exploration, Western Australia. The role included a number of technical and innovative exploration studies of particular relevance to the Company's longer-term strategy.

The Group has been closely involved in the community and social development in the Ampara District of the Eastern Province since it first started working there. To this end, the Company has set about funding a number of community projects including beach clean ups, pre-school projects, water projects and a collegiate response to local management of impacts from the COVID-19 pandemic. The

Company is entirely committed to community programmes in the areas in which we operate, not only to ensure that local communities share in the benefits of any future mining activity, but also as part of the Company's long-term social license to operate.

On behalf of the Board, we would like to thank our whole team for their persistent efforts and commitment over a very challenging period. Whilst the external environment remains uncertain on many fronts, the Group is in good shape as we believe we have taken the appropriate steps to position ourselves for our target of first production in 2022. We would also like to thank our shareholders for their continuing support as we remain focused on our objective of delivering sustainable value.

Gregory Martyr
Chairman

30 September 2021

Strategic Report

The Company was readmitted to trading on AIM on 13 January 2021, following the successful acquisition of 100% of Capital Metals Limited ("CML") in conjunction with a placing of new ordinary shares in the Company to raise £2.08 million before costs, to advance the Project, including permitting approvals, drilling programme and complete an updated scoping and development study (Development Study).

Eastern Minerals Sands Project Overview

In April 2016, CML (via its subsidiaries) acquired 100 per cent. of Damsila Exports (Pvt) Limited ("DEL") and Eastern Minerals (Pvt) Limited ("EML"), the entities which own the exploration licenses that comprise the Eastern Minerals Project ("EMP" or "Project"). Further details of the transaction and related acquisition terms are outlined in the Admission Document dated 23 December 2020 on the Company's website.

The EMP is located in the Ampara District of the Eastern Province of Sri Lanka, approximately 360 km east of Colombo. The EMP comprises the Project Licenses which cover 84 km^2. An additional nine applications have also been made in respect of new exploration licenses covering a further 623 km^2. The EMP is divided into two sub-project areas:

- the northern area (Eastern North), was held by DEL through exploration license EL168/R/4 which expired on 31 October 2020 (the "DEL License") and which is now subject to the Industrial Mining License ("IML") Applications; and
- the southern area (Eastern South) (which was recently renewed) held by EML through exploration license EL199/R/4 (the "EML License").

The DEL License is now subject to its first formal application for an IML over 111.5 hectares located within the DEL License area ("First IML Application"), the approval of which is currently a key focus of the Company.

In connection with this application, an EIA report was submitted to the Coast Conservation & Coastal Resources Management Department ("CCD") on 26 September 2019 and the EIA is close to final approval with all of the regulatory authorities' requests for reports and responses to questions having been completed. The EIA review and approval process was delayed earlier this year due to COVID-19 causing greatly reduced Government activity. However, the Company announced on 19 July 2021 that the Company was able to attend several, previously delayed, meetings with the relevant government authorities and reported that good progress is being made with the environmental approval.

On 3 February 2021, the Company announced that the Group had been granted a further 2-year extension of its exploration licence EL-199 which covers the southern portion of the Project. This ensures continuity of tenure over the entire Project in the medium term and enables the Company to move ahead with the exploration programmes in the licence area.

In September 2016, DEL and EML made nine additional exploration license applications, covering an area of 623 km^2, surrounding EL 168 and EL 199 both onshore (over 272km^2) and offshore (over 351km^2). The Group will look to recommence the approval process of these applications as soon as the Sri Lankan government departments return to normal activity levels.

The Group has been initiating an updated independent Development Study and economic analysis which is due to be completed by the end of H2 2021. The study will be based on all technical work completed to date. The base case plan is for an estimated 1.65 million tonne per annum mining operation with relevant operational parameters, including capital and operating costs, to be provided as part of the study.

The Project's 84 km^2 licence area on Sri Lanka's eastern seaboard has a JORC Resource of 17.2 Mt with an average grade of 17.6% Total Heavy Minerals, an estimate making it one of the highest-grade mineral sands' deposits in the world, with nearly three times the average grade of comparable projects. 85% of the Resource estimate is classified in the JORC code's higher level Measured and Indicated categories.

JORC Resource Category	Resource '000t	THM %	THM '000t 5% THM cut-off
Measured	5,819	19.9	1,159
Indicated	8,602	16.6	1,432
Inferred	2,791	16.0	446
Total	**17,212**	**17.6**	**3,037**

Source: Capital Metals plc JORC 2012 Resource Report

Opportunities to Upgrade the Resource

Although the current estimate, based on 1,643 shallow auger drill holes totalling 2,621 metres of drilling, is sufficient to economically commence construction and mining operations, the Company believes compelling opportunities exist to significantly upgrade the Resource.

The inherent physical limitations of auger drilling mean the Project area has so far only been drilled to an average depth of three metres. Exploratory sonic drilling undertaken in 2018 indicated that mineralisation continues at deeper levels across much of the Resource, including holes recording 26.3% THM at a depth of 14 metres and 26.6% at 8 metres.

Further potential exists beyond the narrow coastal strip that has been the primary focus of drilling to date, comprising a 100 to 300 metre wide north-south corridor running alongside the sea that accounts for less than 10% of the total Project area. The Project's perimeter extends up to two to three kilometres inland, covering terrain that may encompass marine sediments.

The limited drilling further inland undertaken to date suggests significant mineralisation. This territory is readily accessible to environmentally sensitive drilling, with minimal need to disturb vegetation prior to mining.

The Group has engaged the GSMB in Sri Lanka to undertake a drilling program on its southern exploration licence EL199. The proposed drilling program is a combination of infill and resource extensions and aims to confirm previous drill work and test with extension and step out drilling. This will assist the Company to delineate the key areas for any mining licence applications over EL199. It is anticipated that this drilling campaign will commence in Q3 2021.

The Project benefits from robust infrastructure already in place, connecting the Project through a network of sealed roads to a commercial port at Oluvil, just 30 kilometres north of the licence area. The Oluvil Port was opened in 2013 as part of the Sri Lankan government's ongoing programme to upgrade the country's infrastructure. The port, which is currently being used by the regional fishing industry, offers facilities and shipping capacity of 8,000 to 10,000 tonnes and is approximately 11 metres deep, easily meeting the Project's requirements. The port has all the essential infrastructure to serve as a commercial harbour, being equipped with grid power, scheme water, offices, workshops, storage facilities, residential quarters, and secure perimeter walls and fencing.

The Group is in discussions with the Sri Lankan Port Authority ("SLPA") to use the port for its operations, where it intends to construct a dry mineral separation plant to separate the HMC into value added minerals before shipping. The Group has offered to assist SLPA with any required dredging of accumulated sands resulting from longshore drift for the benefit of all users of the port, including commercial shipping and the local fishing industry.

Mineral Sands Markets

The mineral sands products that the Project will produce include ilmenite & rutile (together titanium dioxide minerals), zircon and garnet, which are an integral part of everyday life. The key end products in the mineral sands market are:

- Paint: which contains titanium dioxide (TiO_2) found in ilmenite and rutile.
- Ceramics: including materials required for housing and construction (bathrooms, tiling, kitchens) require zircon.
- Abrasives: garnet has a range of industrial applications in the abrasives markets, such as sand paper, sand blasting and cutting steel with water jets and significantly increasing use in metal fabrication.

These minerals are also used in many other areas, including high end titanium metal, industrial chemical applications and chemical industries. However, the paint (TiO_2) and ceramic (zircon) industries are the main end users. It is anticipated that both of these industries will be well supported during all the global stimulus initiatives that are underway.

The global paints and coatings market size was valued at USD 146.2 billion in 2019 and is expected to grow at a compound annual growth rate ("CAGR") of 4.3% from 2020 to 2027. The market is expected to be driven by the increasing product consumption in the construction, automotive, and general industries application sectors. Rapid urbanization and industrialization in the emerging countries, such as India, China, and Southeast Asia, are anticipated to fuel the product demand in various applications.

The global ceramics market was valued at USD 229.1 billion in 2018 and is projected to grow at lucrative CAGR of 8.6% from 2019 to 2025. Increasing government spending on infrastructure and rising construction activities around the world are the key drivers for the market.

The global abrasives market size is projected to grow from USD 46.4 billion in 2020 to USD 58.0 billion by 2025, at a CAGR of 4.5% from 2020 to 2025. The growth of this market is attributed to the growing automotive, metal fabrication, machinery, electronics, electrical, medical, and construction industries.

The global market for mineral sands has been growing steadily with solid price increases over the last 5 years. The industry growth and pricing did pause in 2020 due to COVID-19, however, the medium-term growth outlook is positive due to economic stimulus activity as well as decreasing supply from existing mines which may not be fully replaced by future projects.

This supply issue is important as opening up new mines is not something that happens overnight. Years of time and effort, including drilling, test work, technical and ESG studies must be undertaken before a mining project can move into production.

The Group has an excellent mix of different products in its Resource. Over 50% of its basket of goods is ilmenite and a further 35% is the higher value items of zircon and rutile. Set out below is the summary of the different products that make up its' Resource.

VHM Product	% THM	VHM % of In situ Ore	Jan 2021 price US$/t 1	% of Value
Ilmenite	47.1	8.3	250	51
Zircon	5.1	0.9	1,350	20
Rutile	3.4	0.6	1,150	14
Garnet	22.7	4.0	200	15

Given the continued strength in mineral sands prices, the Group has commenced offtake discussions following several approaches from strategic and industrial groups. The COVID-19 pandemic-fuelled surge in homebuilding and home improvements has contributed to healthy demand for mineral sands products such that mineral sands consumers are seeking additional security of supply.

Environmental, Social and Governance

The Project has the potential to open significant new economic opportunities in eastern Sri Lanka, and the Group's work with local communities and commitment to ecologically sensitive production procedures that ensures all mining areas are fully rehabilitated. Some benefits to the local community from development of the Project include:

- New high-quality construction, mining and processing work for local workers as well as demand for local contracting services. The Group's construction, mining and processing work will employ local workers, who will be trained and supported by local and foreign mining experts. Demand for contractor services is expected to create a multiplier effect benefiting the wider economy and skills/knowledge transfer to the local work force.
- Community initiatives include waste disposal programmes, ongoing financial and logistical support for a new pre-school, new drinking water infrastructure, sponsorship of female entrepreneurship, and COVID-19 support.
- Full consultation with the local community on any potential environmental impact from the Project, and commitment to state-of-the-art mineral sands processing integrating land rehabilitation into the mining process.
- Potential to free up the port for the local fishing industry and commercial shipping by removing the significant volume of sand that has filled the port area due to the coastal currents depositing sand in the harbour.
- Taxes and royalties flowing from the Group's operations will generate government revenues for reinvestment in Sri Lanka's continued economic development.
- The Country will also benefit from foreign direct investment to bring the mine into production and export earnings from the sale of the products into the international market.

The economic activity stimulated by the Project will be complemented by the Group's ongoing engagement with the Eastern Province's local community. The Company has already demonstrated its commitment to the coastal environment in which it will operate by organising beach cleaning programmes with community leaders, including the Sivan temple at Thambiluvil, with the collected plastic waste transported to the local council refuse centre for ecological disposal.

For the past three years, the Group has sponsored a new pre-school in the village of Umiri, currently supporting 15 students and two teachers, where residents have struggled for years for the resources to secure a good education for their children. The Group has worked in partnership with the local authority and village council to furnish a village hall with new furniture, stationery and equipment, and provides ongoing support through building maintenance, payment of school staff salaries, replenishment of school stationery, transportation, and the supply of safe drinking water through drier months. The Group is currently working with the village to provide long term drinking water facilities.

The Group is working closely with local communities in the Project area, to empower female entrepreneurs supplying furniture, chairs, and other essentials for the Women's Rural Development Society. Another initiative helps members of the Society and other local women embrace sustainable agricultural practices through home gardening and small-scale farming projects.

The Group is also contributing to local efforts to manage the impact of COVID-19. Many families have needed financial support to continue to pursue their livelihoods. The Group has worked with community leaders to source and distribute dry ration packages to more than 250 families since the lockdown commenced, ensuring the operation adheres to guidelines set by local health authorities. At all times the Group's work is designed to complement the wider programmes run by local and national governments and international development agencies.

Environmentally sensitive mining

The Group is committed to pursuing a state-of-the-art mineral sands mining process that will respect the coastline along which the Project will operate.

The Project's commercial mineral sands will be extracted using proven non-chemical processing methods. The proposed mining method is staged mining of small 150m x 50m cells, with each cell continuously rehabilitated after mining and then fully available for alternative uses such as agriculture and tourism, or to remain as a wilderness.

Well-regulated mineral sands programmes integrate land rehabilitation into the mining process. The shallow depth of mineral sands deposits allow them to be mined using conventional surface mining methods including bulldozers, excavators and trucks. Topsoil, subsoil and clay is removed and stockpiled separately to allow it to be progressively returned after the mining process. The mineral sand deposit is then removed from the ground and then pumped as a slurry to a processing plant where the valuable heavy minerals are separated from the sand. The waste sand (mostly silica) is pumped back to the mining cell, where it is returned to the ground. Subsoil and topsoil are then replaced and the land rehabilitated back to its original use.

Directors' statement under section 172 (1) of the Companies Act 2006

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ("S172") when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

This S172 statement explains how the Directors have regard to:
(a) the likely consequences of any decision in the long term,
(b) the interests of the Company's employees,
(c) the need to foster the Company's business relationship with suppliers, customers and others,
(d) the impact of the Company's operations on the community and environment,
(e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
(f) the need to act fairly as between members of the Company.

The S172 statement focuses on matters of strategic importance to the Company and the Group, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

The Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. When making decisions, each Director ensures that they act in good faith in the way most likely to promote the Company's success for the benefit of its members as a whole.

S172(1) (a) "The likely consequences of any decision in the long term"

The application of the Section 172 (1) requirements can be demonstrated in relation to some of the key decisions made during the reporting period, including

- completion of reverse takeover, raising of new capital and readmission to AIM
- completion of EIA report and submissions towards obtaining EIA approval and final permitting towards grant of Industrial Mining Licence for the Project
- commitment to an updated scoping and development study for the Project
- commitment to developing an exploration strategy for the Project towards increasing the overall resource and target of high value areas of the Project
- continued assessment of corporate overheads and expenditure

The Group is focused on the development of the Eastern Minerals Project in Sri Lanka. The RTO, raising of new capital and readmission to AIM, advances the Company's objective, facilitating access to a significant and globally respected financial market to raise funds from London's deep pool of institutional and private investors, towards the development of the Project, whilst providing important liquidity to shareholders. The Group consulted with its shareholders, stakeholders and investors on the RTO, providing a detailed Admission Document and received overwhelming support and approval for the successful completion of the RTO and fund raising.

The completion and submission of the EIA report and responses to the regulatory authorities requests, is required to obtain EIA approval and final permitting towards grant of an IML, which is a key milestone towards the development of the Project and driving significant further shareholder value.

The undertaking of an updated scoping and development study will enhance the technical and economic understanding of the Project towards progressing its commercial development and the significant economic and social benefit to stakeholders.

Although the current resource is of sufficient size for commercial mining operations, the Group is to develop an exploration strategy towards increasing the size of the resource and target of high value areas, enhance the economics of the Project and drive further value to shareholders, as well as further socio-economic benefits to stakeholders through increased production. The undertaking of further significant drilling will be subject to procuring sufficient further funding.

Management assesses overheads and expenditure on an ongoing basis towards the most effective utilisation of funds to meet Group business and strategic objectives to the benefit of shareholders.

S172(1) (b) "The interests of the company's employees"

The Company during the reporting period and to date, had 7 employees, in addition to the Directors. The Board recognises that the Company's employees, are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

S172(1) (c) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering on our strategy to develop the Project requires strong mutually beneficial relationships with suppliers, customers, governments, and local partners. We aim to have a positive and enduring impact on the communities in which we operate, including engagement with local suppliers, and through payments to governments in taxes and other fees. The Group values all of its suppliers and aims to build strong positive relationships through open communication and adherence to trade terms. The Group is committed to being a responsible entity and doing the right thing for its customers, suppliers and business partners.

S172(1) (d) "The impact of the company's operations on the community and the environment"

As a mineral sands Group operating in Sri Lanka, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. We abide by the local and relevant UK laws on anti-corruption and bribery. The Group is committed to following international best practice on environmental aspects of our work and the development of the Project. We actively engage with the local communities in order to ensure we maintain our social licence to operate and develop the Project. Management and employees conduct site visits and hold external stakeholder engagements. Wherever possible, local communities are engaged in the Group's activities and the development of the Project will provide much needed employment and wider socio-economic benefits to the local communities.

More information on this can be found within our Environmental, Social and Governance (ESG) Statement.

S172(1) (e) "The desirability of the company maintaining a reputation for high standards of business conduct"

The Group aims to achieve the development of the Project in ways which are economically, environmentally and socially responsible. The Board periodically reviews and approves clear frameworks, such as the Company's Code of Business Ethics, to ensure that its high standards are maintained both within the Group and the business relationships we maintain. This, complemented by the various ways the Board is informed and monitors compliance with relevant governance standards, help ensure its decisions are taken and that the Group acts in ways that promote high standards of business conduct.

S172(1) (f) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy over the long-term, taking into consideration the impact on stakeholders. The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its members as a whole.

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with key private shareholder, analysts and brokers, providing the opportunity to discuss issues and provide feedback at meetings with the Company. All shareholders are encouraged to attend the Company's Annual General Meeting and any general meetings held by the Company, subject to any COVID-19 restrictions.

Key performance indicators

Given the straightforward nature of the Group's activities, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business at the present time.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are outlined below.

The Company continuously monitors its risk exposures and reports to the Board on a regular basis. Risks are reviewed by management and the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

i) Conversion into mining rights and receipt of other permits

The DEL Exploration License was first issued to DEL on 5 June 2010 and had previously been renewed on 6 July 2012, 17 September 2014, 1 November 2016 and 31 October 2018. The DEL Exploration License expired on 31 October 2020. The forms of application that are included in the regulations issued under the laws of Sri Lanka have been formulated to indicate that the fourth renewal of an exploration license is the final application that may be made for renewal of an Exploration License.

The Geological Survey and Mines Bureau ("GSMB") has represented to DEL that, following the expiry of an exploration license, the GSMB in practice, allows the former exploration license holder for a period of two years from the date of expiry:

- Exclusive right over the former exploration license area to submit further IMLs should the former license holder wish to do so (in this case DEL, in respect of the DEL License area); and
- Exclusivity over the former exploration license area by refraining from accepting applications for any new exploration licenses from third parties.

DEL has submitted a formal application for an Industrial Mining License and such application is currently pending. In connection with this application, DEL has submitted an environmental impact assessment ("EIA") report, prepared by an independent and multi-disciplinary team of consultants. An approved EIA is required for the grant of an Industrial Mining Licence for the Project and the Group is in the final stages of the EIA process.

Notwithstanding the representations given by the GSMB, upon expiry of the DEL License, DEL will not hold any exploration rights in respect of the area covered by the DEL License until such time as an IML is granted.

Before the EMP can be brought into production, the IML Applications will need to be approved by the GSMB and further IML applications will need to be made by EML. In addition, the Group will require additional permits to extract and sell its production.

Accordingly, there is a risk that should the Group fail to obtain IMLs or attain any of the additional permits required to extract and sell its production, there is a risk that the Group would not achieve its key objective of developing the Project into commercial production. The Group is mitigating this risk by active engagement with the government and input from its multi-disciplinary team of consultants.

ii) Exploration, evaluation and development risk

Mineral resources are estimates and no assurance can be given that any particular grade or tonnage will be realised or that they will be converted into reserves or result in a commercially mineable deposit which can be legally and economically exploited. As a result of these uncertainties, there can be no assurance that mineral resources defined by the Group's exploration and evaluation programmes will result in profitable commercial mining operations.

The commercial viability of mineral deposits of the kind located and believed to be located at the EMP area is dependent upon a number of factors, including, but not limited to, the market price of the component heavy minerals, the quality, size, grade and other attributes of the deposits and the proximity to, and availability of, infrastructure necessary to develop, exploit and transport minerals on a commercial scale.

The EMP benefits from close proximity to the Oluvil port, which the Group has determined will be the optimal route for production to be transported from the EMP to global customers. For the Group to use this port, it will require dredging and the receipt of necessary permits and authorisation, which cannot be guaranteed as forthcoming.

Whilst an IML would grant the Group the right to enter and possess any area of land covered by that IML, where lands are owned privately or by a state organisation, rights to access those lands will need to be obtained from such landowners. DEL has previously entered into exploration agreements with private landowners regarding its exploration activities and is therefore hopeful of reaching access agreements with such landowners in the future. However, any issues in obtaining the land access agreements could materially and adversely affect the Group's operations and objective of developing the Project into commercial production.

The Directors are confident that they in place the team of management, consultants and advisors to assess and mitigate the above risks and issues, as they arise.

iii) Environmental risk

There may be unforeseen environmental liabilities resulting from both future or historic exploration or mining activities, which may be costly to remedy. In addition, potential environmental liabilities as a result of unfulfilled environmental obligations by the previous owners may impact the Group. If the Group is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter into interim compliance measures pending completion of the required remedy.

Environmental management systems are in place to mitigate environmental risks, including the engagement of an independent and multi-disciplinary team of consultants.

iv) Government regulation, political and country risks

The EMP is located in Sri Lanka, where the Group's activities may be affected in varying degrees by political stability, governmental regulations and economic stability. Any changes in regulations or shifts in political attitudes in these countries or any other countries in which the Group may operate are beyond the control of the Group and may adversely affect its operations.

The Group actively monitors political and regulatory developments through its team of management, local partners, consultants and advisors.

v) Liquidity and market risks

The Group will need to raise additional capital in the future to fund the development of the EMP to the point at which it becomes operational, and future heavy mineral prices, revenues, taxes, capital expenditures and operating expenses and geological success will all be factors which will have an impact on the amount of additional capital required.

If the Group is unable to obtain additional financing as and when needed, it could result in a delay or indefinite postponement of exploration, evaluation and development activities which may result in loss of the EML License or any IML granted if the minimum work programmes under such permit cannot be met.

The Group actively monitors its liquidity position. The Board regularly reviews the Group's cash flow forecasts and the availability or adequacy of its current cash resources to meet the Group's business objectives and cash flow requirements.

The Company through its listing on AIM, has access to a significant and globally respected financial market to raise funds from London's deep pool of institutional and private investors. The Company maintains positive and close relations with its brokers towards positively positioning the Company for future fund raisings.

vi) COVID-19

The COVID-19 pandemic has had a dramatic global impact and significant impact on the activities of the Group. The Group's EIA review and approval process has been significantly delayed due to COVID-19 causing greatly reduced Sri Lanka Government activity during the reporting period. At the date of this report, Sri Lanka was still subject to COVID-19 lockdowns and travel restrictions making meetings with, and between government officials, very difficult. Whilst Sri Lankan authorities have been very cooperative and have made great efforts to hold a number of virtual meetings to continue the approval process, however, COVID-19 continues to present a risk to the Group's activities and timelines for obtaining the EIA and IML approvals and the development of the Project. Towards mitigating this risk, management is actively engaged with the various government departments, including holding virtual meetings to further the process during lockdowns.

Financial review

The Group loss for the period ended 31 March 2021 was $7,886,000 (2020[(1)]: loss of $1,024,000), including a deemed reverse acquisition expense of $5,454,000 (refer Note 5) reflecting the difference between the deemed fair value of the shares issued by Capital Metals Limited to acquire Capital Metals Plc and the fair value of the net assets of Capital Metals Plc. It is noted that under the reverse acquisition accounting, Capital Metals Limited is treated in consolidation as the accounting acquirer and the parent company, Capital Metals Plc, is treated as the accounting subsidiary.

Total administration costs increased from $1,030,000 in the year ended 31 March 2020[(1)] to $1,432,000 for the reporting period, primarily driven by costs associated with the reverse acquisition and readmission to AIM, as well as increased director remuneration. Share based payments expense for the reporting period of $1,111,000 (2020[(1)]: Nil) are in respect of the issue of 11,750,000 options to Directors, management and consultants (refer to Note 19) and the issue of certain warrants in respect of the RTO.

The Group net cash outflow from operating activities increased from $567,000 in the year ended 31 March 2020[(1)] to $1,596,000 during the reporting period, primarily reflecting increased administration costs and costs of the RTO. The net cash inflow from investing activities of $133,000 (2020[(1)]: $194,000 outflow) reflects the cash acquired in the reverse acquisition during the reporting period and E&E expenditure of $133,000. The Group raised $3,059,000 during the reporting period from share placements (2020[(1)]: $351,000) net of costs. During the year ended 31 March 2020[(1)], the Group received proceeds from borrowings of $428,000, with repayments of borrowings during the reporting period of $453,000. Cash and cash equivalents as at 31 March 2021 was $1,797,000 (2020[(1)]: $114,000).

The Group total net assets and net current assets as at 31 March 2021 were $6,831,000 (2020[(1)]: $4,596,000) and $1,205,000 (2020[(1)]: net current liabilities of $218,000) respectively.

[(1)] Restated, refer to Note 4.

Our people

Our people are a key element in our success and the Company aims to attract, develop and retain talented people and to create a diverse and inclusive working environment, where everyone is accepted, valued and treated equally without discrimination, taking into account the current size of the Company.

Currently the Company comprises six directors, one key manger and 6 employees, with the workforce by gender summarised below:

As at 31 March 2021	Male	Female	Female %
Executive Directors	2	-	-%
Non-Executive Directors	4	-	-%
Key management	1	-	-%
Employees	3	3	50%
All employees	**10**	**3**	**23%**

COVID-19

During the reporting period and subsequently, the COVID-19 pandemic has had a dramatic global impact and significant impact on the activities of the Group. The situation is continually developing and will need constant attention as it continues to evolve over time.

The Group's EIA review and approval process was significantly delayed due to COVID-19 causing greatly reduced Sri Lanka Government activity during the reporting period. These have been extremely challenging times in Sri Lanka with COVID-19 extending widely across the country and strict lockdowns and travel restrictions making meetings with, and between government officials, very difficult. However, as announced by the Company on 19 July 2021 that the Company, we were able to attend several, previously delayed, meetings with the relevant government authorities and reported that good progress is being made with the environmental approval.

Although Sri Lanka at the date of this report was still subject to COVID-19 lockdowns, the economic recovery from the COVID-19 pandemic is underway in key economic regions, on the back of strong fiscal stimulus, highly accommodative monetary policy, and the vaccine rollout, which has had a positive impact on commodity prices. We are pleased to note that the Sri Lankan authorities have been very cooperative and have made great efforts to hold a number of virtual meetings to continue the approval process, however, COVID-19 continues to present a risk to the Group's activities and timelines for obtaining the EIA and IML approvals.

Outlook

Whilst the reporting period saw the significant impacts of COVID-19, we have made positive progress towards the major milestones of the approval of the EIA and IML, which we anticipate being completed in Q4 2021.

As stated in the Company's Admission document, and in common with many exploration and evaluation entities, the Group will need to raise further funds within the next 12 months, in order to meet its expected expenditures, and progress the Group into the next phase of definitive feasibility, and then into construction and finally into production. The success of the Company's readmission to the AIM market of the London Stock Exchange in January 2021, provides access to major financial markets to take the Project forward to production.

We look forward to reporting further on the EIA and IML and towards the next phase of the Project, including the potential expansion of the Resource, as well as further technical, engineering and economic studies towards construction and bringing the Project into production.

Michael Frayne
Chief Executive Officer

30 September 2021

CAPITAL METALS PLC
Board of Directors

Gregory Martyr – Non-Executive Chairman
Greg is an experienced resource industry banker, advisor and corporate executive. He has over 30 years' experience in resources investment banking and corporate finance, as well as the management of international mining companies. He is also on the board of Euro Manganese Inc. From 2011 to 2016, Greg was a Managing Director with Standard Chartered Bank ultimately as the Global Head of Advisory, Mining and Metals. From 2005 until its 2011 acquisition by Standard Chartered Bank, he was a partner with Gryphon Partners, a boutique resource advisory firm and from 1994 to 2003, he was employed in several executive roles by Normandy Mining Ltd., including President Americas. Prior to that he held positions with Deutsche Bank and Morgan Grenfell. Greg obtained a Bachelor of Economics and a Bachelor of Laws from the University of Sydney, Australia.

Michael Frayne – Chief Executive Officer
Michael holds a Bachelor of Commerce Degree majoring in accounting and finance, a Bachelor of Science Degree majoring in Geology and a Postgraduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He is a Chartered Accountant and a member of the Australian Institute of Mining and Metallurgy. Michael previously worked for Ernst & Young and consulted to a number of resource and commodity companies. Following this, he worked directly in the resource industry and spent time at Great Central Mines Ltd (now part of Newmont Ltd) and in the corporate team at Minara Resources Ltd (formerly Anaconda Nickel Ltd). Since 2002, Michael has provided corporate management and advice to resource, commodity and energy companies some of which are listed on AIM and the Australian Stock Exchange, with projects in Australia, Africa, Asia, North and South America.

Anthony Samaha – Finance Director
Anthony Samaha is a Chartered Accountant who has over 30 years' experience in accounting and corporate finance, including resources development. Anthony worked for over 10 years with international accounting firms, including Ernst & Young, principally in corporate finance, gaining significant experience in valuations, IPOs, independent expert reports, and mergers and acquisitions. He has extensive experience in the listing and management of AIM quoted companies, including fund raisings, project development and mergers and acquisitions. Anthony has been involved in acquisitions and resource projects in diverse regions of the world. He holds Bachelor of Commerce and Bachelor of Economics degrees from the University of Western Australia and is a Fellow of the Chartered Accountants Australia and New Zealand and an Associate of the Financial Services Institute of Australasia.

Geoffrey Brown – Non-Executive Director
Geoffrey Brown has over 55 years' experience in the plantation sector. He joined Harrisons & Crosfield plc in Malaysia in 1962 where he was employed on various estates growing oil palm and rubber. He moved to Indonesia in 1976 and was made responsible for Harrisons & Crosfield's interests in that country. He was appointed Executive Chairman of London Sumatra Indonesia in 1982 and remained Managing Director of this large Indonesian plantation company until 1998. In 1990, he was appointed an Executive Director of Harrisons & Crosfield Plc, responsible for the plantation division. Harrisons & Crosfield Plc owned and managed plantations of rubber, oil palms, cocoa, coffee and tea in Indonesia, and oil palm and coffee in Papua New Guinea. He remained an Executive Director of Harrisons & Crosfield Plc until the company divested itself of its plantation interests in 1994. In 1999 and 2000, he co-ordinated the expansion of oil palm plantations belonging to the Musim Mas Group in Indonesia and then became a consultant specialising in plantation management. In 2006 he joined the Equatorial Palm Oil group of companies and was an Executive Director of the Company from 2008 until 2019 at which time he became a non-executive director.

James Leahy – Non-Executive Director
Beginning his career at the London Metal Exchange ('LME'), Mr Leahy has spent the subsequent 34 years involved in stockbroking and commodities in a variety of roles, including research analyst, equity salesman and specialist corporate broker, which covered mining finance, origination and distribution. He has worked on a wide range of projects worldwide, ranging from industrial minerals, coal, iron ore, precious metals, copper, diamonds, lithium, uranium, plantations, forestry and palm oil. Lately, he has employed his corporate governance skills, having gained substantial experience as an independent director on the boards of several quoted and unquoted companies. In addition, Mr Leahy has direct experience in capital markets, having worked at James Capel, Credit Lyonnais, Nedbank, Canaccord and Mirabaud, where he gained invaluable experience with international institutional fund managers, hedge funds, private equity and sector specialist investors. Additionally, Mr Leahy has been involved in many IPOs, as well as primary and secondary placings, and the development of junior mining companies through to production. He is currently a director of the listed fund Geiger Counter Ltd, AIM-quoted Savannah Resources Plc and AEG Plc.

Teh Kwan Wey – Non-Executive Director
Mr Teh Kwan Wey was appointed as a Non-Executive Director of the Company in September 2020. He is General Manager (Corporate) for Kuala Lumpur Kepong Berhad, a leading plantation company listed on the Malaysian stock exchange, where he leads the corporate finance and corporate treasury functions. Prior to this, Mr Teh spent three years at Lazard in the London Financial Advisory team where he worked on a number of equity capital, M&A and LBO transactions for clients across Europe, North America, the Middle East and Asia. Mr Teh holds a Master of Engineering degree from Imperial College London. Mr Teh has also completed the Accelerated Development Program from the University of Chicago Booth School of Business.

CAPITAL METALS PLC

Directors' report for the year ended 31 March 2021

The Directors submit their report and the audited financial statements of the Group for the period ended 31 March 2021.

Principal activities
The principal activity of the Group is the development of the Eastern Minerals Project located in the Ampara District of the Eastern Province of Sri Lanka.

Results and dividends
The results of the Group are shown on page 28. No dividends were declared or paid in the year (2020: £Nil). The Directors do not recommend the payment of a final dividend. The Directors are satisfied with the performance of the Company in the year.

Post balance sheet events
Details of post reporting date events are disclosed in Note 23 of the financial statements.

Financial Risk Management
The Group's activities expose it to foreign currency, credit and liquidity risks. The size of the Company means that it is unnecessary and impractical for the Directors to delegate the responsibility of monitoring financial risk management to a sub-committee of the Board. Refer to Note 21 of the financial statements, for further details.

Directors and their interests
The names of the Directors who held office during the year and their total beneficial and related party shareholdings are shown below.

Director	***At 31 March 2021***
Gregory Martyr	4,582,746
Michael Frayne	13,056,672
Anthony Samaha	347,881
Geoffrey Brown	26,447
James Leahy	55,000
Teh Kwan Wey	-

The total options held by Directors, or in which they had beneficial interests, as at 31 March 2021 was 8,500,000 (2020: 3,250,000). Michael Frayne held 3,000,000 options (2020: 3,250,000), Anthony Samaha, Gregory Martyr and James Leahy each held 1,500,000 options (2020: Nil) and Geoffrey Brown and Teh Kwan Wey each held 500,000 options (2020: Nil). Further details in respect of the options is set out in Note 19.

Directors' indemnity
The Company maintains a directors' and officers' liability policy on normal commercial terms which includes third party indemnity provisions.

Going concern
These financial statements have been prepared on the going concern basis, as set out in Note 2.3.

The Directors have prepared cash flow forecasts for the period ending 31 December 2022, which take account of the cost and operational structure of the Group, planned exploration and evaluation expenditure, licence commitments and working capital requirements. These forecasts indicate that the Group's cash resources are not sufficient to cover the projected expenditure for the period for a period of 12 months from the date of approval of these financial statements. These forecasts indicate that the Group, in order to meet its operational objectives, and meets its expected liabilities as they fall due, will be required to raise additional funds within the next 12 months.

The Directors are confident in the Company's ability to raise additional funds as required, from existing and/or new investors, within the next 12 months. Thus, they continue to adopt the going concern basis of accounting preparing these financial statements. Whilst the Directors are confident that they will be able to secure the necessary funding, the current conditions do indicate the existence of a material uncertainty that may cast doubt regarding the applicability of the going concern assumption and the auditors have made reference to this in their audit report.

Outlook and future developments
Future developments are outlined in the Chairman's statement and Strategic report.

Political and charitable contributions
The Company made no contributions to charitable or political bodies during the year (2020: £Nil).

Significant shareholders
As at 31 March 2021 and 30 September 2021, the significant shareholders in the Company were:

Holder	*No. of shares*	*%*
Brent Holdings Limited	24,793,095	14.40%
Roman Resources Management Pty Ltd	14,423,869	8.38%
Stanton Investments Ltd	12,676,670	7.36%
KL Kepong International Limited	11,197,984	6.50%
Chulu Holding Pty Ltd	8,734,798	5.10%
Bart Properties Pty ltd ATF the Scott Flynn family Trust	5,496,409	3.19%

Corporate governance
The Board is committed to ensuring good standards of corporate governance in so far as practicable for a company of this size. The London Stock Exchange has required all AIM companies to apply a recognised corporate governance code. In connection with these requirements, the Quoted Companies Alliance has published a new Corporate Governance Code which the Company has adopted. The Company has adopted and operates a share dealing code for Directors and senior employees on substantially the same terms as the Model Code appended to the Listing Rules of the UK Listing Authority. Information in relation to the Corporate Governance of the Group is contained within the Corporate Governance Report.

Employment policies and remuneration
The Company is committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure ongoing success for the business. Employees and those who seek to work with the Company are to be treated equally regardless of sex, marital status, creed, age, colour, race or ethnic origin.

Director remuneration
The Group remunerates the Directors at a level commensurate with the size of the Group and the experience of its Directors. The Board has reviewed the Directors' remuneration and believes it upholds the objectives of the Company and the Group with regard to this issue..

The total Group remuneration of Directors during the reporting period, was as follows:

Directors	**Salary & fees $'000**	**Share based Payments $'000**	**Pension contribution $'000**	**2021 Total $'000**	**2020 Total $'000**
Michael Frayne(1)(3)(6)	191	188	-	380	152
Gregory Martyr(1)(3(7)	95	94	-	189	49
Anthony Samaha(1)(3)(8)	62	94	-	156	5
James Leahy(2)	8	94	-	102	-
Teh Kwan Wey(2)	5	31	-	36	-
Geoffrey Brown(2)	4	31	-	35	-
Yap Miow Kien(4)	-	-	-	-	-
Patrick Kee Chuan Peng(4)	-	-	-	-	-
Lee Oi Hian(5)	-	-	-	-	-
Lee Guo Zhang(5)	-	-	-	-	-
	366	533	-	899	206

(1) Remuneration from CMET for the period 13-Jan-21 to 31-Mar-21 and CML for the year ended 31-Mar-21.
(2) Remuneration from CMET for the period 13-Jan-21 to 31-Mar-21.
(3) Remuneration from CML for the year ended 31-Mar-20 (2020 comparative).
(4) Resigned as a director of CMET on 3-Sep-20.
(5) Resigned as a director of CMET on 18-Jun-20.
(6) Includes payments made to Limerston Pty Ltd, an entity associated with Michael Frayne.
(7) Includes payments made to Hogan's Bluff Capital Pty Ltd, an entity associated with Gregory Martyr.
(8) Includes payments made to Santannos Ltd, an entity associated with Anthony Samaha.

It is noted that the above table includes the remuneration of the Directors of the Company from the completion of the reverse acquisition on 13 January 2021 to 31 March 2021, and the remuneration of the Directors of CML for the whole year ended 31 March 2021 and 31 March 2020. The remuneration of Directors of the Company for the period 1 October 2020 to 13 January 2021, is not included in the Group result for the year ended 31 March 2021 under reverse acquisition accounting. The remuneration of Directors of the Company for the period 1 October 2020 to 13 January 2021, and the comparative year ended 30 September 2020, was as follows:

Directors	Salary & fees $'000	Share based Payments $'000	Pension contribution $'000	2021 Total $'000	2020 Total $'000
Michael Frayne[(9)]	22	-	1	23	64
Gregory Martyr*[(11)]*	-	-	-	-	-
Anthony Samaha*[(11)]*	-	-	-	-	-
James Leahy*[(11)]*	-	-	-	-	-
Teh Kwan Wey[(10) (12)]	-	-	-	-	-
Geoffrey Brown[(9)]	4	-	-	4	67
Yap Miow Kien[(4) (12)]	-	-	-	-	-
Patrick Kee Chuan Peng[(4)(12)]	-	-	-	-	-
Lee Oi Hian[(5)(12)]	-	-	-	-	-
Lee Guo Zhang[(5) (12)]	-	-	-	-	-
	26	-	1	27	131

[(4)] Resigned as a director of CMET on 3-Sep-20.
[(5)] Resigned as a director of CMET on 18-Jun-20.
[(9)] For the period 1-Oct-20 to 13-Jan-21 and for the year ended 30-Sep-20.
[(10)] Appointed a director of CMET on 3-Sep-20
[(11)] Appointed a director of CMET on 13-Jan-21
[(12)] Representatives of Kuala Lumpur Kepong Berhad ("KLK") were not remunerated during the period KLK was the controlling shareholder of the Company.

As at 31 March 2021, there were no directors receiving defined contribution pension schemes benefits (2020: One).

Refer to Note 19 for details of options held by directors.

Environmental policies
The Group's operations are, and will be, subject to environmental regulation (with regular environmental impact assessments and evaluation of operations required before any permits are granted to the Group) in the jurisdiction in which it operates. Although the Group intends to be in compliance with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances, which could subject the Group to extensive liability. Further, the Group may fail to obtain the required approval from the relevant authorities necessary for it to undertake activities which are likely to impact the environment. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area. No environmental breaches have been notified by any governmental agency as at the date of this report.

Energy and carbon report
The Group is not required to report energy and emissions information under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, given its size. The Group will review providing voluntary disclosures in future reporting periods, where it continues to be below the reporting thresholds.

Board of Directors
The Board meets regularly to determine the policy and business strategy of the Company and has adopted a schedule of those matters that are reserved as the responsibility of the Board. The Directors who held office during the year and up to the date of this report are given below:

Gregory Martyr	(Non-Executive Chairman)
Michael Frayne	(CEO)
Anthony Samaha	(Finance Director)
Geoffrey Brown	(Non-Executive Director)
James Leahy	(Non-Executive Director)
The Kwan Wey	(Non-Executive Director)

Board committees
The Board has an Audit Committee, a Remuneration Committee and a Nominations Committee. The Audit Committee comprises Gregory Martyr (Chair) and Teh Kwan Wey. The Remuneration Committee comprises James Leahy (Chair) and Gregory Martyr. The Nominations Committee comprises Geoffrey Brown (Chair) and James Leahy.

Corporate and social responsibility
The Company maintains high, ethical standards in its business activities. We act responsibly, promoting accountability as individuals and as a company. We operate with ethics and fairness and comply with all required rules and regulations.

The Company requires that in respect to all of it operations there runs alongside this a comprehensive community engagement plan. It is vital that we engage, listen and communicate effectively with local communities, particularly when they begin the process of planning new developments. Whilst the Company is cognisant of its corporate social responsibilities, the Company considers that it is not of the size to warrant a formal policy.

Controlling party
In the opinion of the Directors there is no controlling party.

Statement of disclosure to auditor
So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Bribery Act
The Company is cognisant of its responsibilities under the Bribery Act and has implemented an Anti-Bribery policy.

UK City Code on Takeovers and Mergers
The Company is subject to the UK City Code on Takeovers and Mergers.

Market Abuse Regime
The Company has adopted and operates a share dealing code for Directors and senior employees on substantially the same terms as the Model Code and MAR appended to the Listing Rules of the UKLA.

Auditor
The auditor, BDO LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. BDO LLP has signified its willingness to continue in office as auditor.

Annual General Meeting
Notice of the forthcoming Annual General Meeting will be enclosed separately.

By order of the Board, 30 September 2021

Michael Frayne
Chief Executive Office

CAPITAL METALS PLC

Corporate governance report

The Company continues to be guided by the Quoted Companies Alliance Corporate Governance Code. Throughout the past year, the Company has complied with all aspects of the QCA Code and completed periodic reviews of its charter in order to maintain the robustness of its governance systems. No material issues were identified over the past twelve months.

The Company is committed to maintaining the highest standards in corporate governance throughout its operations and to ensure all of its practices are conducted transparently, ethically and efficiently. The Company believes scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and deliver value to shareholders. Therefore, and in accordance with the AIM Rules for Companies (the "AIM Rules"), the Company has chosen to formalise its governance policies by complying with the UK's Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code").

The Board currently consists of six Directors: a Chief Executive Officer, Non-Executive Chairman, Finance Director and three Non-Executive Directors ("NED"s). The Board considers that appropriate oversight of the Company is provided by the currently constituted Board.

QCA Code

The 10 principles set out in the QCA Code are listed below, with an explanation of how the Company applies each of the principles and the reason for any aspect of non-compliance.

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

The business objective of the Group is to successfully evaluate, permit, finance and develop the Eastern Minerals Project in Sri Lanka into a profitable mining operation in a socially and environmentally responsible way. The Company's business model and strategy are outlined in the strategic report commencing on page 5.

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

The Board is committed to maintaining good communications and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

Investors also have access to current information on the Company through its website www.capitalmetails.com and its Chief Executive Officer, who is available to answer investor relations enquiries at: info@capitalmetals.com. The Company provides regulatory, financial and business news updates through the Regulatory News Service in accordance with the AIM Rules for Companies.

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

The Board recognises that the long term success of the Group is reliant upon the collective efforts of management, employees, consultants, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships, including ongoing two-way communication, control and feedback processes to enable appropriate and timely response.

As part of the Mining Licence application by the Group for the Project in Sri Lanka, a detailed social impact assessment study was undertaken, as well as a public stakeholder consultation process. The results of this public consultation and engagement process have been overall positive, with the Project receiving overall support from relevant stakeholders

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

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Group at this stage and in the foreseeable future are detailed in the Risk Factors report of the Company's AIM Admission Document and updated in the annual report and accounts, which are available on the Company's website www.capitalmetals.com.

Principle 5 - Maintain the Board as a well-functioning, balanced team led by the Non-Executive Chairman

The Board's role is to agree the Company's long-term direction and strategy and monitor achievement of key milestones against its business objectives. The Board meets formally at least six times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic, operational and financial matters.

The Board is comprised of a Chief Executive Officer (Michael Frayne); a Non-Executive Chairman (Gregory Martyr); a Finance Director (Anthony Samaha) and three NEDs (Geoffrey Brown, James Leahy and Teh Kwan Wey). Each Director serves on the Board until the Annual General Meeting following his election or appointment. The Chief Executive Officer works full time for the Company. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. The Board meets regularly throughout the year as deemed appropriate formally and informally, in person and by telephone.

The Company constantly keeps under review the constitution of the Board and may seek to add more members as required as the Company grows and develops.

The Board as a whole considers the NEDs to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

The Board has implemented an effective committee structure to assist in the discharge of its responsibilities. All committees of the Board have written terms of reference dealing with their authority and duties. Membership of the Audit, Remuneration and Nominations Committees is comprised exclusively of Non-Executive Directors. The Company Secretary acts as secretary to each of these committees.

Attendance at Board and Committee Meetings

In order to be efficient, the Board meets formally and informally both in person and by telephone. To date there have been at least bimonthly meetings of the Board, and the volume and frequency of such meetings is expected to continue at least at this rate. The Company had 6 Board meetings during the period from 1 October 2020 to 31 March 2021 and set out below, the number of Board and committee meetings attended by Directors.

		Board (out of total possible)	**Audit Committee** (out of total possible)	**Nominations Committee** (out of total possible)	**Remuneration Committee** (out of total possible)
Gregory Martyr	(appointed 13 January 2021)	2 / 2	1 / 1		- / -
Michael Frayne		6 / 6			
Anthony Samaha	(appointed 13 January 2021)	2 / 2			
Geoffrey Brown		6 / 6		- / -	
Teh Kwan Wey		6 / 6	1 / 1		
James Leahy	(appointed 13 January 2021)	2 / 2		- / -	- / -

It is noted that in the short period between completion of the RTO on 13 January 2021 and the year end of 31 March 2021, there were no meetings of the Nominations and Remuneration committees, as there were no matters requiring consideration during the period.

The Audit Committee met once during the period, to discuss and confirm the continued appointment of BDO LLP as the Company's auditors.

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

The Board considers the current balance of sector, financial and public market skills and experience which it embodies is appropriate for the size and stage of development of the Company and that the Board has the skills and requisite experience necessary to execute the Company's strategy and business plan whilst also enabling each Director to discharge their fiduciary duties effectively. Biographies for each member of the Board is provided on page 14 of this annual report and accounts, as well as on the Company's website www.capitalmetals.com.

All Directors, through their involvement in other listed companies as well as the Company, including attendance at seminars, forums and industry events and through their memberships of various professional bodies, keep their skill sets up to date.

The Board reviews annually, and when required, the appropriateness of its mix of skills and experience to ensure that it meets the changing needs of the Company.

The Company has a professional Company Secretary in the UK who assists the Chief Executive Officer in preparing for and running effective Board meetings, including the timely dissemination of appropriate information. The Company Secretary provides advice and guidance to the extent required by the Board on the legal and regulatory environment.

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

Review of the Group's progress against the long-term strategy and aims of the business provides a means to measure the effectiveness of the Board. This progress is reviewed in Board meetings held at least six times a year. The Chief Executive Officer's performance is reviewed once a year by the Board and measured against a definitive list of strategic targets set by the Board.

The Company conducts periodic reviews of its Board succession planning protocols which includes an assessment of the number of Board members and relative experience of each Board member vis-a-vis the Company's requirements given its stage of development, with the goal of having in place an adequate and sufficiently experienced Board at all times.

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

The corporate culture of the Company is promoted throughout its employees and consultants and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies including a Share Dealing Policy and Code, Anti-Corruption and Anti-Bribery Policy, Matters Reserved for the Board, Code of Business Ethics, Whistle Blowing Policy, and Media and Communications Policy, so that all aspects of the Company are run in a robust and responsible way.

The Board is aware that the culture set by the Board will impact all aspects of the Group and the way that employees and consultants behave. The exploration, evaluation and development of mineral resources can have a significant impact and it is important that the communities view the Group's activities positively. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

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

The Board is responsible for setting the vision and strategy for the Company to deliver value to the Company's shareholders by effectively putting in place its business model.

The roles and responsibility of the Chief Executive Officer, Finance Director, Non-Executive Chairman and other Directors are laid out below:

- The Chief Executive Officer's primary responsibilities are to: implement the Company's strategy in consultation with the Board; take responsibility for the Company's projects in Sri Lanka; run the Company on a day-by-day basis; implement the decisions of the Board; monitor, review and manage key risks; act as the Company's primary spokesman; communicate with external audiences such as investors, analysts and media; and be responsible for the administration of all aspects of the Company.
- The Finance Director's primary responsibilities are to: oversee the accounting function of all group companies and deal with all matters relating to the independent audit.
- The Non-Executive Chairman's primary responsibilities are to: lead the Board and to ensure the effective working of the Board; in consultation with the Board, ensure good corporate governance and set clear expectations with regards to the Company culture, values and behaviour; set the Board's agenda and ensures that all Directors are encouraged to participate fully in the decision-making process of the Board and take responsibility for relationships with the Company's professional advisers and major shareholders.
- The Company's NEDs participate in all Board level decisions and play a particular role in the determination and articulation of strategy. The Company's NEDs provide oversight and scrutiny of the performance of the Executive Directors, whilst both constructively challenging and inspiring them, thereby ensuring the business develops, communicate and execute the agreed strategy and operate within the risk management framework.
- The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The Board is supported by the audit, remuneration and nominations committees as described below.

Audit Committee

The Audit Committee comprises Gregory Martyr (Chair) and Teh Kwan Wey.

The Audit Committee reviews reports from management and from BDO, the Company's auditor, relating to the interim and annual accounts and to the system of internal financial control.

The Audit Committee is responsible for assisting the Board's oversight of the integrity of the financial statements and other financial reporting, the independence and performance of BDO, the regulation and risk profile of the Company and the review and approval of any related party transactions. The Audit Committee may hold private sessions with BDO without management present. Further, the Audit Committee is responsible for making recommendations to the Board on the appointment of BDO and the audit fee and reviews reports from management and BDO on the financial accounts and internal control systems used throughout the Company.

The Audit Committee meets at least two times a year and is responsible for ensuring that the Company's financial performance is properly monitored, controlled and reported. The Audit Committee is responsible for the scope and effectiveness of the external audit and compliance by the Company with statutory and other regulatory requirements.

The Audit Committee:

- monitors in discussion with BDO the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance and reviews significant financial reporting judgments contained in them;
- reviews the Company's internal financial controls and reviews the Company's internal control and risk management systems;
- considers annually whether there is a need for an internal audit function and makes a recommendation to the Board;
- makes recommendations to the Board for it to put to the shareholders for their approval in the general meeting, in relation to the appointment, re-appointment and removal of BDO and to approve the remuneration and terms of engagement of BDO;
- reviews and monitors BDO's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- develops and implements policy on the engagement of BDO to supply non-audit services, taking into account relevant external guidance regarding the provision of non-audit services by BDO; and
- reports to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The Audit Committee also reviews arrangements by which the staff of the Company and the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action.

Remuneration Committee

The Remuneration Committee comprises James Leahy (Chair) and Gregory Martyr.

The Remuneration Committee is responsible for considering all material elements of remuneration policy, the remuneration and incentivisation of Executive Directors and senior management (as appropriate) and to make recommendations to the Board on the framework for executive remuneration and its cost. The role of the Remuneration Committee is to keep under review the Company's remuneration policies to ensure that the Company attracts, retains and motivates the most qualified talent who will contribute to the long-term success of the Company. The Remuneration Committee also reviews the performance of the Chief Executive Officer and sets the scale and structure of his remuneration, including the implementation of any bonus arrangements, with due regard to the interests of shareholders.

The Remuneration Committee is also responsible for reviewing the terms of granting options by the Company, in particular, the price per share and the application of the performance standards which may apply to any grant, ensuring in determining such remuneration packages and arrangements, due regard is given to any relevant legal requirements, the provisions and recommendations in the AIM Rules and The QCA Code.

The Remuneration Committee:

- determines and agrees with the Board the framework or broad policy for the remuneration of the Chief Executive Officer and Finance Director;
- determines targets for any performance-related pay schemes operated by the Company;
- ensures that contractual terms on termination and any payments made are fair to the individual, the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- determines the total individual remuneration package of the Chief Executive Officer and Finance Director, including bonuses, incentive payments and share options;
- is aware of and advises on any major changes in employees' benefit structures throughout the Company;
- ensures that provisions regarding disclosure, including pensions, as set out in the (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, are fulfilled; and
- is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee.

Nominations Committee

The Nominations Committee comprises Geoffrey Brown (Chair) and James Leahy.

The Nominations Committee shall be responsible for considering all criteria for new Executive and Non-Executive Director appointments, including experience of the industry in which the Company operates and professional background. Specifically, the Nominations Committee:

- is responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- evaluates the balance of skills, knowledge, experience and diversity of the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment;
- reviews annually the time required from the Non-Executive Directors and assess whether each Non-Executive Director is spending enough time to fulfil their duties;
- considers candidates from a wide range of backgrounds;
- gives full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise therefore needed on the Board, reporting to the Board regularly;
- regularly reviews the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to changes;
- keeps under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- makes a statement in the annual report about its activities, the process used for appointments and explains if external advice or open advertising has not been used, the membership of the Nominations Committee, number of Nominations Committee meetings and attendance over the course of the year;
- ensures that on appointment to the Executive and Non-Executive Directors receive formal letters of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- considers and makes recommendations to the Board about the re-appointment of any Non-Executive Director at the conclusion of their specified term of office or retiring in accordance with the Company's Articles of Association; and
- considers and make recommendations to the Board on any matter relating to the continuation in office of any Director at any time.

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

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with key private shareholder, analysts and brokers, providing the opportunity to discuss issues and provide feedback at meetings with the Company.

The Company also provides regular updates on the progress of the Company, detailing recent business and strategy developments, in news releases which is available on the Company's website www.capitalmetals.com. The Company's financial reports can also be found on its website.

All shareholders are encouraged to attend the Company's Annual General Meeting and any general meetings held by the Company, subject to any COVID-19 restrictions. The Company has elected to host its AGMs in London. The Directors believe hosting the AGM in London will enhance engagement with the Company's shareholders by making the meeting more accessible. The Board is always open to receiving feedback from shareholders. Communications should be directed to info@capitalmetals.com. The Chief Executive Officer has been appointed to manage the relationship between the Company and its shareholders and will review and report to the Board on any communications received.

The Company also participates in various investor events including conferences and presentation evenings, at which shareholders can meet with management in person to answer queries, provide information on current developments and to take into consideration shareholder views and suggestions.

Gregory Martyr
Chairman

30 September 2021

CAPITAL METALS PLC
Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements comply 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 Company will continue in business.

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

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

CAPITAL METALS PLC

Independent auditor’s report to the members of Capital Metals Plc

Opinion on the financial statements

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 provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Capital Metals Plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 31 March 2021 which comprise the Group statement of comprehensive income, Group statement of financial position, Group statement of cash flows, Group statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. We have audited the financial statements of Capital Metals Plc for the six month period ended 31 March 2021 which comprise the Company statement of financial position, Company statement of cash flows, Company statement of changes in equity and notes to the Company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates that the Group and Parent Company will need to raise additional funding within twelve months from the date of approval of the financial statements. As stated in note 1, these events or conditions, along with other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We identified going concern as a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

Our evaluation of the Directors’ assessment of the Group and the Parent Company’s ability to continue to adopt the going concern basis of accounting and our audit procedures in response to this key audit matter included the following:

- We discussed with management, including their assessment of potential risks and uncertainties associated with areas such as the Group’s operations, ability to secure funding that are relevant to the Group’s business model and operations. We formed our own assessment of risks and uncertainties based on our understanding of the business and mineral sands sector.
- We obtained management’s sensitivity analysis to determine the point at which liquidity breaks and considered whether such scenarios were reasonably possible.
- We critically assessed management’s base case cash flow forecasts and the underlying key assumptions which have been approved by the Board. In doing so, we considered factors such as historical operating expenditure. We evaluated commitments under the exploration licences, reviewed board minutes and market announcements for indications of additional cash requirements.

- We discussed with management and the Board the Group's strategy to access capital to fund its development plans. We considered management's judgement that they had reasonable expectation of securing necessary funding and the timing of such funding requirement.
- We reviewed and considered the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation.

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

Overview

Coverage	*99% of Group profit before tax* *99% of Group total assets*
Key audit matters	2020 Going Concern √ Carrying value of exploration assets √ Accounting for the reverse acquisition √
Materiality	*Group financial statements as a whole* US$ 122,000 based on 1.5% of total assets.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, our Group audit scope focused on the Group's principal operating locations being Sri Lanka (Eastern Minerals (Pvt) Limited "and Damsila Exports (Pvt) Limited and the United Kingdom (Capital Metals Plc).

These were regarded as being significant components of the Group and were subject to full scope audits based on their size and risk characteristics.

The remaining components of the Group were considered non-significant and these components were principally subject to analytical review procedures.

The audits of each components were performed in the United Kingdom and were conducted by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty in relation to going concern* above, we have determined the matters described below to be Key Audit Matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of exploration assets	As detailed in note 13, the carrying value of Exploration and Evaluation Assets ("E&E assets") amounted to US$6.2 million at 31 March 2021. Management are required to assess each year whether there are any potential impairment triggers under IFRS 6 *Exploration for and Evaluation of Mineral Resources* which would indicate that the carrying value of E&E assets may not be recoverable. As disclosed in notes 2 and 13, the impairment review of the carrying value of E&E assets requires significant judgment to be made by management. Given the materiality of the assets in the context of the Group's statement of financial position and the judgement involved in making this assessment we consider this to be a key audit matter.	Our procedures in relation to management's assessment of the Carrying value of E&E assets included: • We reviewed management's impairment assessment and performed our own assessment of impairment indicators in accordance with IFRS 6 in order to determine whether their assessment was complete and in accordance with the requirements of the accounting standard. • We evaluated management's assessment of the Group's right to tenure over the Eastern Minerals Project licence area by reviewing licence agreements. • We challenged management to provide evidence to support their expectation that the industrial mining licence application ("IML") over the DEL licence which expired during the year, will be obtained. In doing so, we reviewed the industrial mining licence application, and challenged the Group's Sri Lankan external solicitor in order to corroborate management's view that the DEL IML is likely to be obtained. We assessed the solicitor's competence and independence. • We discussed with management and reviewed board minutes and press releases to assess the exploration activity undertaken in the year, the results of exploration activity and the future plans for the licence area. • We reviewed the planned works programme to determine if substantive expenditure is planned in each licence area to identify whether there were circumstances whereby no further substantive expenditure was planned, which would be an indicator of impairment. • We evaluated the adequacy of the Group's disclosures in respect of the impairment assessments. **Key observations:** Based on the work performed we found management's assessment of the carrying value of exploration assets to be reasonable. We found the disclosures in the financial statements to be appropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
Accounting for the reverse acquisition	As detailed in note 5, during the year the Company acquired through a share-for-share exchange the entire issued share capital of Capital Metals Limited. In substance, the shareholders of Capital Metals Limited acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. Management judgement is required in accounting for this transaction and the accounting conclusion has a fundamental impact on the presentation of the current and comparative financial statements of the Group. Given the level of judgement involved in making this assessment we consider this to be a key audit matter.	Our procedures in relation to management's assessment included: • We reviewed the completeness of management's assessment by considering whether it was in accordance with the requirements of the accounting standards and in line with industry practice. • We reviewed the appropriateness of management's assessment, the methodology and its consistency with the requirements of IFRSIn respect of the deemed cost of acquiring a listing we, agreed the consideration shares to the acquisition agreement and the acquisition date share price to the LSE website. • We reviewed and assessed the appropriateness and adequacy of disclosures provided within the financial statements. **Key observations:** Based on the procedures performed we found management's assessment and disclosures in the financial statement to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
	2021	2021
Materiality	US$ 122,000	US$ 72,000
Basis for determining materiality	1.5% of Total Assets	0.2% of Total Assets
Rationale for the benchmark applied	We consider total assets to be the most significant determinant of the Group's financial performance used by members. The Group has invested significant sums on its Exploration assets and these are considered to be the key value driver for the Group as its assets are an indicator of future value to shareholders.	The Company is a holding company which performs fund raising activities and incurs other administrative expenditure. As the strategic focus of the Company is monetising its asset base we have determined that an asset based materiality is the appropriate basis of materiality.
Performance materiality	US$ 78,000	US$ 46,000
Basis for determining performance materiality	65% of materiality based on our assessment of a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the group's internal controls and management's attitude towards proposed adjustments.	65% of materiality based on our assessment of a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the group's internal controls and management's attitude towards proposed adjustments.

Component materiality

We set materiality for each component of the Group based on a percentage of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US$60,000 to US$84,000. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of US$2,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	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 statement of Directors' responsibilities, 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.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- Holding discussions with management and considering any known or suspected instances of non-compliance with laws and regulations or fraud;
- Gaining an understanding of the laws and regulations relevant to the Group and the industry in which it operates, through discussion with management and our knowledge of the industry. These included the listing rules, financial reporting framework, UK Companies Law, tax legislation and environmental regulations in the UK and Sri Lanka;
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Assessing the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. In response our procedures included, but were not limited to;

    - Agreeing the financial statement disclosures to underlying supporting documentation;
    - Addressing the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud;
    - Assessing areas of the Financial Statements which include judgement and estimates, as set out in note 2 to the financial statements and in our Key audit matters section above and evaluated whether there was evidence of bias by the Directors;
    - Made of enquiries of management as to whether there was any correspondence from regulators in so far as the correspondence related to the Financial Statements;

- Reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
30 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CAPITAL METALS PLC
Group statement of comprehensive income for the year ended 31 March 2021

	Notes	2021 $'000	Restated[1] 2020 $'000
Administration expenses		**(1,432)**	(1,030)
Share based payments expense:			
- Cost of acquiring listing	5	**(5,454)**	-
- Share based payments charge	19	**(1,111)**	-
Loss on ordinary activities		**(7,997)**	(1,030)
Finance income		**111**	6
Loss before tax for the period		**(7,886)**	(1,024)
Taxation	9	**-**	-
Loss for the financial year		**(7,886)**	(1,024)
Other comprehensive loss			
Foreign exchange loss on translation of foreign subsidiaries		**167**	(173)
Other comprehensive loss		**167**	(173)
Total comprehensive loss for the financial year		**(7,719)**	(1,197)
Attributable to:			
Equity holders		**(7,719)**	(1,197)
		(7,719)	(1,197)
Loss per share			
Basic and fully diluted loss per share (cents)	10	**(5.61)**	(0.78)

All amounts relate to continuing operations.

The notes on pages 39 to 66 form part of these financial statements.

[1] *Refer to Note 4.*

CAPITAL METALS PLC

Group statement of financial position as at 31 March 2021

	Notes	2021 $'000	Restated[1] 2020 $'000	Restated[1] 2019 $'000
ASSETS				
Non-current assets				
Exploration & evaluation assets	13	**6,178**	6,389	6,612
Property, plant & equipment	14	**48**	72	117
		6,226	6,461	6,729
Current assets				
Trade and other receivables	15	**115**	5	111
Cash and cash equivalents		**1,797**	114	85
		1,912	119	196
Total assets		**8,138**	6,580	6,925
EQUITY				
Capital and reserves				
Share capital	18	**6,019**	5,611	5,611
Share premium account	18	**47,470**	47,267	47,267
Capital contribution reserve		**1,250**	1,250	1,250
Deferred share reserve	20	**1,969**	1,969	1,969
Reverse acquisition reserve	5	**(75,474)**	(45,859)	(46,218)
Merger reserve	5	**35,633**	-	-
Share warrants and options reserve	19	**3,437**	281	325
Foreign currency translation reserve		**(956)**	(1,155)	(982)
Retained earnings		**(12,517)**	(4,767)	(3,787)
Total shareholders' funds		**6,831**	4,596	5,434
LIABILITIES				
Current liabilities				
Trade and other payables	16	**707**	337	297
		707	337	297
Non-Current liabilities				
Trade and other payables	16	**600**	1,194	1,194
Borrowings	17	**-**	453	-
		600	1,647	1,194
Total equity and liabilities		**8,138**	6,580	6,925

Approved by the Board of Directors on 30 September 2021
Signed on behalf of the Board of Directors:

Michael Frayne
Director

The notes on pages 39 to 66 form part of these financial statements.

[1] *Refer to Note 4.*

Company statement of financial position as at 31 March 2021 and 30 September 2020

	Notes	31/03/21 $'000	30/09/20 $'000
ASSETS			
Non-current assets			
Investment in subsidiaries	11	**36,800**	-
Property, plant & equipment		**-**	2
		36,800	2
Current assets			
Loan to subsidiaries	12	**1,195**	-
Trade and other receivables	15	**112**	67
Cash and cash equivalents		**1,706**	1,172
		3,013	1,239
Total assets		**39,813**	1,241
EQUITY			
Capital and reserves			
Share capital	18	**6,019**	5,611
Share premium account	18	**47,470**	47,242
Merger reserve	5	**35,634**	-
Share warrants and options reserve	19	**3,462**	25
Foreign currency translation reserve		**(575)**	(1,086)
Retained earnings		**(52,292)**	(50,658)
Total shareholders' funds		**39,718**	1,134
LIABILITIES			
Current liabilities			
Trade and other payables	16	**95**	107
		95	107
Total equity and liabilities		**39,813**	1,241

Approved by the Board of Directors on 30 September 2021
Signed on behalf of the Board of Directors:

Michael Frayne
Director

The notes on pages 39 to 66 form part of these financial statements.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company total comprehensive loss for the six month period ended 31 March 2021 was $1,634,000 (twelve months ended 30 September 2020: loss $6,367,000).

[(1)] *Refer to Note 4.*

Group statement of cash flows for the year ended 31 March 2021

	Notes	2021 $'000	2020(1) $'000
Cash flows from operating activities			
Loss for the financial year		**(7,886)**	(1,024)
Adjustments:			
Deemed reverse acquisition expense	5	**5,454**	-
Profit on sale of property, plant and equipment		**-**	(4)
Depreciation	14	**19**	18
Foreign exchange		**166**	275
Interest received		**(1)**	(1)
Interest expense	17	**45**	15
Waiver of loans owed		**(110)**	-
Share based payments	19	**1,111**	-
Operating cash flows before movement in working capital		**(1,202)**	(721)
Decrease/(increase) in receivables		**48**	106
Increase/(decrease) in payables		**(442)**	48
Cash used in operating activities		**(1,596)**	(567)
Cash flows from investing activities			
Interest received		**1**	1
Disposals of property, plant and equipment		**-**	20
Cash expenditure on exploration and evaluation activity	13	**(134)**	(215)
Net cash from/(used in) investing activities		**(133)**	(194)
Cash flows from financing activities			
Share placement proceeds	18	**2,842**	363
Costs of issue	18	**(299)**	(12)
Interest expense paid	17	**(26)**	-
Cash acquired in reverse acquisition	5	**938**	-
Proceeds from borrowings	17	**33**	428
Repayments of borrowings	17	**(204)**	-
Net cash generated from financing activities		**3,284**	779
Net increase/(decrease) in cash and cash equivalents		**1,555**	17
Net foreign exchange differences		**128**	11
Cash and cash equivalents at the beginning of the period		**114**	86
Cash and cash equivalents at the end of the period		**1,797**	114

The notes on pages 39 to 66 form part of these financial statements.

(1) *Refer to Note 4.*

Company statement of cash flows for the period ended 31 March 2021 and year ended 30 September 2020

	Notes	31/03/21 $'000	30/09/20 $'000
Cash flows from operating activities			
Loss for the financial year		**(1,634)**	(6,367)
Adjustments:			
Depreciation	14	**2**	1
Interest income		**-**	(358)
Share based payments	19	**768**	-
Loss on disposal of associate		**-**	5,808
Operating cash flows before movement in working capital		**(864)**	(916)
Decrease/(increase) in receivables		**(45)**	117
Increase/(decrease) in payables		**(12)**	67
Net cash used in operating activities		**(921)**	(732)
Cash flows from investing activities			
Proceeds from disposal of associate		**-**	373
Loan to subsidiaries	12	**(1,195)**	334
Interest income received		**-**	254
Net cash from/(used in) investing activities		**(1,195)**	751
Cash flows from financing activities			
Share placement proceeds	18	**2,842**	514
Costs of issue	18	**(299)**	(25)
Net cash generated from financing activities		**2,543**	489
Net increase/(decrease) in cash and cash equivalents		**427**	508
Net foreign exchange differences		**107**	13
Cash and cash equivalents at the beginning of the period		**1,172**	651
Cash and cash equivalents at the end of the period		**1,706**	1,172

The notes on pages 39 to 66 form part of these financial statements.

CAPITAL METALS PLC

Group statement of changes in equity for the year ended 31 March 2021

	Share capital	Share premium account	Capital contribution reserve	Deferred share reserve	Reverse acquisition reserve	Merger reserve	Share warrants & options reserve	Foreign currency translation reserve	Retained earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Restated Balance as at 31 March 2019*(1)*	**5,611**	**47,267**	**1,250**	**1,969**	**(46,218)**	**-**	**325**	**(982)**	**(3,787)**	**5,434**
Loss for the year	-	-	-	-	-	-	-	-	(1,024)	**(1,024)**
Other comprehensive income	-	-	-	-	-	-	-	(173)	-	**(173)**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(173)**	**(1,024)**	**(1,197)**
Changes in equity for the year ended 31 March 2020										
Issue of share capital	-	-	-	-	359	-	-	-	-	**359**
Expiry of options during the year	-	-	-	-	-	-	(44)	-	44	-
Restated Balance as at 31 March 2020*(1)*	**5,611**	**47,267**	**1,250**	**1,969**	**(45,859)**	**-**	**281**	**(1,155)**	**(4,767)**	**4,596**
Loss for the year	-	-	-	-	-	-	-	-	(7,886)	**(7,886)**
Other comprehensive income	-	-	-	-	-	-	-	167	-	**167**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**167**	**(7,886)**	**(7,719)**
Changes in equity for the year ended 31 March 2021										
Cancellation of options	-	-	-	-	146	-	(281)	-	135	-
Reverse acquisition	360	-	-	-	(29,728)	35,633	(25)	-	-	**6,241**
Issue of share capital for cash	47	2,795	-	-	-	-	-	-	-	**2,842**
Costs of issue of share capital	-	(299)	-	-	-	-	-	-	-	**(299)**
Issue of share warrants	-	(2,320)	-	-	-	-	2,694	-	-	**374**
Issue of options	-	-	-	-	-	-	768	-	-	**768**
Issue of share capital to settle CML convertible bond interest	1	27	-	-	-	-	-	-	-	**28**
Balance as at 31 March 2021	**6,019**	**47,470**	**1,250**	**1,969**	**(75,441)**	**35,633**	**3,437**	**(989)**	**(12,517)**	**6,831**

The notes on pages 39 to 66 form part of these financial statements.

[(1)] *Refer to Note 4.*

Company statement of changes in equity for the period ended 31 March 2021 and year ended 30 September 2020

	Share capital	Share premium account	Merger reserve	Share warrants and options reserve	Foreign currency translation reserve	Retained earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 30 September 2019	**5,598**	**46,791**	**-**	**-**	**(1,085)**	**(44,291)**	**7,013**
Loss for the year	-	-	-	-	-	(6,367)	**(6,367)**
Other comprehensive income	-	-	-	-	(1)	-	**(1)**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(1)**	**(6,367)**	**(6,368)**
Changes in equity for the year ended 30 September 2020							
Issue of share capital for cash	13	476	-	-	-	-	**489**
Transaction costs on issue of share capital	-	(25)	-	25	-	-	-
Balance as at 30 September 2020	**5,611**	**47,242**	**-**	**25**	**(1,086)**	**(50,658)**	**1,134**
Loss for the period	-	-		-	-	(1,634)	**(1,634)**
Other comprehensive income	-	-	-	-	511	-	**511**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**511**	**(1,634)**	**(1,123)**
Changes in equity for the period ended 31 March 2021							
Issue of shares to acquire CML	360	-	35,634	-	-	-	**35,994**
Issue of share capital for cash	47	2,795	-	-	-	-	**2,842**
Transaction costs on issue of share capital	-	(299)	-				**(299)**
Issue of share warrants	-	(2,295)	-	2,669	-	-	**374**
Issue of share options	-	-	-	768	-	-	**768**
Issue of share capital to settle CML convertible bond loan interest	1	27	-	-	-	-	**28**
Balance as at 31 March 2021	**6,019**	**47,470**	**35,634**	**3,462**	**(575)**	**(52,292)**	**39,718**

The notes on pages 39 to 66 form part of these financial statements.

CAPITAL METALS PLC
Notes to the financial statements

1. Reporting entity

Capital Metals Plc is a public limited company registered in England and Wales under the Companies Act, with registered number 05555087, and limited by shares. Following the completion of the reverse acquisition of Capital Metals Limited on 13 January 2021, the Company changed its name from Equatorial Palm Oil Plc to Capital Metals Plc, and changed its account reference date to 31 March. The Company's registered office is at Office 3.05, 1 King Street, London EC2V 8AU.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The nature of the Group's operations and its principal activities are set out in the Directors' report on pages 15 to 18.

2. Summary of principal accounting policies

2.1. Basis of preparation

These financial statements of the Group for the year ended 31 March 2021, and for the Company for the six months ended 31 March 2021, have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements were authorised for issue by the Board of Directors on 30 September 2021.

Reverse acquisition & comparative information

On 13 January 2021, the Company completed a reverse acquisition of Capital Metals Limited, a company registered in the British Virgin Islands. Further information about this transaction is disclosed in note 5.

Although the transaction resulted in Capital Metals Limited becoming a wholly owned subsidiary of the Company, the transaction constitutes a reverse takeover in accordance with Rule 14 of the AIM Rules for Companies as the previous shareholders of Capital Metals Limited own a substantial majority of the Ordinary Shares of the Company and the executive management of Capital Metals Limited became the executive management of Capital Metals Plc, previously Equatorial Palm Oil Plc.

Being a reverse takeover, the legal subsidiary, Capital Metals Limited was treated in consolidation as the accounting acquirer and the legal parent company, Capital Metals Plc, was treated as the accounting subsidiary.

The comparative period for the Group is the year ended 31 March 2020 and includes the results of Capital Metals Limited and its subsidiaries only.

The comparative period for the Company is the year ending 30 September 2020, with the current period results being for the 6 month period 31 March 2021.

Measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the following financial liabilities (refer Note 2.12):

- Deferred consideration – fair value through profit or loss
- Convertible bonds – fair value through profit or loss

2.2. Basis of consolidation

These consolidated financial statements comprise the financial statements of Capital Metals Plc and its subsidiaries as at 31 March 2021. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where subsidiaries follow differing accounting policies from those of the Group, those accounting policies have been adjusted to align with those of the Group. Inter-company balances and transactions between Group companies are eliminated on consolidation, though foreign exchange differences arising on inter-company balances between subsidiaries with differing functional currencies is recognised in profit or loss.

2.3. Going concern

These financial statements have been prepared on the going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report.

As at 31 March 2021 and the date of sign-off of these financial statements, the Group had cash and cash equivalents of $1,797,000 and $1,236,000 respectively. The Directors have prepared cash flow forecasts for the period ending 31 December 2022, which take account of the cost and operational structure of the Group, planned exploration and evaluation expenditure, licence commitments and working capital requirements. These forecasts indicate that the Group's cash resources are not sufficient to cover the projected expenditure for the period for a period of 12 months from the date of approval of these financial statements. These forecasts indicate that the Group, in order to meet its operational objectives, and meets its expected liabilities as they fall due, will be required to raise additional funds within the next 12 months.

In common with many exploration and evaluation entities, the Group will need to raise further funds within the next 12 months in order to meet its expected liabilities as they fall due, and progress the Group into definitive feasibility and then into construction and eventual production of revenues. The Directors are confident in the Company's ability to raise additional funds as required, from existing and/or new investors, within the next 12 months. The Group has demonstrated its access to financial resources, as evidenced by the completion of the Company's readmission to the AIM market of the London Stock Exchange in January 2021, in conjunction with an equity raising of £2,085,000 ($2,842,000), before costs.

The operations of the Group are currently financed from equity funds which the Group has raised from shareholders. The Group has not yet earned revenues and is still in the exploration and evaluation phase of its business.

The ongoing effect of COVID-19 is actively being assessed by the Directors, the future impact of which remains unknown. The Directors are of the opinion that there is no reason to believe there will be any effect in respect of the Group's going concern status for the foreseeable future. Further information on the impact of COVID-19 is included in the Strategic Report.

Given the Group's current cash position and its demonstrated ability to raise capital, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting preparing these financial statements. Whilst the Directors are confident that they will be able to secure the necessary funding, the current conditions do indicate the existence of a material uncertainty that may cast doubt regarding the applicability of the going concern assumption and the auditors have made reference to this in their audit report.

2.4. Functional and presentation currency

These consolidated financial statements are presented in US Dollars. All amounts have been rounded to the nearest thousands of US Dollars ($'000), unless otherwise indicated. The functional currency of the RTO accounting acquirer, CML, is US Dollars. The functional currency of the Company is pounds sterling.

Each Group entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Group's subsidiaries incorporated in the British Virgin Islands and Sri Lanka is US Dollars and Sri Lankan Rupee respectively.

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 reporting date. Gains or losses arising from settlement of transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income for the period.

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

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

On consolidation, exchange differences arising from the translation of intercompany balances are taken to statement of comprehensive income for the period.

2.5. Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Directors are of the opinion that the Group comprises a single activity being the exploration and evaluation of mineral sand resources in one geographical area in Sri Lanka. As such the financial information of the segment is the same as that set out in the primary statements.

2.6. Asset acquisition

Where an acquisition transaction constitutes the acquisition of an asset and not a business, the consideration paid is allocated to assets and liabilities acquired based on their relative fair values, with transaction costs capitalised. No gain or loss is recognised.

Consideration paid in the form of equity instruments is measured by reference to the fair value of the asset acquired. The fair value of the assets acquired would be measured at the point control is obtained.

The Group recognises the fair value of contingent consideration in respect to an asset acquisition, where it is probable that a liability has been incurred, and the amount of that liability can be reasonably estimated. Such contingent consideration is recognized at the time control of the underlying asset is obtained, and such an amount is included in the initial measurement of the cost of the acquired assets.

The Group recognises contingent consideration in the form of cash, and contingent consideration in the form of equity instruments. Contingent consideration in the form of cash is recognised as a liability, and contingent consideration in the form of equity instruments is recognised in the contingent share reserve.

For contingent cash consideration milestones, the Group estimates a probability for the likelihood of completion to estimate the total liability for the expected variable payments. The probability estimated for the likelihood of completion is considered at each reporting period. Movements in the fair value of contingent cash consideration payable is capitalised as part of the asset.

For contingent share consideration milestones, the Group estimates a probability for the likelihood of completion to estimate the total contingent share consideration payable. The probability estimated for the likelihood of completion is not reassessed in subsequent reporting periods.

Deferred tax is not recognised upon an asset acquisition.

2.7. Exploration and evaluation assets

Exploration and evaluation assets include the cost of acquisition, exploration, determination of resources and recoverable reserves, technical studies, economic feasibility studies and all technical and administrative overheads directly associated with these assets, where a mineral deposit has development potential.

Exploration and evaluation assets which are acquired are recognised at fair value. Capitalised exploration and evaluation expenditure is recorded and held at cost.

The Group performs an impairment test on the exploration and evaluation assets when specific facts and circumstances indicate an impairment test is required, including:

i) the Group's right to explore in an area has expired, or will expire in the near future without renewal;
ii) no further exploration or evaluation is planned or budgeted for;
iii) a decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; and
iv) sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

If any such facts or circumstances are noted, the Group, as a next step, perform an impairment test in accordance with the provisions of IAS 36 "Impairment of Assets". In such circumstances, the aggregate carrying value of the exploration and assets is compared against the expected recoverable amount of the cash-generating unit. The recoverable amount is the higher of value in use and the fair value less costs to sell. Management considers all licences relating to the project to represent one asset when undertaking their impairment assessment.

2.8. Investments in subsidiaries

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

2.9. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

Computer & office equipment:	3 years
Motor vehicles:	4 years

Field equipment: 4 years
Furniture & fittings: 5 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

2.10. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

2.11. Financial assets

(a) Recognition and measurement

Management determines the classification of its financial assets at initial recognition, the classification of which depends on the purpose for which the financial assets were acquired.

Financial assets are classified in four categories:
i) amortised cost;
ii) fair value through other comprehensive income ("FVOCI") with gains or losses recycled to profit or loss on derecognition;
iii) FVOCI with no recycling of gains or losses to profit or loss on derecognition; and
iv) fair value through profit or loss ("FVTPL").

Financial assets are classified as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

The Group's financial assets comprise cash and receivables which are classified as financial assets at amortised cost. The Company's financial assets comprise cash and loans to subsidiaries, which are classified as financial assets at amortised cost.

The Company accounts for loan receivables at amortised cost as the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. After classification as amortised cost, the financial assets are initially measured at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

(b) Impairment

Impairment provisions for loans to subsidiaries are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2.12. Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial liabilities are initially recognised at fair value and subsequently measured either as:
- amortised cost using the effective interest method, with interest-related charges recognised as an expense in the income statement; or
- financial liabilities measured at FVTPL, re-measured at subsequent reporting dates to fair value through the income statement.

During the reporting period, the Group's financial liabilities comprised trade and other payables, deferred consideration payable, loans and convertible bonds. The trade and other payables, and loans, are classified at amortised cost.

The deferred consideration payable in respect of the acquisition of the Project is treated as a financial liability measured at FVTPL.

The convertible bonds were assessed to contain an embedded derivative conversion feature and the Group elected to treat the entire instrument as a financial liability measured at FVTPL.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

2.13. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.14. Share capital and reserves

(i) *Share capital* – represents the nominal value of share capital.

(ii) *Share premium* – represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

(iii) *Capital contribution reserve* - represents capital contributed by one or more of the members without taking shares in return or creating a debt.

(iv) *Deferred share reserve* – represents shares to be issued upon certain conditions being met.

(v) *Reverse acquisition reserve* – represents a residual balance as part of reverse acquisition resulted from the capital presented that of the legal parent (accounting acquiree), including the equity instruments issued by the legal parent to effect the acquisition and other equity balances those of legal subsidiary (accounting acquirer).

(vi) *Merger reserve* - represents an amount in excess of nominal value on the issue of the equity shares as consideration for acquisition of subsidiary. Whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve, in accordance with section 612 of the Companies Act 2006.

(vii) *Share warrants and options reserve* - represents the cumulative charge recognised under IFRS 2 in respect of share-based payment awards.

(viii) *Foreign currency translation reserve* – represents the exchange differences arising on translating the closing net assets of the Company at the closing rate at the balance sheet date, and the results of Company's operations at average exchange rate for the year in to the Group into the reporting currency.

(ix) *Retained losses* – the cumulative net gains and losses recognised in the financial statements. As a result of the reverse takeover, the consolidated figures include the retained losses of the Group only from the date of the reverse takeover together with the brought forward losses of Capital Metals Limited and its subsidiaries.

2.15. Share based payments

The Group has granted options over its unissued share capital to certain Directors, management, employees and consultants as part of their remuneration. The fair value of options granted in respect of services provided, is measured at the grant date and recognised as an expense over the vesting period, with a corresponding increase in the Share warrants and options reserve.

The fair value of options is valued using the Black-Scholes model or Monte Carlo analysis, as appropriate, taking into account the terms and conditions upon which the warrants or options were issued or granted.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares, with the net proceeds received credited to share capital (nominal value) and share premium.

On cancellation of share options, the proportion of the share based payment reserve relevant to those options is transferred to Retained Losses.

2.16. Taxation

Current tax payable is based on taxable profits for the year. Taxable profits differ from net profits as reported in the income statement because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised.

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

2.17. Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or the rate as at the commencement date;
- The exercise price of a purchase option; and
- Payment of penalties for terminating the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group has no lease arrangements within the scope of IFRS16.

Rent payable under operating leases on which the short term exemption has been taken, less any lease incentives received, is charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2.18. New and amended International Financial Reporting Standards

During the financial year ended 31 March 2021, the Group adopted the following mentioned amendments, which have not had a material impact on the Group's and the Company's financial statements:

- *Amendments to IAS 1 and IAS 8: Definition of Material*
- *Amendments to IFRS 3: Business Combinations*
- *Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform*

At the date on which these financial statements were approved, there were no IASB and IFRS Interpretations Committee standards, interpretations and amendments which had been issued, but were not effective for the year ended 31 March 2021, that are considered to have a potentially material impact on the Group's financial statements going forward.

3. Use of estimates and judgments

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results may vary from the estimates used to produce these financial statements. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Judgements

Items subject to such judgements, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- Note 13 - Exploration and evaluation assets. Management make the judgement as to which costs are directly associated with the exploration and evaluation ("E&E") assets and are to be capitalised, including the allocation of applicable salary and overhead costs.

  Management make the judgement as to whether there are any indicators of impairment, including an assessment of:
  - the Group's right to explore in an area has expired, or will expire in the near future without renewal;
  - no further exploration or evaluation is planned or budgeted for;
  - a decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; and
  - sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

  DEL Licence (EL168/R/4) expired on 31 October 2020, but is subject to the Group's First IML Application, which has not been granted at the reporting date. Management are of the judgement that there is a reasonable expectation of the First IML Application being granted and no impairment test was required to be performed. Should the Group not be successful with the First IML Application, then Directors would expect to impair the E&E assets.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 5 – Reverse acquisition. Management measured the cost of these equity-settled transactions by reference to the fair value of the equity instruments at the measurement date, being the date of completion of the reverse acquisition. The placing price was 12 pence per share and the closing price on re-admission of the Company on 13 January 2021 was 20 pence per share. It was Management's judgement that the closing price of 20 pence per share was considered to be the most appropriate value and therefore it was applied in valuing the investment in Capital Metals Limited at £26,400,000 ($35,994,000), and in the reverse acquisition accounting for the fair value of the shares deemed to have been issued by Capital Metals Limited of £4,563,000 ($6,221,000), which resulted in $5,454,000 being expensed as the deemed cost of acquiring the listing.
- Note 19 - Share based payments. Management measured the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of shares was determined by the share price at the date of grant. The fair value of options and warrants was determined using Monte Carlo simulations and the Black-Scholes model respectively. Management estimated the number of options that are expected to vest based on the non-market vesting conditions. The valuation of these options and warrants involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions are described in more detail in Note 19. The share based payments reserve as at 31 March 2021 was $3,437,000.

4. Prior year adjustments

The prior year comparatives for the Group have been restated from those previously reported by Capital Metals Limited, as shown below:

	Previous 2019 $'000	Adjust. 1 $'000	Adjust. 2 $'000	Adjust. 3 $'000	Adjust. 4 $'000	Adjust. 5 $'000	Restated 2019 $'000
ASSETS							
Non-current assets							
Exploration & evaluation assets	4,894	(441)	3,219	-	(792)	(268)	6,612
Property, plant & equipment	117	-	-	-	-	-	117
	5,011	(441)	3,219	-	(792)	(268)	6,729
Current assets							
Trade and other receivables	111	-	-	-	-	-	111
Cash and cash equivalents	85	-	-	-	-	-	85
	196	-	-	-	-	-	196
Total assets	5,207	(441)	3,219	-	(792)	(268)	6,925
EQUITY							
Capital and reserves							
Share capital	5,611	-	-	-	-	-	5,611
Share premium account	47,267	-	-	-	-	-	47,267
Capital contribution reserve	-	-	-	1,250	-	-	1,250
Deferred share reserve	-	-	-	1,969	-	-	1,969
Reverse acquisition reserve	(46,218)	-	-	-	-	-	(46,218)
Share warrants and options reserve	325	-	-	-	-	-	325
Foreign currency translation reserve	77	-	-	-	(792)	(268)	(982)
Retained earnings	(5,755)	-	3,219	(1,250)	-	-	(3,787)
Total shareholders' funds	1,306	-	3,219	1,969	(792)	(268)	5,434
LIABILITIES							
Current liabilities							
Trade and other payables	297	-	-	-	-	-	297
	297	-	-	-	-	-	297
Non-Current liabilities							
Trade and other payables	3,163	-	-	(1,969)	-	-	1,194
Deferred tax	441	(441)	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
	3,604	(441)	-	(1,969)	-	-	1,194
Total equity and liabilities	5,207	(441)	3,219	-	(792)	(268)	6,925

	Previous 2020 $'000	Adjust 1 $'000	Adjust. 2 $'000	Adjust. 3 $'000	Adjust. 4 $'000	Adjust. 5 $'000	Adjust. 6 $'000	Restated 2020 $'000
ASSETS								
Non-current assets								
Exploration & evaluation assets	5,053	(441)	3,219	-	(792)	(268)	(382)	6,389
Property, plant & equipment	72	-	-	-	-	-	-	72
	5,125	(441)	3,219	-	(792)	(268)	(382)	6,461
Current assets								
Trade and other receivables	5	-	-	-	-	-	-	5
Cash and cash equivalents	114	-	-	-	-	-	-	114
	119	-	-	-	-	-	-	119
Total assets	5,244	(441)	3,219	-	(792)	(268)	(382)	6,580
EQUITY								
Capital and reserves								
Share capital	5,611	-	-	-	-	-	-	5,611
Share premium account	47,267	-	-	-	-	-	-	47,267
Capital contribution reserve	-	-	-	1,250	-	-	-	1,250
Deferred share reserve	-	-	-	1,969	-	-	-	1,969
Reverse acquisition reserve	(45,859)	-	-	-	-	-	-	(45,859)
Share warrants and options reserve	281	-	-	-	-	-	-	281
Foreign currency translation reserve	286	-	-	-	(792)	(268)	(382)	(1,155)
Retained earnings	(6,735)	-	3,219	(1,250)	-	-	-	(4,767)
Total shareholders' funds	850	-	3,219	1,969	(792)	(268)	(382)	4,596
LIABILITIES								
Current liabilities								
Trade and other payables	337	-	-	-	-	-	-	337
	337	-	-	-	-	-	-	337
Non-Current liabilities								
Trade and other payables	3,163	-	-	(1,969)	-	-	-	1,194
Deferred tax	441	(441)	-	-	-	-	-	-
Borrowings	453	-	-	-	-	-	-	453
	4,057	(441)	-	(1,969)	-	-	-	1,647
Total equity and liabilities	5,244	(441)	3,219	-	(792)	(268)	(382)	6,580

The restatement has arisen from the following adjustments:

1) The acquisitions of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited have previously been accounted for as business combinations in accordance with IFRS 3. The Directors have subsequently concluded that, as these entities were involved solely in exploration and evaluation activities, they did not meet the definition of a business and according should have been accounted for as asset acquisition. As at 31 March 2020, this has resulted in deferred tax liabilities of $440,784 being eliminated and an equal reduction in the assessed fair value of the E&E assets acquired.

2) The acquisitions of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited involved the payment to introducers of deal commission fees totalling $3,218,750, to be settled by way of the issue of shares, conditional upon meeting certain milestones. These costs were previously expensed through profit and loss. The Directors have subsequently concluded that such costs should be capitalised as part of the costs of acquisition. As at 31 March 2020, this has resulted in an increase in the assessed fair value of the E&E assets acquired of $3,218,750. The value of the shares to be issued to the introducer was originally recognised as a non-current liability. The Directors have subsequently concluded that, rather than a liability, this should have been recognised within a deferred share reserve.

3) The value of the shares to be issued to the introducer was originally recognised as a non-current liability. The Directors have subsequently concluded that, rather than a liability, this should have been recognised within a deferred share reserve. The first tranche of shares issued to the introducer, valued at $1,250,000, were settled by way of a transfer from existing shareholders. The Directors have now assessed that this transfer should have been recognised as a capital contribution from shareholders. As at 31 March 2020, the net impact is a reduction in non-current liabilities of $1,968,750, the recognition of a deferred share reserve of $1,968,750, the recognition of a capital contribution reserve of $1,250,000 and a reduction of retained losses of $1,968,750.

4) Following the adjustments noted above, the total increase in the assessed fair value of E&E assets upon acquisition of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited above the values recognised in the records of the individual entities was $4,351,396. The Directors have concluded that the uplift in value should have been recognised in

the functional currency of the subsidiaries rather than the presentation currency of the Group. As a result, period end adjustments should have been recognised in respect of movements in foreign exchange. As at 31 March 2019, the net impact of this is a reduction in the consolidated net book value of E&E assets of $792,252, with the reduction being reflected through other comprehensive income.

5) Since the acquisitions of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited, Capital Metals Limited has incurred certain costs in respect of the Group's E&E activity. These costs have previously been recognised in the functional and presentation currency of Capital Metals Limited, which is the same as the presentation currency of the Group. Subsequently, the Directors have concluded that these costs should have been recognised in the functional currency of the subsidiaries. As a result, period end adjustments should have been recognised in respect of movements in foreign exchange. As at 31 March 2019, the net impact of this is a reduction in the consolidated net book value of E&E assets of $267,982, with the reduction being reflected through other comprehensive income.

6) The net foreign exchange movements that arose from the adjustments at points 4 and 5 above during the year ended 31 March 2020 amounted to a further reduction in the consolidated net book value of E&E assets of $382,149, with the reduction being reflected through other comprehensive income.

7) The convertible bonds issued in the prior year were recognised as financial liabilities at amortised cost in the prior year financial statements. The instruments contain an embedded derivative conversion feature and therefore the entire instrument should have been classified as a financial liability measured at FVTPL in accordance with the Groups accounting policy. Accordingly, the liability outstanding as at 31 March 2020 has been reclassified from a financial liability at amortised cost to a financial liability at FVTPL within borrowings in the statement of financial position – refer note 17.

5. Reverse acquisition

On 13 January 2021 the Company acquired through a share-for-share exchange the entire issued share capital of Capital Metals Limited. The principal activity of Capital Metals Limited and its subsidiaries is that of exploration, evaluation and development of mineral sands resources in Sri Lanka. Capital Metals Limited is incorporated in the British Virgin Islands.

In substance, the shareholders of Capital Metals Limited acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company's activities prior to the transaction were purely the maintenance of the AIM Listing, acquiring Capital Metals Limited and raising additional equity finance to provide the necessary funding for the operations of Capital Metals Limited, it did not meet the definition of a business in accordance with IFRS 3 for the purposes of these consolidated financial statements of the Group.

Accordingly, in theses consolidated financial statements, the reverse acquisition did not constitute a business combination and was accounted for in accordance with IFRS 2 "Share-based Payments". 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 consolidated financial statements using the reverse acquisition methodology. The difference between the equity value given up by the shareholders of Capital Metals Limited and the share of the fair value of net assets gained is charged to the statement of comprehensive income as a share-based payment on reverse acquisition and represents in substance the cost of acquiring an AIM listing.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated statements of Capital Metals Limited and include:

- The assets and liabilities of Capital Metals Limited (and its subsidiaries) at their pre-acquisition carrying value amounts and the results for both current and comparative years.
- The retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.
- The assets and liabilities of the Company as at 31 March 2021 and its results from 13 January to 31 March 202.
- the amount recognised as issued equity interests in the consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree). However, the equity structure (ie the number and type of equity interests issued) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (the accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (the accounting acquiree) issued in the reverse acquisition
- Comparative information presented in those consolidated financial statements also is retroactively adjusted to reflect the legal capital of the legal parent (accounting acquiree).

On 13 January 2021 the Company issued 132,000,000 Ordinary Shares to acquire the whole of the issued share capital of Capital Metals Limited. The closing share price on re-admission on 13 January 2021 was 20 pence per share. Accordingly, the investment in Capital Metals Limited was valued at £26,400,000 ($35,994,000). As the Company is a UK registered company, section 612 of the Companies Act 2006 (which deals with merger relief) applies, there will be no legal share premium on the shares issued to effect the combination, but the "premium" on the shares (that is, the difference between the fair value of the consideration and the nominal value of the shares) will be recorded as a "merger reserve".

The fair value of the shares deemed to have been issued by Capital Metals Limited (accounting acquirer) for Capital Metals Plc (accounting subsidiary) was deemed to be £4,563,000 ($6,221,000) being the entire issued Ordinary Shares of Capital Metals Plc of 22,813,876 at a price of 20 pence per share.

The fair value of the net assets of Capital Metals Plc at acquisition was as follows:

	$'000
Cash and cash equivalents	938
Receivables	157
Payables	(328)
Total net assets	**767**

The difference between the deemed cost of $6,221,000 and the fair value of the net assets acquired per above of $767,000 resulted in $5,454,000 being expensed within "deemed reverse acquisition expenses" in accordance with IFRS 2, reflecting the economic cost to Capital Metals Limited shareholders of acquiring a listing.

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

	$'000
Pre-acquisition equity of Capital Metals Plc	(52,574)
Equity at acquisition of Capital Metals Limited	7,672
Value of shares issued to acquire Capital Metals Limited	(35,993)
Deemed reverse acquisition expense	5,454
	(75,441)

6. Segment information

The Directors are of the opinion that the Group comprises a single activity being the exploration and evaluation of mineral sand resources in one geographical area in Sri Lanka. As such the financial information of the segment is the same as that set out in the primary statements.

7. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation has been arrived at after charging/(crediting):	Note	**2021 $'000**	**2020 $'000**
Auditor's remuneration – audit services		**66**	28
Foreign exchange loss / (gain)		**166**	294
Share based payments	**19**	**1,111**	-
Directors' fees		**366**	245

8. Key management compensation

The compensation of the Directors and the one other key management personnel (2019: one) (as defined within IAS 24 Related Party Disclosures) was as follows:

	2021 $'000	2020 $'000
Salary & fees	**410**	245
Share based payments	**627**	-
Compensation for loss of office	**21**	100
Pension contributions	**-**	-
	1,058	345

The key management costs include an accrual for unpaid director fees at year end in the amount of £nil (2020: $206,000).

Refer to Note 19 for details of options held by key management.

9. Taxation

	2021 $'000	2020 $'000
Loss before tax	**(7,886)**	(1,024)
Loss multiplied by standard rate of corporation tax in the UK	**(1,498)**	(195)
Effects of:		
Expenses not deductible for tax purposes	**1,309**	-
Deferred tax asset not recognised	**189**	195
Total tax for the year	**-**	-

No deferred tax assets have been recognised in the year (2020: nil).

The UK corporation tax rate throughout 2021 and 2020 was 19 per cent.

The Company has total carried forward losses of $9,300,000 (2020: $7,731,000). The taxed value of the unrecognised deferred tax asset is $1,767,000 (2020: $1,451,000). The pre-1 April 2017 proportion of the carried forward losses is $8,254,000, may not be available for relief against any taxable profits in the future for the Company or Group. The post 1 April 2017 proportion of carried forward losses of $1,046,000 should be available for relief against any taxable profits in the future for the Company or Group.

No deferred tax assets have been recognised (2020: nil) on accumulated tax losses due to uncertainty as to when the operations will generate sufficient profits against which to offset such assets.

10. Loss per share

The calculations of the basic and diluted earnings per share are based on the following data:

	2021 $'000	2020 $'000
Loss for the year	**(7,886)**	(1,024)
Loss for the purpose of basic earnings per share	**(7,886)**	(1,024)
	Number	**Number**
Number of shares:		
Weighted average number of ordinary shares in issue during the year	**140,667,918**	131,710,742
Loss per share:		
Basic and diluted loss per share (cents)	**(5.61)**	(0.78)

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

In accordance with IAS 33, the weighted average number of shares for the current and comparative periods have been retrospectively adjusted to reflect the reverse acquisition on 13 January 2021. This has been achieved by applying the reverse acquisition ratio of 1.235 shares in the Company to the existing share capital of Capital Metals Limited. Immediately prior to the reverse acquisition Capital Metals Limited had 106,912,451 ordinary shares in issue.

As the Group is reporting a loss in each period in accordance with IAS 33, the share options and warrants are not considered dilutive because the exercise of the share options and warrants would have the effect of reducing the loss per share.

11. Subsidiaries

The table below presents the Company's subsidiaries:

Name of subsidiary	Country of incorporation	Company Number	Parent company	Share capital held	Principal activities
Capital Metals Limited	British Virgin Islands	1890161	Capital Metals Plc	100%	Holding company
Equatorial Biofuels (Guernsey) Limited	Guernsey	46120	Capital Metals Plc	100%	Dormant, in voluntary liquidation
Brighton Metals Limited	British Virgin Islands	1893384	Capital Metals Limited	100%	Holding company
Redgate Lanka (Pvt) Limited	Sri Lanka	119784	Brighton Metals Limited	100%	Holding / Investment
Damsila Exports (Pvt) Limited	Sri Lanka	PV8591	Brighton Metals Limited	4%	Exploration
	Sri Lanka	PV8591	Redgate Lanka (Pvt) Limited	96%	Exploration
Eastern Minerals (Pvt) Limited	Sri Lanka	PV81273	Brighton Metals Limited	1%	Exploration
	Sri Lanka	PV81273	Redgate Lanka (Pvt) Limited	99%	Exploration
Keynes Investment (Pvt) Limited	Sri Lanka	119760	Brighton Metals Limited	100%	Dormant

The Company's investment in subsidiaries is as follows:

	Company 31/03/21 $'000	Company 31/09/20 $'000
Investment at beginning of period	**-**	-
Additions	**36,368**	-
Impairment	**-**	-
Foreign exchange differences	**432**	-
Investment at end of period	**36,800**	-

As at 31 March 2021 the Company's cost of investments were recorded at $36,800,000 arising solely from the reverse acquisition of Capital Metals Limited on 13 January 2021.

12. Loans to subsidiaries

	Company 31/03/21 $'000	Company 31/09/20 $'000
Loans at beginning of period	**-**	-
Additions	**1,195**	-
Impairment	**-**	-
Foreign exchange differences	**-**	-
Loans at end of period	**1,195**	-

The loans to the subsidiaries are interest free and repayable on demand, subject to the Directors' assessment of the Group's requirements and availability of appropriate liquid resources. In accordance with IFRS9 the loans are deemed to be in stage 3 and thus lifetime expected credit losses model was applied. The Directors have assessed that there is no expected credit losses to recognise in respect of the loans to subsidiaries as at the balance date, based on their assessment of the recovery strategies, which indicate that the Company would fully recover the outstanding balance of the loans, and given the effective interest rate is Nil%.

Management anticipates the grant of an Industrial Mining Licence by Q4 2021 to enable the targeted commencement of production in 2022 and the generation of cash flows going forward to enable the subsidiaries to repay the loans. The macro-economic outlook for minerals sands is positive, with strengthening market demand and price increases, with significant supply disruptions, resulting in strong interest from mineral sands consumers to secure new and alternate sources of supply. The outlook is particularly encouraging for the market for ilmenite, rutile and zircon markets, which are the main minerals in the Project. Given the strength in mineral sands prices, the Group has commenced offtake discussions following several approaches from strategic and industrial groups. The results of the Group's technical and financial studies support robust Project economics and projected cash flows towards the subsidiaries potential to repay the loans following commencement of production.

13. Exploration and evaluation assets

The movement on the exploration and evaluation assets account was as follows:

	Group $'000
At 1 April 2019	**6,612**
Additions	215
Foreign exchange differences	(438)
At 31 March 2020	**6,389**
Additions	133
Foreign exchange differences	(343)
At 31 March 2021	**6,179**

All exploration and evaluation assets relate to Group subsidiaries and the Eastern Minerals Project in Sri Lanka.

The Directors undertook an impairment indicators review and none were identified. In performing their review, the Directors noted the following:

- The EML Licence (EL199/R/4) was renewed from 25 January 2021 for a period of 24 months until 23 January 2023.
- Whilst the DEL Licence (EL168/R/4) expired on 31 October 2020, it is subject to the Group's First IML Application and the GSMB has represented to the Group that, following the expiry of an exploration license, the GSMB in practice, allows the former exploration license holder for a period of two years from the date of expiry:
  - Exclusive right over the former exploration license area to submit further IMLs should the former license holder wish to do so (in this case DEL, in respect of the DEL License area); and
  - Exclusivity over the former exploration license area by refraining from accepting applications for any new exploration licenses from third parties.
  - The Group is in the final stages of the EIA process for the First IML Application and the Company has completed all the necessary workstreams. The Group anticipates the CCD approving the EIA in Q4 2021. An approved EIA is required by the GSMB in order to approve the First IML Application for the Project, which the Directors expect to receive by the end of Q4 2021.
- Significant further exploration and evaluation activity is planned, including an updated Development Study, and a drilling program on EL199.

- Mineral sands prices remain strong and the Group has commenced off-take discussions following a number of approaches from strategic and industrial groups.

The prior year comparatives have been re-stated from those published in the financial statements of Capital Metals Limited for the year ended 31 March 2020. Further explanations of the re-statement are provided at Note 4.

14. Plant and equipment

The movement on the property, plant and equipment assets account was as follows:

	Group **$'000**
Costs:	
At 1 April 2019	**167**
Additions	**-**
Disposals	**(32)**
Foreign exchange differences	**(9)**
At 31 March 2020	**126**
Additions	**1**
Disposals	**(5)**
Foreign exchange differences	**(6)**
At 31 March 2021	**116**
Depreciation:	
At 1 April 2019	**50**
Charge in the year	**4**
At 31 March 2020	**54**
Charge in the year	**19**
Disposals	**(2)**
Foreign exchange differences	**(3)**
At 31 March 2021	**68**
Net book value as at 31 March 2021	**48**
Net book value as at 31 March 2020	72

	Company **$'000**
Costs:	
At 30 September 2020	**7**
Depreciation:	
At 30 September 2020	**5**
Charge in the period	**2**
At 31 March 2021	**7**
Net book value as at 31 March 2021	**-**
Net book value as at 30 September 2020	2

15. Trade and other receivables

	Group 2021 $'000	Group 2020 $'000	Company 31/03/21 $'000	Company 30/09/20 $'000
Trade receivables	**16**	-	**16**	-
Prepayments	**2**	2	**-**	-
Other receivables	**1**	3	**-**	24
Amounts owed by Group undertakings	**-**	-	**1,195**	-
VAT receivable	**96**	-	**96**	43
Total	**115**	5	**1,307**	67

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All receivables are due within one year.

16. Trade and other payables

	Group 2021 $'000	Group 2020 $'000	Company 31/03/21 $'000	Company 30/09/20 $'000
Current				
Trade payables	**47**	83	**33**	107
Accruals	**63**	152	**62**	-
Other payables	**2**	102	**-**	-
Social security and other taxation	**1**	-	**-**	-
Deferred consideration	**594**	-	**-**	-
Total	**707**	337	**95**	107
Non-current				
Deferred consideration	**600**	1,194	**-**	-
	600	1,194	**-**	-

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Deferred consideration represents amounts payable in respect of the acquisitions of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited. The amounts fall due and payable upon completion of certain milestones within the Group, being for each of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited: $625,000 in cash (recognised at 95% of face value) upon completion of feasibility studies on the relevant project and $750,000 in cash (recognised at 80% of face value) upon commencement of first commercial production from the relevant project. Management anticipates the completion of the feasibility study to take place within 12 months of the balance date, and accordingly the deferred consideration in respect of this milestone is classified as a current liability.

At the reporting period end, the probability estimated for the likelihood of completion of Tranche 2 and 3 was considered, and management continue to estimate 95% probability for Tranche 2 and 80% probability for Tranche 3. If these estimates prove incorrect then the amounts payable in respect of the acquisition may be different to those stated within the financial statements. The total deferred consideration payable if all milestones are achieved would be $1,375,000 The value of deferred consideration payable as at 31 March 2021 was $1,194,000.

17. Borrowings

	Group 2021 $'000	Restated Group 2020 $'000
Loans	-	85
Convertible bonds[1]	-	368
Total	-	453

[1]The convertible bonds issued in the prior year were recognised as financial liabilities at amortised cost in the prior year financial statements. The instruments contain an embedded derivative conversion feature and therefore the entire instrument should have been classified as a financial liability measured at FVTPL in accordance with the Groups accounting policy. Accordingly, the liability outstanding as at 31 March 2020 has been reclassified from a financial liability at amortised cost to a financial liability at FVTPL within borrowings in the statement of financial position.

Loans

In the year ended 31 March 2020, Capital Metals Limited entered into a loan agreement with Michael Frayne, a director of the Company for an amount of AUD$120,000 ($80,000), with interest of 1% per month, compounding monthly and repayable upon the Company raising a minimum of $1,000,000. Interest accrued on the loans as at 31 March 2020 was $5,000. In the year ended 31 March 2021, Michael Frayne loaned a further AUD$46,000 ($33,000) pursuant to this loan agreement. During the reporting period, the principal of the loan in the amount of AUD$166,000 ($129,000) was repaid in full, together with accrued interest of AUD$21,000 ($15,000). The balance of the loan as at year end was $Nil (2020: $85,000).

	2021 $'000	2020 $'000
At 1 April	**85**	**-**
Loan principal addition	33	80
Accrued interest addition	11	5
Repayment of principal (post-RTO)	(129)	
Repayment of interest (post-RTO)	(15)	
Net foreign exchange differences	15	
As at 31 March	**-**	**85**

Convertible bonds

In the year ended 31 March 2020, Capital Metals Limited issued convertible bonds to a value of $358,000, including $75,000 issued to Michael Frayne, a director of the Company and CML. The key terms of the convertible bonds include:

Interest:	12% per annum which accrues quarterly and remains outstanding until such time as the Bonds are redeemed or converted into shares.
Repayment:	CML may redeem the Bonds in full or in part at any time prior to the date falling 24 months after the date of the Bond Instrument (the "Maturity Date) at an amount equal to 115% of the principal amount of the Bonds together with all accrued but outstanding Interest. In the event of a sale of CML, the Bondholders shall be entitled to have their Bonds redeemed at an amount equal to 115% of Bonds held by them together with all accrued interest. A reverse takeover of CML does not trigger this provision.
Conversion:	CML may convert into ordinary shares of CML on or immediately prior to the CML's contemplated IPO at a price valued at the lower of $0.175 per ordinary share or a 20% discount to the IPO price. If an IPO or other event has not occurred by the end of the term, the convertible bonds will be converted at the lower of $0.175 per ordinary share or a 25% discount to the last fundraising price. The bond holder can elect to have the interest settled in cash post IPO proceeds received, or convert at the lower of $0.0175 per Ordinary Share or 25% discount to the IPO placing price.
Warrant:	The bond holder will receive a 3 year warrant at the time of conversion at IPO, with an exercise price at 30% premium to the IPO placing price.

	2021 $'000	2020 $'000
At 1 April	**369**	**-**
Issue of convertible bonds	-	358
Total accrued interest	35	11
Conversion of principal (pre-RTO)	(283)	-
Conversion of interest (pre-RTO)	(8)	
Conversion of interest (post-RTO)	(28)	
Repayment of principal (post-RTO)	(75)	
Repayment of interest (post-RTO)	(10)	
As at 31 March	**-**	**369**

Total interest accrued on the convertible bonds during the year ended 31 March 2021 was $35,000 (2020: $11,000).

On the 21 November 2020, CML convertible bond holders totalling $283,000 (principal) converted pre-RTO into 1,906,708 shares in CML at a conversion price equivalent to $0.12, based on the RTO price of £0.12 less discount of 20%. In addition at that time, one of the bond holders chose to convert their accumulated interest of $8,000 into 55,540 shares in CML at a conversion price equivalent to $0.1125 based on the RTO price of £0.12 less discount of 25%. The total of 1,962,248 CML shares issued to the convertible bond holders on 21 November 2020, would convert into 2,423,848 CMET shares on completion of the RTO (based on the consideration ratio of 1.2352 CMET shares for every 1 CML share).

The accrued interest that was not converted on 21 November 2020, continued to accrue as if the principal was converted on the RTO, equating to $27,888 on the completion of the RTO on 13 January 2021. Following the completion of the RTO, the Company issued 247,891 new ordinary share on 2 February 2021 in settlement of their accrued interest of $28,000 at price per CMET share of $0.1125/£0.09 per share. In addition, the Company issued these bond holders with 247,891 warrants in CMET at an exercise price of 15.6p and exercise period of 3 years.

The balance of the convertible bonds principal in the amount of $75,000 issued to Michael Frayne was repaid in full, together with accrued interest of $10,000 during the reporting period.

As noted above, the convertible bonds were recognised at FVTPL with the prior year classification being restated. Given CML have the option to settle the principal of the debt at a premium of 15%, management assessed the fair value of the conversion feature to be 15% of the face value. Management determined the total fair value of the convertible bond prior to conversion to be 115% of the face value.

18. Share capital and share premium

(a) Capital Metals Plc

	Number of ordinary shares	Nominal Value £	Total Value £'000	Total Value $'000
Issued at 31 March 2019 and 31 March 2020	**356,277,502**	**£0.0100**	**3,563**	**5,598**
On 8 September 2020, sub-division of each ordinary share of £0.01 per share to 1 ordinary share of £0.0001 per share and 1 deferred share of £0.0099 per share	-	(£0.0099)	(3,527)	(5,552)
On 10 September 2020, cash issue of shares at £0.004 per share	100,000,000	£0.0001	10	13
On 11 January 2021, cash issue of shares at £0.0001 per share	18	£0.0001	-	-
On 13 January 2021, consolidation of 1 ordinary share of £0.002 for every 20 ordinary shares of £0.0001	(456,277,520)	£0.0001	-	-
	22,813,876	£0.0020	-	-
On 13 January 2021, cash issue of shares at £0.12 per share	17,374,999	£0.0020	35	47
On 13 January 2021, acquisition of Capital Metals Limited for shares at £0.20 per share	132,000,000	£0.0020	264	360
On 2 February 2021, issue in settlement of bond interest payable at £0.12 per share	247,891	£0.0020	-	1
Issued at 31 March 2021	**172,436,766**	**£0.0020**	**345**	**467**

All ordinary shares issued at 31 March 2021 and 31 March 2020 were fully paid-up.

	Number of deferred shares	Nominal Value £	Total Value £'000	Total Value $'000
Issued at 31 March 2019 and 31 March 2020	**-**	**£0.0099**	**-**	**-**
On 8 September 2020, sub-division of each ordinary share of £0.01 per share to 1 ordinary share of £0.0001 per share and 1 deferred share of £0.0099 per share	356,277,502	£0.0099	3,527	5,552
Issued at 31 March 2021	**356,277,502**	**£0.0099**	**3,527**	**5,552**

All deferred shares issued at 31 March 2021 were fully paid-up.

Total ordinary and deferred shares

The issued share capital as at 31 March 2021 and 31 March 2020, is as follows:

	Number of ordinary shares	Nominal Value £	Total Value £'000	Total Value $'000
Ordinary shares	356,277,502	£0.0100	3,563	5,598
Issued at 31 March 2020			**3,563**	**5,598**
Ordinary shares	172,436,766	£0.0020	345	467
Deferred shares	356,277,502	£0.0099	3,527	5,552
Issued at 31 March 2021			**3,872**	**6,019**

The holders of ordinary shares are entitled to one vote per share at the meetings of the Company, to receive dividends as declared in proportion to the amounts paid up on the ordinary shares and to participate in a capital distribution of the company (including upon winding up) in proportion to the amount paid up on the ordinary shares. The ordinary shares of the Company are not currently redeemable or liable to be redeemable at the option of the holder or the Company.

The holders of deferred shares do not have any right to receive written notice of or attend, speak or vote at any general meeting of the Company. As regards income, on any dividend or other distribution of the Company, the holders of deferred shares shall be entitled to payment in priority to any dividend or distribution to the holders of any other class of shares in the Company, £1 in aggregate. Upon any capital distribution of the Company (including upon winding up), the holders of the deferred shares shall be entitled to payment in priority to any distribution to the holders of any other class of shares in the Company, £1 in aggregate. The deferred shares may be cancelled by the Company at any time at its determination for no payment and without obtaining sanction of such holders.

Share premium	**Total Value £'000**	**Total Value $'000**
At 31 March 2019 and 31 March 2020	**31,095**	**46,791**
On 10 September 2020, cash issue of shares less transaction costs	370	476
On 10 September 2020, issue of share warrants	(20)	(25)
On 13 January 2021, cash issue of placing shares less transaction costs	1,831	2,496
On 13 January 2021, issue of share warrants in respect to the placing	(1,683)	(2,295)
On 5 February 2021, issue of shares to settle CML convertible bond interest	20	27
As at 31 March 2021	**31,613**	**47,470**

19. Share based payments

(a) Options – Capital Metals Plc

During the year, the Company granted 11,750,000 options (2020: nil), details of which are as follows:

Option Holder	At 1 April 2020 No.	Issued during the year No.	Lapsed / Exercised during the year No.	At 31 March 2021 No.	Exercise Price Pence	Exercise Price Hurdle	Vesting Date	Expiry Date
Michael Frayne	-	1,000,000	-	1,000,000	12.0p	18.0p	13/01/2021	13/01/2026
Michael Frayne	-	1,000,000	-	1,000,000	12.0p	18.0p	13/07/2021	13/01/2026
Michael Frayne	-	1,000,000	-	1,000,000	12.0p	24.0p	13/01/2022	13/01/2026
Gregory Martyr	-	500,000	-	500,000	12.0p	18.0p	13/01/2021	13/01/2026
Gregory Martyr	-	500,000	-	500,000	12.0p	18.0p	13/07/2021	13/01/2026
Gregory Martyr	-	500,000	-	500,000	12.0p	24.0p	13/01/2022	13/01/2026
Anthony Samaha	-	500,000	-	500,000	12.0p	18.0p	13/01/2021	13/01/2026
Anthony Samaha	-	500,000	-	500,000	12.0p	18.0p	13/07/2021	13/01/2026
Anthony Samaha	-	500,000	-	500,000	12.0p	24.0p	13/01/2022	13/01/2026
James Leahy	-	500,000	-	500,000	12.0p	18.0p	13/01/2021	13/01/2026
James Leahy	-	500,000	-	500,000	12.0p	18.0p	13/07/2021	13/01/2026
James Leahy	-	500,000	-	500,000	12.0p	24.0p	13/01/2022	13/01/2026
Teh Kwan Wey	-	166,667	-	166,667	12.0p	18.0p	13/01/2021	13/01/2026
Teh Kwan Wey	-	166,667	-	166,667	12.0p	18.0p	13/07/2021	13/01/2026
Teh Kwan Wey	-	166,667	-	166,667	12.0p	24.0p	13/01/2022	13/01/2026
Geoffrey Brown	-	166,667	-	166,667	12.0p	18.0p	13/01/2021	13/01/2026
Geoffrey Brown	-	166,667	-	166,667	12.0p	18.0p	13/07/2021	13/01/2026
Geoffrey Brown	-	166,667	-	166,667	12.0p	24.0p	13/01/2022	13/01/2026
Key management	-	500,000	-	500,000	12.0p	18.0p	13/01/2021	13/01/2026
Key management	-	500,000	-	500,000	12.0p	18.0p	13/07/2021	13/01/2026
Key management	-	500,000	-	500,000	12.0p	24.0p	13/01/2022	13/01/2026
Employees/consultants	-	583,333	-	583,333	12.0p	18.0p	13/01/2021	13/01/2026
Employees/consultants	-	583,333	-	583,333	12.0p	18.0p	13/07/2021	13/01/2026
Employees/consultants	-	583,333	-	583,333	12.0p	24.0p	13/01/2022	13/01/2026
	-	**11,750,000**	**-**	**11,750,000**				

At 31 March 2021 there were 11,750,000 share options outstanding (2020: Nil).

Exercise Price	Grant Date	Vesting Date	Expiry Date	Options in Issue 31 March 2021	Options in Issue 31 March 2020
12.0p	13 January 2021	13 January 2021	13 January 2026	3,916,667	-
12.0p	13 January 2021	13 July 2021	13 January 2026	3,916,667	-
12.0p	13 January 2021	13 January 2022	13 January 2026	3,916,666	-
				11,750,000	**-**

The number and weighted average exercise prices of share options are as follows:

	2021 Weighted average exercise price	2021 Number of options	2020 Weighted average exercise price	2020 Number of options
Outstanding at 1 April	-	-	-	-
Granted during the year	12.0p	11,750,000	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 March	12.0p	11,750,000	-	-
Exercisable at 31 March	12.0p	3,916,667	-	-

The options outstanding at 31 March 2021 have a weighted average contractual life of 4.8 years (2020: Nil).

The options issued during the reporting period were all granted on 13 January 2021 and vest in three tranches of one-third on 13 January 2021 ("Tranche 1"), one-third on 13 July 2021 ("Tranche 2") and one-third on 13 January 2022 ("Tranche 3"). Tranche 1 and Tranche 2 have a market based vesting condition (i.e. the Company's shares having traded any time following Admission at a 50% premium to the exercise price). Tranche 3 has a market based vesting condition o(i.e. the Company's shares having traded any time following Admission at a 100% premium to the exercise price).

For the options granted, the fair values were calculated using a Monte Carlo simulation due to the multiple market based vesting conditions, with the key inputs into the model as follows:

	Risk free rate	Volatility	Expected life	5-day VWAP* at grant
Granted 13 January 2021	1.05%	120%	5 years	19.05p

** volume weighted average share price*

In determining the expected volatility, consideration is usually given to the historical company volatility. However, given prior to 13 January 2021 the Company was operating as an investment vehicle, as opposed to a mineral sands company, as such the future share price volatility pattern of the Company, will be materially different from the historic volatility. It has been deemed appropriate to use the median 5-year monthly volatility of a basket of listed comparable companies with exposure to mineral sands.

The fair value of the share options expensed during the year was $768,000 (2020: Nil).

(b) Warrants – Capital Metals Plc

As at 31 March 2021, there were 17,442,571 warrants outstanding by the Company (2020: 250,000[1]).

Exercise Price	Grant Date	Expiry Date	Warrants in Issue 31 March 2021	Warrants in Issue 30 September 2020
£0.080[1]	8 September 2020	8 September 2023	250,000[1]	250,000[1]
£0.080	13 January 2021	13 January 2024	5,000,000[2]	-
£0.120	13 January 2021	13 January 2024	833,333[2]	-
£0.156	13 January 2021	13 January 2024	8,687,499[2]	-
£0.156	13 January 2021	13 January 2024	2,423,848[3]	-
£0.156	5 February 2021	13 January 2024	247,891[4]	-
			17,442,571	250,000

(1) Issue of 250,000 warrants (adjusted for the 20:1 consolidation on 11 January 2021) in respect to the August 2020 placing.
(2) Issue of 14,520,832 warrants in respect to the January 2021 placing.
(3) Issue of 2,423,848 warrants to the former holders of CML convertible bonds.
(4) Issue of 247,891 warrants to the former holders of CML convertible bonds.

The estimated fair value of the 250,000[1] warrants granted on 8 September 2020, was calculated using the Black-Scholes model, and assessed as $25,000, which was changed to the share premium account to recognise the cost of issuing the warrants. The key inputs to the model were as follows:

	Risk free rate	Volatility	Expected life	Price at grant
Granted 8 September 2020	0.20%	75%	3 years	13.2p[1]

The expected volatility was determined by reference to the historical volatility of the Company's share price.

The estimated fair value of the 14,520,832 warrants granted on 13 January 2021 to placing subscribers and advisers, was calculated using the Black-Scholes model, and assessed as $2,295,000, which was charged to the share premium account to recognise the cost of issuing the warrants.

The estimated fair value of the 2,423,848 warrants granted on 13 January 2021, and the 247,891 warrants granted on 5 February 2021, to the former holders of CML convertible bonds, was also calculated using the Black-Scholes model, and assessed as $342,000 and $32,000 respectively. The assessed fair value of these warrants was capitalised to the investment in CML within the Company's accounts, and recognised as a share based payments expense within the consolidated financial statements.

The key inputs to the Black-Scholes model in respect of the warrants issued on 13 January 2021 and 5 February 2021, were as follows:

	Risk free rate	Volatility	Expected life	Price at grant
Granted 13 January 2021	0.46%	68.03%	3 years	20.0p
Granted 5 February 2021	0.45%	72.53%	3 years	18.5p

In determining the expected volatility, consideration is usually given to the historical company volatility. However, given prior to 13 January 2021 the Company was operating as an investment vehicle, as opposed to a mineral sands company, as such the future share price volatility pattern of the Company, will be materially different from the historic volatility. It has been deemed appropriate to use the median 5-year monthly volatility of a basket of listed comparable companies with exposure to mineral sands

(c) Options – Capital Metals Limited

At 31 March 2021 there were nil share options outstanding (2020: 10,000,000).

Exercise Price	Grant Date	Vesting Date	Expiry Date	Options in Issue 31 March 2021	Options in Issue 31 March 2020
$0.15	3 August 2016	Vested	3 August 2021	-	10,000,000
				-	10,000,000

The number and weighted average exercise prices of share options are as follows:

	2021 Weighted average exercise price	2021 Number of options	2020 Weighted average exercise price	2020 Number of options
Outstanding at 1 April	$0.15	10,000,000	$0.15	10,000,000
Granted during the year	-	-	-	-
Cancelled during the year	$0.15	10,000,000	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 March	-	-	$0.15	10,000,000
Exercisable at 31 March	-	-	$0.15	10,000,000

975,000 shares were transferred from treasury in consideration for the cancellation of 10,000,000 options in CML, resulting in the elimination of the options reserve in the amount of $281,000, and a credit to CML's share premium of $146,000 and a reduction of CML's retained losses in the amount of $135,000.

20. Deferred share reserve

The deferred share reserve represents amounts payable in respect of the deferred introduction fees payable in shares in respect to the acquisitions of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited. The amounts fall due and payable upon completion of certain milestones within the Group, being for each of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited: $1,125,000 in shares (recognised at 95% of face value) upon completion of feasibility studies on the relevant project and $1,125,000 in shares (recognised at 80% of face value) upon commencement of first commercial production from the relevant project.

At the reporting period end, the probability estimated for the likelihood of completion of Tranche 2 and 3 was considered, and management continue to estimate 95% probability for Tranche 2 and 80% probability for Tranche 3. If these estimates prove incorrect then the amount of deferred introduction fees in respect of the acquisition may be different to those stated within the financial statements. The value of the deferred share reserve as at 31 March 2021 was $1,969,000.

21. Financial risk management and financial instruments

Overview

The Group has exposure to the following risks from its financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board.

The Group's risk management policies are established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk relating to the Group's financial assets which comprise principally cash and cash equivalents, arises from the potential default of counterparties. The credit risk on liquid funds is limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the maximum credit exposure, which at the reporting date was:

	Notes	Group 2021 $'000	Group 2020 $'000	Company 31/03/21 $'000	Company 30/09/20 $'000
Cash and bank balances		**1,797**	114	**1,706**	1,172
Trade and other receivables		**20**	5	**17**	67
Loan to subsidiaries	**12**	**-**	-	**1,195**	-
		1,817	119	**2,918**	1,239

The expected credit risk for both the Group and the Company was assessed as not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

Group	Group	Group	Group

Financial liabilities at amortised cost	Notes	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	More than 6 months $'000
31 March 2021					
Trade and other payables	16	113	113	113	-
Loans	17	-	-	-	-
		113	113	113	-
31 March 2020	16				
Trade and other payables	16	337	337	337	-
Loans	17	85	85	-	85
		422	422	337	85

Financial liabilities at amortised cost	Notes	Company Carrying amount $'000	Company Contractual cash flows $'000	Company 6 months or less $'000	Company More than 6 months $'000
31 March 2021					
Trade and other payables	16	95	95	95	-
		95	95	95	-
30 September 2020					
Trade and other payables	16	107	107	107	-
		107	107	107	-

Financial liabilities at FVTPL	Notes	Group Carrying amount $'000	Group Contractual cash flows $'000	Group 6 months or less $'000	Group More than 6 months $'000
31 March 2021					
Deferred consideration	16	1,194	1,194	-	1,194
Convertible bonds	17	-	-	-	-
		1,194	1,194	-	1,194
31 March 2020					
Deferred consideration		1,194	1,194	-	1,194
Convertible bonds	17	368	368	-	368
		1,562	1,562	-	1,562

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group manages market risks by monitoring market developments and discussing issues regularly, and mitigating actions taken where necessary.

Foreign currency risk
The Group operates in a global market with income and costs possibly arising in a number of currencies and is exposed to foreign currency risk arising from commercial transactions, translation of assets and liabilities and net investment in foreign subsidiaries. Exposure to commercial transactions arise from sales or purchases by operating companies in currencies other than the Companies' functional currency. Currency exposures are reviewed regularly.

As at 31 March 2021, the exposure of the Group to foreign exchange rates is summarised as follows:

	Group 2021 $'000	Group 2020 $'000	Company 31/03/21 $'000	Company 30/09/20 $'000
Cash and cash equivalents				
US Dollar	**131**	70	**119**	500
Sri Lankan Rupee	**79**	44	**-**	-
Pound Sterling	**1,587**	-	**1,587**	672
	1,797	114	**1,706**	1,172
Other receivables				
US Dollar	**-**	-	**424**	-
Sri Lankan Rupee	**3**	5	**-**	-
Pound Sterling	**17**	-	**788**	67
	20	5	**1,212**	67
	1,817	119	**2,918**	1,239

As at 31 March 2021, if Sterling had gained or lost 10 per cent. against the USD, the impact on comprehensive loss would have been as follows:

Impact on comprehensive loss	Group 2021 $'000	Group 2020 $'000	Company 31/03/21 $'000	Company 30/09/20 $'000
+10% GBP/USD	**160**	-	**237**	74
-10% GBP/USD	**(160)**	-	**(237)**	(74)

As at 31 March 2021, if the Sri Lankan Rupee had gained or lost 10 per cent. against the USD, the impact on comprehensive loss would have been as follows:

Impact on comprehensive loss	Group 2021 $'000	Group 2020 $'000	Company 31/03/21 $'000	Company 30/09/20 $'000
+10% LKR/USD	**8**	5	**-**	-
-10% LKR/USD	**(8)**	(5)	**-**	-

Interest rate risk

The Group's exposure to changes in interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Capital risk management

The Directors consider the Group's capital to comprise of share capital and reserves stated on the statement of financial position. The Group manages its capital to ensure the Group will be able to continue on a going concern on a long term basis while ensuring the optimal return to shareholders and other stakeholders through an effective debt and equity balance. No changes were made in the objectives, policies and processes during the current or previous year.

The share capital, including share premium, and reserves totalling $6,831,000 (2020: $4,596,000) provides the majority of the working capital required by the Group. Management reviews the capital structure and makes adjustment to it in the light of changes in economic conditions.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair value.

Categories of financial instruments

	IFRS 9 classification & Measurement	Group 2021 $'000	Group 2020 $'000	Company 31/03/21 $'000	Company 30/09/20 $'000
Financial assets:					
Cash and cash equivalents	Amortised cost	**1,797**	114	**1,706**	1,172
Receivables	Amortised cost	**20**	5	**17**	67
Loan to subsidiaries	Amortised cost	-	-	**1,195**	-
Total financial assets		**1,817**	119	**2,918**	1,239
Financial liabilities:					
Other financial liabilities	Amortised cost	**113**	337	**95**	107
Deferred consideration	FVTPL	**1,194**	1,194	-	-
Loans	Amortised cost	-	85	-	-
Convertible bonds	FVTPL	-	368	-	-
Total financial liabilities		**1,307**	1,984	**95**	107

22. Related party transactions

In addition to the related party transactions disclosed elsewhere, the Group entered into the following related party transactions in the normal course of operations during the reporting period:

- The Company provided loan funding to Capital Metals Limited in the amount of $955,000 (2020: $Nil), with the balance outstanding as at year-end of $955,000 (2020: $Nil).

- The Company provided loan funding to Brighton Metals Limited in the amount of $240,000 (2020: Nil), the balance outstanding at year-end of $240,000. These funds were primarily applied to fund the activities of the Sri Lankan subsidiaries.

- Michael Frayne lent Capital Metals Limited a further AUD$46,000 ($33,000) (2020: $80,000). During the reporting period, the principal of the loan in the amount of AUD$166,000 ($129,000) was repaid in full, together with accrued interest of AUD$21,000 ($15,000). The balance of the loan as at year-end was $Nil (2020: $85,000). Refer to Note 17 for further details.

- The convertible bond issued by Capital Metals Limited to Michael Frayne in the prior year with a principal of $75,000 was repaid in full, together with accrued interest of $10,000. Refer to Note 17 for further details.

- The Group paid $49,000 (2020: $Nil) of Anthony Samaha's total Director remuneration to his associated entity, Santannos Limited. This amount is included in the total Director remuneration for Anthony Samaha disclosed in the Directors' Report. The amount outstanding at year-end payable to Santannos Limited is $Nil (2020: $Nil).

- The Group paid $44,000 (2020: $Nil) of Michael Frayne's total Director remuneration to his associated entity, Limerston Pty Ltd. This amount is included in the total Director remuneration for Michael Frayne disclosed in the Directors' Report. The amount outstanding at year-end payable to Limerston Pty Ltd is $Nil (2020: $Nil).

- The Group incurred $95,000 (2020: $49,000) of Greg Martyr's total Director remuneration to his associated entity, Hogan's Bluff Capital Pty Ltd. This amount is included in the total Director remuneration for Greg Martyr disclosed in the Directors' Report. The amount outstanding at year-end payable to Hogan's Bluff Capital Pty Ltd is $Nil (2020: $49,000).

The Directors and one other employee are the key management of the Company (refer to Note 8).

The key management costs include an accrual for unpaid director fees at year end in the amount of $Nil (2020: $206,000).

23. Post balance sheet events

On 16 August 2021, the Company announced the appointment of Richard Stockwell as Technical Manager. The appointment was made via an engagement with Placer Consulting Pty Ltd ("Placer"). Under the terms of the engagement Placer will be granted 1,500,000 options exercisable at 12 pence, valid for 4 years and subject to the following vesting conditions: 500,000 after 3 months' engagement, 500,000 after 25% tonnage increase of current resource and 500,000 after first production.

24. Ultimate controlling party

In the opinion of the Directors there is no controlling party.