

Cobra Resources plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Cobra Resources plc

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Cobra Resources plc

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Greg Hancock - Non-Executive Chairman

Rupert Verco - Chief Executive Officer

Daniel Maling - Non-Executive Director

David Clarke - Non-Executive Director

SECRETARY

Ben Hodges

REGISTERED OFFICE

9th Floor

107 Cheapside

London, EC2V 6DN

REGISTERED NUMBER

11170056 (England and Wales)

BROKERS

SI Capital Limited

46 Bridge Street

Godalming

Surrey, GU7 1HL

Shard Capital Partners LLP

Suite 303, Floor 3

70 St Mary Axe

London, EC3A 8BE

AUDITOR

PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus, Canary Wharf

London, E41 4HD

SOLICITORS

Orrick, Herrington & Sutcliffe (UK) LLP

107 Cheapside

London EC2V 6DN

PRINCIPAL BANKERS

National Australia Bank

REGISTRARS

Link Group

10th Floor, Central Square

29 Wellington Street, Leeds, LS1 4DL

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BOARD OF DIRECTORS

The Directors of the Company at the end of the year are listed below. The Directors have held office for the entire year unless otherwise stated:

DIRECTORS

Greg Hancock (appointed 1 March 2018)

Non-Executive Chairman - BA (Econs) B.Ed. (Hons), F. Fin

Greg Hancock has over 25 years' experience in capital markets and corporate finance. He has extensive experience in both Australia and the United Kingdom through his close links to the stockbroking and investment banking community. In this time, he has specialised in mining and natural resources and has had a background in financing and management of small companies. He was a founding shareholder and first Chairman of Cooper Energy Ltd, an exploration and production oil and gas company. He is currently Chairman of AusQuest Limited, an Australian mining exploration company with projects in Peru and Australia, Chairman of BMG Resources Ltd, and Non-Executive Director of Zeta Petroleum Plc, King Island Scheelite Ltd and Golden State Mining Limited. Greg continues his close association with capital markets in Australia and the United Kingdom through his private investment company Hancock Corporate Investments Pty Ltd.

Rupert Verco (appointed 23 August 2022)

Chief Executive Officer - Fellow of the Australasian Institute of Mining and Metallurgy, BSc. Hons

Rupert Verco is a mining specialist with over 15 years' experience in Australia and internationally. His key areas of focus include resource definition, reserve optimisation, mine planning, and mine operation. He has managed operations through all phases of the mining cycle on projects that cover a range of commodities including gold, copper, uranium, tin, and iron ore.

Daniel Maling (appointed 1 May 2020)

Non-Executive Director

Daniel Maling is a member of the Chartered Accountants of Australia & New Zealand. He has over 20 years of senior corporate and commercial management experience primarily in the natural resource and technology sectors. He has worked with several AIM, ASX and TSX-listed companies providing corporate finance, business development and strategic advice. Daniel is a partner of Orana Corporate LLP, an accounting and corporate advisory boutique based in London.

David Clarke (appointed 1 May 2020)

Non-Executive Director

David Clarke is a geologist with more than 50 years of professional experience and more than 25 years' experience as a director of Australian public companies. He was previously a senior geologist with the Commonwealth Department of the Interior and a Chief Geologist at Santos Limited. He was also the founder and Chairman of Australian Vintage Limited, a winemaking company based in the Riverland of South Australia. David was the founder, and remains a co-owner of, Thorn-Clarke Wines, a family-owned wine producer in the Barossa Valley of South Australia.

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CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report on a year of exceptional advancement for Cobra, where we have not only expanded the extent of gold mineralisation outside of our existing gold resources, but defined a complementary opportunity in overlying rare earth mineralisation.

The team's approach to defining the economic potential of rare earths at Wudinna has been considered and cost efficient. Initial metallurgy demonstrates significant economic potential, whilst the knowledge gained of the geological process that both enriches and develops various rare earth mineral phases places us in a position to discover further rare earth mineralisation with higher quantities of ionic mineralisation, and to advance metallurgical testing of our defined rare earth resource.

During the year, we were awarded a South Australia Advanced Discovery Initiative ("ADI") grant that has enabled us to test multiple geophysical processes that have defined a number of targets peripheral to the Clarke prospect and highlighted geophysical characteristics that define both gold and rare earth mineralisation.

The Wudinna landholding was strategically grown during the year through the awarding of additional mineral exploration tenements, which now see the Company's Gawler Craton land tenure totalling 3,621 km².

In the midst of a year of significant rising expenses across our sector, the team has managed to execute a number of exploration programmes, including a regional Rotary Air Blast ("RAB") programme and the aforementioned geophysical surveys, whilst we also defined over 15 rare earth occurrences through re-analysis of historical drill samples. Despite an unseasonably wet spring reducing our Reverse Circulation ("RC") programme, the results of drilling extended gold mineralisation at the Clarke prospect to over 600m.

The Company is now in the enviable position to expand complementary gold and rare earth resources in a time where fiscal uncertainty is driving a rising gold market and the ethical sourcing of rare earths is critical to global decarbonisation through electrification. To have this opportunity in a single project benefitting from close spatial proximity of resources in an attractive mining jurisdiction is an advantage not many junior explorers can claim.

BACKGROUND

Cobra began life as a publicly listed company with the aim of finding suitable precious, base or other energy metals and minerals projects in Australia or Africa. During 2019, the Board identified several potentially suitable projects, which were reviewed in detail to evaluate their strengths, growth potential and long-term value to shareholders.

The Wudinna Project has been the Company's primary focus since acquiring earn-in rights to the project in 2019 through the negotiation of the "Wudinna Heads of Agreement". The primary objective of the Company's exploration focus to date has been to add to the existing 211,000 Oz gold JORC Mineral Resource Estimate. The articulated strategy to achieve this has been through refining resource extension opportunities, and defining near-resource targets through low-cost, high-value geochemical domaining of elemental signatures reflective of existing gold mineralisation.

Since Cobra's involvement in the Wudinna Project began in 2019, the Company's approach to exploration has been to provide considered exposure to exploration success across a range of commodities, considerate of cost and discovery potential from a world-class mineral domain.

The balance of exploration activities executed in 2022 have focused on our three-pronged approach:

1. Systematically grow existing gold resources towards 1 million Oz
2. Define the mineral potential of rare earths

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3. Advance high-value IOCG targets

Our strategy is to advance exploration targeting by endorsing technological advancement and implementing cost-effective exploration, where targets are de-risked through geophysical and geochemical definition, yielding a pipeline of targets from concept through to resource definition.

Owing to the discovery of rare earths at the Clarke prospect in 2021, the Company defined a strategic and cost-efficient exploration programme with dual considerations to advance gold resources, expand on the rare earth discovery to define economic potential and advance copper-gold targets.

The Company's adopted approach maximises value from existing datasets, and minimises costs and environmental disturbance. The Company was awarded a South Australian ADI grant to execute two geophysical programmes aimed at testing new techniques to define the magnetic and resistive features of mineralised structures at the Clarke prospect, advancing prospect growth, and identifying other regional targets.

Rare earth mineralisation has been defined across 15 targets where grades and intersections are of economic interest. Through re-analysis and Aircore drilling, sufficient drill density enabled the Company to announce a post-period, maiden Rare Earth Elements ("REE") JORC resource estimate of 20.9 Mt at 658 ppm Total Rare Earth Oxides ("TREO") where Magnet Rare Earth Oxides ("MREO") equate to 23.6% of the TREO. The rare earth mineral resource occurs above and proximal to a defined 94,000 Oz gold resource at the Baggy Green prospect and overlies 500m of intersected gold mineralisation at the Clarke prospect.

The regional rare earth prospectivity of the project is demonstrated by the defined Exploration Target at the Thompson prospect of 81–233 Mt at an average grade of 640–856 ppm TREO.

The defined rare earth resource from just 12 months of rare earth focused work, together with its complementary nature to the Company's 211,000 Oz gold resource, places the Company in a unique position to grow dual commodity resources.

Through the 2022 exploration programme, the Company has achieved the 75% project earn-in milestone defined under the terms of the Wudinna Heads of Agreement between Lady Alice Mines Pty Ltd (a Cobra Resources Company) and Peninsula Resources (an Andromeda Metals subsidiary). Both parties are working to consolidate the structure in which the parties intend to progress the Wudinna Project.

OPERATIONAL REVIEW

Results from the 2022 exploration programme have been transformative in defining a rare earth resource that is complementary to a growing gold resource. The 2022 exploration programme included:

- The re-analysis of samples from over 275 (13,150m) historical drillholes testing for lanthanides
- Drilling of 91 Aircore drillholes for over 4,000m
- 28.2 line km of Loupe TEM profiling at the Clarke prospect
- 12.6 line km of Controlled Source Audio-Frequency Magnetotellurics at the Clarke prospect
- 800m of RC drilling at the Clarke prospect

Rare Earth Re-analysis of Historical Drill Samples

Available samples from historical drilling enabled the evaluation and definition of rare earth mineralisation across gold resources and regional gold targets. Signature intersections yielded from re-analysis included:

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Clarke prospect:

- WUD6-0561 intersected a true width of 7m at 1,465 ppm TREO from 41m, including 6m at 2,499 ppm TREO from 42m
- WUD6-0552 intersected 12m at 1124 ppm TREO from 18m

Thompson prospect:

- SCH-0922 intersected 31m at 1,427 ppm TREO from 12m, including 12m at 3,168 ppm TREO from 12m
- KO11S-1133 intersected 30m at 1,124 ppm TREO (MREO 27%) from 18m, including 18m at 1,445 ppm TREO from 24m
- KO11S-1074 intersected 15m at 1,198 ppm TREO (MREO 29%) from 18m
- SCH-0939 intersected 6m at 1,839 ppm TREO from 36m

Baggy Green prospect:

- WUD6-0763 intersected 22m at 716 ppm TREO from 12m
- WUD6-0685 intersected 30m at 681 ppm TREO from 18m

Anderson prospect:

- WUD1-0231 intersected 18m at 2,024 ppm TREO from 24m, including 12m at 2,767 ppm TREO from 30m, above the previously reported 1m at 1.013 g/t gold from 79m
- WUD1-0383 intersected 40m at 641 ppm TREO from 12m, including 6m at 1,077 ppm TREO from 36m
- WUD1-0328 intersected 15.6m at 612 ppm TREO from 15.5m

Aircore Drilling Programme

Aircore drilling was used to follow-up rare earth re-analysis results, de-risk follow-up gold focused RC drilling at Clarke, and to provide geochemical samples to refine IOCG targets 1-3. Through this programme, Cobra:

- Defined further gold mineralisation at Clarke, where CBAC0014 intersected 12m at 1.25 g/t gold from 18m, increasing the intersected strike extent at Clarke beyond 500m
- Refined further gold targets at Clarke, where broad zones of gold in saprolite has been defined north of previously intersected gold mineralisation. In comparison to drilled mineralisation zones, the anomalous zones northwest of Clarke are more significant, supporting further mineralisation down-dip and along-strike where notable saprolite intersections included:
 - 16m at 0.22 g/t gold from 12m, including 2m at 0.9 g/t gold from 16m [CBAC0020]
 - 12m at 0.29 g/t gold from 18m [CBAC0013]
 - 18m at 0.14 g/t gold from 14m [CBAC0007]
 - 6m at 0.31 g/t gold from 16m [CBAC0027]
 - 10m at 0.16 g/t gold from 10m [CBAC0016]
 - 12m at 0.10 g/t gold from 20m [CBAC0009]
 - 8m at 0.12 g/t gold from 50m [CBAC0017]

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- Expanded the zone of high-grade rare earth mineralisation at Clarke, with significant intersections demonstrating basket assemblages, lithologies and environmental conditions supportive of ionic adsorption mineralisation. Signature intersections included:
 - 14m at 3,703 ppm TREO from 18m, including 6m at 6,648 ppm TREO from 22m [CBAC0021]
 - 10m at 2,220 ppm TREO from 42m, including 2m at 8,163 ppm TREO from 48m [CBAC0022]
 - 34m at 854 ppm TREO from 16m, including 4m at 1,205 ppm TREO from 34m [CBAC0023]
 - 26m at 928 ppm TREO from 14m, including 6m at 2,046 ppm TREO from 22m [CBAC0027]
- Yielded numerous rare earth intersections across nine regional targets, demonstrating regional scalability and prospectivity for clay-hosted rare earth mineralisation, where high-grade mineralisation supports scalable footprints:
 - At Thompson, where CBAC0085 intersected 32m at 1,336 ppm TREO from 8m, with the MREO equating to 25% of the TREO
 - At Barns, peripheral to the gold resource where CBAC0065 intersected 32m at 920 ppm TREO from 24m, with the MREO equating to 26% of the TREO
 - At Anderson, where CBAC0075 intersected 8m at 2,535 ppm TREO from 18m, with the MREO equating to 29% of the TREO
 - At Bradman, where CBAC0059 intersected 10m at 869 ppm TREO from 32m, with the MREO equating to 24% of the TREO
- Tested saprolite above three of the Company's IOCG geophysical targets, where geochemical analysis demonstrates prospectivity for copper/gold porphyry style mineralisation

Due to the complexity of rare earth mineralisation, the Company's approach to defining the economic potential of rare earth mineralisation was to identify rare earth mineral phases, confirm clay adsorption and confirm metallurgical potential. This was successfully achieved through collaborations with a number of academic and world-leading research institutions. Technical studies implemented to define rare earth mineralisation potential at the Wudinna Project included:

Mineralogical determination by X-Ray Diffraction ("XRD") analysis, performed by the Commonwealth Scientific and Industrial Research Institute ("CSIRO"), where:

- XRD analysis supports that a component of rare earth bursary is adsorbed to the primary clay particles, being kaolin and montmorillonite, in similar fashion to the highly desirable IAC hosted deposits of southern China

Lithological analysis by HyLogger Spectral Analysis, performed by the Geology Survey of South Australia ("GSSA"), which has demonstrated:

- Strong associations between elevated rare earths, kaolinite quantity, and reducing crystallinity
- Strong associations between muscovite and phengite to gold mineralisation

Rare earth phase determination by Scanning Electron Microscopy ("SEM") performed by the Critical Minerals Institute ("UniSA") highlighted:

- Primary rare earth enrichment in alteration mineral assemblages associated with hydrothermal gold mineralisation

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- Secondary rare earth minerals formed within the saprock, where grade peaks are not directly associated with elevated phosphate
- Elevated rare earth grades in clays where primary and secondary rare earth phases are low

Diagnostic metallurgical testing carried out by the Australian Nuclear Science and Technology Organisation (“ANSTO”) focused on extraction techniques adopted to ionic phase mineralisation using H₂SO₄ as a lixiviant, yielding recoveries of up to 34% TREE from samples across two holes at Clarke at ambient temperatures.

Identification of clay adsorption potential from Aircore and RC drill samples. The Company tested the sample acidity/alkalinity via standard soil pH tests of over 240 samples. The resultant dataset highlight a strong association between elevated grades and pH ranges 6-7 and 9-10. These conditions are identified through academia as being conditions that best promote physisorption; the process in which REEs ionically bind to clay particles.

Advanced Discovery Initiative Geophysical Surveys

In June 2022, the Company executed a 28.2 line km Loupe TEM survey at the Clarke prospect, which:

- Confirmed that defined gold mineralisation at Clarke is located along distinct linear terminations bordering highly conductive zones. This is interpreted to represent radial shear structures promoting dilation under N-S compression
- Identified four additional repeat structures, branching from the major regional E-W fault, within the survey. These are interpreted as structural juxtaposition or "dilatational jolts" prospective for further gold mineralisation and warrant follow-up drill testing
- Defined three conjugate NE trending structures north of Clarke which correlate with highly anomalous gold in saprolite intersected in recent Aircore drilling
- Demonstrated that high-grade rare earth mineralisation correlates to highly conductive zones that define troughs of deep saprolite weathering
- Validated a cost-efficient method of defining and modelling zones prospective for rare earth mineralisation

Across November and December 2022, the Company engaged Zonge Geophysics to execute a 12.6 line km of Controlled Source Audio-Frequency Magnetotellurics (“CSAMT”) at the Clarke prospect, which demonstrated that:

- Increases in saprolite depth are locally related to structures containing gold mineralisation, hydrothermal alteration, sulphides and subsequently elevated rare earths. Deeper weathering profiles are considered to be a product of acidic weathering conditions that result from the presence of sulphides
- A zone of moderate conductivity immediately adjacent to the interpreted Clarke gold-bearing structure is interpreted to reflect sodic alteration associated with gold mineralisation
- Regional, unmineralised structures display different geophysical responses to localised mineralised structures. These include shallow saprolite weathering and strong conductive down-plunge responses that are thought to be related to the presence of saline groundwater
- Gold mineralisation is contained in second order structures where dilation is likely increased by the relative proximity to primary structures, and alteration subsequently yields a de-magnetised geophysical response

Structural observations made through the CSAMT survey have been applied to the regional Airborne Electromagnetic ("AEM") survey conducted by Newmont in 2004. A number of demagnetised zones are interpreted to contain first and second order structures and are comparable to the structural interpretation at the dual gold and rare earth Clarke prospect. Results support basement interpretations and structural inferences derived from the Loupe TEM survey completed in November 2022.

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Seven additional targets with structural similarities and corresponding to anomalous gold in calcrete were added to the March 2023 RC drill programme.

RC Drilling at the Clarke Prospect

A total of 11 RC holes were drilled in November 2022 totalling 800m, where:

- The strike of intersected gold mineralisation at the Clarke prospect was increased to 600m, occurring outside of the existing 211,000 Oz MRE through the following intersections:
 - CBRC0059 intersected 6m at 4.15 g/t gold from 34m, including 4m at 5.74 g/t gold from 34m
 - CBRC0057 intersected 18m at 0.6 g/t gold from 57m, including 1m at 1.80 g/t gold from 58m and 2m at 2.16 g/t gold from 68m
 - CBRC0066 intersected 8m at 0.6 g/t gold from 58m, including 2m at 1.31 g/t gold from 62m
- Further rare earth mineralisation intersected peripheral to expanded gold strike further supports the Company's dual resource strategy. Rare earth intersections included:
 - CBRC0058 intersected 24m at 1,093 ppm TREO from 26m, where the MREO equates to 26% of the TREO, including 19m at 1,243 ppm TREO from 29m (MREO: 26%)
 - CBRC0062 intersected 20m at 683 ppm TREO from 31m, where the MREO equates to 22% of the TREO, including 2m at 2,249 ppm TREO (MREO: 19%)
 - CBRC0066 intersected 31m at 514 ppm TREO from 36m, where the MREO equates to 22% of the TREO
 - CBRC0057 intersected 21m at 519 ppm TREO from 13m, where MREO equates to 23% of the TREO
 - CBRC0059 intersected 14m at 611 ppm TREO from 14m, where MREO equates to 23% of the TREO

Gold and rare earth drilling results from the 2022 exploration programme demonstrated the growth potential of existing gold resources, formed the basis of a maiden rare earth resource estimate, and demonstrated the scale potential for further resource expansion as well as the potential for further discoveries.

ISSUES OF SHARES DURING THE PERIOD

On 16 February 2022, 63,000,000 Ordinary shares were issued pursuant to an oversubscribed private placement at 1.5 pence each, raising £945,000.

On 26 October 2022 and 1 November 2022, 88,966,668 Ordinary shares were issued pursuant to an oversubscribed private placement at 1.5 pence each, raising £1,334,500. 2,572,372 Ordinary shares were issued to former LAM owners at 1.5p each, and 600,000 Ordinary shares were issued to third party suppliers for settlement of fees in lieu of cash on or around the same date.

POST PERIOD END EVENTS

In January 2023, the Company took a fundamental step towards defining a globally unique mineral occurrence by announcing a maiden rare earth resource of 20.9 Mt at 658 ppm TREO that encompasses the Clarke and Baggy Green gold prospects and occurs within the saprolite above and proximal to gold mineralisation. In addition, a defined Exploration Target at the Thompson prospect demonstrates the district scale potential of rare earth mineralisation at the Wudinna Project. In March 2023, the Company completed 20 RC drillholes for 2,466m across the Barns, White Tank and Clarke prospects aimed at gold resource expansion. Drilling intersected encouraging geology supportive of further gold and rare earth mineralisation across all three prospects. Assays have been

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submitted to the laboratory with initial results expected imminently. In March 2023, the Company also commenced a 6,000m AC drilling programme targeting rare earth resource expansion and other objectives.

CONCLUSION

The Company has managed to overcome challenging financial conditions and record-breaking wet weather to deliver a year of exploration success which culminated in a maiden rare earth resource and will contribute to an expanded gold resource. This provides a unique and valuable mineral inventory from which the Company can grow and commence the process of determining project economics. I thank our shareholders for their continued commitment in uncertain times - their loyal support has enabled the Company to achieve exploration success and will enable further growth. I thank my fellow directors for their contribution throughout the year, our Exploration Manager, Robert Blythman, for his tireless efforts, our valued stakeholders, and our contractors and service providers. We are committed to unlocking the mineral wealth of the Wudinna Project.



Greg Hancock
Non-Executive Chairman
27 April 2023

Cobra Resources plc

STRATEGIC REPORT

The Directors present the Strategic Report for Cobra Resources plc (the “Company” or “Cobra”, and collectively with its Subsidiary Companies, the “Group”) for the year ended 31 December 2022. The information required by section 172 Companies Act 2006 are included within the Corporate Governance Statement.

INTRODUCTION

This Strategic Report comprises a number of sections, namely: the Group’s objectives, the Group’s strategy and business model, a financial review, a review of the Group’s business using key performance indicators, and the principal risks and uncertainties facing the business.

OBJECTIVES

The Company’s objective is to explore, develop and mine precious and base metal projects.

STRATEGY AND BUSINESS MODEL

To achieve its objective, the Company has adopted a strategy that focuses on advanced resource exploration projects that have the potential, through the application of disciplined and structured exploration and analysis, to be progressed towards the development of a mining operation.

As a secondary focus, the Company will also review investment opportunities for exploration projects and near-production assets. For clarity:

- Newly defined resource exploration projects are projects that are at an advanced stage of resource definition, with a majority of the necessary permitting and tenure in place;
- Exploration projects are projects with the potential for significant discovery but have yet to have detailed geological work completed; and
- Near-production assets have gone through the typical mining stages of development and require funds in order to progress from development to first production.

With any of these types of investments, the Company commits to only investing in projects where the Board believes that it can add long-term value to all shareholders. This will be achieved through either applying alternative geological models based on experience with similar mineralised systems, advancing the project through structured and disciplined exploration analysis or by leveraging alternative geochemical or geophysical technologies.

Lady Alice Mines provides the Company with a project portfolio from which it aims to unlock embedded value and deliver shareholder returns through capital growth. It is the aim of the Company to explore and analyse the assets within this portfolio to the point that will, in the view of the Board, optimise the risk-reward value equation for its shareholders. This may include monetising or divesting assets at any stage up to and including the building of economically sustainable operations.

The Company does not intend to limit its asset reviews to particular geographic regions; however, the initial focus will be on projects located in Australia. If geologically and economically attractive project opportunities are identified in other countries, investments will only be considered in jurisdictions with established mining operations and regulation, and with acceptable levels of sovereign risk.

OPERATIONAL REVIEW AND OUTLOOK

The operational review and outlook are set out in the Chairman’s Statement.

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STRATEGIC REPORT, continued

RESULTS AND DIVIDENDS

During the year the Group made a loss of £509,138 (31 December 2021: £1,677,511 loss).

The Directors do not propose a dividend in respect of the year ended 31 December 2022 (31 December 2021: £nil).

Cash used in operations totalled £348,618 (31 December 2021: £685,532).

As at 31 December 2022, the Group had a cash balance of £1,272,743 (31 December 2021: £264,480).

KEY PERFORMANCE INDICATORS (“KPI”)

The financial statements of a natural resource investing company can provide a moment in time snapshot of the financial health of the Group but do not provide a reliable guide to the performance of the Group or its Board.

At this stage in the Group’s development the Directors regularly monitor key performance indicators associated with funding risk, being primarily projected cash flows associated with operational activities and general administrative expenses. Upon readmission to the main market, the Company has been able to raise the funds as needed to finance its activities.

KPIs are not appropriate as a means of assessing the value creation of a company which is involved in natural resource investment and which currently has no turnover. The Board considers that the detailed information in the Operational Review in the Chairman’s Statement is the best guide to the Group’s performance during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors have carried out a robust assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity. They consider the following risk factors are of particular relevance to the Group’s activities and to any investment in the Group. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

The risk factors are summarised below:

Exploration, Development and Operating Risks

Mineral exploration and development operations generally involve a high degree of risk. The Group’s operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, base metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

The Group’s activities are directed towards the search for, evaluation of, and development of mineral deposits. There is no certainty that the expenditures to be made by the Group will result in discoveries of commercial quantities of minerals. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Group will compete with other interests, many of which have greater financial resources than the Company has for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

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STRATEGIC REPORT, continued

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Group not receiving an adequate return on invested capital.

Government Regulation

The mineral exploration and development activities which are undertaken by the Group is subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters.

Exploration and development activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organisations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Group's ability to undertake exploration and development activities in respect of its properties, as well as its ability to explore and operate those properties in which it currently holds an interest or in respect of which it obtains exploration and/or development rights in the future.

No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Group.

Permitting

The Group's operations may be subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for future operations. Management of the Group believes it has received the necessary permits for the current operations. Prior to any development on any properties, the Group must receive permits from appropriate governmental authorities. There can be no assurance that the Group will obtain and/or continue to hold all permits necessary to develop or continue operating at any particular property. See also "Exploration, Development and Operating Risks" above.

Environmental and Other Regulatory Requirements

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Group, and therefore the Board considers these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks. Whilst the Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant.

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STRATEGIC REPORT, continued

Financing

The development of the Group's properties and its ability to earn into projects will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Group's properties from time to time, or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Group.

Gold Price

The price of the Ordinary Shares, the Company's financial results and exploration and development activities may in the future be significantly adversely affected by declines in the price of gold. The gold price fluctuates widely and is affected by numerous factors beyond the Group's control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world.

The gold price is subject to fluctuations, and future serious price declines could cause development of any properties in which the Group may hold an interest from time to time to be impracticable. Future production from the Group's properties, if any, will be dependent upon, among other things, a gold price that is adequate to make these properties economic.

In addition to adversely affecting the Group's financial condition and exploration and development activities, a declining gold price can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Gold is regarded as a traditional safe-haven asset and has historically been used as a hedge against inflation. Geopolitical tensions and rising inflation support short term outlooks for a stable gold price. The role of gold in electronic and space technologies, coupled with the commodity's traditional role in backing currency, supports demand matching forecasts of market Compound Annual Growth Rate ("CAGR") at 3.1% for 2021–2026.

Recent high inflation, market volatility and lower bond yields have seen the gold price increase, with the price breaking the USD\$2,000 per Oz barrier. This demonstrates gold's ongoing importance in supporting currency in light of changing financial markets and the evolution of digital currencies.

Rare Earths Market

Supply of rare earths is dominated by China, which accounts for 80% of global supply. Projected rare earths market growth is reported to grow at 8% CAGR growth from 2020 production to meet market demands by 2030¹. The effective doubling in demand is driven by global decarbonisation and the critical role of rare earths in the production of rare earth magnets for electric motors. China's dominant position in both production and downstream refining of rare earth metals has been recognised by western countries as a critical geopolitical risk, with particular exposure to rare earth supplies sustaining defence technologies.

Rare earth elements (REEs) are not particularly rare in occurrence. Rare earth occurrences are amenable to low-cost extraction and low radioactivity and complete rare earth elemental partitioning. The 'weathered crust elution-deposited rare earth' (also referred to as ionic clay adsorbed rare earths) reserves of southern China contribute to approximately 35%

Cobra Resources plc

STRATEGIC REPORT, continued

of China's rare earth production, and advancements in recovery techniques and environmental management lend to this style of rare earth mineralisation, significantly contributing to market growth.

Sourcing rare earths from sustainable and ethically conscious jurisdictions will be a primary focus of developed countries looking to secure stable supplies of critical minerals to drive technological advancement and the level of electrification necessary to achieve global decarbonisation targets.

In 2022, the Australian Government updated its critical minerals strategy to position Australia to meet the growing demand for critical minerals. Part of the strategy includes:

- A A\$200 million Critical Minerals Accelerator Initiative to support strategically significant projects in their development
- The establishment of a A\$50 million virtual Critical Minerals Research and Development Centre
- A A\$2 billion Critical Minerals Facility providing loans to the sector. Projects are accessing grants under the Modern Manufacturing Initiative and concessional finance through the Northern Australia Infrastructure Facility

The Board considers market growth and the future development of downstream processing within Australia as a significant opportunity to define critical rare earth resources within an ethical and environmentally conscious mining jurisdiction. Instigating a dual approach to defining mineral resources in both gold and rare earths enables the Company to mitigate exposure to market volatility in a single commodity.

At the time of this report, no feasible clay-hosted rare earths projects were in operation outside of China. Deposit mineralogy, chemistry and jurisdiction supply chain logistics play a critical role in the economic viability of rare earth projects. Downstream processing is a critical driver of rare earth value and vulnerability in accessing downstream processing may impact project viability. The feasibility of the projects rare earth mineralisation is susceptible to future resource estimations, metallurgical testing and process optimisation.

1. Arafura internal Supply Demand forecast referencing against data from CRU, Rare Earth Market Study 2020; Roskill, Rare Earth Market Analysis, Adamas Intelligence, Rare Earth Market outlook to 2030.

Foreign Currency Exchange Rates

Fluctuations in currency exchange rates, principally between the British pound and Australian dollar, can impact the Group's earnings and cash flows. If the value of the Australian dollar increases relative to the British pound, the Group's results of operations, financial condition and liquidity could be materially adversely affected.

Market Conditions

Market conditions, including general economic conditions and their effect on exchange rates, interest rates and inflation rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition from other organisations, some of which may have greater resources or be more established in a particular territory. The Board considers and reviews all market conditions to try and mitigate any risks that may arise from these.

Political and Country Risk – UK Departure from the EU

The Company is quoted in the UK and operates in the UK and Australia. The Company may be subject to the impact of the UK's departure from the European Union. The Company continues to monitor matters and seek advice as to how to mitigate the risks arising.

Cobra Resources plc

STRATEGIC REPORT, continued

Dependence on Key Personnel

The Group has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Group's business.

Ukraine Conflict

The conflict in Ukraine does not currently have any direct impact on Cobra's business as we have no operations or offices in Ukraine or Russia. There is potential for broader markets and supply chains to be affected and we are working with our partners and industry bodies to monitor the situation and prepare for any disruption.

Prices of oil, metal and other commodities have soared as fighting in Ukraine has intensified, adding to concerns that the rising prices will contribute to higher inflation rates, which are already at their highest in decades. The Group expects that costs of raw materials will increase over the next 12 months and will work to mitigate the effects of these increases as much as possible.

ENVIRONMENTAL, SOCIAL, COMMUNITY AND HUMAN RIGHTS RESPONSIBILITY

Environmental Responsibility

Cobra Resources adopts a strategic and innovative approach to its exploration activities, and the Company is actively seeking new technologies to assist in minimising or eliminating environmental impacts. Our commitment and proactive approach to rehabilitation ensures minimised disturbance and promotes positive environmental impacts. Cobra Resources is a mineral exploration and resource development company, not a mining company and therefore the environmental impact associated with its operations is minimal.

In 2022 Cobra Resources published its first sustainability report in which the company details its commitment to Environmental responsibility, Community relations and Corporate governance. The Company aspires to overachieve baseline targets for ESG management and adopt an industry-leading approach to environmental management and reporting as the Group's operations grow.

Cobra Resources executes exploration activities in accordance to regulatory requirements and in adherence to the Company's approved Programme for Environmental Protection and Rehabilitation. Previous disturbance, progressive rehabilitation and programme planning is actively documented and communicated with all stakeholders.

Climate Related Emissions and Energy Performance

As an exploration business, the Company's operations are campaign based and their environmental impact small when compared to operating mining companies. The Group is currently considered a low energy user, with energy consumption being below the minimum for disclosure. The Board recognises its responsibility and is committed to monitoring its energy usage as its activities continue to scale. The Company has collected and collated its energy consumption data and is pleased to disclose its usage below:

In 2022 the Company pursued an exploration strategy that utilised previously drilled samples to define rare earth potential; this significantly reduced the groups energy consumption when compared to the quantity of drilling that would have been required to generate the assays reported.

The Company has calculated its energy consumption for the period, with its total energy consumption being approximately 19,000 kwh, where:

Cobra Resources plc

STRATEGIC REPORT, continued

- A total of 86% of its energy consumption is contributed to air travel
- A total of 1% of its energy consumption is contributed to administrative undertakings
- A total of 13% of its energy consumption is contributed to its exploration activities

Energy Efficiency

The Company continues to focus on reducing energy consumption and carbon emissions. As part of the Company's sustainability plan, reviews of its operations have been undertaken and recommendations implemented. The Company has endorsed new and evolving technologies as part of its ambition to reduce energy consumption. In 2022, the Company executed two alternate low-disturbance and low energy usage geophysical surveys that are considered to be an effective tool to reduce emissions and environmental disturbance associated with drilling activities.

Social, Community and Human Rights Responsibility

The Board recognises its responsibility under UK corporate law to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, partners, suppliers and contractors and the local communities in which it operates.

The Board appreciates the social importance its operating presence has on the community in which it operates. The Company has strived to increase its presence within, and level of communication with, the Wudinna Community by opening a locally based office and proactively engaging and educating the community of our operations and our future ambitions. In demonstration of our commitment to the community, the Company supported the upgrade of disablement facilities at the Wudinna community swimming centre.

As we progress our project towards mining operations, the Company aims to exceed the South Australian Government's expectations for stakeholder engagement through its local presence, early engagement, ongoing education and local employment.

FINANCIAL INSTRUMENTS

The Group's financial instruments comprise investments, cash at bank and various items such as trade and other receivables, loans and creditors. The Group has not entered into derivative transactions nor does it trade financial instruments as a matter of policy.

Credit Risk

The Group's credit risk arises primarily from cash at bank, trade and other receivables and the risk the counterparty fails to discharge its obligations.

The Company's credit risk primarily arises from inter-company debtors, which are considered to form part of the Company's investment in the subsidiaries (see Note 8 to the Financial Statements) and cash at bank and trade and other receivables, as per the Group. Should the subsidiaries' exploration activities not be successful, it is possible that these receivables may become irrecoverable.

Liquidity Risk

Liquidity risk arises from the management of cash funds and working capital. The risk is that the Group will fail to meet its financial obligations as they fall due. The Group operates within the constraints of available funds and cash flow projections are produced and regularly reviewed by management.

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Interest Rate Risk Profile of Financial Assets

The only financial assets (other than short term debtors) are cash at bank and in hand, which comprises money at call. The interest earned in the year was negligible. The Directors believe the fair value of the financial instruments is not materially different to the book value.

Foreign Currency Risk

The Group includes an Australian subsidiary which may affect the Group's Sterling denominated reported results as a consequence of movements in the Sterling/Australian dollar exchange rate. The Group also incurs costs denominated in foreign currencies which gives rise to short-term exchange risk. The Group does not currently hedge against these exposures as they are deemed immaterial and there is no material exposure as at the year-end (31 December 2021: £nil).

CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard its ability to continue as a going concern and develop its mining and exploration activities to provide returns for shareholders. The Group's funding comprises equity and debt. The Directors consider the Company's capital and reserves to be capital. When considering the future capital requirements of the Group and the potential to fund specific project development via debt, the Directors consider the risk characteristics of all the underlying assets in assessing the optimal capital structure.

Approved by the Board of Directors
and signed on behalf of the Board



Greg Hancock
Non-Executive Chairman
27 April 2023

Cobra Resources plc

DIRECTORS' REPORT

The Directors are pleased to submit their annual report and audited financial statements for Cobra Resources Plc (the "Company" and collectively with its subsidiaries the "Group") for the year ended 31 December 2022.

The Chairman's Statement and Strategic Report contain details of the Group's principal activities and includes an Operational Review which provides detailed information on the development of the Group's businesses during the last 12 months, likely future developments and events that have occurred after the Balance Sheet date.

This Directors' Report includes the information required to be included under the Companies Act or, where provided elsewhere, an appropriate cross-reference is given. The Corporate Governance Statement, approved by the Board, is provided on pages 23 to 27 and is incorporated by reference herein.

PRINCIPAL ACTIVITY

The Group's principal activity is to explore, develop and mine precious and base metal projects.

RISKS AND UNCERTAINTIES AND FINANCIAL INSTRUMENTS

The business of mineral exploration, evaluation and development has inherent risks. The Group's exposure to risks is explained in Risks and Uncertainties in the Strategic Report set out on pages 10 to 17 together with the policies of the Board for the review and management of those risks.

THE GROUP'S PERFORMANCE AND FUTURE DEVELOPMENTS

A review of the Group's projects and their performance during the financial period and details of future developments and an indication of the outlook for the future, are contained in the Chairman's Statement on pages 3 to 9.

The Board will continue with its strategic plans to generate growth in value for shareholders in line with its business model which is explained in the Strategic Report on page 10.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the Company during the year were as follows:

	Date Appointed
Greg Hancock	1 March 2018
Daniel Maling	1 May 2020
David Clarke	1 May 2020
Rupert Verco	22 August 2022

Cobra Resources plc

DIRECTORS' REPORT (continued)

The Directors who held office as 31 December 2022 had the following beneficial interests in the Ordinary shares of the Company at 31 December 2022 according to the register of directors' interests:

	Ordinary shares			
	Number of Ordinary shares at 31 Dec 2022	% of Issued Share Capital at 31 Dec 2022	Number of Ordinary Shares at 31 Dec 2021	% of Issued Share Capital at 31 Dec 2021
Greg Hancock	400,000	0.08%	-	-
Daniel Maling	1,075,000	0.21%	675,000	0.24%
David Clarke	45,636,166	8.86%	35,107,335	9.75%
Rupert Verco	333,333	0.06%	-	-

Within 2022 the following shares were issued to Directors:

- In February 2022, David Clarke acquired 6,338,041 shares at 1.5 pence per share pursuant to participation in a private placement.
- In October 2022, David Clarke acquired 3,333,333 shares at 1.5 pence per share pursuant to participation in a private placement.
- In October 2022, David Clarke was issued 857,457 shares at 1.5 pence per share pursuant to the terms of the Wudinna Agreement
- In October 2022, Greg Hancock acquired 400,000 shares at 1.5 pence per share pursuant to participation in a private placement.
- In October 2022, Dan Maling acquired 400,000 shares at 1.5 pence per share pursuant to participation in a private placement.
- In October 2022, Rupert Verco acquired 333,332 shares at 1.5 pence per share pursuant to participation in a private placement.

DIRECTORS' WARRANTS AND OPTIONS

As at 31 December 2022, the Directors held the following warrants and options over the Company's ordinary shares:

	Date of grant	Options			Number of options at end of year
		Number of options at start of year	Options granted or acquired during year	Options lapsed during year	
Greg Hancock	11 Feb 2019	672,336	-	-	672,336
	15 July 2020	5,000,000	-	-	5,000,000
TOTAL		5,672,336	-	-	5,672,336
Daniel Maling	15 July 2020	5,000,000	-	-	5,000,000
TOTAL		5,000,000	-	-	5,000,000
David Clarke	15 July 2020	5,000,000	-	-	5,000,000

Cobra Resources plc

DIRECTORS' REPORT (continued)

TOTAL	5,000,000	-	-	5,000,000
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MANAGEMENT INCENTIVES

On 27 March 2018 the Company introduced a Share Option Plan with Non-Employee Sub-Plan to enable the issue of options as part of the remuneration of key management personnel and directors to enable them to purchase ordinary shares in the Company. However, the Share Option Plan was amended by the Board and re-entered into on 11 February 2019.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the financial year, the Company maintained insurance cover for its Directors and Officers under a Directors' and Officers' liability insurance policy. The Company has not provided any qualifying third-party indemnity cover for the Directors.

INDEPENDENT ADVICE TO THE BOARD

The Board has the ability to seek independent professional advice although none was considered necessary in the year under review or in the previous financial year.

SHARE CAPITAL

Details of the issued share capital, together with details of the movement in issued share capital during the year, are shown in note 15 to the Financial Statements.

SUBSTANTIAL INTERESTS

At the date of approval of this report, the Company had been notified that of the following interests of 3% or more of the issued Ordinary share capital of the Company:

	<i>Number of Ordinary Shares</i>	<i>% of Share Capital</i>
Penn Nominees Pty Ltd	47,810,082	9.28
Mr Craig P Ball & Mrs Suzanne K Ball	45,636,166	8.86
Springton Trust	45,636,166	8.86

POLITICAL AND CHARITABLE DONATIONS

A donation of A\$2,000 to the Wudinna community swimming centre to aid in upgrading disablement facilities during 2022 (2021: nil).

POST PERIOD EVENTS

Events subsequent to year end are set out in the Chairman's Statement.

GOING CONCERN

The Group's ability to meet operational objectives and general overheads is reliant on raising further capital in the near future.

Cobra Resources plc

DIRECTORS' REPORT (continued)

The Group meets its working capital requirements from its cash and cash equivalents. The Company is pre-revenue, and to date the Company has raised finance for its activities through the issue of equity and debt.

The Group has £1,272,742 of cash and cash equivalents at 31 December 2022, and during the year raised £2,279,500 before costs through the issue of new Ordinary shares. The Group's and Company's ability to meet operational objectives and general overheads is reliant on raising further capital in the near future.

The Directors are confident that further funds can be raised and it is appropriate to prepare the financial statements on a going concern basis, however there can be no certainty that any fundraise will complete. These conditions indicate existence of a material uncertainty related to events or conditions that may cast significant doubt about the Group's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would be required if the Group could not continue as a going concern.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant audit information of which the Company's auditor was unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

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

AUDITORS

A resolution to re-appoint the Company's Auditors, PKF Littlejohn LLP, will be proposed at the next Annual General Meeting of the Company, to be held in June 2023, at a date to be determined

**Approved by the Board of Directors
and signed on behalf of the Board**



**Greg Hancock
Non-Executive Chairman
27 April 2023**

Cobra Resources plc

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 the group and parent company financial statements in accordance with applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the company and the group for that year.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

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

They are also responsible to make a statement that they consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for the shareholders to assess the Group and Company's position and performance, business model and strategy.

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

Legislation in England and Wales governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement Pursuant to Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 1, confirm that, to the best of their knowledge and belief:

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

Cobra Resources plc

CORPORATE GOVERNANCE STATEMENT

Introduction

The Company recognises the importance of, and is committed to, high standards of corporate governance. At the date of this Annual Report, whilst the Company is not under an obligation to adopt a governance code on a 'comply or explain' basis given its status as a standard listed company on the Main Market for listed securities of the London Stock Exchange, the Directors have opted to observe the requirements of the UK Corporate Governance Code to the extent they consider appropriate in light of the Company's size, stage of development and resources. The ways in which the Company has applied the Code are explained below:

- The Code requires that a smaller company should have at least two Independent Non-Executive Directors. The Board currently consists of one Executive Director and three Non-Executive Directors. The Non-Executive Directors are interested in either Ordinary shares in the Company, options over ordinary shares in the Company, or both, and cannot therefore be considered fully independent under the Code. The remuneration of the Non-Executive Directors includes options and this is contrary to D.1.3 of the Code, and thus the Company is not in full compliance. However, the Directors consider the present structure and arrangements to be adequate given the size and stage of development of the Company, and all are considered to be independent in character and judgement.
- Directors appointed by the Board are subject to election by shareholders at the Annual General Meeting of the Company following their appointment and thereafter are subject to re-election in accordance with the Company's Articles of Association. The terms and conditions of appointment of Non-Executive Directors will be made available upon written request.

The Company is a small company with a modest resource base. The Company has a clear mandate to optimise the allocation of limited resources to support its development plans. As such, the Company strives to maintain a balance between conservation of limited resources and maintaining robust corporate governance practices. As the Company evolves, the Board is committed to enhancing the Company's corporate governance policies and practices deemed appropriate for the size and maturity of the organisation.

The Company will hold Board meetings periodically as issues arise which require the Board's attention. The Board will be responsible for the management of the business of the Company, setting its strategic direction, establishing its policies and appraising the making of all material investments. It will be the Board's responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company on behalf of the shareholders, to whom the Directors are accountable. The primary duty of the Board will be to act in the best interests of the Company at all times. The Board will also address issues relating to internal control and the Company's approach to risk management.

Set out below are the Company's corporate governance practices for the year ended 31 December 2022.

Leadership

The Company is headed by an effective Board which is collectively responsible for the long-term success of the Company.

The role of the Board – The Board sets the Company's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. To achieve this, the Board directs and monitors the Company's affairs within a framework of controls which enable risk to be assessed and managed effectively. The Board also has responsibility for setting the Company's core values and standards of business conduct and for ensuring that these, together with the Company's obligations to its stakeholders, are widely understood throughout the Company.

Cobra Resources plc

CORPORATE GOVERNANCE STATEMENT, continued

Leadership, continued

Board Meetings – The core activities of the Board are carried out in scheduled meetings of the Board. These meetings are timed to link to key events in the Company’s corporate calendar and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters which require decisions outside the scheduled meetings. During the year, the Board met on five occasions.

Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the Company or their areas of responsibility, and to keep them fully briefed on the Company’s operations.

Summary of the Board’s work in the year – During the year, the Board considered all relevant matters within its remit, but focused in particular on the execution and completion of the Lady Alice acquisition.

A table setting out the Directors’ attendance at Board meetings during the year is set out below.

	Role	Board Meeting	Audit Committee	Remuneration Committee
Greg Hancock	Non-Executive Chairman	5/5	1/1	1/1
Daniel Maling	Director	5/5	1/1	1/1
David Clarke	Director	5/5	N/A	1/1
Rupert Verco *	Chief Executive Officer	2/2	N/A	N/A

* Rupert Verco was appointed to the Board of Directors of the Company on 22 August 2022.

Directors attended an extremely high number of Board meetings they were entitled to attend during the year. The Board is pleased with the high level of attendance and participation of Directors at Board and committee meetings.

Directors appointed by the Board are subject to election by shareholders at the Annual General Meeting of the Company following their appointment and thereafter are subject to re-election in accordance with the Company’s Articles of Association.

Non-Executive Directors

The Non-Executive Director brings a broad range of business and commercial experience to the Company and have a particular responsibility to challenge independently and constructively the performance of the Executive management (where appointed) and to monitor the performance of the management team in the delivery of the agreed objectives and targets. Cobra has two Non-Executive Directors, Daniel Maling and David Clarke.

Non-Executive directors are initially appointed for an initial term of one year, which may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

Cobra Resources plc

CORPORATE GOVERNANCE STATEMENT, continued

Committees

The Company has established Audit and Remuneration Committees.

Audit Committee

The Audit Committee was established in 2020. The Committee has responsibility for, among other things, the monitoring of the integrity of the financial statements of the Company and its Enlarged Group and the involvement of the Group's auditors in that process. It focuses in particular on compliance with accounting policies and ensuring that an effective system of external audit and financial control is maintained, including considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors and advising on the appointment of external auditors. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will meet at least two times a year at the appropriate times in the financial reporting and audit cycle.

The members of the Audit Committee are Daniel Maling, who acts as Chairman of the Committee, and Greg Hancock.

The Group's external auditor is PKF Littlejohn LLP who have served as external auditor for four years. The role of external auditor last went to tender in 2018. The Audit Committee closely monitors the level of audit and non-audit services that they provide to the Company and Group.

Having assessed the performance, objectivity and independence of the auditors, the Committee will be recommending the reappointment of PKF Littlejohn LLP as auditors to the Company at the 2023 Annual General Meeting.

During the year to 31 December 2022 the Audit Committee considered the following key issues in relation to the Financial Statements:

Issue	Action
<ul style="list-style-type: none">Accounting policies	The Committee reviewed and discussed the significant accounting policies with management and the external auditor and reached the conclusion that each policy was appropriate to the Group and Company.
<ul style="list-style-type: none">Carrying value of investment in Lady Alice Mines	The Committee reviewed the impairment assessment report prepared by management and agreed that given the reasonable expectation that the Group will achieve its milestone targets over the next 18 months that no impairment to the value of the investment in Lady Alice Mines was required as at 31 December 2022.
<ul style="list-style-type: none">Going Concern review	The Committee considered the ability of the Group to operate as a Going Concern considering cash flow forecast for the next 12 months and operational milestone. It was determined by the Committee that the Group will need to raise funds within the next 12 months in order to achieve its 12 month operational objectives. Whilst there can be no certainty that funds will be received, the Committee formed the opinion that it was reasonable to expect that additional funds will be raised, and that it was appropriate for the

Cobra Resources plc

Issue	Action
	Financial Statements to be prepared on a going concern basis.
<ul style="list-style-type: none">Review of audit and non-audit services and fees	The Committee reviewed the fees charged for the provision of audit and services and determined that they were in line with fees charged to companies of similar size and stage of development. The Committee considered and was satisfied the external auditor's assessment of its own independence. There were no non-audit services provided during the year to 31 December 2022.

Remuneration Committee

The Remuneration Committee was established in 2020. The Committee has the responsibility of reviewing the performance of the Executive directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Committee will also make recommendations to the Board on proposals for the granting of share awards and other equity incentives pursuant to any share award scheme or equity incentive scheme in operation from time to time. The Remuneration Committee will meet at least once a year. The aggregate remuneration of the directors is limited by the Company's Articles of Association and this aggregate amount can only be changed by the Company in general meeting.

The members of the Remuneration Committee are David Clarke, who acts as Chairman of the Committee, Greg Hancock and Daniel Maling.

Nomination Committee

The Board as a whole will be responsible for the appointment of executive and Non-Executive Directors. The Board does not currently believe it is necessary to have a separate nominations committee at this time. The requirement for a nominations committee will be considered on an ongoing basis.

Share Dealing Code

The Board has adopted a share dealing code (the "Share Dealing Code") regulating trading in the Company's shares for the Directors and other persons discharging managerial responsibilities (and their persons closely associated) which contains provisions appropriate for a company whose shares are listed on the Official List and admitted to trading on the Main Market for listed securities of the London Stock Exchange (particularly relating to dealing during closed periods which will be in line with the Market Abuse Regulation). The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees with the terms of the Share Dealing Code.

Diversity

The Company has not adopted a formal policy on diversity, however it is committed to a culture of equal opportunities for all, regardless of age, race or gender.

Relations with Stakeholders

Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

Cobra Resources plc

CORPORATE GOVERNANCE STATEMENT, continued

Relations with Stakeholders, continued

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and
- Consider the impact of the Company's operations on the community and the environment.

The Company operates in the extractive industry to explore, develop and mine precious and base metal projects which is inherently speculative in nature and, whilst currently pre-revenue will be dependent upon fund-raising for its continued operations. The nature of the business is well understood by the Company's members, employees and suppliers, and the Directors are as transparent about the cash position and funding requirements as is allowed under LSE regulations.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during 2022

- Pursuing the execution and completion of work requirements under the terms of the Lady Alice acquisition; and
- Any contracts for services provided have been undertaken with a clear cap on financial exposure.

During the year, the Board assessed its current activities between the Board and its stakeholders, which demonstrated that the Board actively engages with its stakeholders and takes their various objectives into consideration when making decisions. Specifically, actions the Board has taken to engage with its stakeholders in 2022 include:

- Attended the 2022 AGM to answer questions and receive additional feedback from investors;
- Arranged meetings with certain stakeholders to provide them with updates on the Company's operational activities and other general corporate updates;
- Made presentations and published recordings and slide decks on the Company's exploration programme; and
- Monitored company culture and engaged with employees on efforts to continuously improve company culture and morale.

The Board believes that appropriate steps and considerations have been taken during the year so that each Director has an understanding of the various key stakeholders of the Company. The Board recognises its responsibility to contemplate all such stakeholder needs and concerns as part of its discussions, decision-making, and in the course of taking actions, and will continue to make stakeholder engagement a top priority in the coming years.



Greg Hancock
Non-Executive Chairman
27 April 2023

Cobra Resources plc

DIRECTORS' REMUNERATION REPORT

The Company has established a Remuneration Committee which is responsible for reviewing, determining and recommending to the Board the future policy for the remuneration of the directors, the scale and structure of the directors' fees, taking into account the interests of shareholders and the performance of the Company and directors.

The items included in this report are unaudited unless otherwise stated.

Statement of Cobra Resources Plc's policy on Directors' Remuneration by the Chairman of the Remuneration Committee, David Clarke.

As Chairman of the Remuneration Committee, I am pleased to introduce our Directors' Remuneration Report. The Directors' Remuneration Policy, which is set out on pages 28 to 31 of this report, will be submitted to shareholders for approval at our Annual General Meeting on 27 April 2023.

A key focus of the Directors' Remuneration Policy is to align the interests of the Directors to the long-term interests of the shareholders and it aims to support a high performance culture with appropriate reward for superior performance, without creating incentives that will encourage excessive risk taking or unsustainable company performance. This will be underpinned through the implementation and operation of incentive plans.

The Remuneration Committee which comprises myself as Chairman, and Greg Hancock and Daniel Maling, will meet at least once a year. Directors' remuneration is fixed although Board meetings are held where the remuneration of Directors is considered.

Key Activities of the Remuneration Committee

The key activities of the Remuneration Committee are:

- To determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive Officer and such other members of executive management as it is designated to consider;
- In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the "Code") and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- Recommend and monitor the level and structure of remuneration for senior management;
- When setting remuneration policy for directors, review and have regard to the remuneration trends across the Company, and review the on-going appropriateness and relevance of the remuneration policy;
- Obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and other designated senior executives and the performance targets to be used;
- Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- Oversee any major changes in employee benefits structures throughout the Company.

Cobra Resources plc

DIRECTORS' REMUNERATION REPORT, continued

Remuneration Components

The Company remunerates Directors in line with best market practice in the industry in which it operates. The components of Director remuneration that are considered by the Board for the remuneration of Directors consist of:

- Base salaries;
- Pension and other benefits;
- Annual bonus; and
- Share Incentive arrangements.

All such contracts impose certain restrictions as regards the use of confidential information and intellectual property and they impose restrictive covenants which apply following the termination of their agreements.

Other Matters

The Company does not currently have any annual or long-term incentive schemes or any other scheme interests in place for any of the Directors.

The Company has established a workplace pension scheme but it does not presently have any employees qualifying under the auto-enrolment pension rules who have not opted out of the scheme. It does not currently pay pension amounts in relation to Directors' remuneration. The Company has not paid out any excess retirement benefits to any Directors or past Directors.

Recruitment Policy

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

Payment for Loss of Office

The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a service contract is to be terminated, the Company will determine such mitigation as it considers fair and reasonable in each case.

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

Service Agreements and Letters of Appointment

The terms of all the Directors' appointments are subject to their re-election by the Company's shareholders at Annual General Meetings at which certain of the Directors will retire on a rotational basis and offer themselves for re-election.

Cobra Resources plc

DIRECTORS' REMUNERATION REPORT, continued

The Non-executive Directors of the Company do not have service agreements but are appointed by letters of appointment. Each Non-Executive Director's term of office runs for an initial period of one year and thereafter, with the approval of the Board, will continue subject to periodic retirement and re-election or termination or retirement in accordance with the terms of the letters of appointment.

The details of each Non-Executive Director's current terms are set out below:

Name	Date of letter of appointment	Current term (years)	Notice period by Company (months)	Notice period by Director (months)
Greg Hancock	12 March 2018	> 3	1 month	1 month
Daniel Maling	1 May 2020	> 1	1 month	1 month
David Clarke	1 May 2020	> 1	1 month	1 month

Executive Directors' Remuneration - Audited

The table below sets out the remuneration received by the Executive Director excluding any share based payments for the years ended 31 December 2022 and 2021:

Name	Remuneration	Fees	Share Based	Total
	2022	2022	2022	2022
	£	£	£	£
Rupert Verco	131,516	-	-	131,516
Total	131,516	-	-	131,516

Name	Remuneration	Fees	Share Based	Total
	2021	2021	2021	2021
	£	£	£	£
Craig Moulton	92,178	-	20,000	112,178
Total	92,178	-	20,000	112,178

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DIRECTORS' REMUNERATION REPORT, continued

Non-Executive Directors' Remuneration - Audited

The table below sets out the remuneration received by each non-executive director during the years ended 31 December 2022 and 2021:

Name	Remuneration	Fees	Bonus	Severance	Total
	2022	2022	2022	2022	2022
	£	£	£	£	£
Greg Hancock	-	36,361	-	-	36,361
Daniel Maling	-	24,000	-	-	24,000
David Clarke	-	24,000	-	-	24,000
Total	-	84,361	-	-	84,361

Name	Remuneration	Fees	Bonus	Severance	Total
	2021	2021	2021	2021	2021
	£	£	£	£	£
Greg Hancock	-	38,422	-	-	38,422
Dan Maling	-	24,227	-	-	24,227
David Clarke	-	31,066	-	-	31,066
Total	-	93,715	-	-	93,715

Consideration of shareholder views

The Board considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's annual policy on remuneration.

Approved on behalf of the Board of Directors.



David Clarke
Chairman of the Remuneration Committee
27 April 2023

Cobra Resources plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COBRA RESOURCES PLC

FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Cobra Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- 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 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the group and parent company will need to raise additional funds during the going concern period to fund exploration expenditure and working capital requirements.

As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's formal assessment of the Group's going concern which included cash flow forecasts for the period up to December 2024;

Cobra Resources plc

- Testing the mathematical accuracy of the model and challenging management on the accuracy of calculations as well as any anticipated effect of further macro-economic disruptions;
- Assessing the reasonableness of the cash flow forecast by analysing management's historical forecasting accuracy;
- Reviewing the exploration licences for any committed works and checking whether the commitment was considered as part of the assessment;
- Comparing the forecasted general and administrative expenses and project spend to prior year actual costs to assess the reasonableness of the cost base;
- Comparing management's forecasts to actual results through the subsequent events period and performing inquiries to the date of this report;
- Performed sensitivity analysis to determine the impact of changes in assumptions including the available cash reserves under each scenario; and
- Assessing if the going concern disclosures in the financial statements are appropriate and in accordance with the revised ISA (UK) 570 *Going Concern* .

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Materiality applied to the group financial statements was £92,000 (2021: £52,000) with performance materiality set at £60,000 (2021: £33,800). This amount was based upon 2.5% of the group's net assets. Our determination was considered appropriate based upon the carrying value and recoverability of exploration assets being the key area for the group, and the benchmark most relevant to shareholders for an entity undertaking exploration and evaluation activities.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit.

Component materiality was £52,000 (2021: £51,000) based upon 2.5% net assets and having regard to the size and risk profile of the group's components, with performance materiality set at £34,000 (2021: £33,150).

We agreed with the audit committee that we would report all individual audit differences identified for the group during the course of our audit in excess of £4,000 (2021: £2,600). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality applied to the parent company's financial statements was £20,000 (2021: £19,000). The benchmark for determining materiality of the parent company was 5% of adjusted loss before tax in order to obtain appropriate coverage of parent company expenditure during the audit. We agreed with the audit committee that we would report all individual audit differences identified for the parent company during the course of our audit in excess of £1,000 (2021: £950) together with any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. This included the recoverability of the

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exploration and evaluation intangible asset at a group level and the valuation of share options. Our group audit scope focused on the principal areas of operation, being Australia and the UK. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. Exploration and evaluation activities take place within the subsidiaries based in Australia and this is also the location of the accounting function.

The audit was performed by us as group auditors based in London. Each component within the group was assessed as to whether they were significant or not significant to the group by either their size or risk. The parent company and the subsidiary were considered to be significant due to identified risk and size. A full scope audit was completed on both components.

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
<p>Valuation and recoverability of exploration intangible assets (Note 9)</p>	
<p>Intangible assets comprise exploration and evaluation costs together with the fair value of acquiring the project licenses. Costs capitalised within intangible assets are required to satisfy the eligibility criteria under IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>. The carrying amount of the intangible assets related to exploration and evaluation assets amounted to £2,448,105 as at 31 December 2022.</p> <p>Based on management’s review performed under IFRS 6, there were no further indications of impairment for other licences as at 31 December 2022.</p> <p>Given the inherent judgement involved in the assessment of whether there are indications of impairment to the carrying amount of exploration and evaluation assets, we considered the carrying amount of exploration assets to be a key audit matter.</p>	<p>As part of our audit, we have performed the following procedures:</p> <ul style="list-style-type: none"> • We critically assessed whether impairment indicators exist in line with IFRS 6, including the following: <ul style="list-style-type: none"> - Considered factors such as the licence status and expiry date together with the historic licence extensions and likelihood of future renewals. - Checked good title to project licences and that any minimum expenditure terms therein have been adequately met or are expected to be met within the contractual terms; - Assessed the progress and results of the exploration activities as part of the earn-in arrangement; - Discussed with management their plans regarding the future exploration of the licence areas;

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	<ul style="list-style-type: none"> • We performed tests of detail on additions to intangible assets during the year to assess the appropriateness of capitalisation under IFRS 6; and • We reviewed the disclosures in the financial statements to ensure that they are appropriate. <p>Key Observation The directors' judgements in their assessment of impairment are reasonable and our work did not identify any impairment indicators regarding the carrying value and recoverability of intangible assets.</p>
<p>Recoverability of investment in subsidiary and intragroup receivable balance (Notes 8 and 11)</p>	
<p>The investment in subsidiary and intragroup receivable balances amounted to £432,260 and £2,659,160 as at 31 December 2022.</p> <p>The investments in subsidiary and intragroup loans are significant assets in the parent company's financial statements. Their recoverability is directly linked to the recoverability of intangible assets in those entities, and hence may not be fully recoverable.</p>	<p>As part of our audit, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Evaluate recoverability by reference to the assessment of the recoverability of the underlying exploration projects; • Obtained a copy of the subsidiary's licence and verified the ownership of the licence including expiry date, historic licence extensions and the likelihood of future renewals; • Reviewed management's assessment of expected credit losses in accordance with IFRS 9 <i>Financial Instruments</i> and; • Reviewed the associated disclosures in the financial statements and assessed the appropriateness of such disclosures. <p>Key Observation The directors' judgements in their assessment of impairment are reasonable and our work, in conjunction with that performed on the recoverability of intangible assets, did not identify any impairment indicators.</p>

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other

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information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and our experience of the resource exploration sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, UK-adopted international accounting standards, local laws and regulations in Australia, LSE listing rules and the Disclosure and Transparency Rules.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Enquires of management;
 - Review of Board minutes;
 - Review of legal expenses; and
 - Review of RNS announcements
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with law and regulations throughout the audit.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the impairment assessment of intangible assets and recoverability of amounts due from subsidiary undertakings represented the highest risk of management bias. Please refer to the key audit matters section above. We addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Other matters which we are required to address

We were appointed by the directors of Cobra Resources Plc on 28 February 2019 to audit the financial statements for the period ending 31 December 2018 and subsequent financial periods. Our total uninterrupted period of engagement is 5 years, covering the periods ending 31 December 2018 to 31 December 2022.

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

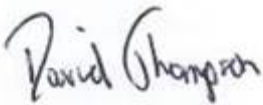
Cobra Resources plc

No non-audit services in addition to the audit were carried out by us.

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

Use of our report

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



David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 27 April 2023

Cobra Resources plc

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 £	31 December 2021 £
Other Income		-	-
Other Expenses	2	(488,608)	(567,213)
Operating loss		(488,608)	(567,213)
Finance income and costs	3	(20,530)	(1,110,298)
		(509,138)	(1,677,511)
Change in estimate of contingent consideration	14	-	-
Loss before tax		(509,138)	(1,677,511)
Taxation	6	-	-
Loss for the year attributable to equity holders		(509,138)	(1,677,511)
Earnings per Ordinary share			
Basic and diluted loss per share attributable to owners of the Parent Company	7	(£0.0010)	(£0.0073)

All operations are considered to be continuing.

The accompanying notes are an integral part of these financial statements.

Cobra Resources plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	31 December 2022	31 December 2021
	£	£
Loss for the year	(509,138)	(1,677,511)
Other Comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
- Exchange differences on translation of foreign operations	290,754	(81,246)
Total comprehensive loss attributable to equity holders of the Parent Company	(218,384)	(1,758,757)

The accompanying notes are an integral part of these financial statements.

Cobra Resources plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Notes	2022	2021
		£	£
Non-current assets			
Intangible Fixed Assets	9	2,727,290	2,012,405
Property, plant and equipment	10	1,428	1,680
Total non-current assets		<u>2,728,718</u>	<u>2,014,085</u>
Current assets			
Trade and other receivables	11	84,469	36,891
Cash and cash equivalents	12	1,272,742	264,480
Total current assets		<u>1,357,211</u>	<u>301,371</u>
Current liabilities			
Trade and other payables	13	79,999	50,336
Contingent consideration	14	148,914	187,500
Total current liabilities		<u>228,913</u>	<u>237,836</u>
Net assets		<u>3,857,016</u>	<u>2,077,620</u>
Capital and reserves			
Share capital	15	5,152,495	3,601,104
Share premium account		2,794,647	1,378,561
Share based payment reserve		(16,908)	962,201
Retained losses		(4,348,182)	(3,848,456)
Foreign currency reserve		274,964	(15,790)
Total equity		<u>3,857,016</u>	<u>2,077,620</u>

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 27 April 2023.

Signed on behalf of the Board of Directors
 Greg Hancock, Non-Executive Chairman, Company No. 11170056

Cobra Resources plc

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Notes	2022 £	2021 £
Non-current assets			
Investment in subsidiary	8	432,260	432,260
Property, plant and equipment	10	1,428	1,680
Intangible Fixed Assets	9	33,251	33,251
Total non-current assets		<u>466,939</u>	<u>467,190</u>
Current assets			
Trade and other receivables	11	2,664,401	2,009,103
Cash and cash equivalents	12	1,075,372	200,088
Total current assets		<u>3,739,773</u>	<u>2,209,191</u>
Current liabilities			
Trade and other payables	13	11,873	31,960
Contingent consideration	14	148,914	187,500
Total current liabilities		<u>160,787</u>	<u>219,460</u>
Net assets		<u>4,045,925</u>	<u>2,456,921</u>
Capital and reserves			
Share capital	15	5,152,495	3,601,104
Share premium account		2,794,647	1,378,561
Share based payment reserve		(16,908)	962,201
Retained losses		(3,884,309)	(3,484,945)
Equity shareholders' funds		<u>4,045,925</u>	<u>2,456,921</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not included its own income statement and statement of comprehensive income in these financial statements. The Parent Company's loss for the period amounted to £399,363 (2021: £1,485,505 loss).

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 27 April 2023.

Signed on behalf of the Board of Directors

Greg Hancock, Non-Executive Chairman, Company No. 11170056

Cobra Resources plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Share based payment reserve	Retained losses	Foreign currency reserve	Total
	£	£	£	£	£	£
As at 1 January 2021	2,829,566	564,173	1,006,238	(2,239,982)	65,456	2,225,451
Loss for the year	-	-	-	(1,677,511)	-	(1,677,511)
Translation differences	-	-	-	-	(81,246)	(81,246)
Comprehensive loss for the year	-	-	-	(1,677,511)	(81,246)	(1,758,757)
Shares issued	-	-	-	-	-	-
Share based payment expired	-	-	(69,037)	69,037	-	-
Exercise of options & warrants	-	-	-	-	-	-
Cost of share issue	771,538	814,388	-	-	-	1,585,926
Share warrant charge	-	-	-	-	-	-
Share option charge	-	-	25,000	-	-	25,000
At 31 December 2021	3,601,104	1,378,561	962,201	(3,848,456)	(15,790)	2,077,620
Loss for the year	-	-	-	(509,138)	-	(509,138)
Translation differences	-	-	-	9,413	290,754	300,167
Comprehensive loss for the year	-	-	-	(499,725)	290,754	(208,971)
Shares issued	1,551,390	640,289	(44,576)	-	-	2,147,104
Share issue cost	-	(207,735)	-	-	-	(207,735)
Warrants expired	-	924,906	(924,906)	-	-	-
Warrants issued	-	58,626	(58,626)	-	-	-
Share option charge	-	-	49,000	-	-	49,000
At 31 December 2022	5,152,495	2,794,647	(16,908)	(4,348,181)	274,964	3,857,017

The following describes the nature and purpose of each reserve within equity:

Share capital:	Nominal value of shares issued
Share premium:	Amount subscribed for share capital in excess of nominal value, less share issue costs
Share based payment reserve:	Cumulative fair value of warrants and options granted
Retained losses:	Cumulative net gains and losses, recognised in the statement of comprehensive income
Foreign currency reserve:	Gains/losses arising on translation of foreign controlled entities into pounds sterling.

The accompanying notes are an integral part of these financial statements.

Cobra Resources plc

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Share based payment reserve	Retained losses	Total
	£	£	£	£	£
At 1 January 2021	2,829,566	564,173	1,006,238	(2,068,475)	2,331,502
Loss for the year	-	-	-	(1,485,506)	(1,485,506)
Comprehensive loss for the year	-	-	-	(1,485,506)	(1,485,506)
Shares issued	771,538	814,388	-	-	1,585,926
Lapsed warrants	-	-	(69,037)	69,037	-
Exercise of options & warrants	-	-	-	-	-
Cost of share issue	-	-	-	-	-
Share warrant charge	-	-	-	-	-
Share option charge	-	-	25,000	-	25,000
At 31 December 2021	3,601,104	1,378,561	962,201	(3,484,944)	2,456,921
Loss for the year	-	-	-	(399,363)	(399,363)
Comprehensive loss for the year	-	-	-	(399,363)	(399,363)
Shares issued net of costs	1,551,391	640,289	(44,576)	-	2,147,104
Warrants expired	-	924,906	(924,906)	-	-
Share issuance costs	-	(207,735)	-	-	(207,735)
Issuance of warrants	-	58,626	(58,626)	-	-
Share option charge	-	-	49,000	-	49,000
At 31 December 2022	5,152,495	2,794,647	(16,908)	(3,884,307)	4,045,927

The following describes the nature and purpose of each reserve within equity:

Share capital:	Nominal value of shares issued
Share premium:	Amount subscribed for share capital in excess of nominal value, less share issue costs
Share based payment reserve:	Cumulative fair value of warrants and options granted
Retained losses:	Cumulative net gains and losses, recognised in the statement of comprehensive income

The accompanying notes are an integral part of these financial statements.

Cobra Resources plc

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 £	31 December 2021 £
Cash flows from operating activities			
Loss before tax		(509,138)	(1,677,511)
Equity settled share based payments		49,000	45,000
Loss on derecognition of financial liability		-	1,077,607
Depreciation	10	252	719
Foreign exchange		159,015	(78,137)
(Increase) / decrease in trade and other receivables	11	(13,493)	32,517
Decrease in trade and other payables	13	(34,254)	(118,978)
Shares issued in lieu of cash		-	33,251
Net cash used in operating activities		(348,618)	(685,532)
Cash flows from investing activities			
Payments for exploration and evaluation activities	9	(714,885)	(516,886)
Net cash used in investing activities		(714,885)	(516,886)
Cash flows from financing activities			
Proceeds from the issue of shares		2,279,500	128,044
Payment for share issuance costs		(207,735)	-
Net cash generated from financing activities		2,071,765	128,044
Net increase/(decrease) in cash and cash equivalents		1,008,262	(1,074,371)
Cash and cash equivalents at beginning of year		264,480	1,338,851
Cash and cash equivalents at end of year	12	1,272,742	264,480

The accompanying notes are an integral part of these financial statements

Cobra Resources plc

PARENT COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 £	31 December 2021 £
Cash flows from operating activities			
Loss before tax		(399,363)	(1,485,505)
Equity settled share based payments		49,000	45,000
Loss on derecognition of financial liability		-	1,077,607
Depreciation	10	252	719
Foreign exchange loss/gain		-	3,110
Increase in trade and other receivables	11	(196,283)	(9,897)
Decrease in trade and other payables	13	(20,087)	(63,676)
Shares issued in lieu of cash		-	33,251
Net cash used in operating activities		(1,113,083)	(399,391)
Cash flows from investing activities			
Loan to Subsidiary	11	-	(362,729)
Net cash used in investing activities		-	(362,729)
Cash flows from financing activities			
Proceeds from the issue of shares		1,649,500	128,044
Proceeds of shares and warrants issued		(207,735)	-
Net cash generated from financing activities		1,441,765	128,044
Net increase/(decrease) in cash and cash equivalents		875,284	(634,076)
Cash and cash equivalents at beginning of year		200,088	834,164
Cash and cash equivalents at end of year	12	1,075,372	200,088

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

General information

The Company is a public company limited by shares which is incorporated in England. The registered office of the Company is 9th Floor, 107 Cheapside, London, EC2V 6DN, United Kingdom. The registered number of the Company is 11170056.

The principal activity of the Group is to objective is to explore, develop and mine precious and base metal projects.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below ('Accounting Policies' or 'Policies'). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

Accounting policies

Basis of preparation of Financial Statements

The Group and Company Financial Statements have been prepared in accordance with UK-adopted international accounting standards. The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the United Kingdom applicable to companies under IFRS. The Group and Company Financial Statements have also been prepared under the historical cost convention, except as modified for assets and liabilities recognised at fair value on an asset acquisition.

The Financial Statements are presented in pounds sterling, which is the functional currency of the Parent Company. The functional currency of Lady Alice Mines Pty Ltd is Australian Dollars.

The preparation of the Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 1.

Changes in accounting policies

- i) New and amended standards adopted by the Group and Company

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 31 December 2022 but did not result in any material changes to the financial statements of the Group or Company.

Of the other IFRS and IFRIC amendments, none are expected to have a material effect on the future Group or Company Financial Statements.

- ii) New standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IAS 1 (Amendments)	Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
IAS 12 (Amendments)	Income Taxes – Deferred Tax related to Assets and Liabilities	1 January 2023

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

IAS 8 (Amendments)	Accounting policies, changes in accounting estimates and errors: Definition of Accounting Estimates	1 January 2023
IAS 1 (Amendments)	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	TBC

None are expected to have a material effect on the Group or Company Financial Statements.

Going concern

The Financial Statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group and Company, including the current level of resources and the required level of spending on exploration and evaluation activities. As part of their assessment, the Directors have also taken into account the ability to raise additional funding whilst maintaining sufficient cash resources to meet all commitments.

The Group meets its working capital requirements from its cash and cash equivalents. The Company is pre-revenue, and to date the Company has raised finance for its activities through the issue of equity and debt.

The Group has £1,252,742 of cash and cash equivalents at 31 December 2022. The Group's and Company's ability to meet operational objectives and general overheads is reliant on raising further capital in the near future.

The Directors are confident that further funds can be raised and it is appropriate to prepare the financial statements on a going concern basis, however there can be no certainty that any fundraise will complete. These conditions indicate existence of a material uncertainty related to events or conditions that may cast significant doubt about the Group's and Company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would be required if the Group and Company could not continue as a going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and companies controlled by the Parent Company, the Subsidiary Companies, drawn up to 31 December each year.

Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities, and is exposed to, or has rights to, variable returns from its involvement in the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, where appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Investments in subsidiaries are accounted for at cost less impairment.

Segmental reporting

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

The Group's operations are located Australia with the head office located in the United Kingdom. The main tangible assets of the Group, cash and cash equivalents, are held in the United Kingdom and Australia. The Board ensures that adequate amounts are transferred internally to allow all companies to carry out their operational on a timely basis.

The Directors are of the opinion that the Group is engaged in a single segment of business being the exploration of gold in Australia. The Group currently has two geographical reportable segments – United Kingdom and Australia.

Foreign currencies

For the purposes of the consolidated financial statements, the results and financial position of each Group entity are expressed in pounds sterling, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences arising are included in the profit or loss for the period.

For the purposes of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Gains and losses from exchange differences so arising are shown through the Consolidated Statement of Changes in Equity.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated 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: Office Equipment: 33.33% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains' in the Statement of Comprehensive Income.

Impairment of tangible fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Exploration and evaluation assets

Exploration and evaluation assets comprises all costs which are directly attributable to the exploration of a project area. The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets recorded at fair-value on acquisition

Exploration assets which are acquired are recognised at fair value. When an acquisition of an entity whose only significant assets are its exploration asset and/or rights to explore, the Directors consider that the fair value of the exploration assets is equal to the consideration. Any excess of the consideration over the capitalised exploration asset is attributed to the fair value of the exploration asset.

Impairment of intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Early stage exploration projects are assessed for impairment using the methods specified in IFRS 6.

Financial Assets

Loans and Receivables

(a) Classification and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an instrument level.

The Group's and Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and Company. The Group and Company measure financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s and Company’s financial assets at amortised cost include trade and other receivables (not subject to provisional pricing) and cash and cash equivalents.

Derecognition

A financial asset is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group and Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group and Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group and Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

Cash and cash equivalents

The Company considers any cash on short-term deposits and other short-term investments to be cash and cash equivalents.

Share capital

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Company's Ordinary shares of nominal value £0.01 each ("Ordinary Shares") are recorded at such nominal value and proceeds received in excess of the nominal value of Ordinary Shares issued, if any, are accounted for as share premium. Both share capital and share premium are classified as equity. Costs incurred directly to the issue of Ordinary Shares are accounted for as a deduction from share premium, otherwise they are charged to the income statement.

Current and deferred income tax

Tax represents income tax and deferred tax. Income tax is based on profit or loss for the year. Taxable profit or loss differs from the loss for the year as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the intention is to settle current tax assets and liabilities on a net basis.

Share based payments

The fair value of services received in exchange for the grant of share warrants is recognised as an expense in share premium or profit or loss, in accordance with the nature of the service provided. A corresponding increase is recognised in equity.

Judgements and key sources of estimation uncertainty

The preparation of the Financial Statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, may not accurately reflect the related actual outcome. Share options and warrants are measured at fair value at the date of grant. The fair value is calculated using the Black Scholes method for both options and warrants as the management views the Black Scholes method as providing the most reliable measure of valuation.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. The determination of fair value is based on key assumptions involving estimation of the probability of meeting each performance target and the timing thereof. As part of the acquisition of Lady Alice Mines Pty Ltd, contingent consideration with an estimated fair value of £296,536 was recognised at the acquisition date. See note 18 for further details. The Group is required to remeasure the contingent liability at fair value at each reporting date with changes in fair value recognised in accordance with IFRS 9. Therefore, as at 31 December 2022, the contingent consideration reflects an estimated fair value of £148,914.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. EXPENSES BY NATURE

	31 December 2022	31 December 2021
	£	£
Administrative expense	79,905	73,819
Corporate expense and Finance	169,813	191,230
Professional fees	960	960
Wages & Salaries expense	237,927	301,204
	488,605	567,213

3. FINANCE COSTS

	31 December 2022	31 December 2021
	£	£
Loss on settlement of settlement of financial liability	-	1,077,607
Other finance costs	20,530	32,691
	20,530	1,110,298

4. SEGMENT INFORMATION

The Group's prime business segment is mineral exploration.

The Group operates within two geographical segments, the United Kingdom and Australia. The UK sector consists of the parent company which provides administrative and management services to the subsidiary undertaking based in Australia.

The following tables present expenditure and certain asset information regarding the Group's geographical segments for the years ended 31 December 2022 and 2021:

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SEGMENT INFORMATION (continued)

Operational Results	31 December 2022 £	31 December 2021 £
Revenue	-	-
Loss after taxation		
- United Kingdom	(399,363)	(1,485,507)
- Australia	(109,776)	(192,004)
Total	(509,139)	(1,677,511)

2022	Australia £	United Kingdom £	Total £
Non-current assets	2,261,779	466,939	2,728,718
Current assets	242,603	3,739,773	3,982,376
Total liabilities	(34,131)	(160,787)	(194,918)

2021	Australia £	United Kingdom £	Total £
Non-current assets	1,546,895	467,190	2,014,085
Current assets	92,244	209,127	301,371
Total liabilities	(18,376)	(219,460)	(237,836)

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. DIRECTORS' EMOLUMENTS

There were no employees during the period apart from the directors, who are the key management personnel. No directors had benefits accruing under money purchase pension schemes.

Year ended 31 December 2022	Remuneration £	Fees £	Bonus £	Share Based payment £	Total £
G Hancock	-	36,361	-	8,143	44,504
R Verco	131,516	-	-	-	131,516
D Maling	-	24,000	-	7,714	31,714
D Clarke	-	24,000	-	8,143	32,143
	131,516	84,361	-	24,000	239,877

- During the year £36,361 (2021: 38,422) was paid to Hancock Corporate Investments Pty Ltd, a company in which Greg Hancock is a Director, in respect of Directors fees and consultancy services.
- During the year £24,000 (2021: £24,227) was paid to Dan Maling, in respect of Directors fees.
- During the year £24,000 (2020: £31,066) was paid to The Springton Trust & Queens Road Mines, in which David Clarke is a Trustee, in respect of Directors fees and consultancy services.

Year ended 31 December 2021	Remuneration £	Fees £	Bonus £	Share Based payment £	Total £
C Moulton	92,178	-	-	20,000	112,178
G Hancock	-	38,422	-	8,143	46,565
D Maling	-	24,227	-	8,714	32,941
D Clarke	-	31,066	-	8,143	39,209
	92,178	93,715	-	45,000	230,893

- During the year £112,178 (2020: £179,727) was paid to Craig Moulton in respect of Wages & Salaries and Share based payments. The share based payments include £20,000 for 1,333,333 shares per his employment contract.
- During the year £38,422 (2020: £22,167) was paid to Hancock Corporate Investments Pty Ltd, a company in which Greg Hancock is a Director, in respect of Directors fees and consultancy services.
- During the year £24,227 (2020: £13,584) was paid to Dan Maling, in respect of Directors fees.
- During the year £31,066 (2020: £13,667) was paid to The Springton Trust & Queens Road Mines, in which David Clarke is a Trustee, in respect of Directors fees and consultancy services.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INCOME TAXES

a) Analysis of tax in the period

	31 December 2022	31 December 2021
	£	£
Current tax	-	-
Deferred taxation	-	-
	<u>-</u>	<u>-</u>

b) Factors affecting tax charge or credit for the period

The tax assessed on the loss on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19% (2021: 19%) and Australia of 25% (2021: 26%). The differences are explained below:

	31 December 2022	31 December 2021
	£	£
Loss on ordinary activities before tax	<u>(509,138)</u>	<u>(1,677,511)</u>
Loss multiplied by weighted average applicable rate of tax	(112,010)	(332,167)
Effects of:		
Expenses not deductible for tax	-	225,471
Losses carried forward not recognised as deferred tax assets	<u>112,010</u>	<u>106,696</u>
	<u>-</u>	<u>-</u>

The weighted average applicable tax rate of 22% (2021: 19.8%) used is a combination of the standard rate of corporation tax rate for entities in the United Kingdom of 19% (2021: 19%), and 25% (2021: 25%) in Australia.

7. EARNINGS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss attributed to ordinary shareholders of £509,138 (2021: £1,677,511 loss) by the weighted average number of shares of 515,249,550 (2021: 360,110,510) in issue during the year.

The basic and dilutive loss per share are the same as the effect of the exercise of share warrants and options would be anti-dilutive.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Company	Investments	Loans	Total
	£	£	£
At 1 January 2022	432,260	-	432,260
At 31 December 2022	432,260	-	432,260

Investments in Group undertakings are stated at cost less impairment. In 2019 the Company acquired 100% of the issued share capital of Lady Alice Mines Pty Ltd and in turn, 100% of the units in the Lady Alice Trust which is wholly owned by Lady Alice Mines Pty Ltd.

At 31 December 2021 the Company held the following interests in subsidiary undertakings, which are included in the consolidated financial statements and are unlisted.

Name of company	Registered office address	Proportion held	Business
Lady Alice Mines Pty Ltd	Level 2, 40 Kings Park Road, West Perth, WA, Australia	100%	Mining
Lady Alice Mines Unit Trust ¹	Level 2, 40 Kings Park Road, West Perth, WA, Australia	100%	Mining

¹Lady Alice Mines Unite Trust is a wholly owned entity of Lady Alice Mines Pty Ltd.

9. INTANGIBLE FIXED ASSETS

Intangible assets comprise exploration and evaluation costs. Exploration and evaluation assets are all internally generated except for those acquired at fair value as part of a business combination.

Group	Total
	£
At 1 January 2021	1,495,519
Additions	<u>516,886</u>
At 1 January 2022	2,012,405
Additions	<u>714,885</u>
At 31 December 2022	<u>2,727,290</u>

Company	Total
	£
At 1 January 2021	33,251
Additions	<u>-</u>
At 1 January 2022	33,251
Additions	<u>-</u>
At 31 December 2022	<u>33,251</u>

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INTANGIBLE FIXED ASSETS (continued)

The Directors undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- 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; or
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

Following their assessment, the Directors concluded that no impairment charge was necessary for the year ended 31 December 2022.

10. PROPERTY, PLANT AND EQUIPMENT – Group and Company

	Office Equipment	Total
2022		
Cost	£	£
At 31 December 2021	4,407	4,407
Additions during the year	-	-
At 31 December 2022	4,407	4,407
Depreciation		
At 31 December 2021	(2,727)	(2,727)
Charge for the year	(252)	(252)
At 31 December 2022	(2,979)	(2,979)
Net book value		
At 31 December 2022	1,428	1,428
	Office Equipment	Total
2021		
Cost	£	£
At 31 December 2020	4,407	4,407
Additions during the year	-	-
At 31 December 2021	4,407	4,407
Depreciation		
At 31 December 2021	(2,727)	(2,727)
Charge for the year	(252)	(252)
At 31 December 2022	(2,979)	(2,979)
Net book value		
At 31 December 2022	1,428	1,428

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. TRADE AND OTHER RECEIVABLES

	Group 31 Dec 2022	Group 31 Dec 2021	Company 31 Dec 2022	Company 31 Dec 2021
Current	£	£	£	£
Prepayments	45,211	-	-	-
Intercompany debtors	-	-	2,659,160	2,000,064
Goods & Services Tax	33,995	27,852	-	-
Other debtors	5,263	9,039	5,240	9,039
	<u>84,469</u>	<u>36,891</u>	<u>2,664,400</u>	<u>2,009,103</u>

The fair value of trade and other receivables approximates to their book value. Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group 31 Dec 2022	Group 31 Dec 2021	Company 31 Dec 2022	Company 31 Dec 2021
	£	£	£	£
UK pounds	5,240	9,039	2,664,401	2,009,103
Australian dollars	79,229	27,852	-	-
	<u>84,469</u>	<u>36,891</u>	<u>2,664,401</u>	<u>2,009,103</u>

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. CASH AND CASH EQUIVALENTS

	Group 31 Dec 2022	Group 31 Dec 2021	Company 31 Dec 2022	Company 31 Dec 2021
	£	£	£	£
Cash at bank and in hand	1,272,742	264,480	1,075,372	200,088
	<u>1,272,742</u>	<u>264,480</u>	<u>1,075,372</u>	<u>200,088</u>

The fair value of cash at bank is the same as its carrying value.

The carrying amounts of the Group and Company's cash and cash equivalents are denominated in the following currencies:

	Group 31 Dec 2022	Group 31 Dec 2021	Company 31 Dec 2022	Company 31 Dec 2021
	£	£	£	£
UK pounds	1,075,373	200,088	1,075,372	200,088
Australian dollars	197,370	64,392	-	-
	<u>1,272,743</u>	<u>264,480</u>	<u>1,075,372</u>	<u>200,088</u>

13. TRADE AND OTHER PAYABLES

	Group 31 Dec 2022	Group 31 Dec 2021	Company 31 Dec 2022	Company 31 Dec 2021
	£	£	£	£
Current				
Trade creditors	81,536	20,642	18,124	9,360
Accruals and deferred income	1,249	22,600	1,249	22,600
Other payables	(2,786)	7,094	(7,500)	-
	<u>79,999</u>	<u>50,336</u>	<u>11,873</u>	<u>31,960</u>

The fair value of trade and other payables approximates to their book value.

The carrying amounts of the Group and Company's trade and other payables are denominated in the following currencies:

	Group 31 Dec 2022	Group 31 Dec 2021	Company 31 Dec 2022	Company 31 Dec 2021
	£	£	£	£
UK pounds	38,073	31,960	11,873	31,960
Australian dollars	41,926	18,376	-	-
	<u>79,999</u>	<u>50,336</u>	<u>11,873</u>	<u>31,960</u>

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. CONTINGENT CONSIDERATION

2021	Total
Group and Company	£
Amounts payable under business combination	
At 31 December 2021	<u>187,500</u>

Categorised as:

Current liabilities	<u>187,500</u>
Non-current liabilities	<u>-</u>

Refer to note 18 for further detail.

2022	Total
Group and Company	£
Amounts payable under business combination	187,500
Less payment	<u>38,586</u>
At 31 December 2022	<u>148,914</u>

Categorised as:

Current liabilities	<u>148,914</u>
Non-current liabilities	<u>-</u>

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. SHARE CAPITAL

	Dec 2022 Number of shares	Dec 2022 £	Dec 2021 Number of shares	Dec 2021 £
Issued, called up and fully paid				
Ordinary shares of £0.01				
As at the start of the year	360,110,510	3,601,104	282,956,585	2,829,566
Issued in the year	155,139,040	1,551,391	77,153,925	771,538
Total	<u>515,249,550</u>	<u>5,152,495</u>	<u>360,110,510</u>	<u>3,601,104</u>

On 16 February 2022, 63,000,000 Ordinary shares were issued pursuant to a private placement at 1.5 pence each.

On 26 October 2022, 88,966,668 Ordinary shares were issued pursuant to a private placement at 1.5 pence each, 2,572,372 Ordinary shares were issued to former LAM owners at 1.5p each, and 600,000 Ordinary shares were issued to third party suppliers for settlement of fees in lieu of cash.

As at 31 December 2022 the Company had 49,613,334 warrants outstanding (2020: 67,543,461).

Each Ordinary share is entitled to one vote in any circumstances. Each Ordinary share is entitled pari passu to dividend payments or any other distribution and to participate in a distribution arising from a winding up of the Company.

16. SHARE BASED PAYMENTS

2022

Warrants

	Warrants Number	Weighted average exercise price
Warrants at 31 December 2021	67,543,461	0.03p
Granted during year	49,613,334	0.03p
Exercised during year	-	-
Lapsed during year	<u>(67,543,461)</u>	<u>0.03p</u>
Warrants at 31 December 2022	<u>49,613,334</u>	<u>0.03p</u>
Exercisable at year end	<u>49,613,334</u>	<u>0.03p</u>

At 31 December 2022 the weighted average remaining contractual life of the warrants outstanding was 2.78 years.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

2021

Warrants

	Warrants Number	Weighted average exercise price
Warrants at 31 December 2020	127,796,891	0.02p
Granted during year	-	-
Exercised during year	(5,934,801)	0.02p
Lapsed during year	(54,318,629)	0.02p
Warrants at 31 December 2021	<u>67,543,461</u>	0.03p
Exercisable at year end	<u>67,543,461</u>	0.03p

At 31 December 2021 the weighted average remaining contractual life of the warrants outstanding was 0.82 years.

2022

Options

	Options Number	Weighted average exercise price
Options at 31 December 2021	<u>15,672,336</u>	0.033p
Issued during the period	-	-
Exercised during the year	-	-
Options at 31 December 2022	<u>15,672,336</u>	0.033p
Exercisable at year end	<u>672,336</u>	0.015p

At 31 December 2022 the weighted average remaining contractual life of the options outstanding was 2.43 years.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

2021

Options

	Options Number	Weighted average exercise price
Options at 31 December 2020	15,672,336	0.033p
Issued during the period	-	-
Exercised during the year	-	-
Options at 31 December 2021	15,672,336	0.033p
Exercisable at year end	672,336	0.015p

At 31 December 2021 the weighted average remaining contractual life of the options outstanding was 3.43 years.

The fair value of equity settled share options and warrants granted is estimated at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model:

	Options	Warrants	Warrants
Date of grant	14 July 2020	16 February 2022	26 October 2022
Expected volatility	94.59%	104.98%	96.35%
Expected life	5	3	3
Risk-free interest rate	0.10%	1.29%	3.36%
Expected dividend yield	0.00%	0.00%	0.00%
Fair value per option/warrant	£0.008	£0.013	£0.009

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. FINANCIAL INSTRUMENTS

	Group 31 Dec 2022 £	Group 31 Dec 2021 £	Company 31 Dec 2022 £	Company 31 Dec 2021 £
Financial assets at amortised cost				
Trade and other receivables excluding prepayments	50,474	36,891	2,664,401	2,009,103
Cash and cash equivalents	1,272,742	264,480	1,075,373	200,088
	<u>1,323,216</u>	<u>301,371</u>	<u>3,739,774</u>	<u>2,209,191</u>
Financial liabilities				
Trade and other payables (at amortised cost)	(46,004)	(27,736)	(11,873)	(9,360)
Deferred consideration (at FVPL)	(148,914)	(187,500)	(148,914)	(187,500)
	<u>(194,918)</u>	<u>(215,236)</u>	<u>(160,787)</u>	<u>(196,860)</u>

18. BUSINESS COMBINATION

Lady Alice Mines Pty Ltd

On 7 March 2019, the Company acquired 100% of the share capital of Lady Alice Mines Pty Ltd ('LAM') and its wholly owned subsidiary The Lady Alice Trust (the 'Trust'), for total consideration of £432,260 which is to be satisfied via a mix of cash and share consideration which is shown below. In addition, the Company agreed to settle existing liabilities due to unitholders of the Trust of up to A\$250,000. The share based payment consideration was settled on 16 January 2020 upon the successful re-admission to the London's Stock Exchange Main Market. 10,815,297 shares were issued at a close price of 1.25p.

The Trust has an entitlement to earn a 75% equity interest in tenements near Wudinna in South Australia for gold exploration (the 'Wudinna Agreement'), and is also the sole owner of the right, title and interest in the Prince Alfred Licence, a formerly producing copper mine.

The principal terms of the Wudinna Agreement are as follows:

- Stage 1: the Trust will fund A\$2.1 million within three years to earn a 50% equity position
- Stage 2: at the completion of Stage 1, a joint venture vehicle can be formed, or alternatively the Trust can spend a further A\$1.65 million over an additional two years to earn a 65% equity interest
- Stage 3: at the completion of Stage 2, a joint venture vehicle can be formed, or alternatively the Trust can spend a further A\$1.25 million within one year to earn a 75% equity interest

The contingent consideration is due to the unitholders on satisfying the following project milestones:

- First Option - 14% of the total issued share capital on completion of Stage 1
- Second Option - 21% of the total issued share capital on completion of Stage 2
- Third Option - 30,000,000 ordinary shares on announcement of a JORC-compliant Indicated Mineral Resource for the Wudinna Project of not less than 750,000 ounces of gold

The Directors have calculated the consideration payable on a probability basis of satisfying the project milestones in accordance with IFRS 3 Business Combinations. The Directors have also estimated the number of shares to be issued at each milestone and the share price. This has been fixed at the number of consideration shares issued at the time of the RTO and the share price at that time. Management believe this is a best estimate.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RELATED PARTY TRANSACTIONS

Save as disclosed below there were no related party transactions during the year other than remuneration to Directors disclosed in note 5.

During the year, the Group paid £9,000 in advisor fees to Orana Corporate LLP, an entity in which Daniel Maling is a Partner.

During the year, the Group paid £131,516 to Rupert Verco, Chief Executive Officer of the Company Mr Verco was appointed as CEO with effect from 12 July 2021.

As at 31 December 2022 included in the other receivables is £2,659,160 due from Lady Alice Mines Pty Ltd, a subsidiary company. The loan is interest free and repayable on demand.

20. FINANCIAL RISK MANAGEMENT

20.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by executive management.

a) Market risk

The Group is exposed to market risk, primarily relating to foreign exchange and commodity prices. The Group does not hedge against market risks as the exposure is not deemed sufficient to enter into forward contracts. The Company has not sensitised the figures for fluctuations in foreign exchange or commodity prices as the Directors are of the opinion that these fluctuations would not have a significant impact on the Financial Statements at the present time. The Directors will continue to assess the effect of movements in market risks on the Group's financial operations and initiate suitable risk management measures where necessary.

b) Credit risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. To manage this risk, the Group periodically assesses the financial reliability of customers and counterparties.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company will only keep its holdings of cash with institutions which have a minimum credit rating of 'A'.

c) Liquidity risk

The Company's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

The following table summarizes the Group's significant remaining contractual maturities for financial liabilities at 31 December 2022.

Cobra Resources plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

Contractual maturity analysis as at 31 December 2022

	2022			2021		
	Less than 12 Months £	1 – 5 Year £	Total £	Less than 12 Months £	1 – 5 Year £	Total £
Accounts payable	81,536	-	81,536	20,642	-	20,642
Accrued liabilities	1,249	-	1,249	22,600	-	22,600
	82,785	-	82,785	43,242	-	43,242

20.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue to explore, develop and mine precious and base metal projects. In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

The Group defines capital based on the total equity and reserves of the Group. The Group monitors its level of cash resources available against future planned operational activities and may issue new shares in order to raise further funds from time to time.

21. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

As at 31 December 2022 the Group had £69,396 of capital commitments in relation to operating activities at the Wudinna Gold Project.

There were no changes to contingent liabilities as at 31 December 2022.

22. POST YEAR END EVENTS

On the 9 January 2023 the Company announced a maiden JORC compliant rare earth resource estimate at the Clarke and Baggy Green Gold prospects of 20.9Mt at 658ppm TREO.

On the 1 February 2023, the Company provided access to Andromeda Metals for an independent audit of its project expenditure in relation to confirmation of achieving the Stage 3 expenditure milestone of the Wudinna Heads of Agreement. Audit findings subsequently confirmed the Group's expenditure, and acknowledged the Group's 75% ownership.

23 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.