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Capital Metals PLC
05 September 2024

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5 September 2024

Capital Metals plc

("Capital Metals", the "Company" or the "Group")

Final Results for the Year Ended 31 March 2024

Capital Metals (AIM: CMET), a mineral sands company approaching mine development stage at the high-grade Eastern Minerals Project in Sri Lanka (the "Project"), announces its final results for the financial year ended 31 March 2024 (the "Year").

The Group's Annual Report and Accounts will be posted to shareholders later today and will be available shortly on the Company's website at www.capitalmetals.com .

Key Points:

During the Year:

- Significant legal and lobbying actions were undertaken to resolve the illegal suspension of the Industrial Mining Licences ("IMLs") resulting in the successful reinstatement of the IMLs in December 2023
- Greg Martyr, previously Non-Executive Chairman, was appointed as Executive Chairman in July 2023 concurrent with Michael Frayne stepping down as CEO and director
- Aggregate gross proceeds of Â£3.4 million were raised during the Year
  - Included Â£1.25 million strategic investment by Sheffield Resources Limited (ASX: SFX) ("Sheffield") for 10% of the Company in March 2024
- Cash and cash equivalents as at Year-end of $3.1 million

Post Year End:

- Sheffield Executive Chair Bruce Grifin joined the Board as a Non-Executive Director in April 2024 following the strategic investment by Sheffield
- Announced in June 2024 that the Company intends to develop the Project in a way that maximises its equity in the Project - adopting a staged approach with alternate financing structures including vendor and offtake financing and a view to getting it self-funding as quickly as possible
  - Management confident in ability to advance Project with the benefit of a larger resource being targeted through the forthcoming drilling programme and continuing discussions with potential offtakers and equipment suppliers
- Stuart Forrester, an experienced engineering professional with an extensive background in mining, processing and project management including throughout the lifecycle of mineral sands projects, was appointed as Chief Operating Officer (non-Board position) in July 2024 as part of the implementation of this strategy
- Preparing for a drilling programme in October 2024 focusing on:
  - Resource/reserve confirmation for final mine design and production scheduling

- Progressively doubling the resource

Greg Martyr, Executive Chairman of Capital Metals, commented:

" The suspension of the IMLs was costly, both in terms of time and shareholder dilution during the Year. We have, however, emerged with greater security over our project, a supportive host government and regulatory framework, a robust balance sheet that leaves us well-funded for drilling and to reach a final investment decision, an experienced mineral sands company as a strategic investor, and an expanding leadership team with mine construction and operating experience.

Our forthcoming drilling programme now aims, among other things, to delivering substantial resource growth. We have growing confidence from our ongoing design work in the Company's ability to deliver a phased development in a cost-effective manner."

I would like to thank all the Company's senior management team and my Board colleagues for their hard work in helping deliver these outcomes. Capital Metals' decision to proceed with the Project independently may very well result in a significantly better outcome for our shareholders as we retain more of the Project that could double in size."

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About Capital Metals

Capital Metals is a UK company listed on the London Stock Exchange (AIM: CMET). We are developing the Eastern Minerals Project in Sri Lanka, approximately 220km east of Colombo, containing industrial minerals including ilmenite, rutile, zircon, and garnet. The Project is one of the highest-grade mineral sands projects globally, with potential for further grade and resource expansion. In 2022, a third-party Preliminary Economic Assessment provided a Project NPV of US$155-235m based on existing resources, with further identified optimisation potential. We are committed to applying modern mining practices and bringing significant positive benefits to Sri Lanka and the local community. We expect over 300 direct new jobs to be created and over US$130m in direct government royalties and taxes to be paid.

Visit our website:
www.capitalmetals.com

Follow us on social media:

X (formerly Twitter): @MetalsCapital
LinkedIn: @Capital Metals plc

The following is extracted from the Annual Report and Financial Statements which are available on the Company's website at www.capitalmetals.com .

CHAIRMAN'S REPORT

Welcome to the Annual Report for Capital Metals (the "Company") for the financial year ended 31 March 2024 (the "Year").

This time last year the Company was suffering from the illegal deprivation of its Industrial Mining Licences ("IMLs") and was forced to apply all available legal and diplomatic remedies during the Year to resolve that situation. In December 2023, the IMLs were reinstated and, following numerous senior management changes at the Geological Survey and Mines Bureau ("GSMB") in particular, relations with the relevant authorities in Sri Lanka have since improved considerably.

We were also in discussions throughout the Year with two prospective joint venture partners to provide funding for the Eastern Minerals Project (the "Project") construction at the project level; however, having been unable to conclude a timely transaction, the Board has determined that Capital Metals is more than capable of advancing its Project independently, with the benefit of a larger resource being targeted through the forthcoming drilling programme. We had already studied alternative funding options via equipment vendor finance and offtake finance, which are not dilutive to equity. This is now the Company's base line strategy for taking the Project into construction, with a staged approach, getting it self-funding as quickly as possible.

Review of Activity

Lobbying

Lobbying actions to recover the IMLs were directed towards the Sri Lankan Government and other financial and diplomatic stakeholders, with a view to resolving our issues amicably with the GSMB.

Our actions had a positive impact, with the conduct of the chairman of the GSMB and Minister of Environment coming under intense public scrutiny. A Sri Lankan government cabinet paper was published in July 2023 setting out changes in mineral licensing procedures. Pursuant to this policy, the Board of Investment ("BOI") of Sri Lanka, the investment promotion agency, is now involved in the appraisal of and recommendation for the approval of mineral licences. The GSMB, with which we are experiencing a more productive relationship under its new leadership, has a continuing role in managing licences. In March 2024, we announced that the GSMB had provided a "No Objection" letter to the Company's application to have a BOI registered company controlling its Project interests in Sri Lanka. Approval by the BOI of our application to become a section 17 BOI company, as announced in August 2024, will, when reflected in the final investment agreement with the BOI, enhance the Company's investment in Damsila Exports (Pvt) Limited, the Sri Lankan subsidiary holding the EL168 exploration licences, the initial IMLs, and the additional IML applications, by providing protections against nationalisation under the Constitution of Sri Lanka as well as additional fiscal incentives.

Legal Proceedings

Preparatory work was undertaken with lawyers to pursue a claim, if necessary, against the Government of Sri Lanka under the Bilateral Investment Treaty agreement between the Government of the United Kingdom and Northern Ireland and the Government of Sri Lanka for the promotion and protection of investments. A Notice of Dispute was sent to the Attorney General of Sri Lanka pursuant to the treaty.

The Company also commenced proceedings issued by the Company in the Court of Appeal of the Democratic Socialist Republic of Sri Lanka. While the main proceedings to overturn the cancellation of the Company's IMLs were ultimately not required to be continued following the reinstatement of the IMLs in December 2023, a separate hearing to receive guidance on outstanding matters in connection with the Company's multiple pending applications for additional IMLs took place in December 2023. In March 2024, the Company announced it had received a formal letter confirming the GSMB's intention to process the Company's nine outstanding IML applications, which is expected to facilitate the granting of further IMLs to underpin the mine plan for the resource in the entire 47km^2 EL168 licence area.

Separately, the statutory appeal hearing against the cancellation of the IMLs was prepared for and heard before the Secretary to the Ministry of Environment (the "Secretary") in September 2023. The Company's Country Manager and I, as well as our legal counsel, made submissions in the capacity of the appellant. The Chairman, Director General, and other senior officers of the GSMB and legal counsel appeared for the respondent. The most significant development was announced in October 2023 when, having considered the written and oral submissions, the Secretary determined that the cancellation of the IMLs was not correct and ordered the GSMB to reissue the IMLs to the Company's Sri Lankan subsidiary. In his decision, the Secretary criticised the conduct of the GSMB noting that it had violated certain provisions within the Mines and Minerals Act in its suspension and cancellation of the IMLs. The IMLs were reinstated in December 2023.

The President of Sri Lanka has assumed the portfolio of the Ministry of Environment and the Director General and Chairman of the GSMB were both replaced by people with whom the Company now has regular and positive dialogue.

Project Funding

In May 2023, we announced an MoU with LB Group (002601:SHENZHEN) to fund the Project into production.

In March 2024, alongside a strategic investment in the Company described below, Sheffield Resources Limited (ASX: SFX) ("Sheffield"), the 50% owner of the Thunderbird mineral sands mine in Western Australia, also entered into negotiations with Capital Metals to provide funding to support the development of the Project into production.

Following a period of constructive engagement, the Board determined that the preferred joint venture partner would be Sheffield; however, in June 2024, Sheffield informed us that it had placed on hold its transaction with Capital Metals in order to reserve its balance sheet as it reallocates cash to support its primary Thunderbird asset.

Whilst discussions with Sheffield and LB Group were ongoing, the Company also continued to study alternative funding options, including via equipment vendor finance and offtake finance, which are not dilutive to equity. Given the productive nature of these discussions and Capital Metals' healthy cash resources, we now intend to develop the Project in a way that maximises our Project equity.

Accordingly, after the Year end, in July 2024, Stuart Forrester was appointed as Chief Operating Officer (non-Board position). Stuart's experience at every stage of the life cycle of mineral sands mines with the likes of Illuka Resources and Chemours will be hugely valuable as we seek to deploy modern mining techniques and constant rehabilitation at our operation in Sri Lanka. Stuart is well connected with the relevant service and equipment providers that we will be working with to develop, and vendor finance, our staged approach to the Project, with a view to getting it self-funding as quickly as possible. He is a passionate team builder. Stuart has already been out to site in July 2024 and the team and I are enjoying working with him.

Company Funding

In March 2024, the Company announced the above-mentioned strategic acquisition of 10% of the Company by Sheffield for Â£1.25 million (the "Sheffield Investment"). In addition to the Sheffield Investment, during the Year, the Company raised gross proceeds of Â£2.15 million through placings and subscriptions. These fundraisings were necessary to secure the Company's ability to see through its actions to resolve the licence issues with the GSMB and get the Project development back on track. The funds from the subscription in December 2023 are being applied towards hiring additional people and consultants, accelerating the process to obtain additional IMLs, and exploration and pre-mining resource definition work.

As at Year end, the Company had $3,087,329 of cash on its balance sheet.

Drilling Preparations

During the Year we scoped out a work programme targeting substantial near-term resource tonnage and grade upside. The Company has all necessary approvals and equipment in place for this programme which is now due to commence in October 2024 with the following key objectives :

- Resource extension through deeper aircore drilling down to the alluvial basement and laterally to the west, outside the current Mineral Resource Estimate ("MRE"), targeting the identified palaeo-beach and dune formations on the coastal plain
- Resource/reserve confirmation for final mine design and production scheduling - initially targeting the first 12 months of production
- Begin to progressively increase the resource to at least twice its current volume (minimum).

The prospects of material increases are likely to be evident in the short-term through visual and laboratory analysis of samples.

Board Changes

With effect from July 2023, I transitioned from Non-Executive Chairman to Executive Chairman. I have since spent considerable time in Sri Lanka, connecting with stakeholders throughout the world, lobbying and building relationships which should stand us in good stead now we have been able to get the Project back on track. Michael Frayne stepped down as Chief Executive Officer and as a director of the Company at the same time. The Board thanks Michael for his contributions towards the development of the Project. With the IML situation resolved, we have started to build out a team to position us to commence construction of the Project as soon as possible.

Post-year end, with effect from 2 April 2024, we announced the appointment of Bruce Griffin as a Non-Executive Director. Bruce was appointed pursuant to the Sheffield Investment as a nominee director of Sheffield. He is well respected throughout the global mineral sands industry and recently played a key role in bringing Thunderbird, one of the largest and highest-grade mineral sands discoveries in the last 30 years, into production. This, coupled with his decades of experience within mineral sands and the wider resources industries, will be valuable to Capital Metals as we plan for mine construction, and introduce modern mining practices to Sri Lanka's developing mineral sands sector.

Outlook

The suspension of the IMLs was costly, both in terms of time and shareholder dilution during the Year. We have, however, emerged with greater security over our project, a supportive host government and regulatory framework, a robust balance sheet, an experienced mineral sands company as a strategic investor, and an expanding leadership team with mine construction and operating experience.

Our forthcoming drilling programme now aims, among other things, to deliver substantial resource growth. We have growing confidence from our ongoing design work in the Company's ability to deliver a phased development in a cost-effective manner using modular equipment.

I would like to thank all the Company's senior management team and my Board colleagues for their hard work in helping deliver these outcomes. Capital Metals' decision to proceed with the Project independently may very well result in a significantly better outcome for our shareholders as we retain more of the Project that could double in size.

Gregory Martyr
Executive Chairman
4 September 2024

STRATEGIC REPORT

The Directors of the Company present their Strategic Report on the Group for the year ended 31 March 2024 .

Strategic approach

The Group's aim is to create value for shareholders through the exploration and development of high-grade mineral sands. The Group's strategy is to continue to progress the development of the Project in Sri Lanka towards production in the near future.

Organisation overview

The Group's business is directed by the Board and is managed on a day-to-day basis by the Executive Chairman. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and periodic operational reviews.

The Board comprises one Executive Chairman and three Non-Executive Directors. Mr Bruce Griffin has been appointed as a Non-Executive Director of the Company as a nominee director of Sheffield Resources Limited and a non-board Chief Operating Officer has also been appointed, both post year end.

Review of business

During the year, after unrelenting efforts, the Geological Survey and Mines Bureau ("GSMB") formally reinstated the Industrial Mining Licences ("IMLs") that had previously been subject to a suspension and notice of cancellation, to the Company's Sri Lankan subsidiary, Damsila Exports (Pvt) Limited.

Damsila Exports (Pvt) Limited ("DEL") and Eastern Minerals (Pvt) Limited ("EML") have now initiated the process to apply for five new additional exploration licenses over seven grids and are concluding the preliminary requirements and approvals. There are currently nine outstanding IML applications being processed by the GSMB in addition to the two IMLs already held.

Financing was raised with the completion of several placings during the reporting period, raising a total of $4,304,987 (excluding transaction costs) through the placing of a total of 155,702,777 Ordinary Shares. This included the investment by Sheffield Resources of Â£1,250,000 for 34,500,000 ordinary shares

On 26 June 2024, it was announced that the Company had been informed by Sheffield Resources Limited that it had placed on hold its transaction with Capital Metals to acquire a 50% interest in the Project. The Company now intends to develop the Project in a way that minimises dilution to its equity interest in the Project.

Financial performance review

The loss of the Group for the year ended 31 March 2024 before taxation amounts to $931,577 (31 March 2023: $1,138,538).

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 March 2024.

The three main KPIs for the Group are as follows. These allow the Group to monitor costs and plan future exploration and development activities:

KPI	2024	2023
Cash and cash equivalents	$3,087,329	$216,213
Administrative expenses as a percentage of total assets	11%	23%
Exploration costs capitalised during the period	$436,175	$287,688

Cash has been used to fund the Group's operations and facilitate its investment activities (refer to the Statements of Cash Flows).

Administrative expenses are the expenses related to the Group's ability to run the corporate functions to ensure they can perform their operational commitments.

Exploration costs capitalised during the period consist of exploration expenditure on the Group's exploration licences net of foreign exchange rate movements.

Our people

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

At the year end the Company comprised three directors, one key country manager and 14 employees in Sri Lanka, with the workforce by gender summarised below:

As at 31 March 2024	Male	Female
Executive Directors	1	-
Non-Executive Directors	2	-
Key Management	1	-
Employees	12	2
All employees	**16**	**2**

The Group is cognisant of the gender imbalance and will look to improve the equality of gender roles as the Company grows, noting that three additional women have been employed in Sri Lanka since year end.

Principal risks and uncertainties

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

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

Exploration, evaluation and development risk

The exploration and mining business is controlled by a number of global factors, principally supply and demand which in turn is a key driver of global mineral prices; these factors are beyond the control of the Group. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be an operating mine. At every stage of the exploration process the projects are rigorously reviewed to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets.

The principal assets of the Group comprising the mineral exploration licences and the IMLs are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to legislation defined by the Government; if this legislation is changed it could adversely affect the value of the Group's assets.

Dependence on key personnel

The Group and Company is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the

inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Uninsured risk

The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third-party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards and weather conditions or other acts of God.

Funding risk

The only sources of funding currently available to the Group are through the issue of additional equity capital in the Company or through bringing in partners to fund exploration and development costs. The Company's ability to raise further funds will depend on the success of the Group's exploration activities and its investment strategy. The Company may not be successful in procuring funds on terms which are attractive and, if such funding is unavailable, the Group may be required to reduce the scope of its exploration activities or relinquish some of the exploration licences held for which it may incur fines or penalties.

Financial risks

The Group's operations expose it to a variety of financial risks that can include market risk (including foreign currency, mineral price and interest rate risk), credit risk, and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Environmental risk

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

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

Government regulation, political and country risks

The Project is located in Sri Lanka, where the Group's activities may be affected in varying degrees by political stability, governmental regulations and economic stability. A presidential election is being held on 21 September 2024 which is expected to result in a full dissolution of parliament followed by a general election. Any changes in regulations or shifts in political attitudes, including from a change in President or a general election, are beyond the control of the Group and may adversely affect its operations.

Obtaining the necessary licences and maintaining them is also a risk which would adversely impact the Project should this not be achieved.

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

Environmental, Social and Governance

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

- New high-quality construction, mining and processing work for local workers as well as demand for local contracting services. The Group's construction, mining and processing work will employ local

workers, who will be trained and supported by local and foreign mining experts. Demand for contractor services is expected to create a multiplier effect benefiting the wider economy and transferring skills/knowledge to the local work force.

- Community initiatives include waste disposal programmes, assisting reforestation campaigns, ongoing financial and training support for the local farmers, provision of clean and safe drinking water during the dry seasons, sponsorships for local community based sports events and educational projects.

- Full consultation with the local community on any potential environmental impact from the Project, and commitment to modern international mineral sands processing integrating land rehabilitation into the mining process.

- Potential to free up the port for the local fishing industry and commercial shipping by removing the significant volume of sand that has filled the port area due to the coastal currents depositing sand in the harbour.

- Taxes and royalties flowing from the Group's operations will generate government revenues for reinvestment in Sri Lanka's continued economic development.

- The Country will also benefit from foreign direct investment to bring the mine into production and export earnings from the sale of the products into the international market.

The economic activity stimulated by the Project will be complemented by the Group's ongoing engagement with the Eastern Province's local community. The Company has already demonstrated its commitment to the coastal environment in which it will operate sponsoring beach cleaning programmes with community leaders and assisting a reforestation programme conducted by the local forest department.

The Group is working closely with local communities in the Project area, to empower local farmers by providing seedlings, and arranging expert advice through local agricultural experts sponsored by the group. Another initiative helps local youth to get more involved in sports by providing sporting equipment and sponsoring local community tournaments.

The Board and local management team are monitoring the economic and political developments in Sri Lanka. The Board expects that recent policy changes should enable change to occur more rapidly with increased international cooperation and an overriding requirement to encourage foreign investment and job creation in the country.

Environmentally sensitive mining

The Group is committed to pursuing modern international mineral sands mining and rehabilitation processes that will respect the coastline along which the Project will operate.

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

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

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

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

This S172 statement explains how the Directors have regard to:

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

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

General confirmation of Directors' duties

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

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

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

- reinstatement of the Industrial Mining Licences
- completion of equity financing during the year to further the Company's exploration programme
- Sheffield Resources investing Â£1,250,000 for 10% of the Company's issued share capital
- granting Sheffield Resources a 12-month option to subscribe for a further 17,250,000 ordinary shares
- commitment to developing an exploration strategy for the Project towards increasing the overall resource and target of high value areas of the Project
- continued assessment of corporate overheads and expenditure

The Group is focused on the development of the Eastern Minerals Project in Sri Lanka. The raising of new capital advances the Company's objective, facilitating access to a significant and globally respected financial market to raise funds from deep pools of institutional and private investors, towards the development of the Project, whilst providing important liquidity to shareholders.

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

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

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

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

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

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

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

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

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

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

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

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

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

Outlook

Preparations both for the forthcoming drilling programme and Initial Mine Plan are advancing well. We are confident the Company will be able to advance the Project with the benefit of a larger resource being targeted through the forthcoming drilling programme and continuing discussions with potential offtakers and equipment suppliers. Further, the Company will progress the Project towards construction and finally into production with a staged approach.

For further details please see the going concern disclosure in Note 2.4.

We look forward to reporting on the next phase of the Project.

Greg Martyr
Executive Chairman
4 September 2024

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of Capital Metals plc together with the Financial Statements for the year ended 31 March 2024 .

Principal activities

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

Dividends

The Directors do not recommend the payment of a dividend for the year (2023: Nil).

Directors & Directors' interests

The Directors who served during the year ended 31 March 2024 are shown below and had, at that time the following beneficial interests in the shares of the Company:

	31 March 2024		31 March 2023	
	Ordinary Shares	**Options**	**Ordinary Shares**	**Options**
Gregory Martyr	7,582,746	6,000,000	4,582,746	1,500,000
Michael Frayne (1)	14,190,006	-	13,190,006	3,000,000
James Leahy	188,333	2,000,000	188,333	1,500,000
Teh Kwan Wey	-	750,000	-	500,000
Bruce Griffin (2)	800,000	-	-	-

(1) Michael Frayne resigned on 30 June 2023

(2) Bruce Griffin was appointed on 2 April 2024

Further details on options can be found in Note 16 to the Financial Statements.

Substantial shareholders

The substantial shareholders at 31 March 2024 are shown below:

	31 March 2024		29 August 2024	
	Holding	**Percentage**	**Holding**	**Percentage**
Sheffield Resources Limited	34,500,000	10.01	34,500,000	10.01
Bart Properties Pty Ltd	29,337,666	8.51	29,337,666	8.51
Brent Holdings Limited	24,793,095	7.19	24,793,095	7.19
Roman Resources Management Pty Ltd	14,423,869	4.18	14,423,869	4.18
Stanton Investment Limited	12,678,820	3.68	12,678,820	3.68
KL-Kepong International Ltd	11,822,984	3.43	11,822,984	3.43

Corporate responsibility

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

Environmental

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

Health and safety

The Group operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work-related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is regarded as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

Employment policies and remuneration

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

Directors' remuneration

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

Please refer to Note 20 for details of Directors' remuneration.

Energy and carbon report

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

Corporate and social responsibility

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

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

Going concern

These financial statements have been prepared on the going concern basis, as set out in Note 2.4.

The Directors have prepared cash flow forecasts for the period ending 31 March 2026, which take into account the cost and operational structure of the Group and Parent Company, planned exploration and evaluation expenditure, licence commitments and working capital requirements. These forecasts indicate that the Group and Company's cash resources are sufficient to cover the projected expenditure for the period of at least 12 months from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting preparing these financial statements.

Directors' and Officers' indemnity insurance

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

Financial Risk Management Objectives

The Group's activities expose it to foreign currency, credit and liquidity risks. The size of the Company means that it is unnecessary and impractical for the Directors to delegate the responsibility of monitoring financial risk management to a sub-committee of the Board. Refer to Note 3.1 of the financial statements, for further details.

Events after the reporting period

Events after the reporting period are set out in Note 27 to the Financial Statements.

Future developments

Details of future developments for the Group are disclosed in the Chairman's Report.

Provision of information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Appointment of Auditors

The Group appointed PKF Littlejohn LLP as auditor in September 2022 in accordance with Section 485 of the Companies Act 2006. PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 4 September 2024 and signed on its behalf.

Greg Martyr
Executive Chairman
4 September 2024

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

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group'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 comply with the

Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

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

The Company is compliant with AIM Rule 26 regarding the Company's website.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

CORPORATE GOVERNANCE REPORT

The Company continues to be guided by the Quoted Companies Alliance Corporate Governance Code. Throughout the past year, the Company has complied with all aspects of the QCA Code and completed periodic reviews of its charter in order to maintain the robustness of its governance systems. The instances where we do not comply are few and explanations for non-compliance are provided in the report below. No material issues were identified over the past twelve months.

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

On 13 November 2023, the QCA published the latest version of its corporate governance code ("2023 Code") aimed at 'UK Growth companies'. The 2023 Code will apply to financial years beginning on or after 1 April 2024, meaning the Company's first required year of compliance is the financial year commencing 1 April 2024.

The Board currently consists of four Directors: the Executive Chairman, and three Non-Executive Directors ("NED"s), one of whom was appointed post year end. The Board considers that appropriate oversight of the Company is provided by the currently constituted Board.

Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One

Business Model and Strategy

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

Principle Two

Understanding Shareholder Needs and Expectations

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

Investors also have access to current information on the Company through its website www.capitalmetals.com . The Company provides regulatory, financial and business news updates through the Regulatory News Service in accordance with the AIM Rules for Companies.

Principle Three

Considering Wider Stakeholder and Social Responsibilities

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

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

Principle Four

Risk Management

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Group at this stage and in the foreseeable future are detailed in the risk assessment matrix below. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them.

Activity	Risk	Impact	Control(s)
Operation	Injury to staff	Injury to staff whilst operating heavy	Creating a safe working environment through strict procedures and regular training

		machinery in remote location	
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company
Strategic	Market downturn Failure to deliver commerciality	Change in macro economic conditions Inability to secure offtake agreements	Ongoing monitoring of economic events and markets. Active marketing and experienced management
Financial	Misappropriation of funds IT Security	Fraudulent activity and loss of funds Loss of critical financial data	Robust financial controls and segregation of duties Regular back up of data online and locally

Principle Five

A Well-Functioning Board of Directors

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

The Board is comprised of an Executive Chairman (Greg Martyr) and three NEDs (James Leahy, Teh Kwan Wey and Bruce Griffin, who was appointed post year end on 2 April 2024). Michael Frayne, Chief Executive Officer, resigned on 30 June 2023. The Board intends to appoint a new Chief Executive Officer with applicable experience in due course. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. The Board meets regularly throughout the year as deemed appropriate formally and informally, in person and by telephone. No single director is dominant in the decision-making process.

The Company constantly keeps under review the constitution of the Board and may seek to add more members as required as the Company grows and develops. Biographies for each member of the Board is provided on the Company's website www.capitalmetals.com .

The Board considers James Leahy and Teh Kwan Wey to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The independent directors are not part of the Company's executive team or involved in day-to-day operations with their core duties including providing oversight, challenging executive decisions, and ensuring transparency.

The Board has implemented an effective committee structure to assist in the discharge of its responsibilities. All committees of the Board have written terms of reference dealing with their authority and duties. The Company Secretary acts as secretary to each of these committees.

Details of the Directors' attendance at the Board and Board committee meetings are set out below:

	Board Meetings attended	**c**
Gregory Martyr	4/4	
Michael Frayne	2/2	
James Leahy	4/4	
Teh Kwan Wey	4/4	

** As the business of this meeting pertained to Greg Martyr who was a member of this committee during the reporting period, Kwan Wey replaced him for the purposes of the resolution under review.*

Principle Six

Appropriate Skills and Experience of the Directors

The Board considers the current balance of sector, financial and public market skills and experience which it embodies is appropriate for the size and stage of development of the Company and that the Board, supported by the Chief Operating Officer and the Chief Financial Officer, has the skills and requisite experience necessary to execute the Company's strategy and business plan whilst also enabling each Director to discharge their fiduciary duties effectively. Biographies for each member of the Board is provided on the Company's website www.capitalmetals.com .

All Directors, through their involvement in other listed companies as well as the Company, including attendance at seminars, forums and industry events and through their memberships of various professional bodies, keep their skill sets up to date. External advisers are engaged in Sri Lanka to advise on regulatory issues as they arise.

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

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

Principle Seven

Evaluation of Board Performance

Review of the Group's progress against the long-term strategy and aims of the business provides a means to measure the effectiveness of the Board. This progress is reviewed in Board meetings held periodically throughout the year which reflects the Group's size and complexity at this stage of the Group's growth.

The Group conducts periodic reviews of its Board succession planning protocols which includes an assessment of the number of Board members and relative experience of each Board member vis-a-vis the Company's requirements given its stage of development, with the goal of having in place an adequate and sufficiently experienced Board at all times. The Directors develop their experience and skills via ongoing professional development and Group mandated training programmes for anti-bribery and corruption and matters relating to the criminal finances.

Principle Eight

Corporate Culture

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

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

Principle Nine

Maintenance of Governance Structures and Processes

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

The roles and responsibility of the (non-board) Chief Operating Officer, Executive Chairman, (non-board) Chief Financial Officer and other Directors are laid out below:

- The Chief Operating Officer's primary responsibilities are to: implement the Company's strategy in consultation with the Executive Chairman and the Board; take responsibility for the Company's projects in Sri Lanka; implement the decisions of the Board; monitor, review and manage key risks; and communicate with external audiences such as investors, analysts and media.
- The Executive Chairman's primary responsibilities are to: lead the Board and to ensure the effective working of the Board; in consultation with the Board, ensure good corporate governance and set clear expectations with regards to the Company culture, values and behaviour; set the Board's agenda and ensures that all Directors are encouraged to participate fully in the decision-making process of the Board and take responsibility for relationships with the Company's professional advisers and major shareholders.
- The Chief Financial Officer's primary responsibilities are to: oversee internal/external financial reporting; ensure compliance with financial regulations; tracking cashflow; financial planning and communicating risk issues to the Board.
- The Company's NEDs participate in all Board level decisions and play a particular role in the determination and articulation of strategy. The Company's NEDs provide oversight and scrutiny of the performance of the Executive Directors, whilst both constructively challenging and inspiring them, thereby ensuring the business develops, communicate and execute the agreed strategy and operate within the risk management framework.
- The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with.

The whole Board is responsible for the appointment of all additional and replacement Executive and Non-Executive Directors.

The Board is supported by the audit and remuneration committees as described below. Given the size of the Company and size of the Board it is not deemed necessary to include a separate audit committee report and remuneration committee report. This is not compliant with the QCA Code however details of the audit and remuneration committees' work in the year is detailed below. Notwithstanding the committees still met twice and five times respectively during the year.

Audit Committee

The Audit Committee comprises Teh Kwan Wey (Chair) and Bruce Griffin. The composition of this committee has changed due to Greg Martyr becoming Executive Chairman during the year.

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

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

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

The Audit Committee:

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

PKF Littlejohn LLP were appointed as the Group's external auditor in September 2022.

Having assessed the performance, objectivity and independence of the auditor, the Committee will be recommending the reappointment of PKF Littlejohn LLP as auditor to the Company at the 2024 Annual General Meeting.

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

Remuneration Committee

The Remuneration Committee comprises James Leahy (Chair) and Teh Kwan Wey. The composition of this committee has changed due to Greg Martyr becoming Executive Chairman during the year.

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

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

The Remuneration Committee:

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

During the reporting period the committee met to discuss the remuneration package of the Executive Chairman including the issue of options and the remuneration of the NEDs.

Principle Ten

Shareholder Communication

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

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

All shareholders are encouraged to attend the Company's Annual General Meeting and any general meetings held by the Company. The Company has elected to host its AGMs in London. The Directors believe hosting the AGM in London will enhance engagement with the Company's shareholders by making the meeting more accessible. The Board is always open to receiving feedback from shareholders. The Executive Chairman has been appointed to manage the relationship between the Company and its shareholders and will review and report to the Board on any communications received. For each vote,
the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are published on the Company's corporate website.

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

Greg Martyr
Executive Chairman
4 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL METALS PLC

Opinion on the financial statements

We have audited the financial statements of Capital Metals Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated and Parent Company Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the 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 March 2024 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 entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included the following:

- Obtaining the directors' going concern assessment and evaluating the appropriateness of the assessment;

- Reviewing the budgets and cashflows forecasts which cover the period to 31 March 2026 and challenging management's basis for the underlying assumptions in the forecasts, agreeing to supporting documentation such as license commitments, post year end bank statements, management accounts and regulatory news service announcements;

- Reviewing the external market factors affecting the group and its future economic viability and ensuring this is appropriately reflected in the forecasts; and

- Reviewing the adequacy of the disclosures in respect if going concern in line with the reporting requirements.

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

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

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. We determined materiality for the financial statements to be:

Entity	Materiality	Performance Materiality	Triviality threshold
Group ($'000)	214 (2023: 119)	150 (2023: 83)	11 (2023: 6)
Parent Company ($'000)	213 (2023: 118)	149 (2023: 82)	11 (2023: 6)

The benchmark for the group materiality was selected at 2.5% (2023: 2.5%) of the group's gross assets. Gross assets were selected as the benchmark because the intangible exploration assets are the primary assets and their development is the group's principal activity.

The parent company materiality was assessed based on 2.5% (2023: 2.5%) of the parent company gross assets and capped below group materiality. Gross assets were selected as the benchmark for the parent company materiality as the significant balances in the parent company's financial statement relates to the investments in subsidiaries, which own and operate the underlying exploration projects **.**

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures. The performance materiality was set at 70% (2023: 70%) of materiality for the financial statements as a whole, for both the group and parent company. The following factors were considered when determining the performance materiality:

- Our knowledge of the group and its environment, including industry specific trends and risk assessment of the control environment; and

- The level of judgement required in respect of the key accounting estimates.

For each significant component of the group, we allocated a materiality that is less than our overall group materiality. The materiality applied to the subsidiary undertakings ranged between $213,000 (2023: $118,000) and $69,000 (2023: $44,000), with performance materiality set at 70% (2023: 70%).

We agreed with the audit committee that we would report all audit differences identified during the course of our audit in excess of $11,000 (2023: $6,000) at both group and parent company level as well as differences below that threshold that, in our view warranted reporting on qualitative grounds.

We applied the concept of materiality in planning and performing our audit and in evaluating the effects of misstatement. No significant changes have come to light during the audit which required a revision of our materiality for the financial statements as a whole.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

As part of 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. These areas of estimate and judgement included:

- the recoverability of intangible assets and investments in subsidiary undertakings, as the future exploration results are inherently uncertain;
- the valuation and allocation of the share options and warrants issued in the year; and
- the fair value assessment of the deferred and contingent consideration.

We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The scope of our audit was based on the significance of component's operations and materiality. Each component was assessed as to whether they were significant or not to the group by either their size or risk.

The Sri Lankan subsidiaries Damsila Exports (Pvt) Limited ("DEL") and Eastern Minerals (Pvt) Limited ("EML") have been assessed as significant components of the group. The key balances held within these entities are the exploration and evaluation assets. These significant components were audited by component auditors in Sri Lanka operating under our instructions. There was regular interaction with the component auditors during all stages of the audit, and we were responsible for the scope and direction of the audit process. We reviewed key working papers and reporting appendices to understand the work performed and conclusions reached, in order to gain sufficient appropriate evidence for our opinion on the group financial statements.

The parent company was also assessed as a significant component. All audit work on other components was conducted by the group audit team in our London office with regular contact with management throughout the audit.

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.

Key audit matter	How our scope addressed this matter
Valuation of the carrying value of the group's capitalised exploration costs (Note 7)	

The group holds intangible assets in relation to the capitalised exploration costs for the Sri Lankan mineral sands projects. The projects are at an early stage of development and the intangible assets are subject to periodic impairment reviews. The carrying value and its recoverability is dependent on the expected commerciality of the underlying projects. In the year, the industrial mining licenses ("IMLs") which were previously suspended by the Geological Survey and Mines Bureau ("GMSB") were reinstated. In addition to the above, there is a risk that the asset is overstated as a result of additions being incorrectly capitalised through not meeting the criteria of IFRS 6. This is considered to be a key audit matter due to the significant judgement and estimates involved in assessing whether any indicators of impairment have arisen at the year end, and in quantifying any potential impairment.	**Our work in this area included:** ℜ• Confirming the entity's right to the assets by obtaining copies of the license documentation (including any renewals and the license reinstatement documentation) and ascertaining the validity of the documentation provided; ℜ• Summarising the terms and conditions attached to the legal rights to explore (e.g. minimum spend requirements or closure and rehabilitation provisions) and ensuring these have been complied with and disclosed; ℜ• Performing substantive testing on the capitalised costs in the year and ensuring correctly capitalised in accordance with the requirements of IFRS 6 'Exploration for and Evaluation of Mineral resources'; ℜ• Obtaining management's impairment assessment and discussing, challenging and documenting the key assumptions included therein. We assessed the reasonableness of the impairment indicators and if in line with the requirements of IFRS 6; and ℜ• Confirming the exploration and evaluation asset disclosures are in line with the requirements of the applicable financial reporting framework.
The carrying value of investments in subsidiaries and recoverability if the intragroup balances (parent company only) (Note 8) Investments in subsidiary undertakings represents the largest asset in the parent company's financial statements. Recoverability of these assets depends on the future performance of the subsidiaries. Management's assumptions regarding their future performance are considered to be key accounting estimates/ judgements. There is a risk that these investments and intragroup balances may be impaired. This is considered to be a key audit matter due to the size of the balances and the significant judgement and estimates involved.	**Our work in this area included:** ℜ• Confirming ownership and good standing of the subsidiaries at the year-end; ℜ• Reviewing management's impairment assessment for the subsidiaries and challenging the data, assumptions and methodologies applied; ℜ• Reviewing the carrying value of the subsidiaries against the net assets and assessing the underlying exploration assets for evidence of impairment; ℜ• Reviewing management's assessment and the work performed for evidence of impairment under IAS 36 'Impairment of Assets'; and ℜ• Considering the appropriateness of disclosure included in the financial statements.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management with regards to potential instances of non-compliance with laws and regulations both in the UK and in overseas subsidiaries. We also selected a specific audit team based on experience in auditing exploration entities of similar size and nature.

- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
  - The Companies Act 2006;
  - AIM Rules;
  - Local industry regulations in Sri Lanka including the operating terms set out in the IMLs; and
  - Tax and employment law in the UK and Sri Lanka.
- 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:
  - Conducting enquiries with management regarding potential instances of non-compliance;
  - Reviewing the Regulatory News Service (RNS) announcements;
  - Reviewing legal and professional fees ledger accounts;
  - Discussions with component auditors on any non-compliance noted relating to overseas subsidiaries; and
  - Reviewing board minutes and other correspondence from management.
- 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, whether key management judgements could include management bias. The potential for management bias existed in the below key management judgements and estimates:
  - Valuation and accuracy of the carrying value of the exploration assets;
  - Assessment of the carrying value of the investment in subsidiaries;
  - Valuation of the share based payments in the year; and
  - Fair value assessment of the deferred consideration.

  Audit procedures were performed in this regard to review and challenge management's impairment and fair value assessments.
- 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.
- Compliance with laws and regulations at the subsidiary level was ensured through enquiry of management, communication with the component auditor and reviewing correspondence for any instances of non-compliance.

B ecause 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.

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.

Adam Humphreys (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London E14 4HD

4 September 2024

CONSOLIDATED & COMPANY STATEMENTS OF FINANCIAL POSITION

For the year ended 31 March 2024

Company number: 05555087

		Group		Company	
	Note	For the year ended 31 March 2024 $	For the year ended 31 March 2023 $	For the year ended 31 March 2024 $	For the year ended 31 March 2023 $
Non-Current Assets					
Property, plant and equipment	6	**21,589**	25,591	**-**	-
Investment in subsidiaries	8	**-**	-	**33,658,512**	32,988,373
Loans to subsidiaries	9	**-**	-	**2,796,677**	2,278,546
Other loans	10	**142,145**	125,371	**-**	-
Exploration & evaluation assets	7	**5,332,471**	4,451,811	**-**	-
		5,496,205	4,602,773	**36,455,189**	35,266,919
Current Assets					
Trade and other receivables	11	**44,637**	40,017	**459,181**	235,710
Cash and cash equivalents	12	**3,087,329**	216,213	**3,045,465**	174,707
		3,131,966	256,230	**3,504,646**	410,417
Total Assets		**8,628,171**	4,859,003	**39,959,836**	35,677,336
Non-Current Liabilities					
Trade and other payables	13	**600,000**	600,000	**-**	-
		600,000	600,000	**-**	-
Current Liabilities					
Trade and other payables	13	**847,637**	841,891	**126,423**	234,326
		847,637	841,891	**126,423**	234,326
Total Liabilities		**1,447,637**	1,441,891	**126,423**	234,326
Net Assets		**7,180,534**	3,417,112	**39,833,412**	35,443,010

Equity attributable to owners of the Parent					
Share capital	15	**6,455,344**	6,062,403	**6,455,344**	6,062,403
Share premium	15	**54,923,341**	48,946,676	**54,923,341**	48,946,676
Other reserves	17	**(39,071,519)**	(35,917,609)	**32,320,298**	35,155,483
Retained losses		**(15,052,742)**	(15,570,928)	**(53,865,571)**	(54,721,552)
Non-controlling interest		**(73,890)**	(103,430)	**-**	-
Total Equity		**7,180,534**	3,417,112	**39,833,412**	35,443,010

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income. The loss for the Company for the year ended 31 March 2024 was $594,166 (year ended 31 March 2023: $730,044).

The Financial Statements were approved and authorised for issue by the Board of Directors on 4 September 2024 and were signed on its behalf by:

Greg Martyr
Executive Chairman

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2024

Continued operations	**Note**	**For the year ended 31 March 2024 $**	**For the year ended 31 March 2023** $
Administrative expenses	23	(899,473)	(1,132,498)
Share based payment charge	16	(31,442)	-
Other losses		(2,142)	(10,535)
Operating loss		**(933,057)**	**(1,143,033)**
Finance income		1,480	4,495
Loss before income tax		**(931,577)**	**(1,138,538)**
Income tax	21	-	-
Loss for the year attributable to owners of the Parent		**(931,577)**	**(1,138,538)**
Basic (Loss) Per Share attributable to owners of the Parent during the period (expressed in cent per share)	22	**(0.15)**	**(0.21)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	For the year ended 31 March 2024 $	For the year ended 31 March 2023 $
Loss for the year	**(931,577)**	**(1,138,538)**
Other Comprehensive Income:		
Items that may be subsequently reclassified to profit or loss		
Foreign exchange on translation	443,897	(513,992)
Retirement benefit obligation	(383)	(823)
Total other comprehensive income for the year, net of tax	**443,514**	**(514,815)**
Total comprehensive loss attributable to:		
Owners of the Company	**(488,063)**	**(1,653,353)**
Non-controlling interests	**-**	**-**
Total comprehensive loss	**(488,063)**	**(1,653,353)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Note	Share capital $	Share premium $	Other reserves $	Retained losses $	Total $	Non-controlling interest $	Total $
Balance as at 1 April 2022		**6,062,403**	**48,946,676**	**(35,507,047)**	**(14,431,567)**	**5,070,465**	**-**	**5,070,465**
Loss for the year		-	-	-	(1,138,538)	(1,138,538)	-	(1,138,538)
Other comprehensive income for the year								
Items that may be subsequently reclassified to profit or loss								
Other comprehensive income		-	-	(513,992)	(823)	(514,815)	-	(514,815)
Total comprehensive income for the year		**-**	**-**	**(513,992)**	**(1,139,361)**	**(1,653,353)**	**-**	**(1,653,353)**

Reserve transfer on dilution of subsidiary - foreign exchange movements on NCI	-	-	103,430	-	-	(103,430)	-
Total transactions with owners, recognised directly in equity	**-**	**-**	**103,430**	**-**	**-**	**(103,430)**	**-**
Balance as at 31 March 2023	**6,062,403**	**48,946,676**	**(35,917,609)**	**(15,570,928)**	**3,520,542**	**(103,430)**	**3,417,112**
Balance as at 1 April 2023	**6,062,403**	**48,946,676**	**(35,917,609)**	**(15,570,928)**	**3,520,542**	**(103,430)**	**3,417,112**
Loss for the year	-	-	-	(931,577)	(931,577)	-	(931,577)
Other comprehensive income for the year							
Items that may be subsequently reclassified to profit or loss							
Other comprehensive income	-	-	443,897	(383)	443,514	-	443,514
Total comprehensive income for the year	**-**	**-**	**443,897**	**(931,960)**	**(488,063)**	-	**(488,063)**
Share issue	392,941	3,951,575	-	-	4,344,516	-	**4,344,516**
Cost of share issue	-	(124,600)	-	-	(124,600)	-	**(124,600)**
Issue of options/warrants	-	-	31,442	-	31,442	-	**31,442**
Foreign exchange on options/warrants	-	-	126	-	126	-	**126**
Cancelled options	-	-	(1,103,946)	1,103,946	-	-	**-**
Expired warrants	-	2,149,690	(2,495,891)	346,201	-	-	**-**
Foreign exchange movements on NCI	-	-	(29,538)	-	(29,538)	29,538	**-**
Total transactions with owners, recognised directly in equity	**392,941**	**5,976,665**	**(3,597,807)**	**1,450,147**	**4,221,946**	**29,538**	**4,251,485**
Balance as at 31 March 2024	**6,455,344**	**54,923,341**	**(39,071,519)**	**(15,052,742)**	**7,254,424**	**(73,890)**	**7,180,534**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Note	Share capital $	Share premium $	Other reserves $	Retained Losses $	Total $
Balance as at 1 April 2022		**6,062,403**	**48,946,676**	**37,414,384**	**(53,991,508)**	**38,431,955**
Loss for the year		-	-	-	(730,044)	(730,044)
Other comprehensive income for the year						
Items that may be subsequently reclassified to profit or loss						
Other comprehensive income		-	-	(2,258,901)	-	(2,258,901)
Total comprehensive income for the year		**-**	**-**	**(2,258,901)**	**(730,044)**	**(2,988,945)**
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**-**
Balance as at 31 March 2023		**6,062,403**	**48,946,676**	**35,155,483**	**(54,721,552)**	**35,443,010**
Balance as at 1 April 2023		**6,062,403**	**48,946,676**	**35,155,483**	**(54,721,552)**	**35,443,010**
Loss for the year		-	-	-	(594,166)	**(594,166)**

Other comprehensive income for the year					
Items that may be subsequently reclassified to profit or loss					
Other comprehensive income	-	-	733,084	-	**733,084**
Total comprehensive income for the year	**-**	**-**	**733,084**	**(594,166)**	**138,918**
Share issue	392,941	3,951,575	-	-	**4,344,516**
Cost of share issue	-	(124,600)	-	-	**(124,600)**
Issue of options/warrants	-	-	31,442	-	**31,442**
Foreign exchange on options/warrants	-	-	126	-	**126**
Cancelled options	-	-	(1,103,946)	1,103,946	**-**
Expired warrants	-	2,149,690	(2,495,891)	346,201	**-**
Total transactions with owners, recognised directly in equity	**392,941**	**5,976,665**	**(3,568,269)**	**1,450,147**	**4,251,484**
Balance as at 31 March 2024	**6,455,344**	**54,923,341**	**32,320,298**	**(53,865,571)**	**39,833,412**

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2024

		Group		Company	
		Year ended 31 March 2024	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023
	Note	**$**	$	**$**	$
Cash flows from operating activities					
Loss before income tax		**(931,577)**	(1,138,538)	**(594,166)**	(730,044)
Adjustments for:					
Depreciation	6	**4,021**	3,208	**-**	-
Share based payments	15/16	**70,970**	-	**70,970**	-
Foreign exchange		**(16,153)**	(11,494)	**(26,389)**	(31,675)
Interest received		**(1,355)**	(4,463)	**-**	-
Changes in working capital:					
(Increase) in trade and other receivables		**(9,106)**	(5,349)	**(219,793)**	(165,874)
Increase/(decrease) in trade and other payables		**5,749**	115,885	**(103,142)**	126,579
Net cash used in operating activities		**(877,451)**	(1,040,751)	**(872,520)**	(801,014)
Cash flows from investing activities					
Purchase of property plant and equipment	6	**(1,833)**	(7,168)	**-**	-
Disposal of property, plant and equipment	6	**441**	-	**-**	-
Cash expenditure on exploration and evaluation activity	7	**(436,175)**	(287,688)	**-**	-
Disposal of subsidiary undertaking	10	**-**	(124,897)	**-**	-
Loan to subsidiaries	9	**-**	-	**(440,658)**	(533,627)
Interest received		**1,355**	4,463	**-**	-
Net cash used in investing activities		**(436,212)**	(415,290)	**(440,658)**	(533,627)
Cash flows from financing activities					
Proceeds from issue of share capital		**4,304,987**	-	**4,304,987**	-
Transaction costs of share issue		**(124,600)**	-	**(124,600)**	-
Net cash generated from financing activities		**4,180,387**	-	**4,180,387**	-

Net increase/(decrease) in cash and cash equivalents		**2,866,724**	(1,456,041)	**2,867,209**	(1,334,641)
Cash and cash equivalents at beginning of year		**216,213**	1,775,754	**174,707**	1,602,766
Exchange loss on cash and cash equivalents		**4,392**	(103,500)	**3,549**	(93,418)
Cash and cash equivalents at end of year	12	**3,087,329**	216,213	**3,045,465**	174,707
Non-cash investing and financing activities					
Shares issued in respect of services - share based payment[1]	15	**39,528**	-	**39,528**	-
Share options and warrants issued[2]	16	**31,442**	-	**31,442**	-

[1] Comprised of 737,082 shares at 4.25p to satisfy commissions payable.

[2] Share options and warrants over a total of 11,800,000 ordinary shares were granted to Directors, management and employees in the period .

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

1. General information

The principal activity of Capital Metals plc (the 'Company') and its subsidiaries (together the 'Group') is the exploration and development of the Eastern Minerals Project located in the Ampara District of the Eastern Province of Sri Lanka. The Company's shares are quoted on AIM of the London Stock Exchange. The Company is incorporated and domiciled in England.

The address of its registered office is 6 Heddon Street, London, W1B 4BT.

2. Summary of significant Accounting Policies

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

2.1. Basis of preparation of Financial Statements

These financial statements have been prepared in accordance with UK adopted International Accounting Standards and in accordance with the requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention, except as modified for assets and liabilities recognised at fair value on business combination.

The Financial Statements are presented in US Dollars. The functional currency of the Company is Pound Sterling.

The preparation of financial statements in accordance with the applicable financial reporting framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 4.

2.2. New and amended standards

(a) New and amended standards adopted by the Group and Company

A number of new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) have become effective for the first time for financial periods beginning on (or after) 1 April 2023 and have been applied by the Company and Group in these financial statements. None of these new and amended standards and interpretations had a significant effect on the Company or Group because they are either not relevant to the Company or Group's activities or require accounting which is consistent with the Company or Group's current accounting policies.

(b) New standards, amendments, and interpretations in issue but not yet effective or not yet endorsed and not early adopted.

No material impact expected on the financial statements.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early.

2.3. Basis of Consolidation

These consolidated financial statements comprise the financial statements of Capital Metals plc and its subsidiaries as at 31 March 2024. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where subsidiaries follow differing accounting policies from those of the Group, those accounting policies have been adjusted to align with those of the Group. Inter-company balances and transactions between Group companies are eliminated on consolidation, though foreign exchange differences arising on inter-company balances between subsidiaries with differing functional currencies is recognised in profit or loss.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

During the prior year, the Group completed a restructure which resulted in the disposal of a subsidiary and disposal of an equity proportion of a subsidiary whilst control was maintained. Refer to Note 18 for further details. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.4. Going concern

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

As at 31 March 2024, the Group had cash and cash equivalents of $3,087,329. The Directors have prepared cash flow forecasts to 31 March 2026, which take account of the cost and operational structure of the Group and Company, planned exploration and evaluation expenditure, licence commitments and working capital requirements. These forecasts indicate that the Group and Company, will have sufficient funds in order to meet their operational objectives, and meet their expected liabilities as they fall due, for at least the next 12 months. Thus, the Directors continue to adopt the going concern basis of accounting preparing these financial statements.

2.5. Segment reporting

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

The Directors are of the opinion that the Group operates in two geographical areas, the UK and Sri Lanka. The Company operates in one geographical area, the UK. Activities in the UK are mainly administrative in nature whilst activities in Sri Lanka relate to exploration and evaluation of mineral sand resources. The reports used by the chief operating decision maker are based on these geographical segments.

2.6. Foreign currencies

(a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK parent entity is Pound Sterling, the functional currency of the BVI subsidiaries is US

Dollars and the functional currency of the Sri Lankan subsidiaries is Sri Lankan Rupee. The Financial Statements are presented in US Dollars which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each period end date presented are translated at the period-end closing rate;

- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the Income Statement as part of the gain or loss on sale.

2.7. Intangible assets

Exploration and evaluation assets

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

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

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

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

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

Management considers all licences relating to the Project to represent one asset when undertaking their impairment assessment.

2.8. Investments in subsidiaries

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

2.9. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any 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:

Computer & office equipment - 3 years
Motor vehicles - 4 years
Field equipment - 5 years
Drilling equipment - 10 years
Furniture & fittings - 5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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. If an impairment review is conducted following an indicator of impairment, assets which are not able to be assessed for impairment individually are assessed in combination with other assets within a cash generating unit.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains' in the Income Statement.

2.10. Impairment of non-financial assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, and goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11. Financial assets

(a) Recognition and measurement

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

Financial assets are classified in four categories:

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

Financial assets are classified as at amortised cost only if both of the following criteria are met:

ℜ• the asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise to cash flows that are solely payments of principal and interest

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

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

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

(b) Impairment

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

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

2.12. Financial liabilities

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

All financial liabilities are initially recognised at fair value and subsequently measured either as:

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

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

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

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

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

2.13. Cash and cash equivalents

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

2.14. Equity

Equity comprises the following:

- "Share capital" represents the nominal value of the Ordinary shares;
- "Share Premium" represents consideration less nominal value of issued shares and costs directly attributable to the issue of new shares;
- "Other reserves" represents the capital contribution reserve, deferred share reserve, merger reserve, foreign currency translation reserve, reverse acquisition reserve and share option and warrant reserve where;
    - "Merger reserve" represents the difference between the fair value of an acquisition and the nominal value of the shares allotted in a share exchange;
    - "Foreign currency translation reserve" represents the translation differences arising from translating the financial statement items from functional currency to presentational currency;
    - "Reverse acquisition reserve" represents a non-distributable reserve arising on the acquisition of Capital Metals Limited;
    - "Share option and warrant reserve" represents share options and warrants awarded by the Group;
    - Capital contribution reserve - represents capital contributed by one or more of the members without taking shares in return or creating a debt.
    - Deferred share reserve - represents shares to be issued upon certain conditions being met.
    - "Retained earnings" represents retained losses.

2.15. Share capital, share premium and deferred shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of tax, from the proceeds provided there is sufficient premium available. Should sufficient premium not be available placing costs are recognised in the Income Statement. All ordinary shares are fully paid and carry full voting, dividend and capital distribution (including on winding up) rights.

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

2.16. Share based payments

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

The fair value of the share options and warrants are determined using the Black Scholes valuation model, t aking into account the terms and conditions upon which the warrants or options were issued or granted.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options

are exercised.

2.17. Taxation

No current tax is yet payable in view of the losses to date.

Deferred tax is recognised for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets (including those arising from investments in subsidiaries), are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be used.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply to the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are not discounted.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (foreign currency 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. None of these risks are hedged.

Risk management is carried out by the management team under policies approved by the Board of Directors.

Market risk

(a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Sri Lankan Rupee (LKR), US Dollar (USD) and the British Pound Sterling (GBP or Â£). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group negotiates all material contracts for activities in relation to its subsidiaries in either LKR, AUD or USD. The Group does not hedge against the risks of fluctuations in exchange rates. The volume of transactions is not deemed sufficient to enter into forward contracts as most of the foreign exchange movements result from the retranslation of intercompany loans. The Group has sensitised the figures for fluctuations in foreign exchange rates, as the Directors acknowledge that, at the present time, the foreign exchange retranslations have resulted in rather higher than normal fluctuations and is predominantly due to the exceptional nature of the LKR exchange rate in the current economic climate.

As at 31 March 2024, the exposure of the Group to foreign exchange rates is summarised as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Cash and cash equivalents	**$**	**$**	**$**	**$**
US Dollar	**19,091**	18,859	**18,355**	18,415
Sri Lankan Rupee	**41,128**	41,062	**-**	-
Australian Dollar	**662,072**	-	**662,072**	-
Pound Sterling	**2,365,038**	156,292	**2,365,038**	156,292
	3,087,329	216,213	**3,045,465**	174,707
Other receivables				
US Dollar	**-**	-	**-**	-
Sri Lankan Rupee	**-**	-	**-**	-
Australian Dollar	**-**	-	**-**	-
Pound Sterling	**24,198**	26,333	**22,767**	26,333
	24,198	26,333	**22,767**	26,333
	3,111,527	242,546	**3,068,232**	201,040

As at 31 March 2024, if Sterling had gained or lost 10 per cent. against the USD, the impact on comprehensive loss would have been as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Impact on comprehensive loss	**$**	**$**	**$**	**$**
+10% GBP/USD	**238,924**	18,262	**238,780**	18,262
-10% GBP/USD	**(238,924)**	(18,262)	**(238,780)**	(18,262)

As at 31 March 2024, if the Sri Lankan Rupee had gained or lost 10 per cent. against the USD, the impact on comprehensive loss would have been as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Impact on comprehensive loss	**$**	**$**	**$**	**$**
+10% LKR/USD	**4,113**	4,106	**-**	-
-10% LKR/USD	**(4,113)**	(4,106)	**-**	-

As at 31 March 2024, if the Australian Dollar had gained or lost 10 per cent. against the USD, the impact on comprehensive loss would have been as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Impact on comprehensive loss	**$**	**$**	**$**	**$**
+10% AUD/USD	**66,207**	-	**66,207**	-
-10% AUD/USD	**(66,207)**	-	**(66,207)**	-

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

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

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

	Group 2024	Group 2023	Company 2024	Company 2023
	$	**$**	**$**	**$**
Cash and bank balances	**3,087,329**	216,213	**3,045,465**	174,707
Trade and other receivables	**21,870**	13,655	**459,181**	198,339
Loan to subsidiaries	**-**	-	**2,796,677**	2,278,546
	3,109,199	229,868	**6,301,323**	2,651,592

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

Liquidity risk

In keeping with similar sized mineral exploration groups, the Group'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.

With exception to deferred taxation, financial liabilities are all due within one year. The significant liabilities of the Group are not discounted and as such, no undiscounted future cashflow analysis provided.

3.2. Capital risk management

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

The share capital, including share premium, and reserves totalling $7,180,534 (2023: $3,417,112) provides the majority of the working capital required by the Group. Management reviews the capital structure and makes adjustment to it in the light of changes in economic conditions.

4. Critical accounting estimates and judgements

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Items subject to such estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, include but are not limited to:

Impairment of intangible assets - exploration and evaluation costs

Management makes the judgement as to which costs are directly associated with the exploration and evaluation assets and are to be capitalised, including the allocation of applicable salary and overhead costs.

Exploration and evaluation costs have a carrying value at 31 March 2024 of $5,332,471 (31 March 2023 $4,451,811). Such assets have an indefinite useful life as the Group has a right to renew exploration licences and the asset is only amortised once extraction of the resource commences. Management tests for impairment annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7 . Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the period warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration; an impairment charge will then be recognised in the Income Statement.

Whilst there is no certainty that the remaining IML's will be granted, management are of the judgement that there is a reasonable expectation, based on the ongoing discussions with the Geological Survey and Mines Bureau, that the remaining IMLs will be approved in due course. Given this judgement it was deemed that no impairment test was required to be performed. Should the Group not be successful with the remaining IML

applications then Directors would expect to consider an impairment of the E&E assets. See Note 7 for further considerations at the year end.

DEL and EML have now initiated the process to apply for new additional exploration licenses over seven grids and is concluding the preliminary requirements and approvals.

Carrying value of intercompany loans

At 31 March 2024 management reassessed the recovery profile of the Company loans granted to subsidiaries and noted the updated project development timetable would mean that it is unlikely that repayments from subsidiaries would commence in the next 12 months and accordingly the loans continue to be classified as non-current receivables in the current year. See Note 9 for further information.

Share based payment transactions

Management measured the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of shares was determined by the share price at the date of grant. The fair value of options and warrants was determined using the Black-Scholes model. Management estimated the number of options that are expected to vest based on the non-market vesting conditions. The valuation of these options and warrants involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions are described in more detail in Note 16.

Control and consolidation of Damsila Exports (Pvt) Limited

If an entity with a 40% shareholding has a contractual arrangement that gives it the power to direct the relevant activities of the other entity, it can maintain control and is required to consolidate the financial statements of the other entity. After the restructure of the Group during the prior year, the contractual arrangements in place to determine whether they have the power to direct the relevant activities of another entity and, as a result, maintain control were carefully assessed and it was concluded Redgate Lanka maintains control of Damsila Exports and as such they shall remain consolidated within the Group accounts. No non-controlling interest has been recognised against the net assets as the Group continues to have full rights to the returns of the subsidiary. Please refer to Note 18 for details of the Group restructure.

Fair value of deferred and contingent consideration

Deferred consideration represents amounts payable in respect of the acquisitions of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited. The amounts fall due and payable upon completion of certain milestones within the Group, being for each of Damsila Exports (Pvt) Limited and Eastern Minerals (Pvt) Limited: $625,000 in cash (recognised at 95% of face value) upon completion of feasibility studies and all approvals on the relevant project and $750,000 in cash (recognised at 80% of face value) upon commencement of first commercial production from the relevant project. At the reporting year end, the probability estimated for the likelihood of completion of Tranche 2 and 3 of the deferred and contingent consideration was considered, and management continue to estimate 95% probability for Tranche 2 and 80% probability for Tranche 3. If these estimates prove incorrect then the amounts payable in respect of the acquisition may be different to those stated within the financial statements.

5. Segment information

As at 31 March 2024, the Group operates in two geographical areas, the UK and Sri Lanka. The Company operates in one geographical area, the UK. Activities in the UK are mainly administrative in nature whilst activities in Sri Lanka relate to exploration and evaluation of mineral sand resources. The reports used by the chief operating decision maker are based on these geographical segments.

The Group generated no revenue during the year ended 31 March 2024 (2023: $Nil).

2024	**Sri Lanka** **$**	**UK** **$**	**Total** **$**
Administrative expenses	(130,071)	(800,844)	**(930,915)**
Other gains/(losses)	(121)	(2,021)	**(2,142)**
Finance income	1,355	125	**1,480**
Operating loss from continued operations per reportable segment	(128,837)	(802,740)	**(931,577)**

Reportable segment assets	5,540,595	3,087,576	**8,628,171**
Reportable segment liabilities	(1,321,214)	(126,423)	**(1,447,637)**
Reportable segment net assets/(liabilities)	4,219,381	2,961,153	**7,180,534**

2023	**Sri Lanka**	**UK**	**Total**
	$	**$**	**$**
Administrative expenses	(188,665)	(943,833)	**(1,132,498)**
Other gains/(losses)	3,533	(14,068)	**(10,535)**
Finance income	4,463	32	**4,495**
Operating loss from continued operations per reportable segment	(180,669)	(957,869)	**(1,138,538)**
Reportable segment assets	4,646,925	212,078	**4,859,003**
Reportable segment liabilities	(1,207,565)	(234,326)	**(1,441,891)**
Reportable segment net assets/(liabilities)	3,439,360	(22,248)	**3,417,112**

Segment assets and liabilities are allocated based on geographical location.

6. Property, plant and equipment

The movement on the property, plant and equipment asset accounts are shown in aggregate as follows:

	Group Total
	$
Cost	
As at 1 April 2022	**81,470**
Exchange Differences	(9,332)
Additions	7,168
Disposals	-
As at 31 March 2023	**79,306**
As at 1 April 2023	**79,306**
Exchange Differences	7,323
Additions	1,833
Disposals	(457)
As at 31 March 2024	**88,005**
Depreciation	
As at 1 April 2022	**52,929**
Charge for the year	3,208
Disposals	-
Exchange differences	(2,422)
As at 31 March 2023	**53,715**
As at 1 April 2023	**53,715**
Charge for the year	4,021
Disposals	(441)
Exchange differences	9,121
As at 31 March 2024	**66,416**
Net book value as at 31 March 2023	**25,591**
Net book value as at 31 March 2024	**21,589**

7. Intangible assets

Intangible assets comprise exploration and evaluation costs. The movement on the exploration and evaluation assets was as follows:

	Group

Exploration & Evaluation Assets - Cost and Net Book Value	$
Cost	
As at 31 March 2022	**4,556,210**
Additions	287,688
Exchange differences	(392,087)
As at 31 March 2023	**4,451,811**
Additions	436,175
Exchange differences	444,485
As at 31 March 2024	**5,332,471**

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

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

- the Group has formally applied for the renewal of DEL licence EL430.
- the GSMB formally reinstated the IMLs that had previously been subject to a suspension and notice of cancellation.
- EML has been granted an extension on licence EL199 of up to two years by the GSMB which enables the extension for one year from the date of the first-year retention fee payment, being 10 July 2024, and a further year thereafter on payment of the annual extension fee.
- the EIA process for EL199 is now underway and is expected to be concluded before the end of 2024, at which time EML will make IML applications.
- Preparation for drilling programme and resource extension to start in 2024
- Mineral sands prices continue to support the economics of the Project.

It is also noted, the total resource of the Eastern Minerals Project, comprises 47 1x1km grids in EL168 and 37 1x1km grids in EL199. There are nine outstanding IML applications in coverage of all of the 47 grids in EL168.

Management is of the judgement that there is a reasonable expectation, that the remaining IML applications will be approved in due course

Following their assessment, the Directors concluded that no impairment charge was required at 31 March 2024.

8. Investments in subsidiaries

	Company	
	For the year ended 31 March 2024	**For the year ended 31 March 2023**
	$	$
At beginning of period	**32,988,373**	**35,030,108**
Additions	-	-
Impairment charge	-	-
Foreign exchange differences	670,139	(2,041,735)
Investment at end of period	**33,658,512**	**32,988,373**

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

Subsidiaries

Name of subsidiary	Country of incorporation and place of business	Company number	Parent company	Proportion of ordinary shares held by the Group (%)	Nature of business
Capital Metals Limited	British Virgin Islands	1890161	Capital Metals plc	100%	Holding company
Brighton Metals Limited	British Virgin Islands	1893384	Capital Metals Limited	100%	Holding company
Redgate Lanka (Pvt) Limited	Sri Lanka	119784	Brighton Metals Limited	100%	Holding/Investment

Damsila Exports (Pvt) Limited	Sri Lanka	PV8591	Keynes Investments Lanka (Pvt) Limited	60.01%	Exploration
	Sri Lanka	PV8591	Redgate Lanka (Pvt) Limited	39.99%	Exploration
Eastern Minerals (Pvt) Limited	Sri Lanka	PV81273	Redgate Lanka (Pvt) Limited	100%	Exploration
Green Tech Minerals (Pvt) Limited	Sri Lanka	00277939	Brighton Metals Limited	100%	Holding/Investment

All subsidiary undertakings are included in the consolidation.

Keynes Investments Lanka (Pvt) Limited was disposed as part of the Group restructure during the prior year. Please refer to Notes 10 and 18 for further details.

Green Tech Minerals (Pvt) Limited was incorporated as part of the Group in June 2023.

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Following an assessment, the Directors concluded that, in the context of the current market capitalisation, with a year-end cash balance of approximately $3 million, the Company is now both well-funded and in the best position to unlock material shareholder value , therefore no impairment was required at 31 March 2024.

9. Loans to subsidiaries

	Company	
	For the year ended 31 March 2024	**For the year ended 31 March 2023**
	$	$
At beginning of period	**2,278,546**	1,834,904
Additions	**440,658**	533,627
Foreign exchange differences	**77,473**	(89,985)
Loan at end of period	**2,796,677**	2,278,546

The fair value of all receivables is the same as their carrying values stated above and are repayable on demand. Interest on the principal of the loans is charged at a rate of 2% per annum.

The Directors have assessed that there are no expected credit losses to recognise in respect of the loans to subsidiaries as at the balance sheet date, based on their assessment of the recovery strategies, which indicate that the Company would fully recover the outstanding balance of the loans. As such the Directors concluded that no impairment was required at 31 March 2024. Please refer to Note 7 for further details.

At 31 March 2024 Management reassessed the recovery profile of the Company loans to subsidiaries and note the updated project development timetable would mean that it is unlikely that repayments from subsidiaries would commence in the next 12 months and accordingly the loans continue to be classified as non-current receivables in the current year.

10. Other loans

	For the year ended 31 March 2024	**For the year ended 31 March 2023**
	$	$
Keynes Investment Lanka (Pvt) Limited	137,569	124,897
KPRS Resources (Pvt) Limited	4,576	467
Other loans	-	7
Loans at end of period	**142,145**	**125,371**

The loan to Keynes Investment Lanka (Pvt) Limited has arisen due to the restructure of the Group, which took place in the prior year (please refer to Note 18). As such Keynes have been deconsolidated from the Group.

The loan balance is a loan balance held with Damsila Exports (Pvt) Limited that had previously been eliminated on consolidation.

11. Trade and other receivables

	Group		Company	
	For the year ended 31 March 2024	**For the year ended 31 March 2023**	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
Current	**$**	$	**$**	$
Trade receivables	**-**	-	**417,070**	198,339
Prepayments	**20,439**	10,022	**19,344**	9,050
VAT receivable	**22,767**	26,333	**22,767**	26,333
Other receivables	**1,431**	3,662	**-**	1,988
Total	**44,637**	40,017	**459,181**	235,710

The fair value of all receivables is the same as their carrying values stated above. The Directors have assessed that there are no expected credit losses to recognise in respect of the trade and other receivables.

12. Cash and cash equivalents

	Group		Company	
	For the year ended 31 March 2024	**For the year ended 31 March 2023**	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
	$	$	**$**	$
Cash at bank and in hand	**3,087,329**	216,213	**3,045,465**	174,707

All of the UK entities cash at bank is held with institutions with high credit ratings. The Sri Lankan entities cash at bank is held with institutions whose credit rating is unknown. $3,315 (2023: $2,588) is held as a fixed deposit by Damsila Exports Private Limited.

13. Trade and other payables

	Group		Company	
	For the year ended 31 March 2024	**For the year ended 31 March 2023**	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
	$	$	**$**	$
Current				
Trade payables	**156,747**	90,191	**36,346**	79,832
Accrued expenses	**91,650**	155,738	**90,077**	154,494
Social security and other taxation	**5,490**	2,212	**-**	-
Deferred consideration	**593,750**	593,750	**-**	-
Total current liabilities	**847,637**	841,891	**126,423**	234,326
Non-current				
Deferred consideration	**600,000**	600,000	**-**	-
Total non-current liabilities	**600,000**	600,000	**-**	-

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

At the reporting period end, the probability estimated for the likelihood of completion of Tranche 2 and 3 was considered, and management continue to estimate 95% probability for Tranche 2 and 80% probability for Tranche 3. If these estimates prove incorrect then the amounts payable in respect of the acquisition may be different to those stated within the financial statements. The total deferred consideration payable if all milestones are achieved would be $1,375,000. The value of deferred consideration recognised as at 31 March 2024 was $1,193,750 (2023: $1,193,750).

14. Financial Instruments by Category

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

Group

	31 March 2024		31 March 2023	
	Amortised cost	**Total**	Amortised cost	Total
Assets per Statement of Financial Performance	**$**	**$**	$	$
Cash and cash equivalents	**3,087,329**	**3,087,329**	216,213	216,213
	3,087,329	**3,087,329**	216,213	216,213

	31 March 2024			31 March 2023		
	Amortised cost	**Fair value through profit and loss**	**Total**	Amortised cost	Fair value through profit and loss	Total
Liabilities per Statement of Financial Performance	**$**	**$**	**$**	$	$	$
Trade and other payables	**248,397**	**-**	**248,397**	245,930	-	245,930
Deferred consideration	**-**	**593,750**	**593,750**	-	593,750	593,750
	248,397	**593,750**	**842,147**	245,930	593,750	839,680

Company

	31 March 2024		31 March 2023	
	Amortised cost	**Total**	Amortised cost	Total
Assets per Statement of Financial Performance	**$**	**$**	$	$
Trade and other receivables (excluding prepayments)	**439,838**	**439,838**	226,660	226,660
Loans to subsidiaries	**2,796,677**	**2,796,677**	2,278,546	2,278,546
Cash and cash equivalents	**3,045,465**	**3,045,465**	174,707	174,707
	6,281,980	**6,281,980**	2,679,913	2,679,913

	31 March 2024		31 March 2023	
	Amortised cost	**Total**	Amortised cost	Total
Liabilities per Statement of Financial Performance	**$**	**$**	$	$
Trade and other payables	**126,423**	**126,423**	234,326	234,326
	126,423	**126,423**	234,326	234,326

15. Share capital and premium

Group and Company	**Number of shares**	**Share capital**

	No.	Nominal value	Â£	$
Ordinary shares	344,806,209	0.0020	689,612	903,344
Deferred shares	356,277,502	0.0099	3,527,147	5,552,000
Total	**701,083,711**		**4,216,759**	**6,455,344**

Issued at 0.02 pence per share	Number of Ordinary shares	Share capital $	Share premium $	Total $
As at 31 March 2023	189,103,432	510,403	48,946,676	49,457,079
Issue of new shares - 20 June 2023	50,000,000	126,183	504,732	630,915
Cost of capital - 20 June 2023	-	-	(31,675)	(31,675)
Issue of new shares - 17 July 2023	36,470,566	92,039	368,157	460,196
Cost of capital - 17 July 2023	-	-	(13,945)	(13,945)
Issue of new shares - 1 August 2023	2,047,600	5,168	20,670	25,838
Exercise of warrants - 23 October 2023	1,625,000	4,101	16,404	20,505
Issue of new shares - 6 December 2023	14,741,647	37,203	753,359	790,562
Issue of new shares - 11 December 2023	14,705,882	37,113	751,531	788,644
Cost of capital - 11 December 2023	-	-	(78,980)	(78,980)
Issue of shares - 11 December 2023	737,082	1,860	37,668	39,528
Expiration of warrants - 13 January 2024	-	-	2,149,690	2,149,690
Exercise of warrants - 15 January 2024	875,000	2,208	8,833	11,041
Issue of new shares - 15 March 2024	34,500,000	87,066	1,490,221	1,577,287
As at 31 March 2024	**344,806,209**	**903,344**	**54,923,341**	**55,826,685**

On 20 June 2023, the Company issued 50,000,000 new ordinary shares of 0.2 pence at a price of 1p per share for gross proceeds of Â£500,000.

On 17 July 2023, the Company issued 36,470,566 new ordinary shares of 0.2 pence at a price of 1p per share for gross proceeds of Â£364,705.

On 1 August 2023, the Company issued 2,047,600 ordinary shares of 0.2 pence each at a price of 1p per share to various service providers as consideration for services rendered.

On 6 December 2023, the Company issued 14,741,647 new ordinary shares of 0.2 pence at a price of 4.25p per share for gross proceeds of Â£626,520.

On 11 December 2023, the Company issued 14,705,882 new ordinary shares of 0.2 pence at a price of 4.25p per share for gross proceeds of Â£625,000.

On 11 December 2023, the Company issued 737,082 new ordinary shares of 0.2 pence at a price of 4.25p per share to satisfy commissions payable.

On 13 January 2024, 14,770,832 warrants expired, and the initial amount recognised was recycled through the share premium account.

On 15 March 2024, the Company issued 34,500,000 new ordinary shares of 0.2 pence at a price of 3.623p per share for gross proceeds of Â£1,250,000.

Deferred Shares (nominal value of 0.0099 pence per share)	Number of Deferred shares	Share capital $
As at 31 March 2023	356,227,502	5,552,000
As at 31 March 2024	**356,227,502**	**5,552,000**

16. Share based payments

Options

The Company has established a share option scheme for Directors, employees and consultants to the Group. Share options outstanding and exercisable at the end of the period have the following expiry dates and exercise prices:

					Options	
Grant Date	Vesting Date	Exercise price	Exercise price hurdle	Expiry Date	**31 March 2024**	**31 March 2023**
13/01/2021	13/01/2021	12.0p	18.0p	13/01/2026	666,667	3,916,667
13/01/2021	13/07/2021	12.0p	18.0p	13/01/2026	666,667	3,916,667
13/01/2021	13/01/2022	12.0p	24.0p	13/01/2026	666,667	3,916,666
15/09/2021	15/09/2025	12.0p	-	15/09/2025	1,000,000	500,000
01/08/2023	01/08/2023	3.0p	-	01/08/2028	3,683,333	-
01/08/2023	01/08/2024	3.0p	-	01/08/2028	3,683,333	-
01/08/2023	01/08/2025	3.0p	-	01/08/2028	3,683,333	-
25/03/2024	25/03/2024	5.0p	-	25/03/2029	250,000	-
25/03/2024	25/03/2025	5.0p	-	25/03/2029	250,000	-
25/03/2024	25/03/2026	5.0p	-	25/03/2029	250,000	-
					14,800,000	**12,250,000**

The Company and Group have no legal or constructive obligation to settle or repurchase the options or warrants in cash.

The fair value of the share options was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2021 Options	2022 Options
Granted on:	13 January 2021	15 September 2021
Estimated Life (years)	5 years	4 years
Share price (pence per share)	19.05p*	9.75p
Risk free rate	1.05%	1.71%
Expected volatility	120%	7.94%
Total fair value ($)	1,459,455	694

	2023 Options	2024 Options
Granted on:	01 August 2023	25 March 2024
Estimated Life (years)	5 years	5 years
Share price (pence per share)	1.15p	4.75p
Risk free rate	4.02%	4.02%
Expected volatility	37.24%	45.54%
Total fair value (Â£)	11,564	12,408

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

The risk-free rate of return is based on zero yield government bonds for a term consistent with the option life.

A reconciliation of options granted over the year to 31 March 2024 is shown below:

	31 March 2024		31 March 2023	
	Number	**Weighted average exercise price (Â£)**	Number	Weighted average exercise price (Â£)

Outstanding at beginning of period	**12,250,000**	12.0p	**12,250,000**	12.0p
Expired	-	-	-	-
Cancelled	(9,250,000)	-	-	-
Exercised	-	-	-	-
Granted	11,800,000	3.0p	-	-
Outstanding as at period end	**14,800,000**		**12,250,000**	
Exercisable at period end	**3,933,333**		**8,333,333**	

The options outstanding at 31 March 2024 have a weighted average contractual life of 3.8 years (2023: 2.8 years).

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

Of the options granted on 1 August 2023, 6,000,000 vest in 3 tranches of 2,000,000 each with tranche 1 and 2 vesting upon the fulfilment of certain performance conditions and tranche 3 vesting with market based vesting conditions (i.e., when the 30-day volume weighted average share price of the Company exceeds 5 pence).

During the period there was a charge of $30,122 (2023: $Nil) in respect of share options. The full charge has been recognised.

Warrants

As at 31 March 2024, there were 2,568,627 warrants outstanding by the Company (2023: 18,275,904).

			Warrants	
Grant Date	Exercise price	Expiry Date	**31 March 2024**	**31 March 2023**
08/09/2020	Â£0.080	08/09/2023	-	250,000
13/01/2021	Â£0.080	13/01/2024	-	5,000,000
13/01/2021	Â£0.120	13/01/2024	-	833,333
13/01/2021	Â£0.156	13/01/2024	-	8,687,499
13/01/2021	Â£0.156	13/01/2024	-	2,423,848
13/01/2021	Â£0.156	13/01/2024	-	247,891
15/02/2022*	Â£0.075	15/02/2025	833,333	833,333
01/08/2023***	Â£0.030	01/08/2028	1,000,000	-
10/12/2023****	Â£0.042	10/12/2026	735,294	-
			2,568,627	**18,275,904**

The fair value of the warrants was determined using the Black Scholes model. The parameters used are detailed below:

	2022 Warrants	2023 Warrants
Granted on:	15 February 2022	1 August 2023
Life (years)	3 years	5 years
Price at grant	7.75p	1.15p
Risk free rate	1.71%	4.02%
Volatility	88.90%	37.24%

*The estimated fair value of the warrants granted on 15 February 2022 was assessed as $13,000 and charged to the share premium to recognise the cost of issuing the warrants. The expected volatility was determined by reference to the historical volatility of the Company's share price.

**On 20 June 2023 warrants to subscribe for 2,500,000 shares were issued to the Company Broker. The Warrants were exercisable at the Placing Price for a period of 3 years from the date of Admission. 1,625,000 warrants were subsequently exercised on 23 October 2023 and 875,000 on 15 January 2024. Please refer to Note 15 for further details.

***The estimated fair value of the warrants granted on 1 August 2023 was assessed as $1,320 and charged to the share premium to recognise the cost of issuing the warrants. The expected volatility was determined by reference to the historical volatility of the Company's share price.

****735,294 warrants were issued to the Company Broker as part of the placing which took place on 11 December 2023. The Warrants are exercisable at the placing price of 4.25p for a period of 3 years from the date of Admission.

A reconciliation of the movement of warrants over the year to 31 March 2024 is shown below:

	31 March 2024		31 March 2023	
	Number	**Weighted average exercise price (Â£)**	Number	Weighted average exercise price (Â£)
Outstanding at beginning of period	**18,275,904**	**11.0p**	18,275,904	11.0p
Expired	(17,442,571)	-	-	-
Cancelled	-	-	-	-
Exercised	(2,500,000)	-	-	-
Granted	4,235,294	3.0p	-	-
Outstanding as at period end	**2,568,627**		18,275,904	
Exercisable at period end	**2,568,627**		18,275,904	

17. Other reserves

Group

	Capital contribution reserve	**Deferred share reserve**	**Merger reserve**	**Reverse acquisition reserve**	**Share warrants and options reserve**	**Foreign currency translation reserve**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
At 31 March 2022	**1,250,000**	**1,968,750**	**35,633,822**	**(75,441,159)**	**4,170,967**	**(3,089,427)**	**(35,507,047)**
Currency translation differences	-	-	-	-	-	(513,992)	(513,992)
Transfer to NCI	-	-	-	-	-	103,430	103,430
At 31 March 2023	**1,250,000**	**1,968,750**	**35,633,822**	**(75,441,159)**	**4,170,967**	**(3,499,989)**	**(35,917,609)**
At 1 April 2023	**1,250,000**	**1,968,750**	**35,633,822**	**(75,441,159)**	**4,170,967**	**(3,499,989)**	**(35,917,609)**
Currency translation differences	-	-	-	-	-	443,897	443,897
Issue of options/warrants	-	-	-	-	31,442	-	31,442
Foreign exchange on options/warrants	-	-	-	-	126	-	126
Cancelled options	-	-	-	-	(1,103,946)	-	(1,103,946)
Expired warrants	-	-	-	-	(2,495,891)	-	(2,495,891)
Transfer to NCI	-	-	-	-	-	(29,538)	(29,538)
At 31 March 2024	**1,250,000**	**1,968,750**	**35,633,822**	**(75,441,159)**	**602,698**	**(3,085,630)**	**39,071,519**

Company

	Merger reserve	**Share warrants and options reserve**	**Foreign currency translation reserve**	**Total**
	$	**$**	**$**	**$**
At 1 April 2022	**35,633,822**	**4,195,967**	**(2,415,405)**	**37,414,384**

Currency translation differences	-	-	(2,258,901)	(2,258,901)
At 31 March 2023	**35,633,822**	**4,195,967**	**(4,674,306)**	**35,155,483**
At 1 April 2023	**35,633,822**	**4,195,967**	**(4,674,306)**	**35,155,483**
Currency translation differences	-	-	733,084	733,084
Issue of options/warrants	-	31,442	-	31,442
Foreign exchange on options/warrants	-	126	-	126
Cancelled options	-	(1,103,946)	-	(1,103,946)
Expired options	-	(2,495,891)	-	(2,495,891)
At 31 March 2024	**35,633,822**	**627,698**	**(3,941,222)**	**32,320,298**

18. Group Restructure

On 10 February 2023, following receipt of the notice from Sri Lanka's GSMB to the Company's Sri Lankan IML-holding subsidiary Damsila Exports (Pvt) Limited ("Damsila"), the Company had been in frequent and productive dialogue with senior GSMB and other officials in Colombo seeking to resolve concerns around the ownership structure of Damsila. While the Company's legal position remained that the ownership structure conformed with the relevant requirements, the Board's objective had been to derive a pragmatic solution to satisfy the GSMB that the spirit of the law requiring local ownership of mining and primary processing activities was reflected. This resulted in a restructuring of the Group.

Under the Restructuring, an effective 60 percent of the ownership of Damsila has been issued to a Sri Lankan national who is known to, and who has worked with, the Company since 2015. As the Company will continue to fund the capital and operations of the Project, the Restructuring has been completed without materially impacting the Company's economic value in the Project.

Prior to the restructure, Damsila had 26,354,812 shares in issue. The Restructuring involved Damsila issuing 39,548,694 new shares to Keynes Investment Lanka (Pvt) Limited ("Keynes"), which is 99.98% owned by a Sri Lankan national, Mr Dinal Peiris, who is well known to the Company, with the remaining 0.02% owned by an existing Capital Metals shareholder, giving Keynes a 60.01 percent interest in Damsila and the Sri Lankan national an effective 60.0 percent of Damsila. The consideration for the above issue of ordinary shares in Damsila to Keynes is 1 Sri Lankan rupee per share (equivalent to US$108,353 at 365 SLR: 1 USD).

If an entity with a 40% shareholding has a contractual arrangement that gives it the power to direct the relevant activities of the other entity, it can maintain control and is required to consolidate the financial statements of the other entity in accordance with IFRS 10. After the restructure of the Group, the contractual arrangements in place to determine whether they have the power to direct the relevant activities of another entity and, as a result, maintain control were carefully assessed. It was concluded that as Directors have the majority of the voting rights, the Company will benefit from all future production of any offtake agreements and that Redgate Lanka maintains control of Damsila. As such Damsila shall remain consolidated within the Group accounts. Damsila is now accounted for as a non-controlling interest. No NCI has been recognised on the net assets of Damsila as the Group has full rights to returns from the subsidiary. An equity transfer has been made only in relation to historic OCI movements through the foreign exchange reserve.

As a result of the restructure, Keynes Investment Lanka (Pvt) Limited was deconsolidated and is no longer part of the Group. There was no material impact on the financial statements **.** A loan to Keynes Investment Lanka (Pvt) Limited has arisen due to the restructure of the Group (please refer to Note 10). The loan balance is a loan balance held with Damsila that had previously been eliminated on consolidation.

19. Employee benefit expense

	Group		**Company**	
	Year ended	Year ended	**Year ended**	Year ended
	31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
Staff costs (excluding Directors)	**$**	$	**$**	$
Salaries and wages	**94,426**	201,043	**-**	-
Social security costs	**-**	-	**-**	-
Other employment costs	**-**	-	**-**	-
	94,426	201,043	**-**	-

The average monthly number of employees for the Group during the year was 14 (year ended 31 March 2023: 18).

20. Directors' and Key Management remuneration

	Salaries & fees	Share based payments	Year ended 31 March 2024	Year ended 31 March 2023
	$	$	$	$
Executive Directors				
Michael Frayne*	4,500	-	4,500	158,224
Gregory Martyr	207,066	7,892	207,066	72,941
Non-executive Directors				
James Leahy	38,731	2,630	38,731	31,543
Teh Kwan Wey	21,365	15,594	21,365	18,083
Key Management				
Iranga Dunuwille	78,000	-	78,000	96,000
	349,662	**26,116**	**349,662**	**376,791**

*Michael Frayne resigned on 30 June 2023.

As at 31 March 2024, there were no directors receiving defined contribution pension schemes benefits (2023: Nil).

Of the above costs, $138,266 (year ended 31 March 2023: $61,318) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the year.

Details of fees paid to companies of which the Directors detailed above are Directors have been disclosed in Note 25.

The remuneration of Directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

There are no current year director's fees/remuneration paid through the issuance of shares.

21. Income tax expense

No charge to taxation arises due to the losses incurred.

The tax on the Group's loss before tax, applicable to the losses of the consolidated entities, is as follows:

	Group	
	For the year ended 31 March 2024	**For the year ended 31 March 2023**
	$	$
Loss before tax	**(931,577)**	(1,138,538)
Tax at the applicable rate of 25 % (2023: 19 %)	**(232,894)**	(216,322)
Effects of:		
Expenditure not deductible for tax purposes	**13,579**	7,821
Deferred tax asset not recognised	**219,315**	208,501
Tax charge	**-**	-

No deferred tax assets have been recognised in relation to the historic losses in the year (2023: nil), this is as a result of the uncertainty of future profits within the Group.

On 1 April 2023, the UK corporation tax rate increased to 25%.

The Company has tax losses of approximately $12,467,638 (31 March 2023: $11,590,377) available to carry forward against future taxable profits.

22. Loss per share

Group

The calculation of the total basic loss per share of 0.15 cents (2023 : 0.21 cents) is based on the total comprehensive loss attributable to equity holders of the parent company of $931,577 (2023 : $1,138,538) and on the weighted average number of ordinary shares of 622,139,698 (2023 : 545,380,934) in issue during the year.

In accordance with IAS 33, basic and diluted earnings per share are identical for the Group as the effect of the exercise of share options would be to decrease the earnings per share. Details of share options that could potentially dilute earnings per share in future periods are set out in Note 16.

23. Expenses by nature

	Group	
	Year ended 31 March 2024 $	Year ended 31 March 2023 $
Operations	**130,071**	188,665
Director fees & employment tax contributions	**211,396**	315,473
Audit	**110,598**	95,947
Accountancy	**79,329**	109,952
Exchange related costs	**130,159**	188,897
Professional & consultancy fees	**132,621**	115,503
Office expenses	**14,196**	31,016
Insurance	**2,189**	8,298
Depreciation	**4,021**	3,208
Travel & entertainment	**34,005**	31,595
Acquisition related costs	**18,852**	37,953
Other expenses	**32,036**	5,991
Total administrative expenses	**899,473**	1,132,498

Services provided by the Company's auditor and its associates

During the year, the Group (including overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	Group	
	Year ended 31 March 2024 $	Year ended 31 March 2023 $
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and Consolidated Financial Statements	**81,692**	74,202

24. Commitments

License commitments

Capital Metals plc through its subsidiaries owns two mineral exploration licenses and two IMLs in Sri Lanka. These licences include commitments to pay annual licence fees and minimum spend requirements.

As at 31 March 2024 these are as follows:

Group	**2024**			**2023**		
	Licence fees $	**Minimum spend requirement $**	**Total $**	**Licence fees $**	**Minimum spend requirement $**	**Total $**
Not later than one year	-	-	-	-	-	-
Later than one year and no later than five years	-	602,406	602,406	-	548,450	548,450
Total	**-**	**602,406**	**602,406**	**-**	**548,450**	**548,450**

New regulations regarding minimum spend requirements were implemented in January 2023.

The minimum spend requirement is for the 24 grids previously covered by EL430. The renewal application is for six grids only.

25. Related party transactions

Loans to Group undertakings

Amounts receivable as a result of loans granted to subsidiary undertakings are as follows:

	Company	
	31 March 2024 $	31 March 2023 $
Brighton Metals Limited	**1,461,044**	1,130,448
Capital Metals Limited	**915,837**	875,672
Damsila Exports Private Ltd	**419,796**	272,426
At 31 March 2024	**2,796,677**	2,278,546

These amounts are unsecured and repayable in US Dollars on demand from the Company. Interest on the principal of the loan is charged at a rate of 2% per annum.

All intra Group transactions are eliminated on consolidation.

Other transactions

The Group defines its key management personnel as the Directors of the Company as disclosed in the Directors' Report.

Limerston Pty Limited, a limited company of which Michael Frayne is a director, was paid a fee of $15,773 for the year ended 31 March 2024 (31 March 2023: $158,224) for the provision of corporate management and consulting services to the Company. There was a balance of $Nil owing at year end (31 March 2023: $15,069).

Hogan's Bluff Capital Pty Ltd, a limited company of which Greg Martyr is a director, was paid a fee of $236,468 for the year ended 31 March 2024 (31 March 2023: $72,941) for consulting services to the Company and expenses. There was a balance of $Nil owing at year end (31 March 2023: $34,365).

KL-Kepong International Ltd, a limited company of which is fully owned by Kuala Lumpur Kepong Berhad Ltd of which Teh Kwan Wey is an employee of, was paid a fee of $16,652 for the year ended 31 March 2024 (31 March 2023: $18,083) for consulting services to the Company. There was a balance of $Nil owing at year end (31 March 2023: $3,014).

Ventureflex (Pvt) Ltd, a limited company of which Iranga Dunuwille is a director, was paid a fee of $43,000 for the year ended 31 March 2024 (31 March 2023: $36,000) for consulting services to the Company. There was a balance of $Nil owing at year end (31 March 2023: $Nil).

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions only when such terms can be substantiated.

26. Ultimate controlling party

The Directors believe there is no ultimate controlling party.

27. Events after the reporting date

On 2 April 2024, Bruce Griffin was appointed as a Non-Executive Director of the Company.

On 26 June 2024, the Company announced it had been informed by Sheffield Resources Limited that it had placed on hold its transaction with Capital Metals to acquire a 50% interest in the Project.

On 15 July 2024, Stuart Forrester was appointed as Chief Operating Officer of the Company (non-Board) and was granted 6,000,000 options in the Company with a strike price of 3.22p.

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