

Registered number: 6275976

CLOUDBREAK DISCOVERY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2022**

CLOUDBREAK DISCOVERY PLC

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CLOUDBREAK DISCOVERY PLC

COMPANY INFORMATION

Directors	Samuel "Kyler" Hardy Emma Priestley Andrew Male Paul Gurney – appointed 14 th April 2022
Company Secretary	Westend Corporate LLP
Registered Office	Suite 1011 15 Ingestre Place London W1F 0DU
Company Number	6275976
Bankers	HSBC Bank plc 69 Pall Mall London SW1Y 5EY
Financial Adviser	Novum Securities Limited 8-10 Grosvenor Gardens London SW1W 0DH
Registrar	Share Registrars Ltd Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Bird & Bird LLP 12 New Fetter Lane London EC4A 1JP

CLouDBREAK DISCOVERY PLC

CHAIRMAN'S REPORT

Company Updates

I am pleased to provide shareholders with an update on Cloudbreak's developments over the course of our first financial year as a listed company on the Main Market of the London Stock Exchange.

In what has been a challenging year for many companies, we have seen continuing shareholder support by way of a successful fundraise of £1.5 million. This will help to progress our portfolio of projects and execute on royalty acquisitions, providing near-term cashflow.

In addition to strengthening our balance sheet, Cloudbreak also appointed Paul Gurney to the Board as a Non-Executive Director in April 2022. Paul brings a wealth of experience in capital markets, deal structuring and facilitating transactions, having recently worked as a Managing Director of BMO's equity desk in London.

Projects

Throughout the Period, Cloudbreak has demonstrated the viability of its project generator model, entering into option agreements for several of its Northwest Portfolio projects, located in northwestern British Columbia ("BC").

Following a successful first phase of exploration, the Group commenced a high-resolution helicopter-borne magnetic survey over the Northwest Portfolio, across the Northern Treasure, Rizz, Icefall and Atlin West projects. The objective of this survey was to identify prominent, potentially mineralised structures, and to help determine the next stage of ground-based exploration. Furthermore, the Group has generated and staked an additional project in the prolific Toadogone region of BC, called the Foggy Mountain Project, announced in April 2022, highlighting Cloudbreak's continued desire to explore and monetize new opportunities.

Another key milestone for Cloudbreak was the formation of a strategic alliance with Alianza Minerals (the "Alliance") to explore for copper deposits in the United States. During the Period, the Alliance made two acquisitions, the Klondike project in Colorado and the Stateline project. Both properties were optioned to Allied Copper in December 2021 and February 2022 respectively, under an agreement which included Allied Copper committing to exploration expenditure and the Alliance retaining a 2% net smelter royalty ("NSR"), split equally between the parties.

The Group has been active in expanding its portfolio across several jurisdictions and commodities throughout the year. In April 2022, Cloudbreak marked its transition into the energy sector by entering into two separate partnerships working towards submitting applications to acquire onshore petroleum exploration licenses in Namibia. These partnerships offer an exciting opportunity to participate in new generative initiatives in Namibia, where exploration for hydrocarbons is at an early stage.

Furthermore, the Group entered into its first royalty agreement with G2 Energy Corp in May 2022. As part of the agreement, Cloudbreak will provide a portion of the acquisition financing for the Masten Unit Energy Project, located in Cochran County Texas, by way of debenture and a 3.25% overriding royalty interest ("ORI") in the project. Through this and similar transactions, we see an opportunity to create significant shareholder value by growing Cloudbreak's cashflow through structured deals and royalty acquisitions.

Towards the end of the year, Cloudbreak announced Norseman Silver Inc completed the acquisition of the Caribou property, ratifying Cloudbreak's 2% NSR. This transaction exemplifies our business model and how Cloudbreak can generate accretive opportunities with significant exploration upside for our partners.

Post year end, the Group entered into an agreement with Legado Oil & Gas Limited (formerly Iron Forge Holdings (III) Limited) to provide development capital for the Butte Strawn Energy Project in Irion County, Texas. The capital is being deployed as a convertible debenture which can be converted into a 6% ORI.

Progress has continued at Foggy Mountain as the team completed a reconnaissance surface programme in October 2022 which confirmed three of the four historic mineral occurrences (the fourth minfile area was not visited in 2022). At our Northern Treasure project, an airborne magnetic survey was also completed in October 2022, identifying several structures that are coincident with minfile occurrences.

Outlook

The year ended 30 June 2022 was active for the Group, having hit a number of operational milestones. We further diversified our portfolio with projects in the energy sector and in new jurisdictions, as well as acquiring our first royalty bringing near-term cashflow.

Despite the global macroeconomic climate, the outlook for the natural resources sector looks robust. Our focus on commodities key to the energy transition movement offers an attractive opportunity for significant shareholder returns as demand, and therefore prices, are set to remain high. Our project generator model allows us to diversify our portfolio across the resource sector, building value while minimizing risk and cost. This helps build cashflow for our shareholders.

We are starting to see some projects reach a point where we could potentially begin receiving royalty payments further underpinning the benefit of our business model. It is down to the depth of experience within our team that we are able to execute this model successfully.

We look forward to keeping investors updated over the next year and beyond as we generate and pursue new ideas, including lithium assets and bauxite projects, while continuing to diversify into energy royalties and attracting new partnerships.

CLOUDBREAK DISCOVERY PLC

CHAIRMAN'S REPORT

Financial Review

During the year ended 30 June 2022, the Group earned £559,523 (2021: £2,560,070) in revenue from property option sale agreements. At the end of the fiscal year, there was £310,578 in cash on hand with the cash reserves to be used in the short term to cover compliance costs, initial mineral property due diligence and other costs incidental to the identification and development of mineral acquisition opportunities.

In March 2022, the Company completed a fundraising of £1,469,770 by issuing 19,596,931 ordinary shares at £0.075 per share. In March 2022, the Company drew down £750,000 of the Crescita Capital LLC facility for an issue of 12,000,000 ordinary shares at £0.0625 per share.

Subsequent to the year end, in July 2022 the Group raised £585,625 through the issue of new ordinary shares and has continued to review and acquire mineral and energy projects and generate revenue through optioning these assets to exploration partners. The buying and selling or optioning of its projects will continue as the core of the Company as we build a new, growth-focused diversified project generator, supported with a natural resource royalty business.

The loss for the year was £5,557,029 (2021: £902,060 loss) was predominantly made up of administrative expenses and fair value loss on investments. The result for the year ended 30 June 2022 consisted mainly of income from property option payments, expenses from professional and consulting fees and fair value adjustments. The fair value loss of £2.83 million on both listed and unlisted investments held in the Canadian subsidiary is an unrealised loss but has contributed negatively to the Company's 2022 year. For a further breakdown on expenses, please refer to note 23 and for further breakdown on fair value of investments, please refer to note 6.

Financial Position

The Group's Statement of Financial Position as at 30 June 2022 and comparatives at 30 June 2021 are summarised below:

	2022 £	2021 £
Current assets	1,611,212	1,799,847
Non-current assets	3,805,897	4,383,998
Total assets	5,417,109	6,183,845
Current liabilities	1,395,910	895,264
Total liabilities	1,395,910	895,264
Net assets	4,021,199	5,288,581

On behalf of the Board, I would like to record our thanks to those who have helped the Company throughout the year.

Samuel Hardy

Kyler Hardy
Chairman and Chief Executive Officer
28 October 2022

CLOUDBREAK DISCOVERY PLC

STRATEGIC REPORT

The Directors of the Company present their Strategic Report on the Group for the year ended 30 June 2022.

Principal Activity

The principal activity of the Group is natural resource project and royalty generation as well as acquisition of projects and royalties.

Review of operations

A review of the business of the Company during the year and an indication of likely future developments may be found in the Chairman's Statement.

Financial performance review

The loss of the Group for the year ended 30 June 2022 amounts to £5,557,029 (30 June 2021: £902,060).

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 30 June 2022.

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

KPI	2022	2021
Cash and cash equivalents	£310,578	£1,277,617
Administrative expenses as a percentage of total assets	59.6%	14.1%
Exploration and evaluation cash expenditures	£370,848	£29,675
Carrying value of investment	£2,069,302	£4,353,318

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

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 set out below.

Risks are formally reviewed by 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 risks

The energy and resource business are controlled by a number of global factors, principally supply and demand which in turn is a key driver of global 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 expenditure ensuring that funds are only applied to high priority targets. The energy sector is a cyclic business and sensitive to several global and regional factors that the company is not able to predict or control.

CLOUDBREAK DISCOVERY PLC

STRATEGIC REPORT

Some of the principal assets of the Group are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to option agreements and legislation defined by the local government; if this legislation is changed or option payments are not made on time, it could adversely affect the value of the Group's assets.

Dependence on key personnel

The Group 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.

Royalty acquisitions risk

The growth and viability of the Group is dependent on its ability to successfully identify and acquire royalties. The availability of potential royalties which meet the Group's investing policy will depend, inter alia, on the state of the world economy, general business conditions, commodity prices, mining sector appetite, alternative sources of finance and financial markets generally.

Funding risk

The only sources of funding currently available to the Group are through the issue of additional equity capital in the parent company, drawdown additional equity through the Crescita Capital Facility or through bringing in partners to fund exploration and development costs. The Group's ability to raise further funds will depend on the success of the Group's exploration activities and its investment strategy. The Group 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, 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.

Investment risks

The Group holds investments in publicly listed and non-listed securities. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Group might suffer through holding its financial investment portfolio in the face of market movements.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Going Concern

The consolidated financial statements have been prepared under the going concern assumption. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

CLOUDBREAK DISCOVERY PLC

STRATEGIC REPORT

The Directors are confident that this funding will continue and consider that the Group will have access to adequate resources to meet operational requirements for at least 12 months from the date of approval of these financial statements. On this basis, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the Financial Statements.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. The Directors are aware that no system can provide absolute assurance against material misstatement or loss, however, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

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

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

The requirements of s172 are for the Directors to:

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

The Group operates as a project generation and royalty business for the natural resources sectors, which is inherently speculative in nature and, without regular income, is dependent upon fund-raising for its continued operation. The nature of the business is important to the understanding of the Group by its members, employees and suppliers, and the Directors are as transparent about the cash position and funding requirements as is allowed under FCA regulations. The application of the s172 requirements are demonstrated throughout this report and the financial statements as a whole, with the following examples representing some of the key decisions made in 2022 and up to the date of the approval of these financial statements:

- **Remunerate the Directors with share options in lieu of cash:** during the year, having decided on a plan to raise new funds to finance operations, the Directors also decided that to maximise funds available for exploration the Directors would be remunerated in part by share options instead of cash. This has the added benefit of more fully aligning the interests of the Directors with those of the members.
- **Ethical responsibility to the community and the environment:** 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. Wherever possible, local communities are engaged in the geological operations and support functions required for field operations, providing much needed employment and wider economic benefits to the local communities. In addition, we follow international best practise on environmental aspects of our work. Our goal is to meet or exceed standards, in order to ensure we obtain and maintain our social licence to operate from the communities with which we interact.
- **Appointment of new director:** Expanding organisational capability through appointing experienced Board members to govern and lead the Company.
- **Securing new partners for exploration properties:** During the year, the Group continued to expand their exploration properties and secure new option agreements for these properties which continues to generate revenue for the Group.

The need to act fairly 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.

CLouDBREAK DISCOVERY PLC

STRATEGIC REPORT

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

The desirability of the Company maintaining a reputation for high standards of business conduct

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

Developing relationships with the option agreement partners, suppliers and others

Delivering on our strategy requires strong mutually beneficial relationships with suppliers. The Group values all of its suppliers and aims to build strong positive relationships through open communication and adherence option agreement terms. The Group is committed to being a responsible entity and doing the right thing for its suppliers and business partners.

The impact of the Company's operations on the community and the environment

The Group is committed to the highest environmental, social and governance standards both internally within the Group and externally with its partners. The Group is committed to being a responsible entity in terms of the community and the wider environment.

Conclusion

The Directors believe that to the best of their wisdom and abilities, they have acted in the way they consider prudent to promote the success of the Company for the benefit of its members as a whole, in the true spirit of the provisions of Section 172 (1) of the Companies Act 2006.

The Group Strategic Report was approved by the Board on 28 October 2022.

Samuel Hardy

Kyler Hardy

Chairman and Chief Executive Officer

CLOUDBREAK DISCOVERY PLC

DIRECTORS' REPORT

The Directors are pleased to present their Report and the audited consolidated Financial Statements of the Company and its subsidiaries for the year ended 30 June 2022.

Results and Dividends

Loss on ordinary activities of the Group after taxation amounted to £5,557,029 (2021: loss of £902,060). The Directors do not recommend the payment of a dividend (2021: £Nil).

Directors & Directors' interests

The Directors who held office at 30 June 2022 had the following beneficial interests in shares and options of the Group:

	30 June 2022		30 June 2021	
	Ordinary Shares	Options	Ordinary Shares	Options
Samuel "Kyler" Hardy	91,626,929	1,500,000	62,458,704	1,500,000
Emma Priestley	2,000,000	1,100,000	2,000,000	500,000
Andrew Male	2,000,000	600,000	2,000,000	-
Kyle Hookey ⁽¹⁾	-	-	3,445,588	500,000
Paul Gurney ⁽²⁾	-	-	600,000	-
Total	95,626,929	3,200,000	70,504,292	2,500,000

(1) Kyle Hookey resigned on 20 January 2022

(2) At 30 June 2021, Paul Gurney held 600,000 shares which were sold in February 2022. Paul wasn't appointed as a Director until 14 April 2022.

Substantial shareholders

On 28 October 2022, the following parties had notified the Group of a beneficial interest that represents 3% or more of the Group's issued share capital at those dates:

	28 October 2022	
	Holding	Percentage
Samuel Kyler Hardy	91,626,929	18.96%

Corporate responsibility

Greenhouse gas emissions

Given the nature of its activities which include aerial geophysics with a helicopter and the operation of drill rigs, the Group is conscious of greenhouse gas emissions. The Directors are mindful of their responsibilities in this regard and strive to seek opportunities where improvements may be made.

The Board recognises its responsibility to protect the environment and is fully committed to conserving natural resources and striving for environmental sustainability, by ensuring that its facilities are operated to optimise energy usage; minimise waste production; and protect nature and people.

The Group is currently deemed to be a low energy user meaning it has consumed less than 40MWh of energy during the reporting period. This includes the combustion of gas, consumption of fuel for transport and the purchase of electricity for its own use. As such, it is exempt from disclosing actual kWh of energy emitted during the period from its operations and activities. As the Group's operations scale up, it will continue to monitor its energy use and its status as a low energy user. The Group will seek to collect, structure, and effectively disclose related performance data for the material, climate-related risks and opportunities identified where relevant.

CLOUDBREAK DISCOVERY PLC

DIRECTORS' REPORT

Internal controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the period. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Supplier payment policy

The Group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

Going concern

The Consolidated Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors are of the view that the Group has sufficient funds to meet all committed and contractual expenditure within the next 12 months and to maintain good title to the exploration licences. This will ensure they will still be in a strong financial position once they are able to re-commence exploration activity.

The Group's business activities together with the additional factors likely to affect its future development, performance and position are set out in the Chairman's Report on pages 3 & 4. In addition, Note 3 to the Consolidated Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to market, credit and liquidity risk.

Directors' and Officers' indemnity insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the period and remain in force at the date of this report.

Financial risk management objectives

The Group has disclosed the financial risk management objectives within Note 3 to these Financial Statements.

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 on page 3.

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.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 28 October 2022 and signed on its behalf.

Samuel Hardy

Kyler Hardy
Chairman and Chief Executive Officer

CLOUDBREAK DISCOVERY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and 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 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 applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.cloudbreakdiscovery.com. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

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

CLOUDBREAK DISCOVERY PLC

CORPORATE GOVERNANCE REPORT

As a Group listed on the Standard Segment of the Official List of the UK Listing Authority, the Group is not required to comply with the provisions of the UK Corporate Governance Code. However, the Board is committed to maintaining high standards of corporate governance and so far, as appropriate given the Group's size and the constitution of the Board, complies and intends to comply with The Corporate Governance Guidelines for Small and Mid-Sized Companies (the "QCA Code").

In light of the Group's size and recent history, the Group has deviated from the QCA Code in the following respects:

- The provisions relating to the composition of the Board and the division of responsibilities are not being complied with as the Board feels these provisions to be inapplicable, given the size of the Group.
- The Board do not consider an internal audit function to be applicable due to the size of the Group.
- A diversity policy as applied to the Group's administrative management and supervisory bodies has not yet been developed.

The Directors are responsible for internal control in the Group and for reviewing effectiveness. Due to the size of the Group, all key decisions are made by the Board. The Directors have reviewed the effectiveness of the Group's systems during the period under review and consider that there have been no material losses, contingencies or uncertainties due to weaknesses in the controls.

The Group will hold timely board meetings as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Group, setting the strategic direction of the Group and establishing the policies of the Group. It is the Directors' responsibility to oversee the financial position of the Group and monitor the business and affairs of the Group, on behalf of the Shareholders, to whom they are accountable. The primary duty of the Directors is to act in the best interests of the Group at all times. The Board also addresses issues relating to internal control and the Group's approach to risk management and has formally adopted an anti-corruption and bribery policy.

The Directors have established an audit committee, a nomination committee and a remuneration committee with formally delegated duties and responsibilities. Emma Priestley and Paul Gurney are each considered by the Board to be an independent Non-Executive Director. At the date of release, Andrew Male is considered to be an Executive Director.

The QCA Code has ten principles of corporate governance that the Group has committed to apply within the foundations of the business. These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning balanced team led by the Chair;
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board; and
10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

There follows a short explanation of how the Group will apply each of the principles:

Principle One

Business Model and Strategy

The Board has determined that the best medium and long term value can be delivered through the adoption of a single strategy. The Group's principal activity is natural resource project and royalty generation as well as acquisition of projects and royalties. Cloudbreak maximizes its returns by seeking buyers to purchase its properties or by seeking partners to jointly develop its properties through joint ventures or other partnering mechanisms.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Shareholders are encouraged to attend the Group's Annual General Meeting ("AGM"). Investors also have access to current information on the Group through its website, www.cloudbreakdiscovery.com, and via Kyler Hardy, Chief Executive Officer, and Andrew Male, Executive Director who are responsible for shareholder liaison and are available to answer investor relations enquiries. Shareholders can email the Group at info@cloudbreakdiscovery.com or via a submission on the Group website.

CLOUDBREAK DISCOVERY PLC

CORPORATE GOVERNANCE REPORT

The Group's Annual Report, Notice of AGM are sent to all shareholders and can be downloaded from our website. Copies of the interim report and other investor presentations are also available on the Group's website. Shareholders are kept up to date via regulatory news flow ("RNS") on matters of a material substance and regulatory nature.

Periodic updates are provided to the market and any deviations to these updates are announced via RNS. At the AGM, separate resolutions are proposed on each substantial issue. For each proposed resolution, proxy forms are issued which provide voting shareholders with an opportunity to vote in advance of the AGM if they are unable to vote in person. Our registrars, count the proxy votes which are properly recorded, and the results of the AGM are announced through an RNS.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Group's AGM are as much as possible within the recommended guidelines of the QCA Code. Non-deal roadshows will be arranged throughout the year to meet with existing shareholders and potential new stakeholders to maintain, as much as possible, transparency and dialogue with the market. Additionally, investor presentations can be found on the Group's website.

Principle Three

Considering Wider Stakeholder and Social Responsibilities

The Board recognises that the long-term success of the Group is reliant upon open communication with its internal and external stakeholders: investee companies, shareholders, contractors, suppliers, regulators and other stakeholders. The Group has close ongoing relationships with a broad range of its stakeholders and provides them via regular contact with the opportunity to raise issues and provide feedback to the Group. The Board regularly reviews and assesses its key resources and relationships and has established processes and systems to ensure that there is close oversight and contact with its minority investee companies and key stakeholders.

Principle Four

Risk Management

The Board is responsible for ensuring that procedures are in place and being implemented effectively to identify, evaluate and manage the significant risks faced by the Group, noting that the Group is primarily an operating company with some remaining minority investments in portfolio companies. A risk assessment matrix has been established by the Group and is updated at regular intervals. The following principal risks, and controls to mitigate them, have been identified:

Risk.	Impact	Probability	Risk Level	Mitigating Actions & Controls	Risk Owner	Accept
Exploration risks	High	Low	Medium	Experience of the Board and the technical senior management team;	CEO	Yes
Dependence on key personnel	High	Medium	Low	Key management have significant equity; Share options awarded; Exciting business opportunities	CEO	Yes
Uninsured risk	Medium	Low	Low	Group's exploration programmes are in the early stages with no mine development or operations in place as of yet	CEO	Yes

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CORPORATE GOVERNANCE REPORT

Funding risk	High	Medium	Medium	Cash on hand, investments held and bought deal equity facility in place sufficient to fund the Comely for the foreseeable future.	CEO	Yes
Financial risks	High	Medium	Medium	No debt held by the Group. Audit Committee	CEO	Yes
Investment risk	High	Medium	Medium	Investments are held in both listed and unlisted entities and the board monitor their investments in a regular basis. For unlisted investments the board attempt to have regular communication with the management team of the investee.	CEO	Yes

Principle Five

A Well Functioning Board of Directors

The Board comprises the Chairman and Chief Executive Officer, Kyler Hardy, Executive Director, Andrew Male (effective from release of these accounts) and two Non-Executive Directors, Paul Gurney and Emma Priestley. Biographical details of the current Directors are set out on the Company's website. Executive and Non-Executive Directors are subject to re-election in accordance with both the requirements of the UK Companies Act 2006 and the Group's articles of association ("Articles"). The Group's Articles state that Directors are subject to re-election at intervals of no more than three years. The letters of appointment for all Directors stipulate the time commitment that each Director is expected to provide to the Group. The Board Chairman serves as chair of every meeting of the Board of Directors.

The Board meets at least twice per year. It has established an Audit Committee, the members of which are Paul Gurney and Emma Priestley. The Nominations Committee consists of Emma Priestley (Chair) and Paul Gurney. A Remuneration Committee has been established and is composed of Emma Priestley (chair) and Paul Gurney.

Emma Priestley and Paul Gurney are considered to be independent Directors and as such the Group is in compliance with the requirement to have a minimum of two independent Non-Executive Directors on its Board.

The Board shall review further appointments.

The Group reports annually in the Directors' Report on the number of Board and committee meetings held during the year and the attendance record of individual Directors. To date, in the current financial year, the Directors have a 100% record of attendance at such meetings. Directors meet formally and informally both in person and by telephone.

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of four Directors. Westend Corporate LLP acts as the Company Secretary. The Group believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and all of the Directors have experience in the natural resources sector and public markets. Information about the directors can be found on the website.

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CORPORATE GOVERNANCE REPORT

The Board is kept abreast with developments of governance and London Stock Exchange (“LSE”) regulations. The Group’s lawyers provide updates on governance issues. The Directors have access to the Group’s company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committees and individual Directors is undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance against targets and objectives, as well as the Directors’ continued independence. As a part of the appraisal the appropriateness and opportunity for continuing professional development whether formal or informal is discussed and assessed.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole, which in turn will impact the Group’s performance. The Directors are very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that consultants or other representatives behave. The corporate governance arrangements that the Board has adopted are designed to instil a firm ethical code to be followed by Directors, employees, consultants and representatives alike throughout the entire organisation. The Group strives to achieve and maintain an open and respectful dialogue with employees, representatives, regulators, suppliers and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Group has adopted, with effect from the date on which its shares were admitted to LSE, a code for Directors’ dealings in securities which is appropriate for a company whose securities are traded on LSE and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Issues of bribery and corruption are taken seriously, the Group has a zero-tolerance approach to bribery and corruption and has an anti-bribery and corruption policy in place to protect the Group, its employees and those third parties to which the business engages with. The policy is provided to staff upon joining the business and training is provided to ensure that all employees within the business are aware of the importance of preventing bribery and corruption. Each employment contract specifies that the employee will comply with the policies. There are strong financial controls across the business to ensure on going monitoring and early detection.

Principle Nine

Maintenance of Governance Structures and Processes

The Audit Committee is chaired by Paul Gurney with Emma Priestley being the other member. The Board has adopted appropriate delegations of authority which set out matters which are reserved for the Board. The Chairman is responsible for the effectiveness of the Board as well as primary contact with shareholders, while, as an operating company, execution of the Group’s strategy is delegated to the Chief Executive Officer.

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported. It receives reports from Group advisors and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets not less than twice in each financial year, and it has unrestricted access to the Group’s auditors.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Group; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement. The Board notes requirement for the Group to meet the LSE Rules for Companies such that the Group is suitable at all times to remain admitted to trading on LSE. This includes the requirement for a governance structure compatible with this requirement.

The Board retains full and effective control over the Group and holds regular meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group’s strategy and key financial and compliance issues.

There are certain matters that are reserved for the Board, they include:

- approval of the Group’s strategic aims and objectives;
- Review of Group performance and ensuring that any necessary corrective action is taken;
- Extension of the Group’s activities into new business or geographical areas;

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- Any decision to cease to operate all or any part of the Group's business;
- Major changes to the Group's corporate structure and management and control structure;
- Any changes to the Group's listing;
- Changes to governance and key business policies;
- Ensuring maintenance of a sound system of internal control and risk management;
- Approval of half yearly and Annual Report and accounts and preliminary announcements of final year results;
- Reviewing material contracts and contracts not in the ordinary course of business.

As the Group grows, the Directors will ensure that the governance framework remains in place to support the development of the business.

Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders in compliance with regulations applicable to companies quoted on the LSE market. All shareholders are encouraged to attend the Group's AGM where they will be given the opportunity to interact with the Directors.

Investors also have access to current information on the Group through its website, www.cloudbreakdiscovery.com, and via Kyler Hardy, Chief Executive Officer, who is available to answer investor relations enquiries.

The Group shall include, when relevant, in its Annual Report, any matters of note arising from the Audit Committee (none for the current year).

Copies of all Annual Reports, Notices of Meetings, Circulars sent to shareholders and Admission Documents (in respect of the last five years) are included on the Group's website.

If a significant proportion of votes was ever cast against a resolution by shareholders in General Meeting, the Group would, on a timely basis, provide an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.



Paul Gurney
Non-Executive Director

28 October 2022

CLOUDBREAK DISCOVERY PLC

INDEPENDENT AUDITOR'S REPORT As at 30 June 2022

Opinion

We have audited the financial statements of Cloudbreak Discovery plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Income Statement, the Consolidated Statements of Changes in Equity, the 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 30 June 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included obtaining management's assessment of going concern and associated cashflow forecasts for a period of 12 months from the date of approval of the financial statements. We reviewed the forecast, checked the mathematical accuracy, and agreed the opening position to cash balances. We also made enquiries of management to confirm key assumptions made and drivers of the assessment, including the sensitivity analysis applied. This was then agreed to supporting documentation where appropriate. We also evaluated the inputs to the cashflow forecast for reasonableness, compared non-discretionary costs to historic costs incurred by the Group, and also considered the availability of funding or access to existing and additional working capital of the Group.

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

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit. This is reviewed accordingly during fieldwork and completion dependent on adjustments made during the audit.

CLOUDBREAK DISCOVERY PLC

INDEPENDENT AUDITOR'S REPORT

As at 30 June 2022

The Group was audited to a level of materiality for the financial statements as a whole of £105,000 (2021: £239,000), a benchmark calculated using 2% of gross assets of the Group. We consider gross assets, which is made up predominantly of investment assets, to be the most significant determinant of the Group's financial position and performance used by shareholders and investors for the current year, as the Company has no external borrowings and a small amount of liabilities relative to assets held.

The performance materiality applied at the Group level was 70%(2021: 70%) of Group materiality of £73,500 (2021: £167,000) and we have reported to management misstatements during our audit work above £5,250 (2021: £12,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

The materiality applied to the Parent Company was £64,000 (2021: £99,000) being 2% of expenditure. This benchmark is considered to be the determinant of the parent company's financial position and performance measures considered to be of most relevant to shareholders. Performance materiality applied was £44,800 (2021: £69,000) being 70% (2021: 70%) of Parent materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We looked at areas involving significant accounting estimates and judgement by the directors which includes the valuation of investments, including those at fair value through profit or loss (FVPL) and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including an evaluation of whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Of the five components of the Group, a full scope audit was performed on the complete financial information of two components, a limited scope review was performed on a component assessed as material and the remaining components were subject to analytical review as they were not significant or material to the group. Of the reporting components of the group, one is located in Canada and audited in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing mining exploration entities and publicly listed entities. The Senior Statutory Auditor interacted regularly with the audit teams during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the group and parent company financial statements.

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
Value and classification of investments in other entities (Note 6) Group	
Financial investments are the most significant balances in the financial statements and are material. Cloudbreak Discovery (Canada) held shares in other companies as investments. Under International Financial Reporting Standard (IFRS) 9, these investments should be valued at the fair value through profit or loss and in accordance with IFRS 13's fair value hierarchy. These investments are held under level 3 of the fair value hierarchy which involves management judgement	Our audit work included the following: <ul style="list-style-type: none">■ Obtaining the agreements underpinning the investments and understanding the key terms;■ Obtaining share certificates as proof of ownership;■ Reviewing the accounting treatment to ensure they are appropriately classified and valued in accordance with IFRS 9;

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INDEPENDENT AUDITOR'S REPORT

As at 30 June 2022

<p>and estimation. There is a risk that these investments are incorrectly valued as at the year end.</p>	<ul style="list-style-type: none"> ▪ Undertaking substantive testing on additions, disposals and fair value movements in the year. Any gains or losses on disposal were re-calculated; and ▪ Reviewing accounting entries made in respect of fair value adjustments to ensure basis of valuation is appropriate and fair value adjustments. <p>Based on the procedures performed, we found management's assessment of the carrying value and classification of investment in other entities to be supported by the underlying models and the judgements and estimates applied reasonable.</p>
<p>Value of investments in subsidiaries Company</p>	
<p>Investments in subsidiaries, as shown in Note 6, is the most significant asset in the Parent company's Statement of Financial Position. Given that the subsidiaries are dependent on financing from the parent, there is a risk that the investments in subsidiaries and associated loans provided by the Parent may not be fully recoverable.</p>	<p>Our work in this area included the following:</p> <ul style="list-style-type: none"> ▪ Confirmation of ownership of investments by reviewing Company records and filings with the local government registries; ▪ Consideration of recoverability of investments by reference to underlying net asset values; ▪ A review of the impairment assessment prepared by the company and challenge of key inputs and estimates included therein; and ▪ Ensuring disclosures made in the financial statements in relation to are adequate. <p>Based on the procedures performed, we consider management assessment of the carrying value of investment in subsidiaries, including any associated loans, to be supported by the underlying information and in line with Group's overall business strategy. The related disclosure is appropriate.</p>

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

CLOUDBREAK DISCOVERY PLC

INDEPENDENT AUDITOR'S REPORT As at 30 June 2022

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 and the part of the directors' remuneration report to be audited 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's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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, industry research, application of cumulative audit knowledge and experience of the sector. .
- We determined the principal laws and regulations relevant to the Group and Company in this regard to be those arising from:
 - Listing Rules;
 - The Companies Act 2006;
 - Anti Bribery Legislation;
 - Market Abuse Directive;
 - Anti Money Laundering Legislation

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As at 30 June 2022

- Disclosure and Transparency Rules for listed entities;
- Local industry regulations where the Group operates; and
- Local tax and employment law.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management;
 - Review of Board minutes; and
 - Review of nominals of legal expenses
 - For non-uk subsidiaries, we made enquires with management and either obtained certificates of good standing or reviewed local registry filings to ensure their filings are up to date .
- Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the impairment of the carrying value of intangible assets and we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate
- 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; and reviewing transactions through the bank statements to identify potentially large and unusual transactions that do not appear to be in line with our understanding of business operations. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.

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

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

Other matters which we are required to address

We were appointed by the Audit Committee on 8 September 2021 to audit the financial statements for the period ending 30 June 2022 and subsequent financial periods. The Company was listed on London stock exchange on 3 June 2021 and our total uninterrupted period of engagement is 12 years, covering the periods ending 30 June 2010 to 30 June 2022.

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

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

CLOUDBREAK DISCOVERY PLC

INDEPENDENT AUDITOR'S REPORT

As at 30 June 2022

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.



**Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor**

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 28 October 2022

CLOUDBREAK DISCOVERY PLC

STATEMENT OF FINANCIAL POSITION As at 30 June 2022

Company number: 06275976

	Note	Group		Company	
		30 June 2022 £	30 June 2021 £	30 June 2022 £	30 June 2021 £
Non-Current Assets					
Royalty asset	7	1	1	-	-
Intangible assets	5	78,694	30,679	-	-
Investments	6	2,069,302	4,353,318	68,056	107,679
Investment in subsidiaries	6	-	-	7,252,886	6,485,487
Convertible debenture receivables	8	1,657,900	-	1,657,900	-
		3,805,897	4,383,998	8,978,842	6,593,166
Current Assets					
Trade and other receivables	10	1,300,634	522,230	1,676,619	514,849
Cash and cash equivalents	11	310,578	1,277,617	124,118	1,232,385
		1,611,212	1,799,847	1,800,737	1,747,234
Total Assets		5,417,109	6,183,845	10,779,579	8,340,400
Current Liabilities					
Trade and other payables	13	1,395,910	895,264	1,357,254	449,885
		1,395,910	895,264	1,357,254	449,885
Total Liabilities		1,395,910	895,264	1,357,254	449,885
Net Assets		4,021,199	5,288,581	9,422,325	7,890,515
Equity attributable to owners of the Parent					
Share capital	14	654,129	560,520	654,129	560,520
Share premium	14	14,821,521	10,905,507	14,821,521	10,905,507
Other reserves	16	599,093	511,501	297,397	407,656
Reverse asset acquisition reserve		(4,134,019)	(4,134,019)	-	-
Retained losses		(7,919,525)	(2,554,928)	(6,350,722)	(3,983,168)
Total Equity		4,021,199	5,288,581	9,422,325	7,890,515

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 30 June 2022 was £2,523,971 (loss for year ended 30 June 2021: £2,025,931).

The Financial Statements were approved and authorised for issue by the Board of Directors on 28 October 2022 and were signed on its behalf by:

Samuel Hardy

Kyler Hardy
Chairman and Chief Executive Officer
28 October 2022

The Notes on pages 28 to 56 form part of these Financial Statements.

CLOUDBREAK DISCOVERY PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2022

		Year ended 30 June 2022	Year ended 30 June 2021
	Note	£	£
Continued operations			
Profit on disposal of exploration & evaluation asset sales		559,523	2,560,070
Administrative expenses	23	(3,308,214)	(3,238,057)
Foreign exchange gain/(losses)		39,380	(193,772)
Operating loss		(2,709,311)	(871,759)
Finance income	19	154,518	46,587
Other income		11,233	-
Other gains/(losses)	20	8,332	-
Impairment of loans	9	(184,365)	(1,502,671)
Unrealised fair value gain/(loss) on investments	6	(2,837,437)	1,425,783
Loss before income tax		(5,557,029)	(902,060)
Income tax	21	-	-
Loss for the year attributable to owners of the Parent		(5,557,029)	(902,060)
Basic and Diluted Earnings Per Share attributable to owners of the Parent during the period (expressed in pence per share)		(0.01)p	(0.85)p
		Year ended 30 June 2022	Year ended 30 June 2021
		£	£
Loss for the period		(5,557,029)	(902,060)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		233,866	27,744
Other comprehensive income for the period, net of tax		(5,323,163)	(874,316)
Total Comprehensive Income attributable to owners of the parent		(5,323,163)	(874,316)

The Notes on pages 28 to 56 form part of these Financial Statements.

CLOUDBREAK DISCOVERY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2022

Note	Share capital £	Share premium £	Reverse asset acquisition reserve £	Other reserves £	Retained losses £	Total £
Balance as at 30 June 2020	50,120	2,163,168	-	36,645	(1,652,868)	597,065
Loss for the year	-	-	-	-	(902,060)	(902,060)
Other comprehensive income for the year	-	-	-	-	-	-
Items that may be subsequently reclassified to profit or loss	-	-	-	-	-	-
Currency translation differences	-	-	-	27,744	-	27,744
Total comprehensive income for the year	-	-	-	27,744	(902,060)	(874,316)
Issue of shares	14 30,475	55,373	-	-	-	85,848
Transfer to reverse acquisition reserve	14 (80,595)	(2,218,542)	2,259,668	39,469	-	-
Recognition of Cloudbreak Discovery Plc equity at reverse acquisition	14 460,423	7,969,714	(6,393,687)	-	-	2,036,450
Warrants assumed – Reverse take-over	-	-	-	37,971	-	37,971
Options assumed – Reverse take-over	-	-	-	211,978	-	211,978
Issue of shares	100,097	2,935,793	-	157,695	-	3,193,585
Total transactions with owners, recognised directly in equity	510,400	8,742,338	(4,134,019)	447,113	-	5,565,832
Balance as at 30 June 2021	560,520	10,905,507	(4,134,019)	511,501	(2,554,928)	5,288,581
Balance as at 1 July 2021	560,520	10,905,507	(4,134,019)	511,501	(2,554,928)	5,288,581
Loss for the year	-	-	-	-	(5,557,029)	(5,557,029)
Other comprehensive income for the year	-	-	-	-	-	-
Items that may be subsequently reclassified to profit or loss	-	-	-	-	-	-
Currency translation differences	-	-	-	233,866	-	233,866
Total comprehensive income for the year	-	-	-	233,866	(5,557,029)	(5,323,163)
Issue of shares	14 93,609	3,994,527	-	-	-	4,088,136
Issue costs	14 -	(78,513)	-	-	-	(78,513)
Options Granted	16 -	-	-	11,238	-	11,238
Warrants Granted	16 -	-	-	30,075	-	30,075
Options Exercised	16 -	-	-	(24,962)	24,962	-
Share Options Expired	16 -	-	-	(112,406)	112,406	-
Share Options Cancelled	16 -	-	-	(1,180)	1,180	-
Warrants Exercised	16 -	-	-	(13,024)	13,024	-
Other equity movement	16 -	-	-	4,845	-	4,845
Elimination of other reserves	16 -	-	-	(40,860)	40,860	-
Total transactions with owners, recognised directly in equity	93,609	3,916,014	-	(146,274)	192,432	4,055,781
Balance as at 30 June 2022	654,129	14,821,521	(4,134,019)	599,093	(7,919,525)	4,021,199

CLOUDBREAK DISCOVERY PLC

COMPANY STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2022

	Note	Share capital £	Share premium £	Equity to be issued £	Other reserves £	Retained losses £	Total equity £
Balance as at 30 June 2020		227,586	1,328,494	15,200	112,406	(1,720,602)	(36,916)
Loss for the year		-	-	-	-	(2,262,566)	(2,262,566)
Total comprehensive income for the year		-	-	-	-	(2,262,566)	(2,262,566)
Issue of shares – Acquisition of Cloudbreak Canada Subsidiary	15	216,183	6,269,294	-	-	-	6,485,477
Issue of shares		116,751	3,307,719	(15,200)	195,678	-	3,604,948
Options granted		-	-	-	99,572	-	99,572
Total transactions with owners, recognised directly in equity		332,934	9,577,013	(15,200)	295,250	-	10,189,997
Balance as at 30 June 2021		560,520	10,905,507	-	407,656	(3,983,168)	7,890,515
Balance as at 30 June 2021		560,520	10,905,507	-	407,656	(3,983,168)	7,890,515
Loss for the year		-	-	-	-	(2,523,971)	(2,523,971)
Total comprehensive income for the year		-	-	-	-	(2,523,971)	(2,523,971)
Issue of shares	14	93,609	3,994,527	-	-	-	4,088,136
Issue Costs	14	-	(78,513)	-	-	-	(78,513)
Options granted	16	-	-	-	11,238	-	11,238
Warrants Granted	16	-	-	-	30,075	-	30,075
Options Exercised	16	-	-	-	(24,962)	24,962	-
Share Options Expired	16	-	-	-	(112,406)	112,406	-
Share Options Cancelled	16	-	-	-	(1,180)	1,180	-
Warrants Exercised	16	-	-	-	(13,024)	13,024	-
Other equity movement	16	-	-	-	4,845	-	4,845
Elimination of other reserves	16	-	-	-	(4,845)	4,845	-
Total transactions with owners, recognised directly in equity		93,609	3,916,014	-	(110,259)	156,417	4,055,781
Balance as at 30 June 2022		654,129	14,821,521	-	297,397	(6,350,722)	9,422,325

The Notes on pages 28 to 56 form part of these Financial Statements.

CLOUDBREAK DISCOVERY PLC

STATEMENTS OF CASH FLOWS For the year ended 30 June 2022

	Note	Group		Company	
		Year ended 30 June 2022 £	Year ended 30 June 2021 £	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Cash flows from operating activities					
Loss before income tax		(5,557,029)	(902,060)	(2,523,981)	(2,262,566)
Adjustments for:					
Exploration and evaluation asset sales		(559,523)	(2,186,891)	-	-
Other income		(11,233)	-	-	-
Other gains		(8,332)	-	-	-
Change in fair value of investments		2,837,437	(1,425,783)	39,623	(4,173)
Impairment of loans		184,365	1,502,671	123,486	1,035,990
Interest income		(154,518)	(36,021)	(101,367)	-
Intercompany sales		-	-	(406,186)	-
Unrealised foreign exchange/(loss)		44,615	(155,069)	(73,125)	4,617
Finance charge	23	-	200,000	-	200,000
Listing fee	23	-	2,365,634	-	-
Share option expenses	23	41,325	-	41,325	-
Stock based compensation		1,770,000	-	1,770,000	137,553
Decrease/(Increase) in trade and other receivables	10	(776,342)	(406,449)	(766,999)	(474,831)
Increase/(Decrease) in trade and other payables	13	491,807	(542,836)	907,376	338,511
Net cash used in operating activities		(1,697,428)	(1,586,804)	(989,848)	(1,024,899)
Cash flows from investing activities					
Funds received on sale of investment	6	210,178	195,510	-	-
Funds spent on investment	6	(181,937)	(173,786)	-	(103,506)
Funds received on sale of exploration assets	5	97,508	-	-	-
Loans to subsidiaries	6	-	-	(762,391)	-
Cash received in reverse take-over		-	860,389	-	-
Exploration and evaluation expenses		(41,786)	(29,675)	-	-
Convertible debenture receivable	8	(1,595,635)	-	(1,595,635)	-
Net cash generated from (used in) investing activities		(1,511,672)	852,438	(2,358,026)	(103,506)
Cash flows from financing activities					
Proceeds from issue of share capital	14	2,318,120	2,008,773	2,318,120	2,326,358
Shares cancelled		-	(3,268)	-	-
Cost of shares issued	144	(78,513)	-	(78,513)	-
Net cash generated from financing activities		2,239,607	2,005,505	2,239,607	2,326,358
Net decrease/(increase) in cash and cash equivalents		(969,493)	1,271,139	(1,108,267)	1,197,953
Cash and cash equivalents at beginning of year	11	1,277,617	6,478	1,232,385	34,432
Exchange gain on cash and cash equivalents		2,454	-	-	-
Cash and cash equivalents at end of year		310,578	1,277,617	124,118	1,232,385

Major Non-Cash Transactions

During the year ended 30 June 2022, there were share based payments of £1,770,000 which were made in return for consulting and marketing services.

During the year ended 30 June 2022, £401,944 worth of investments were received as part of property option income (refer to note 5 and note 6).

The Notes on pages 28 to 56 form part of these Financial Statements.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. General information

The Company is a public limited company incorporated and domiciled in England (registered number: 06275976), which is listed on the London Stock Exchange. The registered office of the Company is Suite 10011, 15 Ingestre Place, London, England, W1F 0DU.

2. Summary of significant Accounting Policies

The principal Accounting Policies applied in the preparation of these 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

The Financial Statements have been prepared in accordance with UK-adopted international accounting standards (UK IAS) in accordance with the requirements of the Companies Act 2006. The Financial Statements have also been prepared under the historical cost convention.

The Financial Statements are presented in Pound Sterling rounded to the nearest pound.

The preparation of financial statements in conformity with UK IAS 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 mandatory for the first time for the financial periods beginning on or after 1 July 2021

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 30 June 2022 but did not result in any material changes to the financial statements of the Group or Company.

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

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	Impact on initial application	Effective date
IAS 12	Income taxes	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 8	Accounting estimates	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current.	1 January 2023
IAS 1	Presentation of Financial Statements regarding the amendments of disclosure of accounting policies	1 January 2023

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds.

2.3. Basis of Consolidation

The Consolidated Financial Statements consolidate the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Investments in subsidiaries are accounted for at cost less impairment within the Parent Company financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group. All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

2.4. Going concern

The Group Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors are of the view that, the Group has funds to meet its planned expenses over the next 12 months from the date of these financial statements.

In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group, including current level of resources and the required level of spending on exploration and corporate activities. As part of the assessment, the Directors have also taken into account the potential for continuing warrant exercises and the ability to raise new funding and utilizing the Crescita facility whilst maintaining an acceptable level of cash for the Group to meet all commitments.

The Directors are confident that the measures they have available will result in sufficient working capital and cash flows to continue in operational existence. Taking these matters in consideration, the Directors continue to adopt the going concern basis of accounting in the preparation of the financial statements.

2.5. Foreign currencies

a) *Functional and presentation currency*

Items included in the Financial Information are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the parent company is Pounds Sterling as is the functional currency of the subsidiary Imperial Minerals (UK) Limited. The functional currency of the other subsidiary, Cloudbreak Discovery (Canada) Ltd. is Canadian Dollars. The Financial Information in Cloudbreak Discovery (Canada) Ltd is translated in accordance with IAS 21 – The Effect of Changes in Foreign Exchange Rates.

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement in other comprehensive income. The financial statements are presented in Pounds Sterling (£), the functional currency of Cloudbreak Discovery Plc is Pounds Sterling, and the functional currency of its subsidiary Cloudbreak Discovery (Canada) Ltd is Canadian Dollars.

2.6. Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

2.7. Finance Income

Interest income is recognised using the effective interest method.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2.8. Other income

The other income of the Group comprises royalty income. It is measured at the fair value of the consideration received or receivable after deducting discounts and other withholding tax. The royalty income becomes receivable on extraction and sale of the relevant underlying commodity, and by determination of the relevant royalty agreement.

2.9. Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the Statement of Cash Flows.

2.10. Trade and other receivables and prepaids

Trade receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.11. Royalty assets at fair value through profit and loss

Royalty financial assets are recognised or derecognised on completion date where a purchase or sale of the royalty is under a contract, and are initially measured at fair value, including transaction costs. All of the Group's royalty financial assets have been designated as at fair value through profit and loss ("FVTPL"). The royalty financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the 'revaluation of royalty financial assets' line item of the income statement.

2.12. Investments in subsidiaries

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

2.13. Intangible assets

Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets hold potential to be successful in finding specific resources. Expenditure included in the initial exploration and evaluation assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a resource. Capitalisation of pre-production expenditure ceases when the prospective property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost

Exploration and evaluation assets are not subject to amortisation, as such at the year-end all intangibles held have an indefinite life but are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units ('CGU's'), which are based on specific projects or geographical areas. The CGU's are then assessed for impairment using a variety of methods including those specified in IFRS 6.

Whenever the exploration for and evaluation of resources in cash generating units does not lead to the discovery of commercially viable quantities of resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Income Statement.

Exploration and evaluation assets recorded at fair-value on business combination

Exploration assets which are acquired as part of a business combination are recognised at fair value in accordance with IFRS 3. When a business combination results in the acquisition of an entity whose only significant assets are its exploration asset and/or rights to explore, the Directors consider that the fair value of the exploration assets is equal to the consideration. Any excess of the consideration over the capitalised exploration asset is attributed to the fair value of the exploration asset.

2.14. Impairment of non-financial assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. 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

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15. Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair Value through Profit or Loss (FVTPL)

Non-derivative financial assets comprising the Group's strategic financial investments in entities not qualifying as subsidiaries or jointly controlled entities. These assets are classified as financial assets at fair value through profit or loss. They are carried at fair value with changes in fair value recognised through the income statement. Where there is a significant or prolonged decline in the fair value of a financial investment (which constitutes objective evidence of impairment), the full amount of the impairment is recognised in the income statement.

Due to the nature of these assets being unlisted investments or held for the longer term, the investment period is likely to be greater than 12 months and therefore these financial assets are shown as non-current assets in the Statement of financial position.

Listed investments are valued at closing bid price on 30 June 2022. For measurement purposes, financial investments are designated at fair value through the income statement. Gains and losses on the realisation of investments are recognised in the income statement for the period. The difference between the market value of financial instruments and book value to the Group is shown as a gain or loss in the income statement for the period.

Amortised Cost

These assets comprise the types of financial assets where 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. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current and non-current trade receivables and convertible debenture receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses.

During this process the probability of the non-payment of the trade receivables and convertible debenture receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For the receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties 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, based on analysis of internal or external information. 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.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group's financial assets measured at amortised cost comprise trade and other receivables, convertible debenture receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

(a) Recognition and measurement

Amortised cost

Regular purchases and sales of financial assets are recognised on the trade date at cost – the date on which the Group commits to purchasing or selling the asset. 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.

Fair value through the profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. The Group holds equity instruments that are classified as FVTPL as these were acquired principally for the purpose of selling in the near term.

Financial assets at FTVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value is determined by using market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- *Level 1*: Quoted prices in active markets for identical items (unadjusted)
- *Level 2*: Observable direct or indirect inputs other than Level 1 inputs
- *Level 3*: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures its investments in quoted shares using the quoted market price.

(b) Impairment of financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(d) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. This is the same treatment for a financial asset measured at FVTPL.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

2.16. Financial Investments

Non-derivative financial assets comprising the Group's strategic financial investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. These assets are classified as financial assets at fair value through profit or loss. They are carried at fair value with changes in fair value recognised through the income statement. Where there is a significant or prolonged decline in the fair value of a financial investment (which constitutes objective evidence of impairment), the full amount of the impairment is recognised in the income statement.

Listed investments are valued at closing bid price on 30 June 2022. Unlisted investments that are not publicly traded and whose fair value cannot be measured reliably, are measured at cost less impairment.

2.17. 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;
- "Reverse asset acquisition reserve" represents the retained losses of the Company before acquisition and the Company equity at reverse acquisition.
- "Other reserves" represents the foreign currency translation reserve, warrant reserve and share option reserve where;
 - "Foreign currency translation reserve" represents the translation differences arising from translating the financial statement items from functional currency to presentational currency;
 - "Warrant reserve" represents share warrants awarded by the Group;
 - "Share option reserve" represents share options awarded by the Group;
- "Retained earnings" represents retained losses.

2.18. Share based payments

The Group operates an equity-settled, share-based scheme under which the Group receives services from employees or contractors as consideration for equity instruments (options and warrants) of the Group. The fair value of the third-party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Income Statement or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Income Statement and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The fair value of the share options and warrants are determined using the Black Scholes valuation model.

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.

2.19. 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.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

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

The Group's activities expose it to a variety of financial risks: market risk (foreign currency risk, price risk and interest rate 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 Canadian based management team under policies approved by the Board of Directors.

3.1. Treasury policy and financial instruments

During the years under review, the financial instruments were cash and cash equivalents, shares in listed and unlisted companies and other receivables which were or will be required for the normal operations of the Group.

The Group operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy. The Board approves all decisions on treasury policy.

The Group has raised funds to finance future activities through the placing of shares, placing of shares via the Crescita Capital LLC draw down facility, together with share options and warrants. There are no differences between the book value and fair value of the above financial assets. The risks arising from the Group's financial instruments are liquidity and interest rate risk. The Directors review and agree policies for managing these risks and they are summarised below:

Unlisted investments

The Company is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required. It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management's significant judgement in this regard is that the value of their investment represents their cost less previous impairment.

Market risk & foreign currency risk

The Group is exposed to market risk, primarily relating to interest rate and foreign exchange movements. The Group does not hedge against market or foreign exchange risks as the exposure is not deemed sufficient to enter into forwards or similar contracts.

Credit risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

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The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

Liquidity risk and interest rate risk

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by the close control by the Directors of the Group in the day-to-day management of liquid resources. Cash is invested in deposit accounts which provide a modest return on the Group's resources whilst ensuring there is limited risk of loss to the Group.

3.2. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. Critical accounting estimates and judgements

The preparation of the Financial Information in conformity with IFRSs 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 Information and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce this Financial Information.

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

Significant items subject to such estimates and assumptions include, but are not limited to:

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and to suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates.

Classification of royalty arrangements: initial recognition and subsequent measurement

The Directors must decide whether the Group's royalty arrangements should be classified as:

- Intangible assets in accordance with IAS 38 Intangible Assets; or
- Financial assets in accordance with IFRS 9 Financial Instruments

The Directors use the following selection criteria to identify the characteristics which determine which accounting standard to apply to each royalty arrangement:

Type 1 – Intangible assets: Royalties, are classified as intangible assets by the Group. The Group considers the substance of a simple royalty to be economically similar to holding a direct interest in the underlying mineral asset. Existence risk (the commodity physically existing in the quantity demonstrated), production risk (that the operator can achieve production and operate a commercially viable project), timing risk (commencement and quantity produced, determined by the operator) and price risk (returns vary depending on the future commodity price, driven by future supply and demand) are all risks which the Group participates in on a similar basis to an owner of the underlying mineral licence. Furthermore, in a royalty intangible, there is only a right to receive cash to the extent there is production and there are no interest payments, minimum payment obligations or means to enforce production or guarantee repayment. These are accounted for as intangible assets under IAS-38.

Type 2 – Financial royalty assets (royalties with additional financial protection): In certain circumstances where the risk is considered too high, the Group will look to introduce additional protective measures. This has taken the form of minimum payment terms. Once an operation is in production, these mechanisms generally fall away such that the royalty will display identical characteristics and risk profile to the intangible royalties; however, it is the contractual right to enforce the receipt of cash which results in these royalties being accounted for as financial assets under IFRS 9. There are currently no royalties classified as financial royalty assets.

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Estimated impairment of convertible loan notes receivable & Convertible debenture receivables

Anglo African Minerals Plc ('AAM')

The Group has assessed whether the AAM convertible loan notes receivable which has been previously fully impaired in the prior year. They have reassessed this asset and determined that there are no conditions to reverse the impairment.

G2 Energy Corp. ("G2")

The Group also assessed whether the G2 convertible debenture receivable should be impaired and based on the current production levels and the programme at the Masten Unit Energy Project, they have determined it should not be impaired as G2, through the funding from the Company, now have the funds required to undertake the exploration activity and advance the project. The terms of the debenture is still being met by both parties and G2 are paying the necessary interest payments. The directors assessed this debenture in accordance with IFRS and concluded it is a financial asset accounted for as amortised cost as the financial asset is held within a business model with the objective to hold and collect the contractual cash flows which is in the form of interest and principal payments. As part of the debenture agreement, the Group received a 3.25% Overriding Royalty Interest in the project which has limited production and revenues. In accordance with IFRS the directors has assessed the royalty interest and accounted for it as intangible assets in accordance with IAS 38 because there is only a right to receive cash to the extent there is production and there are no interest payments, minimum payment obligations or means to enforce production or guarantee repayment. These are accounted for as intangible assets under IAS 38. The directors considered the fair value of the royalty assets which they receive in exchange as part of the debenture agreement for which they did not pay any consideration. Fair value is determined based on discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. The determination of assumptions used in assessing fair values is subjective and the use of different valuation assumptions could have a significant impact on financial results. The current royalty covers a very small production site and only £11k has been received to date from this royalty. Following their assessment, the directors concluded that the fair value of the royalty agreement was not material and has not been recognised as intangible asset. As part of the debenture agreement, the Group received 6,500,000 warrants for G2, however management have deemed that these warrants have no material value at this stage as the assets held by G2 are predominantly made up of early stage exploration and production assets which currently producing limited amounts of revenue. The group is in regular communication with G2 and is monitoring the results of its exploration activities that will be undertaken as the result of the funding by the Group to G2.

Unlisted investments

The Group is required to make judgments over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required. It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management's significant judgement in this regard is that the value of their investment represents their cost less previous impairment. Management have assessed whether any impairment on the unlisted investments is required and have determined that no impairment is required.

Recovery of other receivables

Included in other receivables is an amount of £190,000 (2021: £190,000) as at 30 June 2022 in respect of unpaid ordinary share capital issued on 3 June 2021. The Directors believe that the amount will be recovered in full and therefore have not recognised any impairment to the carrying value of this amount.

Valuation of exploration and evaluation assets

Exploration and evaluation costs have a carrying value of 30 June 2022 of £78,694 (2021: £30,679). Such assets have an indefinite useful life as the Group has the right to renew exploration licenses or options and the asset is only amortised once extraction of the resource commences. The value of the Group's exploration and evaluation expenditure will be dependent upon the success of the Group in discovering economic and recoverable resources, especially in the countries of operation where political, economic, legal, regulatory and social uncertainties are potential risk factors. The future revenue flows relating to these assets is uncertain and will also be affected by competition, relative exchange rates and potential new legislation and related environmental requirements. The Group's ability to continue its exploration programs and develop its projects is dependent on future fundraisings and utilising the Crescita Capital LLC drawdown facility. The ability of the Group to continue operating within some of the jurisdictions contemplated by management is dependent on a stable political environment which is uncertain based on the history of the country. This may also impact the Group's legal title to assets held which would affect the valuation of such assets. There have been no changes made to any past assumptions.

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The Directors have undertaken a review to assess whether circumstances exist which could indicate the existence of impairment as follows:

- The Group no longer has title to mineral leases.
- A decision has been taken by the Board to discontinue exploration due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the costs incurred will not be fully recovered from future development and participation.

Following their assessment, the Directors concluded that no impairment charge is necessary (2021: Nil).

5. Intangible assets

As at June 30, 2022, the Group's exploration and evaluation assets are as follows:

Exploration & Evaluation Assets	Group	
	30 June 2022	30 June 2021
	£	£
Caribou Property, British Columbia	-	1
South Timmins, British Columbia	1	16,080
Klondike Property	1	-
Atlin West Property	1	-
Yak Property	1	-
Stateline Property	13,013	-
Rizz Property	6,053	-
Icefall Property	9,018	-
Northern Treasure Property	34,638	-
Gold Vista Property, British Columbia	-	1
Silver Vista Property, British Columbia	1	1
Silver Switchback Property, British Columbia	1	1
Rupert Property, British Columbia	15,966	14,595
As at June 30	78,694	30,679

As at June 30, 2022, the Group's reconciliation of exploration and evaluation assets are as follows:

Exploration & Evaluation Assets	Group	
	30 June 2022	30 June 2021
	£	£
Cost		
As at 1 July	30,679	228,863
Additions	139,294	97,058
Disposals	(97,508)	-
Net proceeds from sale	1	(295,242)
Forex movement	6,228	-
As at June 30	78,694	30,679

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Caribou Property, Canada

On November 20, 2017, the Group acquired the Caribou mineral property for £1 from a company controlled by the CEO of the Group. As at June 30, 2022, included in Exploration and Evaluation Assets is £1 (June 30, 2021 - £1) attributed to the Caribou property.

On June 2, 2020, the Group entered into an option agreement with Norseman Silver Inc. ("Norseman"), a company with a common director, under which Norseman may acquire up to a 100% interest in the Group's Caribou Property subject to a 2% net smelter return ("NSR") to the Group. In order for Norseman to fully exercise the option on the Caribou Property, they must pay the Group an aggregate of \$80,000 CAD, issue 2,750,000 common shares of Norseman and incur exploration expenses of \$225,000 CAD over three years. Norseman will have the right to repurchase one-half (1%) of the 2% NSR for \$1,000,000 CAD.

During the year ended June 30, 2022, the Group received cash payments of \$50,000 CAD (£31,929) and 1,000,000 Norseman shares in relation to the option payments due under the agreement.

On June 28, 2022 The Group announced that Norseman completed their obligations under the option agreement taking complete ownership of the property and ratifying The Group's interest into a 2% net smelter royalty.

South Timmins Property, Canada

During the year ended June 30, 2021, the Group paid \$27,540 CAD (£16,080) in asset staking costs to acquire twelve mineral titles in Ontario, Canada known as the South Timmins property.

On 23 September 2021, the Group entered into an option agreement with 1315956 BC Ltd, under which 1315956 BC Ltd may acquire up to a 100% interest in the Group's South Timmins property subject to a 1% net smelter return ("NSR") to the Group. In order for 1315956 BC Ltd to fully exercise the option on the South Timmins Property, they must pay the Group an aggregate of \$495,000 CAD, issue 2,250,000 common shares of 1315956 BC Ltd and incur exploration expenses of \$1,515,000 with a minimum of \$265,000 CAD in the first year.

During the year ended 30 June 2022, the Group received cash payments of \$270,000 (£157,579) and 500,000 shares in relation to the option payments due under the agreement.

Gold Vista Property, Canada

On May 8, 2020, the Group entered into an option agreement to purchase 100% of the rights to the Gold Vista Property located in British Columbia, Canada. To earn a 100% interest, the Group must make aggregate cash payments of \$65,000 CAD (\$30,000 CAD paid - £17,700), issue 1,375,000 shares in the Group and incur work commitments on the property of \$225,000 CAD, over three years. The property is subject to a 2% NSR which the Group may acquire one-half (1%) for \$1,000,000 CAD.

On October 6, 2020, the Group entered into an option agreement with Deep Blue Trading ("Deep Blue") in which Deep Blue may acquire up to a 100% interest in the Gold Vista Property subject to a 1% NSR to the Group. Deep Blue will have the right to repurchase one-half (0.5%) of the NSR for \$500,000 at any time prior to commercial production. In order for Deep Blue to fully exercise the option on the Gold Vista Property, they must pay the Group a \$10,000 CAD (£5,839) and assume certain obligations payable to the original vendor.

After 30 June 2022, the option was cancelled and the property was terminated as Cloudbreak Discovery (Canada) Ltd no longer wished to pursue the project.

Spectrum Property, Canada

On January 10, 2019, the Group entered into an option agreement to acquire 100% interests in the Southern Spectrum Mineral Property located in the Lillooet Mining Division of British Columbia. In order to exercise the option, the Group must pay an aggregate of \$70,000 CAD in cash (\$50,000 CAD, £29,500 paid), issue 1,200,000 common shares (675,000 issued), and incur work commitments of \$1,250,000 (\$50,000 CAD, £29,500 incurred) over three years. The property is subject to a 3% NSR which the Group may acquire 1% for \$1,000,000 CAD.

During the year ended June 30, 2021, the Group sold, transferred and assigned all of the Group's right, title interest and obligations under its original Spectrum property option agreement to 1162832 BC Ltd. (the "Vendor") for \$10,000 CAD (£5,839) cash. Upon the Vendor receiving at least 500,000 shares from the transfer, option, or other disposition of some or all of the Vendor's interest in the Spectrum property ("Consideration Shares"), the Vendor will transfer to the Group at least 500,000 of those Consideration Shares. As a result of the sale, total value in exploration and evaluation assets of \$117,722 CAD (£49,456) attributed to the property was expensed in the prior year.

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Silver Switchback Property, Canada

On May 8, 2020, the Group entered into an option agreement to purchase 100% of the rights to the Silver Switchback Property located in British Columbia, Canada. To earn a 100% interest, the Group must make aggregate cash payments of \$75,000 CAD (\$15,000 CAD paid - £8,850), issue 1,850,000 shares (250,000 shares issued at a value of \$40,000 CAD - £23,356) in the Group and incur work commitments on the property of \$475,000 CAD over three years. The property is subject to a 2% NSR which the Group may re-purchase 1.5% for \$1,250,000 CAD.

On August 27, 2020, the Group entered into an option agreement with Norseman, under which Norseman may acquire up to a 100% interest in the Group's Silver Switchback Property subject to a 1% NSR to the Group. In order for Norseman to fully exercise the option on the Silver Switchback Property, they must pay the Group \$30,000 CAD (received), issue 750,000 common shares (370,000 received valued at \$83,250 CAD - £46,610) and assume certain obligations due to the original vendor over three years. Norseman will have the right to repurchase one-half (0.5%) of the NSR from the Group for \$500,000 CAD.

During the year ended June 30, 2022, the Group received 380,000 Norseman shares in relation to the option payments due under the agreement.

Silver Vista, Canada

On May 8, 2020, the Group entered into an option agreement to purchase 100% of the rights to the Silver Vista Property located in British Columbia, Canada. To earn a 100% interest, the Group will need to make aggregate cash payments of \$65,000 CAD (\$20,000 CAD paid - £11,678), issue 1,375,000 shares (370,000 shares issued at a value of \$75,000 CAD - £43,793) in the Group and incur work commitments on the property of \$275,000 CAD, over three years. The property is subject to a 2% NSR which the Group may acquire one-half (1%) for \$1,000,000 CAD.

During the year ended June 30, 2021, the Group made a payment of \$80,000 CAD (£46,713) to a prior optionor to fulfil prior option agreement obligation.

On September 21, 2020, the Group entered into an option agreement with Norseman, under which Norseman may acquire up to a 100% interest in the Group's Silver Vista Property subject to a 1% NSR payable to the Group. In order for Norseman to fully exercise the option on the Silver Switchback Property, they must pay the Group \$50,000 CAD (received - £29,500), and issue 2,000,000 common shares (received and valued at \$40,000 CAD - £23,600). Norseman will have the right to repurchase one-half (0.5%) of the NSR for \$500,000 CAD.

Rupert, Canada

On September 11, 2018, the Group entered into an asset purchase agreement with a company controlled by a director of the Group and two unrelated persons to purchase the Rupert Property, located in British Columbia, Canada. As consideration for the property, the Group issued 2,000,000 common shares valued at \$100,000 CAD (£59,000) and granted a 2% NSR. At any time, 1% of the NSR can be purchased by the Group for \$1,500,000 CAD. Of the common shares issued to acquire the property, 1,000,000 were issued to a company that was controlled by a director of the Group. The Group also agreed to incur aggregate expenditures on the property of \$800,000 (\$100,000 CAD - £59,000 incurred).

On December 11, 2020, the Group sold the Rupert Property to Buscando Resources Corp. ("Buscando"), a company with a director in common. Payments to be received by the Group are as follows:

- \$150,000 CAD in total cash payments with \$25,000 CAD (£14,750) on closing (received), \$50,000 CAD on or before 12 months after Buscando is listed on a public exchange, \$75,000 CAD on or before 24 months after Buscando is listed on a public exchange;
- 3,750,000 shares in total issued to the Group with 1,000,000 shares issued on closing (received and valued at \$50,000 CAD - £29,500), 1,250,000 on or before 12 months after Buscando is listed on a public exchange, 1,500,000 on or before 24 months after Buscando is listed on a public exchange; and
- \$200,000 expenditures incurred on the property with \$100,000 CAD on or before 12 months after Buscando is listed on a public exchange, \$100,000 CAD on or before 24 months after Buscando is listed on a public exchange.

As a result of the sale to Buscando, the original vendors waived the exploration commitments required by the Group under the September 11, 2018, agreement.

New Moon, Canada

On August 20, 2020, the Group acquired the New Moon property in British Columbia, Canada for acquisition costs of \$6,188 CAD (£3,651). On December 9, 2020, the Group sold the New Moon property to Norseman, in exchange for \$10,000 CAD (£5,800) (received) and 2,500,000 Norseman shares (received and valued at \$50,000 CAD - £29,500). The Group retained a 2% net smelter return on the property. Norseman has subsequently allow the claim group to expire and has reverted to open crown land.

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Atlin West, Canada

On August 9 2021, the Group entered into an option agreement with 1315843 BC Ltd to purchase 100% of the rights to the Atlin West Project located in British Columbia, Canada. To earn a 100% interest, 1315843 BC Ltd make aggregate cash payments of \$700,000 CAD, issue 8,000,000 shares in 1315843 BC Ltd and make payments of \$325,000 over a three-year period to Cloudbreak. Upon completion of the work Cloudbreak will transfer 100% interest. Cloudbreak will retain a net 2% NSR.

During the year ended June 30, 2022, the Group received cash payments of \$100,000 CAD (£78,321.30) and 3,000,000 in relation to the option payments due under the agreement.

Yak, Canada

On October 13 2021, the Group entered into an option agreement with Moonbound Mining Ltd ('Moonbound'). In respect of the Yak Project located in British Columbia, Canada. Moonbound will issue Cloudbreak 2,700,000 common shares and make aggregate cash payments of \$145,000 CAD over a three-year period. Additionally, Moonbound will commit to spending up to £700,000 CAD in exploration expenditure on the property and enter into a public transaction within six months of the agreement. Upon completion of the obligations, Cloudbreak will transfer 100% interest and retain a net 2% NSR.

During the year ended June 30, 2022, the Group received cash payments of \$10,000 CAD (£8,034.94) and 700,000 shares in relation to the option payments due under the agreement.

Klondike, United States

On July 15 2021, the Group entered into the Klondike project based in Colorado, United States, with Alianza Minerals Ltd.

On December 7 2021, Cloudbreak and Alianza Minerals entered into an option agreement with Allied Copper Corp for the advancement of the Klondike project. Allied Copper will issue Cloudbreak and Allied 7,000,000 common shares and make a total of \$400,000 CAD in cash payments over a three-year period. Upon completion of the obligations, the alliance will transfer 100% interest in the Klondike project to Allied Copper. Allied Copper will also issue 3,000,000 warrants exercisable for a 36-month term.

During the year ended June 30, 2022, the Group received cash payments of \$100,000 CAD (£58,136.90) and 1,000,000 Allied Copper shares in relation to the option payments due under the agreement.

Stateline, United States

On February 9 2022, Cloudbreak and Alianza Minerals entered into an option agreement with Allied Copper Corp in respect of the Stateline Project in Colorado, United States. Allied Copper will issue the alliance 4,250,000 common shares over a three-year period and make aggregate cash payments of \$315,000 CAD (\$40,000 CAD paid) with a further \$50,000 CAD due on closing. Additionally, Allied will commit to spending up to £3,750,000 CAD in exploration expenditure on the property over three years. The alliance will retain a net 2% NSR, not subject to a buy down provision.

During the year ended June 30, 2022, the Group received cash payments of \$20,000 CAD (£11,632.40).

Icefall, Canada

On March 3 2022, the Group entered into an option agreement with 1311516 BC Ltd in respect of the Icefall Project in British Columbia, Canada. 1311516 BC Ltd will issue 2,000,000 common shares to Cloudbreak's subsidiary Cloudbreak (Canada) Ltd and make an aggregate of \$120,000 CAD in cash payments to the Group. Additionally, 1311516 will commit to spending up to £700,000 CAD in exploration expenditure on the property over three years. This will need to be done to earn an interest of 75% in the project. Upon completion of the terms Cloudbreak and 1311516 BC Ltd will enter a joint venture in which each party will be responsible for its pro-rata share of expenditures on the project.

During the year ended June 30, 2022, the Group received cash payments of \$25,000 CAD (£14,804.10) and 2,000,000 shares in relation to the option payments due under the agreement.

Rizz, Canada

On February 25 2022, the Group entered into an option agreement with 1311516 BC Ltd in respect of the Rizz Project in British Columbia, Canada. 1311516 BC Ltd will issue 3,000,000 common shares to Cloudbreak and make an aggregate of \$120,000 CAD in cash payments to the Group. Additionally, 1311516 will commit to spending up to \$750,000 CAD in exploration expenditure on the property over three years. This will need to be done to earn an interest of 75% in the project. Upon completion of the terms, Cloudbreak and 1311516 BC Ltd will enter a joint venture in which each party will be responsible for its pro-rata share of expenditures on the project.

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During the year ended June 30, 2022, the Group received cash payments of \$25,000 CAD (£14,826.90) and 3,000,000 shares in relation to the option payments due under the agreement.

Northern Treasure, Canada

During 2022, the Group staked the Northern Treasure property for \$50,645 CAD which is located in Northern British Columbia. The Company continues to actively explore this property and look for a partner to develop the property further.

Foggy Mountain, Canada

During 2022, the Group staked the Foggy Mountain property which is located in Central British Columbia. The Company continues to actively explore this property and look for a partner to develop the property further.

6. Investments in subsidiary undertakings

	Company	
	30 June 2022 £	30 June 2021 £
Shares in Group Undertakings		
At beginning of period	6,485,487	10
Additions	5,008	6,485,477
At end of period	6,490,495	6,485,487
Loans to group undertakings	762,391	-
Total	7,252,886	6,485,487

Subsidiaries

Details of the subsidiary undertaking at 30 June 2022 are as follows:

Name of subsidiary	Registered office address	Country of incorporation and place of business	Proportion of ordinary shares held by parent (%)	Proportion of ordinary shares held by the Group (%)	Nature of business
Imperial Minerals (UK) Limited	6th Floor, 60 Gracechurch Street, London, EC3V 0HR	United Kingdom	100%	100%	Make investments in the Group's chosen business sector
Cloudbreak Discovery (Canada) Limited	Suite 520/999 West Hastings Street, Vancouver BC V6C2W2	Canada	100%	100%	A mineral property project generator
Cloudbreak Discovery (US) Ltd.	1209 Orange Street, Wilmington, New Castle, Delaware, 19801	USA	100%	100%	Mineral exploration projects
Kudu Resources Limited	12 New Fetter Lane, London, United Kingdom, EC4A 1JP	United Kingdom	100%	100%	Mineral exploration projects

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Investments held by subsidiaries

Financial assets at fair value through profit or loss are as follows:

	Level 1 £	Level 2 £	Level 3 £	Total £
30 June 2021	4,324,063	-	29,255	4,353,318
Additions	511,494	-	158,254	669,748
Disposals	(210,178)	-	(5,214)	(215,392)
Fair value changes	(2,563,914)	-	(101)	(2,564,016)
Foreign exchange	(160,779)	-	(13,578)	(174,357)
30 June 2022	1,900,686	-	168,617	2,069,302

As at June 30, 2022, investments were classified as held for trading and recorded at their fair values based on quoted market prices (if available). Investments that do not have quoted market prices are measured at cost less impairment.

Imperial Helium Corp.

On April 20, 2020, the Group purchased 450,000 preferred shares in Imperial Helium Corp. for \$45 CAD (£26). On December 15, 2020, 45,000 of these preferred shares were converted into common shares for no additional consideration. On December 11, 2020, the Group purchased \$110,000 CAD (£66,138) in Imperial Helium Corp. convertible debenture notes that yielded 10%. On May 18, 2021, the convertible debenture converted into 575,767 ordinary shares of Imperial Helium Corp. At 30 June 2022, fair value of the Imperial Helium Corp. shares is \$37,487 CAD (£23,946).

Temas Resources Corp.

On September 23, 2020, the Group sold its La Blache property to Temas Resources Corp. ("Temas") for a cash payment of \$30,000 CAD (£17,517) and 10,000,000 Temas shares which had a value at the time of \$2,000,000 CAD (£1,167,815). The Group retained a 2% NSR on the La Blache property. The Temas shares are subject to pooling restrictions with 2,500,000 Temas shares released March 23, 2021, and 7,500,000 Temas released September 23, 2021. In 2022, the Group sold 29,000 shares for \$2,020 CAD (£1,290). At 30 June 2022, fair value of the Temas shares is \$947,245 CAD (£610,408).

Norseman Silver Inc.

On 23 August 2021, the Group received 380,000 shares in Norseman from the option agreement for the Silver Switchback property for \$129,200 CAD (£74,235).

On 31 May 2021, the Group received 1,000,000 shares in Norseman from the option agreement for the Caribou property for \$170,000 CAD (£108,575).

During the year ended 30 June 2022, the Group sold 1,766,500 shares in Norseman for a total of \$352,002 CAD (£208,888).

At 30 June 2022, fair value of the Norseman shares is \$1,089,760 CAD (£696,123).

Buscando Resources Corp.

On December 31, 2020, the Group sold the Rupert property to Buscando, in exchange for 1,000,000 shares in Buscando at a value of \$50,000 CAD (£29,195).

During the year ended 30 June 2022, the Group purchased an additional 50,000 shares in Buscando for a total of \$6,840 CAD (£4,305).

At 30 June 2022, fair value of the Buscando shares is \$168,000 CAD (£108,260).

Linceo Resources Corp.

On August 17, 2019, the Group sold the Granny Smith and Fuji mineral claims to Linceo Media Group ("Linceo"), a company with a director in common, for 4,000 shares in Linceo at a value of \$47,600 CAD (£27,793) and retained a 2.5% NSR on each property. During the year ended June 30, 2021, the Group impaired the shares in Linceo to \$1. Management assessed the value at year end and confirmed there is no further changes to the fair value of the Linceo shares.

CLOUDBREAK DISCOVERY PLC

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For the year ended 30 June 2022

AAM shares

On June 2, 2021, the Group acquired 12,500,000 AAM share purchase warrants that had a conversion price of \$0.03 USD and expiry date of July 1, 2021 and acquired 11,000,000 AAM ordinary shares. The Group issued 1,200,000 ordinary shares to acquire the 12,500,000 AAM share purchase warrants (£36,000 value) and 3,520,000 ordinary shares (£105,600 value) to acquire the 11,000,000 AAM ordinary shares. The warrants expired on July 1, 2021, with the £36,000 impaired to \$1. During the year ended June 30, 2021, the Group impaired the shares in AAM to \$1. Management assessed the value at year end and confirmed there is no further changes to the fair value of the AAM shares.

Moonbound Mining Ltd

On October 13 2021, the Group received 700,000 shares from Moonbound Mining Ltd. from the option agreement for the Yak property for \$35,000 CAD (£20,638.70). Management assessed the value at year end and confirmed there is no further changes to the fair value of the Moonbound shares.

Power Group Project Ltd.

On October 1, 2021, the Group took part in a private placement with 1315843 BC Ltd whereby the Company purchased 2,350,000 shares at a price of \$0.0001 per share which had a value of \$235 CAD (£137) when received.

On October 1, 2021, the Group received 3,000,000 shares from 1315843 BC Ltd. in relation to the option agreement with 1315843 BC Ltd for the West Atlin property. The 1315843 BC Ltd shares had a value of \$300 CAD (£175) when received.

In December 2021, 1315843 BC Ltd. was acquired by Power Group Projects Ltd. ("PGP") with the 5,350,000 held in 1315843 BC Ltd. exchanged for 5,350,000 PGP shares.

Calidus Resources Corp.

On September 1 2021, the Group received 500,000 shares from Calidus Resources Corp. for the option agreement for the South Timmins property for \$500 CAD (£320). The value of shares remained the same for the year ended 30 June 2022.

Prosper Africa Resources Ltd.

On March 7 2022, the Group purchased 1,500,000 shares from Prosper Africa Resources Ltd. for \$150 CAD (£96). Management assessed the value at year end and confirmed there is no further changes to the fair value of the Prosper Africa Resources shares.

Allied Copper Corp.

On 3 February 2022, the Group received 1,000,000 shares from Allied Copper Corp. from the option agreement for the Klondike project for \$225,000 (£130,661). At 30 June 2022, fair value of the Allied Copper Corp. shares is \$138,194 CAD (£88,276).

Canary Biofuels Inc.

On 28 June 2022, the Group purchased 59,700 shares from Canary Biofuels Inc. for \$200,095 (£127,753). Management assessed the value at year end and confirmed there is no further changes to the fair value of the Canary Biofuels shares.

Alchemist Mining Inc.

On 14 January 2022, the Group purchased 1,250,000 shares from Alchemist Mining Inc. for \$93,750 (£54,184). At 30 June 2022, fair value of the Alchemist Mining Inc. shares is \$375,000 CAD (£239,503).

1311516 B.C. Ltd

On 3 March 2022, the Group received 3,000,000 shares from 1311516 B.C. Ltd from the option agreement for the Rizz property for \$5,010 CAD (£2,963).

On 9 March 2022, the Group received 2,000,000 shares from 1311516 B.C. Ltd from the option agreement for the Icefall property for \$3,340 CAD (£1,978).

Management assessed the value at year end and confirmed there is no further changes to the fair value of the 1311516 B.C. Ltd shares.

7. Royalty Asset

Apple Bay Property, Canada

On April 5, 2017, the Group purchased a 1.50% production royalty on the Apple Bay property located in British Columbia, Canada. The production royalty was purchased for 3,000,000 shares of the Group at a deemed value of \$0.10 CAD (£0.058) per share from a company controlled by the CEO of the Group. During the year ended June 30, 2021, the Group determined that the royalty was impaired and reduced the balance to £1. As at June 30, 2022, included in Royalty Assets is £1 (June 30, 2021 – £1) attributed to the Apple Bay property.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Caribou Property, Canada

On 28 June 2022, The Group announced that Norseman Silver Limited completed their obligations under the option agreement taking complete ownership of the property and ratifying The Group's interest into a 2% net smelter royalty. As at June 30, 2022 the royalty asset had no value attributed to it.

8. Debentures Receivable

	Group	
	30 June 2022	30 June 2021
	£	£
Opening	-	-
Additions	1,595,635	-
Royalties to be received	11,233	-
Fair Value Movement	51,032	-
At end of period	1,657,900	-

Masten Unit, United States

On 31 May 2022, the Group entered into an agreement with G2 Energy Corp. ('G2') on the Masten Unit Energy Project located in Cochran County Texas, United States. Whereby the Company will provide G2 with a \$2,000,000 USD debenture on a two-year term in exchange for a 3.25% Overriding Royalty Interest in the Project. G2 will pay 12% per annum interest to the Company, calculated and paid quarterly in cash or shares at the discretion of the Company. As part of the agreement, The Group received 6,500,000 warrants for G2, however management have deemed that these warrants have no value at this stage as the assets held by G2 are predominantly made up of the early stage exploration assets on which they have received from the Company. The group is in regular communication with G2 and is monitoring the results of its exploration activities that will be undertaken as the result of the funding by the Group to G2.

9. Convertible loans

		Group	
		30 June 2022	30 June 2021
		£	£
Convertible loan note	\$500,000 USD (£411,224)	60,878	450,591
Convertible loan note	\$420,000 USD (£343,428)	75,720	350,718
Convertible loan note	\$49,790 USD (£40,950)	11,763	44,000
Convertible loan note	\$250,000 USD (£205,612)	36,004	220,281
Impairment provision		(184,365)	(1,065,590)
		-	-

On March 20, 2019, the Group issued a \$500,000 USD (£361,847) unsecured convertible loan note to Anglo-African Minerals plc ("AAM"). The convertible loan note bears interest at 10% per annum and compounds monthly, is unsecured, and had an original maturity date of September 20, 2019. The convertible loan note is convertible into common shares of AAM at \$0.01 USD per share. The maturity date of the convertible loan note was subsequently extended to March 20, 2020, and the Group was issued 21,029,978 AAM warrants per the terms of the extension. These warrants have a strike price of \$0.025 USD per share, with an expiry date of September 19, 2021. As at June 30, 2021, the Group impaired the balance down to \$Nil as collectability was considered doubtful. As at June 30, 2022, Management have accrued interest amounting £60,878 (2021 - £88,744) on the convertible loan but believe this should remain impaired.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

On June 2, 2021, the Group acquired an unsecured convertible loan note that was issued to AAM from Cronin Services Ltd., a company controlled by the Chairman and CEO of the Group, that had a principal value of \$420,000 USD (£303,744) and accrued interest of \$61,261 (£44,304) for total value of \$481,261 USD (£348,048). The Group issued 14,166,790 ordinary shares and 7,083,395 share purchase warrants to acquire this note. Each share purchase warrant may be converted into one ordinary share of the Group at £0.05 per ordinary share and expires June 2, 2025. The convertible loan note bears interest at 10% per annum and compounds monthly, is unsecured, and had a maturity date of May 31, 2021. The convertible loan note is convertible into common shares of AAM at \$0.01 USD per share. As at June 30, 2021, the Group impaired the balance down to \$Nil as collectability was considered doubtful. As at June 30, 2022, Management have accrued interest amounting £75,720 (2021 - £44,304) on the convertible loan but believe this should remain impaired.

On June 2, 2021, the Group acquired an unsecured convertible loan note that was issued to AAM from Cronin Capital Corp., a company controlled by the Chairman and CEO of the Group, that had a principal value of \$49,790 USD (£35,949) and accrued interest of \$9,826 USD (£7,094) for total value of \$59,617 USD (£43,043). The Group issued 1,630,832 ordinary shares and 1,630,832 share purchase warrants to acquire this note. Each share purchase warrant may be converted into one ordinary share of the Group at £0.05 per ordinary share and expires 2025 June 2. The convertible loan note bears interest at 15% per annum and compounds monthly, is unsecured, and had a maturity date of 2020 September 30. The convertible loan note is convertible into common shares of AAM at \$0.005 USD per share. As at June 30, 2021, the Group impaired the balance down to \$Nil as collectability was considered doubtful. As at June 30, 2022, Management have accrued interest amounting £11,763 (2021 - £7,094) on the convertible loan but believe this should remain impaired.

On June 2, 2021, the Group acquired an unsecured convertible loan note that was issued to AAM by Reykers Nominees Limited that had a principal value of \$250,000 USD (£180,500) and accrued interest of \$52,776 (£38,104) for total value of \$302,776 USD (£218,604). The Group also acquired 12,500,000 AAM share purchase warrants that had a conversion price of \$0.03 USD and expiry date of July 1, 2021 and acquired 11,000,000 AAM ordinary shares. The Group issued 8,912,756 ordinary shares to acquire this convertible note, 1,200,000 ordinary shares to acquire the 12,500,000 AAM share purchase warrants and 3,520,000 ordinary shares to acquire the 11,000,000 AAM ordinary shares. The convertible loan note bears interest at 10% per annum and compounds monthly, is unsecured, and had a maturity date of 30 June 2020. The convertible loan note is convertible into common shares of AAM at \$0.01 USD per share. As at June 30, 2021, the Group impaired the balance down to \$Nil as collectability of the convertible loan was considered doubtful and the shares and warrants impaired. As at June 30, 2022, Management have accrued interest amounting £36,004 (2021 - £38,104) on the convertible loan but believe this should remain impaired.

10. Trade and other receivables

The following table sets out the fair values of financial assets within Trade and other receivables.

	Group		Company	
	30 June 2022 £	30 June 2021 £	30 June 2022 £	30 June 2021 £
Other Debtors	16,427	-	16,428	-
Inter-company Receivables	-	-	406,186	-
Tax Receivables	15,627	3,381	-	-
Sundry Debtors	204,574	227,019	190,000	514,849
Prepayments	1,064,005	291,830	1,064,005	-
	1,300,634	522,230	1,676,619	514,849

The fair value of all current receivables is as stated above.

Included in sundry debtors is an amount of £190,000 (2021: £190,000) as at 30 June 2022 in respect of unpaid ordinary share capital issued on 3 June 2021.

The maximum exposure to credit risk at the year-end date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. Trade and other receivables are all denominated in £ sterling.

There are no financial assets which are past due and for which no provision for bad or doubtful debts has been made.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2022

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

	Group		Company	
	30 June 2022 £	30 June 2021 £	30 June 2022 £	30 June 2021 £
UK Pounds	1,130,433	518,849	1,676,619	514,849
Canadian Dollars	30,201	3,381	-	-
	1,160,634	522,230	1,676,619	514,849

11. Cash and cash equivalents

	Group		Company	
	30 June 2022 £	30 June 2021 £	30 June 2022 £	30 June 2021 £
Cash at bank and in hand	310,578	1,277,617	124,118	1,232,385

Majority of the entities cash at bank is held with institutions with at least a AA- credit rating. A bank account in the UK which holds a small percentage of cash is held with institutions whose credit rating is unknown.

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

	Group		Company	
	30 June 2022 £	30 June 2021 £	30 June 2022 £	30 June 2021 £
UK Pounds	107,707	1,232,385	107,707	1,232,385
US Dollars	16,411	-	16,411	-
Canadian Dollars	186,460	45,232	-	-
	310,578	1,277,617	124,118	1,232,385

12. Financial Instruments by Category

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group reports in Sterling. Internal and external funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group does not use derivative financial instruments such as forward currency contracts, interest rate and currency swaps or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Capital management

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

The capital structure of the Group consists of total shareholders' equity as set out in the 'Statement of Changes in Equity'. All working capital requirements are financed from existing cash resources and the Crescita draw down facility.

Capital is managed on a day to day basis to ensure that all entities in the Group are able to operate as a going concern. Operating cash flow is primarily used to cover the overhead costs associated with operating as London Standard-listed company.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Directors consider that there is no significant liquidity risk faced by the Group. The Group maintains sufficient balances in cash to pay accounts payable and accrued expenses.

The Board receives forward looking cash flow projections at periodic intervals during the year as well as information regarding cash balances. At the balance sheet date the Group had cash balances of £310,578 and the financial forecasts indicated that the Group expected to draw down on the Crescita Capital LLC facility to meet its obligations under all reasonably expected circumstances and will not need to establish overdraft or other borrowing facilities.

Interest rate risk

As the Group has no borrowings, it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. Cash resources are held in current, floating rate accounts.

Market risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Group's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Group might suffer through holding its financial investment portfolio in the face of market movements, which was a maximum of £2,069,302 (2021: £4,353,318).

The investments in equity of quoted companies that the Group holds are less frequently traded than shares in more widely traded securities. Consequently, the valuations of these investments can be more volatile.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

Market price risk sensitivity

The table below shows the impact on the return and net assets of the Group if there were to be a 20% movement in overall share prices of the financial investments held at 30 June 2022.

	2022	2021
	Other comprehensive income and Net assets	Other comprehensive income and Net assets
	£	£
Decrease if overall share price falls by 20%, with all other variables held constant	(2,367,554)	(870,664)
Decrease in other comprehensive earnings and net asset value per Ordinary share (in pence)	(0.0049)p	(0.009)p
Increase if overall share price rises by 20%, with all other variables held constant	2,367,554	870,664
Increase in other comprehensive earnings and net asset value per Ordinary share (in pence)	0.0049p	0.009p

The impact of a change of 20% has been selected as this is considered reasonable given the current level of volatility observed and assumes a market value is attainable for the Group's unlisted investments.

Currency risk

The Directors consider that there is minimal significant currency risk faced by the Group. The current foreign currency transactions the Group enters are denominated in CAD\$ and USD\$ in relation to transactions associated with exploration and evaluation option payments and property expenditures. The Group maintains minimal foreign currency holdings to minimize this risk.

Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Group. The Group's maximum exposure to credit risk is:

	2022	2021
	£	£
Cash at bank	310,578	1,277,617
Other receivables	1,160,633	522,230
Convertible debenture receivable	1,657,900	-
	3,129,111	1,799,847

The Group's cash balances are held in accounts with HSBC, BLK.FX, Bank of Montreal and with its Investment Broker accounts.

On the 14 May 2022, the Group granted a convertible debenture to G2 Technologies Corp. worth a total of \$2,000,000 (£1,657,900).

Fair value of financial assets and liabilities

Financial assets and liabilities are carried in the Statement of Financial Position at either their fair value (financial investments) or at a reasonable approximation of the fair value (trade and other receivables, trade and other payables and cash at bank).

The fair values are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2022

Trade and other receivables

The following table sets out the fair values of financial assets within Trade and other receivables.

	2022	2021
	£	£
Financial assets		
Trade and other receivables - Non interest earning	1,160,633	518,849

There are no financial assets which are past due and for which no provision for bad or doubtful debts has been made.

Trade and other payables

The following table sets out financial liabilities within Trade and other payables. These financial liabilities are predominantly non-interest bearing. Other liabilities include tax and social security payables and provisions which do not constitute contractual obligations to deliver cash or other financial assets.

	2022	2021
	£	£
Financial liabilities		
Trade and other payables	1,395,910	895,264

13. Trade and other payables

The following table sets out financial liabilities within Trade and other payables. These financial liabilities are predominantly non-interest bearing. Other liabilities include tax and social security payables and provisions which do not constitute contractual obligations to deliver cash or other financial assets.

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	£	£	£	£
Trade payables	1,217,736	823,465	1,194,500	407,282
Accruals	157,353	71,799	142,084	42,603
Other Creditors	20,821	-	20,670	-
Trade and other payables	1,395,910	895,264	1,357,254	449,885

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

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	£	£	£	£
UK Pounds	1,357,254	449,885	1,357,254	449,885
Canadian Dollars	38,656	445,379	-	-
	1,395,910	895,264	1,357,254	449,885

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For the year ended 30 June 2022

14. Share capital and premium

	Number of shares	Share capital £	Share premium £	Total £
As at 30 June 2020	50,119,849	50,120	2,163,169	2,213,289
Issue of new shares	30,475,001	30,475	55,373	85,848
Transfer to reserve acquisition reserve	(80,594,850)	(80,595)	(2,218,542)	(2,299,137)
Recognition of Cloudbreak Discovery Plc equity at reverse acquisition	289,468,015	460,423	7,969,714	8,430,137
Issued – private placement (net of issuance costs)	66,666,667	66,667	1,886,312	1,952,979
Issue of shares – AAM acquisitions	29,430,378	29,430	853,481	882,911
Issue of shares – equity drawdown facility fee (net of issuance costs)	4,000,000	4,000	196,000	200,000
As at 30 June 2021	389,565,060	560,520	10,905,507	11,466,027
As at 1 July 2021	389,565,060	560,520	10,905,507	11,466,027
Issue of new shares – 21 July 2021	500,000	500	14,500	15,000
Issue of new shares – 31 December 2021	500,000	500	14,500	15,000
Issue of new shares – 4 January 2022	58,000,000	58,000	1,682,000	1,740,000
Warrant exercised – 28 February 2022	100,000	100	4,900	5,000
Issue of new shares – 1 March 2022 ⁽¹⁾	19,596,931	19,597	1,371,660	1,391,257
Warrant exercised – 4 March 2022	1,428,874	1,429	41,437	42,866
Warrant exercised – 7 March 2022	100,000	100	4,900	5,000
Warrant exercised – 9 March 2022	783,335	783	22,717	23,500
Issue of new shares – 31 March 2022	12,000,000	12,000	738,000	750,000
Warrant exercised – 6 April 2022	400,000	400	11,600	12,000
Warrant exercised – 13 April 2022	200,000	200	9,800	10,000
As at 30 June 2022	483,174,200	654,129	14,821,521	15,475,650

(1) Includes issue costs of £78,513

On 21 July 2021, the Group issued and allotted 500,000 new ordinary shares at a price of 3 pence per share for payment of services.

On 31 December 2021, the Group issued and allotted 500,000 new ordinary shares at a price of 3 pence per share for payment of services.

On 4 January 2022, the Group issued and allotted 58,000,000 new ordinary shares at a price of 3 pence per share as part of a marketing and corporate development services contract.

On 28 February 2022, the Group issued and allotted 100,000 new ordinary shares at a price of 5 pence per share for exercise of warrants.

On 1 March 2022, the Group raised £1,469,770 net of issue costs via the issue and allotment of 19,596,931 new ordinary shares at a price of 7.5 pence per share.

On 4 March 2022, the Group issued and allotted 1,428,874 new ordinary shares at a price of 3 pence per share for exercise of warrants.

On 7 March 2022, the Group issued and allotted 100,000 new ordinary shares at a price of 5 pence per share for exercise of warrants.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

On 9 March 2022, the Group issued and allotted 783,335 new ordinary shares at a price of 3 pence per share for exercise of warrants.

On 31 March 2022, the Group issued and allotted 12,000,000 new ordinary shares at a price of 6.25 pence per share as part of a drawdown on the Crescita Capital LLC facility.

On 6 April 2022, the Group issued and allotted 400,000 new ordinary shares at a price of 3 pence per share for exercise of warrants.

On 13 April 2022, the Group issued and allotted 200,000 new ordinary shares at a price of 5 pence per share for exercise of warrants.

15. Share based payments

During the year ended 30 June 2022, the outstanding options and warrants were cancelled and the residual value from 30 June 2021 being £1,180 was allocated to contributed surplus.

The outstanding share options and warrants as at 30 June 2022 are shown below:

	Options	Warrants	Weighted average exercise price (£)
As at 30 June 2021	5,050,000	43,615,967	0.015
Options - Cancelled	(1,566,667)	-	0.27
Options - Exercised	(83,333)	-	0.03
Options - Issued	11,250,000	-	0.03
Warrants - Exercised	-	(2,928,876)	0.04
Warrants - Issued	-	3,150,002	0.04
Warrants - Expired	-	(20,615,401)	0.11
As at 30 June 2022	14,650,000	23,221,692	0.04

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 and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2021 Warrants	2021 Warrants	2022 Warrants	2022 Warrants
Granted on:	2/06/2021	2/06/2021	13/8/2021	1/3/2022
Number of warrants	4,530,497	8,714,227	2,750,002	400,000
Life (years)	2.71 years	4 years	2 years	2 years
Share price (pence per share)	0.10p	0.05p	0.025p	0.10p
Risk free rate	0.55%	0.81%	0.58%	0.80%
Expected volatility	100%	100%	20.28%	140.94%
Expected dividend yield	-	-	-	-
Total fair value	£46,092	£157,695	£2,750	£27,314

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For the year ended 30 June 2022

	2021 Options	2022 Options
Granted on:	2/06/2020	25/8/2021
Number of options	5,050,000	11,250,000
Life (years)	3.08 years	4 years
Share price (pence per share)	0.025p	0.03p
Risk free rate	0.64%	0.62%
Expected volatility	100%	20.55%
Expected dividend yield	-	-
Total fair value	£99,572	£11,238

The expected volatility of the options is based on historical volatility for the six months prior to the date of granting.

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 and warrants granted over the year to 30 June 2022 is shown below:

Range of exercise prices (£)	2022				2021			
	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0 – 0.03	0.0286	16,300,000	4.282	4.282	0 – 0.03	25,665,401	0.96	0.96
0.03 – 0.05	0.0500	16,641,195	1.740	1.740	0.03 – 0.05	17,040,925	2.75	2.75
0.05 – 0.10	0.1000	4,530,497	1.630	1.630	0.05 – 0.10	4,530,497	2.71	2.71
0.10 – 0.15	0.1125	400,000	1.670	1.670	0.10 – 0.15	-	-	-

16. Other reserves

	Share option reserve	Warrant option reserve	Foreign currency translation reserve	Other reserves	Total
	£	£	£	£	£
At 30 June 2021	211,977	195,666	67,843	36,015	511,501
Currency translation differences	-	-	233,866	-	233,866
Expired Options	(112,406)	-	-	-	(112,406)
Issued Options	11,238	-	-	-	11,238
Issued Warrants	-	30,075	-	-	30,075
Exercised Options	(1,180)	-	-	-	(1,180)
Exercised Warrants	-	(13,024)	-	-	(13,024)
Cancelled Options	(24,962)	-	-	-	(24,962)
Other Equity Movement	-	-	-	4,845	4,845
Elimination of other reserves	-	-	-	(40,860)	(40,860)
At 31 June 2022	84,667	212,717	301,709	-	599,093

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2022

17. Employee benefit expense

The total number of Directors who served in the year was 4 (2021: 4). There are no employees of the Group.

The following amounts were paid during the year to Directors:

	Group	
	Year ended 30 June 2022	Year ended 30 June 2021
Staff costs	£	£
Directors Fees and Consulting Fees	79,976	23,760
	79,976	23,760

Amounts included in Directors fees and salaries include £79,976 (2021: £23,760) in relation to director fees and consulting fees. Details of fees paid to Companies and Partnerships of which the Directors detailed above are Directors and Partners have been disclosed in Note 26.

18. Directors' remuneration

	Year ended 30 June 2022			
	Short-term benefits	Post- employment benefits	Share based payments	Total
	£	£	£	£
Directors				
Kyler Hardy	-	-	2,000	2,000
Paul Gurney	7,500	-	-	7,500
Emma Priestly	-	-	600	600
Andrew Male	72,476	-	600	73,076
	79,976	-	3,200	83,176

3,200,000 options were issued to directors on 25 August 2021 for their services. The options have an exercise price of £0.03 and expire on 25 August 2024. Details of the Share Option charges can be found in Note 15.

19. Finance income

	Group	
	Year ended 30 June 2022	Year ended 30 June 21
	£	£
Interest income on convertible loan	138,107	46,587
G2 Technology – debenture interest	16,411	-
Finance Income	154,518	46,587

The interest income on the convertible loan is interest on the AAM convertible loans. This interest is subsequently impaired. Refer to note 9 for further information.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

20. Other gain/(losses)

	Group	
	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Other gain	8,332	-
Other gain	8,332	-

21. Income tax expense

No charge to taxation arises due to the losses incurred.

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	Group	
	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Loss before tax	(5,557,029)	(902,060)
Tax at the applicable rate of 17% (2021: 22.5%)	(944,695)	(202,964)
Effects of:		
Expenditure not deductible for tax purposes	8,181	16,693
Net tax effect of losses carried forward	936,514	186,271
Tax (charge)/refund	-	-

The weighted average applicable tax rate of 17% (2021: 22.50%) used is a combination of the 19% standard rate of corporation tax in the UK and 15% Canadian corporation tax.

The Company has tax losses of approximately £2,130,164 (2021: £1,193,650) available to carry forward against future taxable profits. No deferred tax asset has been recognised on accumulated tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset

As set out in Note, the Group has not recognised a deferred tax asset in the financial statements as there is no certainty that taxable profits will be available against which these assets could be utilised.

22. Earnings per share

Group

The calculation of the basic loss per share of £0.01 (2021: £0.85) is based on the loss the loss attributable to equity owners of the group of £5,697,030 (2021: loss of £902,060), and on the weighted average number of ordinary shares of 428,042,226 (2021: 105,829,101) In issue during the period.

In accordance with IAS 33, no diluted earnings per share is presented as the effect on the exercise of share options or warrants would be to decrease the loss per share.

Details of share options and warrants that could potentially dilute earnings per share in future periods are set out in Note 13.

CLOUDBREAK DISCOVERY PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

23. Expenses by nature

	Group	
	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Professional fees	1,564,654	279,568
Consulting fees	1,184,930	302,485
Finance charge	-	200,000
Transfer agent and filing fees	110,965	65,178
Travel	86,597	-
Insurance	30,929	-
IT & Software services	2,608	-
Public Relations	188,160	-
LSE listing fee	-	2,365,634
Premises and Office costs	18,040	-
Share option expense	41,325	-
Other expenses	80,006	25,192
Total administrative expenses	3,308,214	3,238,057

24. Commitments

License commitments

The Group owns a number of exploration licences in Canada. These licences include commitments to pay minimum spend requirements. The Group have entered into option agreements on all of their properties aside from newly staked properties, Northern Treasure and Foggy Mountain. As part of these option agreements, the minimum spend obligations have been passed onto the Optionees. Refer to note 6 for further information.

As at 30 June 2022 these are as follows:

	Group
	Minimum spend requirement £
Not later than one year	1,398,700
Later than one year and no later than five years	7,217,035
Total	8,615,735

25. Related party transactions

Details of the Directors' remuneration can be found in Note 16. Key Management Personnel are considered to be the Directors.

At June 30, 2022, the Group held investments of £1,589,124 in Imperial Helium, Temas Resources, Norseman Silver, Allied Copper, Calidus Resources and Buscando Resources where Kyler Hardy is also a Director (2021: £4,353,317). The holdings of these investments are connected to requirements in the property option agreements whereby the optionees are to make payments in shares. All companies except for Calidus Resources are Level 1 investments and are not directly controlled by Kyler Hardy. For further information, please refer to note 5.

During the year, the Group paid Cronin Services £1,234,952 for the provision of consulting and management services during the year (2021: 60,000) a company controlled by the CEO, Kyler Hardy. These were in relation to consultancy fees under a management service agreement dated 1 February 2020 and 1 June 2021. In addition, the Group paid amounts totalling £5,034 (2021: £32,212) to Cronin Capital Corp.,. The amount outstanding owing to Cronin Capital and Cronin Services at the year-end was £965,340 (2021: £523,021).

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For the year ended 30 June 2022

During the year, the Group paid amounts totalling £72,476 (2021: 17,168) to Westridge Management International Ltd. A company controlled by Andrew Male, a Director of the group. The amount outstanding owing to Westridge Management at the year-end was £14,000.

26. Ultimate controlling party

The Directors believe there is no ultimate controlling party.

27. Events after the reporting date

On 5 July 2022, the Group elected to draw down £378,000 of the £10,000,000 Equity Draw Down Agreement with Crescita Capital LLC entered on the 16 February 2021 for the issue of 16,800,000 new shares at 2.25 pence.

On 19 July 2022, the Group raised £585,625 through the issue of 26,027,776 new ordinary shares at 2.25 pence per share. On this same day, they also announced the publication of a Prospectus.

On 9 August 2022, the Group elected to draw down £179,000 of the £10,000,000 Equity Draw Down Agreement with Crescita Capital LLC entered on the 16 February 2021 for the issue of 10,000,000 new shares at 1.79 pence. On this same day, the Company also granted 7,250,000 options and 2,950,000 warrants over ordinary shares to directors, PDMR's and other members of staff and consultants for an exercise price of 2.25 pence per share. The options will expire after three years and the warrants will expire after one year.

On 16 August 2022, the Group entered into a debenture agreement with Legado Oil & Gas Ltd. to provide funding of \$1.5 million USD (£1,240,872) in the development capital for the Butt Strawn Energy Project in Irion County, Texas. \$500,000 was paid on signing with the remaining \$1,000,000 to be paid within 90 days of signing. The capital is being deployed as a convertible debenture which, at the Company's discretion, can be converted into a six per cent Overriding Royalty Interest on the Project.

On 1 September 2022, the Group elected to draw down £180,000 of the £10,000,000 Equity Draw Down Agreement with Crescita Capital LLC entered on the 16 February 2021 for the issue of 12,000,000 new shares at 1.5 pence.

On 25 October 2022, the Group elected to draw down £203,500 of the £10,000,000 Equity Draw Down Agreement with Crescita Capital LLC entered on the 16 February 2021 for the issue of 18,500,000 new shares at 1.1 pence.