

METALS EXPLORATION PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Metals Exploration plc (AIM: MTL) ("Metals Exploration" or "the Company"), the natural resources exploration and development company with assets in the Pacific Rim region, announces its interim results for the six months ended 30 June 2020.

Highlights

- Gold production of 31,940 ounces, (H1 2019 - 30,774 ounces);
- Gold recoveries of 68.5%, (H1 2019 - 66.1%);
- Operating profit of US\$9.2 million achieved, (H1 2019 - US\$0.8 million);
- Positive cashflow from operations of US\$8.2 million, (H1 2019 - US\$3.5 million);
- C1 cash cost of \$930 per ounce (H1 2019 \$928) and AISC of \$1,279 per ounce (H1 2019 \$\$1,187);
- Debt restructuring agreement with lenders completed on 23 October 2020;
- Trading in the Company shares on AIM restored from 26 October 2020.

COVID-19

- Operations maintained during COVID-19 pandemic;
- Only one COVID-19 positive employee at project site;
- Disruptions to the flow of consumables and spares, the movement of senior personnel to and from the project and a reduction in the stability of power supply have all impacted production;
- Notwithstanding ongoing impacts from the pandemic, the pandemic does not appear to threaten the medium and long term viability of the Group's operations.

Production Summary

Runruno Project Production Summary		Actual 6 Months to 30 June 2020	Actual 6 Months to 30 June 2019	Actual 12 Months to 31 December 2020
Units				
Mining				
Ore Mined	Tonnes	1,125,138	1,022,148	2,058,395
Waste Mined	Tonnes	4,414,126	4,667,586	9,720,994
Total Mined	Tonnes	5,539,264	5,689,734	11,779,389
Au Grade Mined	g/tonne	1.44	1.51	1.48
Strip Ratio		3.92	4.57	4.72
Processing				
Ore Milled	Tonnes	1,047,099	922,478	1,948,025
Gold (Au) Grade	g/tonne	1.39	1.57	1.55
Sulphur Grade	%	1.28	0.88	0.94
Au Milled (contained)	ounces	46,939	46,574	97,386
Recovery	%	68.5	66.1	70.8
Au Poured	ounces	31,940	30,774	68,983
Sales				
Au Sold	ounces	32,121	30,870	67,356
Au Price	\$US/oz	1,647	1,305	1,400

Review of Operations

COVID-19 Impact

The world-wide COVID-19 pandemic had a negative impact on the Group's operations during H1 2020. Mining and gold production activities continued uninterrupted, albeit at mining rates and gold recovery rates less than those being achieved prior to the pandemic.

To comply with the Philippine government COVID-19 guidelines the Group restricted the movement of personnel to and from the mine site. Travel restrictions have resulted in a number of senior personnel being unable to return to site. In particular, senior maintenance managers have been unable to return which, together with the delays in sourcing appropriate spare parts, placed pressure on the Company's operations and maintenance procedures. Recently some senior expat personnel have managed to return to the project site, however, this does not include key maintenance managers.

Notwithstanding these issues H1 2020 resulted in gold sales of US\$52.9 million, an increase of 31.3% over H1 2019: (US\$40.3 million). Operations resulted in positive free cash flow of US\$8.6 million, a 43.3% increase on H1 2019 (US\$6 million).

The Company's on-site procedures for testing for, and quarantining, of potential COVID-19 cases has to date successfully ensured the safety of its employees and contractors. The Company continues to be compliant with all relevant government directives with regards COVID-19. To date, only one employee who has tested COVID-19 positive has been at the mine site. A small number of other employees and contractors have also tested positive for COVID-19, but the Company's processes have prevented all but one of these people from accessing the mine site.

The outstanding safety record of the operation continues with in excess of 11 million man-hours with no lost time incidents occurring since the last lost time incident in December 2016. All employees and contractors are to be congratulated on this ongoing achievement.

Finance

On 30 January 2020 Runruno Holdings Ltd and MTL (Guernsey) Ltd, (an associated company of MTL Luxembourg SARL), the Company's two major shareholders and mezzanine lenders, completed a sale agreement with HSBC and BNP Paribas to purchase all the rights and obligations under Runruno Facility Agreement (the "Senior Facility"). The Senior Facility was acquired 70.6% by MTL Guernsey Ltd and 29.4% by Runruno Holdings Ltd.

On 9 March 2020, the Company announced that it had been unable to reach agreement on the continuation of the Standstill Agreement in respect of the Senior Facility (which had been in place since March 2019) and, due to the material uncertainty of the Company's financial condition, its shares were suspended from trading on the AIM market of the London Stock Exchange.

Post half year end on 23 October 2020 the Company announced it had completed a debt restructuring with its lenders. The concessions negotiated as part of this debt restructuring, in the Company's opinion, removed the financial uncertainty that brought about the suspension of trading of its shares on the AIM market. As a result, the Company's shares resumed trading on the AIM market on 26 October 2020.

As part of the restructuring the 2011 Shareholder and Subscription Agreement was terminated and was replaced by market standard Relationship Agreements between the Company and its two largest shareholders. This outcome updates the Company's corporate governance practices such that it is in far greater compliance with the QCA Code and which will assist the Company being able to seek new independent directors to join the Board.

Further details of the terms of the debt restructure agreement with the lenders can be found in Note 7 - Subsequent Events.

As at half-year end the Group's total debt, including unpaid interest and fees, was US\$132.8 million. No debt principal repayments were made during H1 2020. Details of these debt facilities can be found in Note 5.

Mining

Mining production of ore and waste was 5.5Mt for H1 2020 and the total ore mined was 1.12Mt, slightly in excess of budget.

Mining activity had been significantly reduced from early April 2020 as operations were scaled back in response to the impact of the COVID-19 government measures. Offsetting the reduced mining activity certain cost savings were achieved, including from reduced contract machinery usage. Notwithstanding this, total ore production for H1 2020 was not materially impacted as the reduced material movement was largely limited to advance waste movements. Since the half-year end mining operations have returned to normal.

Access to Stage 3 of the mine plan which is critical to advancing mining operations has been hampered during H1 2020 by the resettlement of the illegal miners from this area. However, the resettlement process has progressed during (and since) the half-year period and the Company now has full access to the areas required to develop Stage 3. Work is ongoing in relation to the resettlement of illegal miners from Stages 4 and 5 of the mine plan.

The long over-due critical fleet maintenance programme that commenced in Q3 2019 took longer than expected to complete as delays in delivery of replacement parts occurred. However, the programme has now been completed.

Operations also took receipt of three 100 tonne Komatsu 785 trucks which were put into operations during July. This addition to the mining fleet is critically important to support the longer haulage journeys that will unfold as the outer pit dump develops, as well as reducing the reliance on mining contractor's equipment.

The programme of infill resource and mine plan drilling that commenced in Q3 2019 and was expected to be completed by the end of Q2 2020 has been delayed due to COVID-19. However, management have been working on the development of a new resource model to attempt to better reflect sulphur and ore variability into a more advanced structural model. Further drilling is required in Stages 3 to 5 of the mine plan; however, this has been delayed due to the need to complete the resettlement of illegal miners in the area. Operations are targeting to complete this drilling during 2021.

Process plant

Throughput for H1 2020 of 1.05Mt was on budget, however, operations were managed to a lower feed grade. Overall recovery for H1 2020 was negatively impacted by BIOX downtime, caused predominantly by external and internal power failures leading to a reduction in carbon-in-leach (CIL) gold recovery. Although H1 2020 gold production was slightly in excess of H1 2019 it was under budget at 31,940 ounces at a recovery rate of 68.5%.

Unplanned process downtime that impacted on production during H1 2020 included: power outages, compressor trips, blocked SAG mill discharge gates, tails line failures, BIOX agitator gearbox failure/repair and conveyor belt repairs.

On 29 March 2020 and again in June 2020, an external power failure and subsequent internal back systems and cable failures led to extended downtime in the agitation and air supply to BIOX. Unfortunately, this lack of air to BIOX resulted in a collapse of the BIOX bacteria culture and the BIOX oxidation process. BIOX reactivated in the first week of May and returned to full production by mid-May. A second internal failure of the BIOX power supply occurred on 27 June which resulted in a 14 hour loss of air to the BIOX circuit while a new cable was spliced and tested. Again this lack of air led to a BIOX collapse. The operational team, on this occasion, were able to bring the BIOX circuit back on-line and return the circuit to a stable operating manner within three weeks. During these periods of BIOX being off-line the process plant continued to operate feeding flotation concentrate directly to CIL at reduced recoveries.

With the lack of available resources, on-site senior maintenance management personnel, supervision and contractors to assist with site maintenance, the reliability of BIOX and the complete plant was a significant issue during H1 2020. These issues have continued since half-year end and will be of ongoing concern for operations while the COVID-19 pandemic impacts on the movement of people and supplies.

Since half-year end there have been a further two significant power failures that have impacted on the BIOX circuit, however, the operations team were able to bring the BIOX system back online within 7-10 days of the outage, thereby minimising the overall impact of these events.

Sulphur feed tonnes remained above design for most of H1 2020, with a large portion of the feed being sent directly to CIL while the BIOX circuit was recovering. Oxidation is therefore difficult to calculate for H1 2020. CIL recovery was affected by the numerous losses of the BIOX circuit, however by managing a lower grade feed and maintaining where possible higher grade in stocks, losses were minimised.

With the lack of available resources and parts, operations are prioritising keeping equipment running rather than attempting to enhance production outcomes. All major shutdowns have been delayed including the scheduled maintenance to the blowers and the mill. The mill grates are targeted to be replaced in November 2020 which will aid in plant throughput and the new blower is targeted to arrive in Q1 2021.

Residual Storage Impoundment ("RSI")

The RSI is operating to design with an excellent environmental performance record. Staged construction of the RSI continues with development of Stage 5.5 expected to be completed in 2021.

The performance of the RSI is continuously monitored by an independent international consulting group.

Community & Government Relations

Productive relations with both the community and the government continue. The Company has continued with its consultation with the government in relation to removing illegal miners, their infrastructure and dwellings from those areas scheduled to be mined as part of mine plan Stages 3 and 4. Access to Stage 3 of the mine is being developed.

This Announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 ("MAR"). Upon the publication of this Announcement, this inside information is now considered to be in the public domain.

For further information please visit or contact www.metalsexploration.com

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CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME for the six months ended 30 June 2020

	Notes	6 month period ended 30 June 2020 (unaudited) US\$	6 month period ended 30 June 2019 (unaudited) US\$	Year ended 31 December 2019 (audited) US\$
Continuing Operations				
Revenue		52,890,892	40,291,728	94,280,289
Cost of sales		(39,906,887)	(31,803,568)	(75,819,654)
Gross profit		12,984,005	8,488,160	18,460,635
Administrative expenses		(3,805,015)	(7,666,808)	(9,496,897)
Operating profit		9,178,990	821,352	8,963,738
Impairment reversal		-	-	23,213,749
Loss on sale of assets		-	(8,628,306)	(569,434)
Net finance and other costs		(10,521,655)	12,254	(17,778,610)
Share of (losses)/profit of associates		(4,783)	(529,516)	22,829
(Loss)/profit before tax		(1,347,448)	(8,324,216)	13,852,272
Tax expense		(29,634)	(247,018)	(140,072)
(Loss)/profit for the period attributable to equity holders of the parent		(1,377,082)	(8,571,234)	13,712,200
Other comprehensive income:				
Items that may be re-classified subsequently to profit or loss:				
Exchange differences on translating foreign operations		788,963	427,457	1,566,525
Items that will not be re-classified subsequently to profit or loss:				
Re-measurement of pension liabilities		-	-	(118,035)
Total comprehensive (loss)/profit for the period attributable to equity holders of the parent		(588,119)	(8,143,777)	15,160,690
(Loss)/profit per share:				
Basic cents per share		(0.07)	(0.41)	0.66
Diluted cents per share	4	(0.07)	(0.41)	0.64

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

as at 30 June 2020

		<i>Restated</i>		
	<i>Notes</i>	<i>30 June 2020 (Unaudited)</i>	<i>30 June 2019 (Unaudited)</i>	<i>31 December 2019 (Audited)</i>
		<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Non-current assets				
Property, plant and equipment		104,544,555	77,771,871	106,978,695
Other intangible assets		52,675	74,078	49,567
Investment in associate companies		156,625	150,833	161,408
Trade and other receivables		4,978,226	3,862,919	4,222,863
		109,732,081	81,859,701	111,412,533
Current assets				
Inventories		10,924,581	8,175,635	9,478,457
Trade and other receivables		8,313,738	4,445,395	3,609,595
Cash and cash equivalents		7,322,055	3,427,523	4,818,981
		26,560,374	16,048,553	17,907,033
Non-current liabilities				
Loans	5	(8,222,018)	(22,430,436)	(11,282,574)
Trade and other payables		(973,000)	(673,819)	(973,000)
Deferred tax liabilities		(765,814)	(722,991)	(812,481)
Provision for mine rehabilitation		(2,898,035)	(2,256,633)	(2,880,092)
		(12,858,867)	(26,083,879)	(15,948,147)
Current liabilities				
Trade and other payables		(13,188,760)	(28,723,866)	(14,355,288)
Loans - current portion	5	(124,611,179)	(81,710,145)	(112,794,363)
		(137,799,939)	(110,434,011)	(127,149,651)
Net liabilities		(14,366,351)	(38,609,636)	(13,778,232)

Equity

Share capital	27,950,217	27,950,217	27,950,217
Share premium account	195,855,125	195,855,125	195,855,125
Acquisition of non-controlling interest reserve	(5,107,515)	(5,107,515)	(5,107,515)
Translation reserve	15,533,048	13,605,017	14,744,085
Re-measurement reserve	66,803	184,838	66,803
Other reserves	1,526,937	-	1,526,937
Profit and loss account	(250,190,966)	(271,097,318)	(248,813,884)
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Equity attributable to equity holders of the parent	(14,366,351)	(38,609,636)	(13,778,232)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2020

	Share capital US\$	Share premium account US\$	Acquisition of non-controlling interest reserve US\$	Translation reserve US\$	Re-measurement reserve US\$	Other reserve US\$	Profit and loss account US\$	Total equity US\$
Balance at 1 January 2020	27,950,217	195,855,125	(5,107,515)	14,744,085	66,803	1,526,937	(248,813,884)	(13,778,232)
Exchange differences on translating foreign operations	-	-	-	788,963	-	-	-	788,963
Loss for the period	-	-	-	-	-	-	(1,377,082)	(1,377,082)
Total comprehensive loss for the period	-	-	-	788,963	-	-	(1,377,082)	(588,119)
Balance at 30 June 2020	27,950,217	195,855,125	(5,107,515)	15,533,048	66,803	1,526,937	(250,190,966)	(14,366,351)

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued.
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs.
- Acquisition of non-controlling interests reserve; being goodwill arising on acquiring additional equity in a controlled subsidiary.
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries.
- Re-measurement reserve, being the cumulative actuarial gains and losses, return on plan assets and changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) recognised in the statement of total comprehensive income.
- Other reserves: being the cumulative fair value of warrants associated with certain mezzanine debt facilities
- Profit and loss account; being the cumulative loss attributable to equity shareholders.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2019

	Share capital US\$	Share premium account US\$	Shares to be issued reserve US\$	Acquisition of non-controlling interest reserve US\$	Translation reserve US\$	Re-measurement reserve US\$	Profit and loss account US\$	Total equity US\$
Restated Balance at 1 January 2019	27,950,217	195,855,125	4,928,152	(5,107,515)	13,177,560	184,838	(267,454,236)	(30,465,859)
Exchange differences on translating foreign operations	-	-	-	-	427,457	-	-	427,457
Loss for the period	-	-	-	-	-	-	(8,571,234)	(8,571,234)
Total comprehensive loss for the period	-	-	-	-	427,457	-	(8,571,234)	(8,143,777)
Transfer to profit & loss	-	-	(4,928,152)	-	-	-	4,928,152	-
Balance at 30 June 2019	27,950,217	195,855,125	-	(5,107,515)	13,605,017	184,838	(271,097,318)	(38,609,636)

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued.
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs.
- Shares to be issued reserve; being the credit side of the entry relating to the expense recognised in the income statement for share based remuneration. As all share options have expired with no shares issued this reserve has been transferred to profit and loss.
- Acquisition of non-controlling interests reserve; being goodwill arising on acquiring additional equity in a controlled subsidiary.
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries.
- Re-measurement reserve, being the cumulative actuarial gains and losses, return on plan assets and changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) recognised in the statement of total comprehensive income.
- Profit and loss account; being the cumulative loss attributable to equity shareholders.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2019

	Share capital US\$	Share premium account US\$	Shares to be issued reserve US\$	Acquisition of non-controlling interest reserve US\$	Translation reserve US\$	Re-measurement reserve US\$	Other reserve US\$	Profit and loss account US\$	Total equity US\$
Restated Balance at 1 January 2019	27,950,217	195,855,125	4,928,152	(5,107,515)	13,177,560	184,838	-	(267,454,236)	(30,465,859)
Exchange differences on translating foreign operations	-	-	-	-	1,566,525	-	-	-	1,566,525
Change in pension liability	-	-	-	-	-	(118,035)	-	-	(118,035)
Profit for the year	-	-	-	-	-	-	-	13,712,200	13,712,200
Total comprehensive loss for the period	-	-	-	-	1,566,525	(118,035)	-	13,712,200	15,160,690
Fair value of warrants	-	-	-	-	-	-	1,526,937	-	1,526,937

Transfer to profit & loss	-	-	(4,928,152)	-	-	-	4,928,152	-	
Balance at 31 December 2019	27,950,217	195,855,125	-	(5,107,515)	14,744,085	66,803	1,526,937	(248,813,884)	(13,778,232)

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued.
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs.
- Shares to be issued reserve; being the credit side of the entry relating to the expense recognised in the income statement for share based remuneration. As all share options have expired with no shares issued this reserve has been transferred to profit and loss.
- Acquisition of non-controlling interests reserve; being goodwill arising on acquiring additional equity in a controlled subsidiary.
- Translation reserve; being the foreign exchange differences on the translation of foreign subsidiaries.
- Re-measurement reserve, being the cumulative actuarial gains and losses, return on plan assets and changes in the effect of the asset ceiling (excluding net interest on defined benefit liability) recognised in the statement of total comprehensive income.
- Other reserves: being the cumulative fair value of warrants associated with certain mezzanine debt facilities
- Profit and loss account; being the cumulative loss attributable to equity shareholders.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT for the six months ended 30 June 2020

	<i>6 month period ended 30 June 2020 (unaudited) US\$</i>	<i>6 month period ended 30 June 2019 (unaudited) US\$</i>	<i>Year ended 31 December 2019 (audited) US\$</i>
<i>Notes</i>			
Net cash arising from operating activities	8,282,707	3,471,933	13,691,659
Investing activities			
Purchase of property, plant and equipment	(5,657,881)	(1,801,690)	(11,335,992)
Purchase of intangible assets	(28,256)	-	(63,078)
Proceeds from sale of plant and equipment	-	-	250,000
Net cash used in investing activities	(5,686,137)	(1,801,690)	(11,149,070)
Financing activities			
Proceeds from borrowings	-	899,257	899,257
Net cash arising from financing activities	-	899,257	899,257
Net increase in cash and cash equivalents	2,596,570	2,569,500	3,441,846
Cash and cash equivalents at beginning of period	4,818,981	1,497,431	1,497,431
Foreign exchange difference	(93,496)	(639,408)	(120,296)
Cash and cash equivalents at end of period	7,322,055	3,427,523	4,818,981

Notes to the condensed consolidated interim financial statements

1. General information

These condensed consolidated interim financial statements of Metals Exploration and its subsidiaries (the "Group") were approved by the Board of Directors on 30 October 2020. Metals Exploration is the parent company of the Group. Its shares are quoted on AIM, part of the London Stock Exchange. The registered address of Metals Exploration plc is 200 Strand, London, WC2R 1DJ.

The condensed consolidated interim financial statements for the period 1 January 2020 to 30 June 2020 are unaudited. In the opinion of the Directors, the condensed consolidated interim financial statements for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The condensed consolidated interim financial statements incorporate unaudited comparative figures for the interim period 1 January 2019 to 30 June 2019 and the audited financial year ended 31 December 2019.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2019 which were prepared under International Financial Reporting Standards ("IFRS") as adopted for use in the European Union, were filed with the Registrar of Companies. The auditors reported on these accounts and their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006. The auditors drew attention to a material uncertainty regarding Going Concern by way of emphasis.

2. Basis of preparation

These condensed consolidated interim financial statements are for the six-month period ended 30 June 2020, using accounting policies consistent with IFRS as adopted for use in the European Union. The financial information has been prepared on the basis of IFRS that the Board of Directors expect to be applicable as at 31 December 2020.

These condensed consolidated interim financial statements have been prepared under the historical cost convention. There have been no changes in accounting policies as described in the 2019 annual financial statements

Notes to the condensed consolidated interim financial statements (continued)

3. Going concern

These condensed consolidated interim financial statements of the Group have been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

To date the Group has managed to limit the impact of COVID-19 on its operations, the main impacts that have arisen during the COVID-19 crises are the limitation on movement of personnel to/from the project site and in/out of the Philippines, and supply chain interruptions affecting receipt of spares and consumables. These pressures are being managed and gold production is at the time of this report returning to close to towards target levels. The longer the impacts of the pandemic continue the more at risk the operations become, however the Group's ability to keep the project in a positive cash flow position to date during the pandemic gives the Group reason to believe the impact of COVID-19 will not affect the future going concern status of the Group.

Notwithstanding the impact of COVID-19 the operational performance of the project combined with the recent gold price increases has resulted in results for the H1 2020 significantly improved compared to H1 2019.

Although as at 30 June 2020, the Group's current liabilities exceeded its current assets by US\$111 million due primarily to the portion of the Group's external borrowings that was scheduled to be repaid by 30 June 2020, the Group has, in October 2020 completed a restructure of its debt such that there is no longer any set principal or interest repayment schedule.

Excess free cashflow will be paid to lenders on a quarterly basis only when net working capital is in excess of US\$5million. In addition the Group is not in default if it is unable to make a quarterly payment to the lenders. As a result of this debt restructure and the ongoing existence of a US\$5million positive net working capital balance, together with the sustained positive cash flows being produced by the Project, the Directors believe there is no longer material uncertainty over the Group's going concern.

Over the next financial periods, the continuing viability of the Group and its ability to operate as a going concern and to meet its commitments as and when they fall due is dependent upon the ability of the Group to operate the Runruno Project successfully so as to generate sufficient cash flows from the Runruno Project to enable the Group to settle its liabilities (including the restructured debt facilities) as they fall due.

On the basis of the above the Directors believe that the Runruno Project will continue to operate successfully and produce positive cash flows. As a result the Directors consider it appropriate that the half-year financial statements should be prepared on a going concern basis.

Notes to the condensed consolidated interim financial statements (continued)

4. (Loss)/profit per share

The (loss)/profit per share was calculated on the basis of net (loss)/profit attributable to equity shareholders divided by the weighted average number of ordinary shares.

	<i>6 month period ended 30 June 2020</i>	<i>6 month period ended 30 June 2019</i>	<i>Year ended 31 December 2019</i>
	<i>(unaudited) US\$</i>	<i>(unaudited) US\$</i>	<i>(audited) US\$</i>
(Loss)/profit			
Net (loss)/profit attributable to equity shareholders for the purpose of basic and diluted profit/(loss) per share	(1,377,082)	(8,571,234)	13,712,200
Number of shares			
Weighted average number of ordinary shares for the purpose of basic (loss)/profit per share	2,071,334,586	2,071,334,586	2,071,334,586
Number of dilutive shares under warrant	-	-	30,950,049
Weighted average number of ordinary shares for the purpose of diluted (loss)/profit per share	2,071,334,586	2,071,334,586	2,102,284,635
Basic (loss)/profit cents per share	(0.07)	(0.41)	0.66
Diluted (loss)/profit cents per share	(0.07)	(0.41)	0.64

5. Loans

On 28 May 2015, the Company entered into a loan Facility Agreement with two foreign international resource banks for US\$83,000,000 in project finance. In January 2020 the Facility Agreement was acquired by companies associated with the Mezzanine Lenders (the "New Lenders"). The principal plus capitalised interest balance owing by the Group under the Facility Agreement as at 30 June 2020 was US\$70,818,508.

Since 2015 the Company entered into numerous facility agreements with two major shareholders, MTL (Luxembourg) Sarl and Runruno Holdings Limited (the "Mezzanine Lenders"). The purpose of these unsecured advances was for general corporate and working capital requirements of the Company and to enable completion of the Runruno project. The principal and accrued interest/fees balance owing by the Company to the Mezzanine Lenders as at 30 June 2020 was US\$62,014,689.

In September 2020 the Group reached a conditional in-principle agreement with its lenders to restructure its borrowings such that it will no longer be in default and result in a sustainable debt profile. On 23 October 2020 this agreement was completed. Refer to Note 7 - subsequent events.

The Group's outstanding loan positions (including outstanding interest/fees) were:

	<i>June 2020</i>	<i>June 2019</i>	<i>Dec 2019</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Total loans due within one year	124,611,179	81,710,145	112,794,363
Total loans due after more than one year	8,222,018	22,430,436	11,282,574

Notes to the condensed consolidated interim financial statements (continued)

6. Contingent liabilities

The Group has no contingent liabilities identified as at 30 June 2020 (2019: US\$nil), other than:

- The Company has commenced a review of its options to comply with its RSI closure spillway obligations, which is a direct link to a non-current liability provision for mine rehabilitation. A preliminary assessment has been received from an external consulting group in relation to this matter. The Company is reviewing the implications of the

conclusions in this report and as a result will implement various studies to assess the optimum engineering and logistical method to satisfy its RSI closure obligations.

These studies are at an early stage and will take several months to advance to a point where the Company can reliably estimate the potential cost of its future RSI closure obligations with any degree of certainty.

Accordingly, it is currently not practicable to reliably estimate this RSI closure obligation, however it is possible that the Company's potential closure cost estimation could change materially. The Company expects that to complete its studies within the next twelve months such that it can reliably estimate these additional closure costs.

7. Subsequent events

On 23 October 2020 the Group completed a restructuring of its outstanding debt with its lenders, whereby both the Senior Facility and the Company's various pre-existing Mezzanine debt facilities (which are held by the New Lenders and Mezzanine Lenders) were replaced by (i) an amended and restated senior facility (the "New Senior Facility"); (ii) two amended and restated mezzanine facilities (the "New Mezzanine Facilities"); and (iii) a new revolving credit facility (the "RCF Facility") (together the "New Debt Facilities"). The material terms of the restructuring were announced on 8 September 2020 and are summarised below:

- The Group will no longer be subject to set fixed principal and interest repayment schedules and will no longer be in default with effect from completion of the restructuring;
- The Group will instead be required to make a quarterly repayment to the Lenders (a "**Quarterly Payment**") within five business days of each quarter end, being an amount that is equal to the Group's net working capital ("**NWC**"), subject to first establishing and maintaining a US\$5 million cash buffer. NWC is defined as the Group's available cash on hand plus gold sales proceeds due, and gold doré on hand or in transit, less all current liabilities (including approved operational, CAPEX and exploration expenses, taxes, hedging costs and government charges, but excluding all unpaid debt principal and interest);
- The Quarterly Payments will be applied in the following order: (i) to pay any applicable fees or costs of the Lenders under the facilities; (ii) interest on the New Senior Facility; (iii) New Senior Facility principal; (iv) interest on the New Mezzanine Facilities; and (v) principal on the New Mezzanine Facilities;
- In September 2020 the Company paid RHL and MTLL US\$4,000,000 in aggregate, being interest from 30 January 2020 to 31 August 2020 and a repayment of principal of approximately US\$710,000 under the Senior Facility;
- The New Senior Facility interest rate will be set at 7per cent per annum accruing daily and compounding quarterly;
- The interest rate on the New Mezzanine Facilities will initially be set at 15per cent per annum accruing daily and compounding quarterly;
- Upon full repayment of the New Senior Facility, the New Senior Facilities will be amended and restated so that all amounts then due under the New Mezzanine Facilities as at such date will instead become due under the New Senior Facility without any other amendment to the terms of the New Senior Facility. This would result in the outstanding amount becoming secured as per the New Senior Facility, in exchange for the interest rate being reduced to 7 per cent. per annum;
- The Group is no longer required to pay a 1.3 per cent. gross production fee upon gold production (which was a requirement under the existing mezzanine debt facilities in respect of the period up to 30 September 2022);
- In circumstances where the Group is in default an additional penalty interest of 5per cent per annum will apply;
- The 2011 Shareholder and Subscription Agreement has been replaced by new relationship agreements with RHL and MTLL, respectively, providing far greater compliance with current corporate governance guidance;

Notes to the condensed consolidated interim financial statements (continued)

7. Subsequent events (continued)

- The RCF is for an amount of £100,000 and has a term of 10 years from the date Company repays in full all amounts owed under the New Senior Facility and the New Mezzanine Facilities, unless terminated earlier by the lenders or by the Company repaying all amounts under the RCF, together with a redemption premium of £2 million to each of RHL and MTLL. Under the terms of the RCF, the Company has undertaken not to implement certain operational decisions without prior approval of the Lenders;
- The New Debt Facilities incorporate operational covenants and events of default that are normal for these types of facilities, however a non-payment of a Quarterly Payment due to insufficient NWC is not an event of default; and
- The Company agreed to pay the reasonable costs and expenses incurred by the Lenders in implementing the restructuring.