



Katoro Gold Plc
(Incorporated in England and Wales)
(Registration Number: 9306219)
Share code on the AIM: KAT
ISIN: GB00BSNBL022
("Katoro" or "the Company")

Unaudited Interim results for the six months ended 30 June 2020

Dated 22 September 2020

Katoro Gold PLC ('Katoro' or the 'Company') (AIM: KAT), the AIM listed gold and nickel exploration and development company, is pleased to announce its unaudited results for the six months ended 30 June 2020. The interim results will also shortly be available on the Company's website: <https://www.katorogold.com/>

Overview

- Entered into a binding conditional agreement to participate in a strategic gold production opportunity in South Africa, focused on the reprocessing of an existing 1.34 million ounce of gold JORC compliant tailings resource
- Reaching a final agreement with Lake Victoria Gold Limited ("LVG") for the disposal of Reef Miners Limited for a total staged cash consideration of up to US\$1.0 million and a 1.5% Net Smelter Royalty
- Post period end:
 - raised £1.1m (gross) through an oversubscribed placing to new and existing shareholders to finance the continued development of the Company's project portfolio
 - exercise of option by Power Metal Resources plc to increase its ownership interest from 25% to 35% in the Haneti Nickel Project in Tanzania through the payment of £25,000

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014.

For further information please visit www.katorogold.com or contact:

Louis Coetzee	Katoro Gold plc	Executive Chairman	louisc@katorogold.com
Bhavesh Patel Andrew Thomson	RFC Ambrian Limited	Nominated Adviser	+44 20 3440 6800
Nick Emerson Sam Lomanto	SI Capital Ltd	Broker	+44 (0) 1483 413 500
Isabel de Salis Beth Melliush	St Brides Partners Ltd	Investor and Media Relations Adviser	+44 (0) 20 7236 1177

Chairman's Statement

Significant progress has been made by the Company in a year that presented a whole new series of challenges to people and businesses alike with the world-wide COVID-19 pandemic. As Chairman I would like to thank Katoro's Directors, Management team and shareholders for their patience shown during this difficult time.

Despite the challenges presented by COVID-19, the Company has advanced the Haneti Polymetallic Project in Tanzania to a drill ready status with several high priority targets. Furthermore, the Company entered into a 50/50 joint venture agreement for the near term producing Blyvoor Gold Tailings Project in South Africa. On a corporate level the Company disposed of Imweru for a total staged consideration of US\$1.0 million and a 1.5% Net Smelter Royalty on all future gold production from Imweru.

The Haneti Project is a large-scale Polymetallic project covering an area of approximately 5,000 sq. km, where the principle target zone is an 80km long ultra-mafic belt with grades from surface sampling of up to 13.6% nickel and 2.33g/t combined PGM's.

During this reporting period, Katoro developed plans to implement a drill programme at Haneti, focused on nickel sulphide and PGM targets at Mihanza Hill and Mwaka Hill, the two priority targets. In parallel to this activity, Katoro received approaches with a view to earn-in, joint venture or other similar structures in respect of the project, with a primary focus on the nickel sulphide potential. Discussions with our joint venture partner Power Metal Resources (LON:POW) continue with regard these approaches.

In early 2020 the Company entered into a strategic gold production opportunity in South Africa, focused on the reprocessing of an existing 1.34 million ounce of gold JORC compliant tailings resource. Katoro entered into a binding conditional agreement to form a 50/50 unincorporated joint venture to advance the project to near term production. During the period, Katoro and its joint venture partners made tremendous progress in advancing the project including the appointment of Graham Briggs as JV Manager, delivering exceptional improved economics via a new scoping study and attracting a significant number of expressions of interest to finance the project. With the high level of finance interest shown, Katoro and its joint venture partners worked diligently to assess each of the expressions of interest shown.

Post reporting period, the Company has continued to make significant progress on all aspects of the business. The company raised £1.1M in an oversubscribed placing which has put the company in a solid financial footing for the foreseeable future. With a pending drill programme at Haneti and Blyvoor advancing rapidly to financial close, the remainder of 2020 is looking to be a news rich period for all shareholders.

Louis Coetzee
Executive Chairman

Unaudited Interim Results for the six months ended 30 June 2020**Unaudited condensed consolidated interim Statement of Comprehensive Income
For the six months ended 30 June 2020**

	Note	6 months to 30 June 2020 (Unaudited) £	6 months to 30 June 2019 (Unaudited) £	12 months to 31 December 2019 (Audited) £
Revenue		-	-	-
Cost of sales		-	-	-
Gross Profit		-	-	-
Administrative expenses		(432,928)	(387,452)	(605,817)
Profit from disposal of subsidiary		815,691	-	-
Foreign exchanges gain/(loss)		(293)	1,245	1,649
Exploration expenditure		(26)	(46,974)	(102,152)
Finance costs		(17,701)	-	-
Operating profit/loss		364,743	(433,181)	(706,320)
Investment and Other Income		-	-	37,661
Profit/(loss) before Tax		364,743	(433,181)	(668,659)
Tax		-	-	-
Profit/(loss) for the period		364,743	(433,181)	(668,659)
Other comprehensive Income/(loss):				
Exchange differences on translating of foreign operations		(7,789)	1,746	4,582
Total Comprehensive Income/(loss)		356,954	(431,435)	(664,077)
Profit/(loss) for the period		364,743	(433,181)	(668,659)
Attributable to owners of the parent		364,743	(433,181)	(661,902)
Attributable to non-controlling interest		-	-	(6,757)
Total comprehensive Income/(loss)		356,954	(431,435)	(664,077)
Attributable to owners of the parent		356,954	(431,435)	(658,465)
Attributable to non-controlling interest		-	-	(5,612)
Earnings/(loss) Profit per share				
Basic and diluted Earnings/(loss) per share (pence)	3	0.17	(0.28)	(0.39)

Unaudited condensed consolidated interim Statement of Financial Position
As at 30 June 2020

	Note	As at 30 June 2020 (Unaudited) £	As at 30 June 2019 (Unaudited) £	As at 31 December 2019 (Audited) £
Assets				
Non-current assets				
Intangible assets		209,500	209,500	209,500
Other financial assets	11	405,700	-	-
Investments		37,661	-	37,661
		652,861	209,500	247,161
Current assets				
Cash and cash equivalents		61,769	179,896	27,972
Other receivables		13,020	-	13,017
Other financial assets	11	1,159,200	-	-
Assets classified as held for sale		-	-	6,966
Total current assets		1,233,989	179,896	47,955
Total Assets		1,886,850	389,396	295,116
Equity				
Called up share capital	5	2,503,650	1,679,625	1,795,555
Share premium		2,505,634	2,211,950	2,216,729
Capital contribution reserve		10,528	10,528	10,528
Translation reserve		(459,039)	(454,086)	(451,250)
Merger reserve		1,271,715	1,271,715	1,271,715
Warrant and share-based payment reserve		141,055	182,728	105,467
Retained deficit		(4,439,559)	(4,576,189)	(4,804,302)
Reserves attributable to owners		1,533,984	326,271	144,442
Minority interest		33,272	40,637	33,272
Total Equity		1,567,256	366,908	177,714
Liabilities				
Current liabilities				
Trade and other payables	2	236,704	22,488	106,145
Other financial liabilities		82,890	-	11,257
Total current liabilities		319,594	22,488	117,402
Total Equity and Liabilities		1,886,850	389,396	295,116

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Warrant reserve and share based payment reserve	Merger Reserve	Capital Contribution Reserve	Foreign currency translation reserve	Retained deficit	Minority interest	Total
	£	£	£	£	£	£	£		£
Balance at 31 December 2019 (audited)	1,795,555	2,216,729	105,467	1,271,715	10,528	(451,250)	(4,804,302)	33,272	177,714
Loss for the period	-	-	-	-	-	-	364,743	-	364,743
Other comprehensive loss - exchange differences	-	-	-	-	-	(7,789)	-	-	(7,789)
Proceeds of share issue of share capital	708,095	288,905	-	-	-	-	-	-	997,000
Issue of share options and share warrants	-	-	35,588	-	-	-	-	-	35,588
Balance as at 30 June 2020 (unaudited)	2,503,650	2,505,634	141,055	1,271,715	10,528	(459,039)	(4,439,559)	33,272	1,567,256
Balance at 1 January 2019 (audited)	1,494,478	2,186,406	41,808	1,271,715	10,528	(455,832)	(4,102,371)	-	446,732
Loss for the period	-	-	-	-	-	-	(433,181)	-	(433,181)
Other comprehensive income - exchange differences	-	-	-	-	-	1,747	-	-	1,747
Proceeds of share issue of share capital	185,147	25,544	-	-	-	-	-	-	210,691
Issue of share options and share warrants	-	-	140,920	-	-	-	-	-	140,920
Sale of interest in a subsidiary	-	-	-	-	-	-	(40,637)	40,637	-
Balance at 30 June 2019 (unaudited)	1,679,625	2,211,950	182,728	1,271,715	10,528	(454,085)	(4,576,189)	40,637	366,909
Balance at 1 January 2019 (audited)	1,494,478	2,186,406	41,808	1,271,715	10,528	(455,832)	(4,102,371)	-	446,732
Loss for the period	-	-	-	-	-	-	(661,902)	(6,757)	(668,659)
Other comprehensive loss - exchange differences	-	-	-	-	-	4,582	-	-	4,582
Issue of share capital	301,077	30,323	-	-	-	-	-	-	331,400
Issue of share warrants and options	-	-	63,659	-	-	-	-	-	63,659
Disposal of interest in subsidiary without losing control	-	-	-	-	-	-	(40,029)	40,029	-
Balance at 31 December 2019 (audited)	1,795,555	2,216,729	105,467	1,271,715	10,528	(451,250)	(4,804,302)	33,272	177,714

Unaudited condensed consolidated interim statement of cash flow
For the six months ended 30 June 2020

	6 months to 30 June 2020 (Unaudited) £	6 months to 30 June 2019 (Unaudited) £	12 months to 31 December 2019 (Audited) £
Profit/(loss) for the period before taxation	364,743	(433,181)	(668,659)
Adjusted for:			
Foreign exchange (gain)/ loss	(7,789)	1,747	1,649
Costs settled in shares	-	110,691	91,597
Warrants issued for facilitation fees	35,588	71,230	-
Share based payment transactions	-	69,689	103,461
Profit on disposal of subsidiaries	(815,691)	-	-
Investment obtained for no consideration	-	-	(37,661)
Operating income before working capital changes	(423,149)	(179,824)	(509,613)
Decrease/ (Increase) in trade and other receivables	85	-	(58,097)
(Decrease)/ Increase in trade and other payables	130,561	(153,011)	(13,017)
Net cash outflows from operating activities	(292,503)	(332,835)	(580,727)
Cash flows from financing activities			
Issue of shares (net of share issue costs)	287,000	100,000	202,934
Borrowings raised	792,800	-	-
Net cash proceeds from financing activities	1,079,800	100,000	202,934
Cash forfeited on disposal of subsidiary	(6,966)		
Cash advanced to Joint Venture	(753,500)	-	-
Net cash outflow from investing activities	(760,466)	-	-
Net increase in cash and cash equivalents	26,831	(232,835)	(377,793)
Cash and cash equivalents at beginning of period	34,938	412,731	412,731
Exchange fluctuation	-	-	-
Cash and Cash equivalents at End of Period	61,769	179,896	34,938

Notes to the unaudited condensed consolidated interim financial statements
For the six months ended 30 June 2020

Note 1 General information

Katoro Gold PLC (“Katoro” or the “Company”) is incorporated in England & Wales as a public limited company. The Company’s registered office is located at 60 Gracechurch Street, London EC3V OHR.

The principal activity of Katoro, through its subsidiaries (together the ‘Group’), is to carry out evaluation and exploration studies within a licenced portfolio area with a view to generating commercially viable Mineral Resources, namely gold and nickel mines. In Haneti, the Group has one nickel mining project, which has mineral exploration licences currently held by Eagle Exploration Ltd.

The condensed interim consolidated financial statements do not represent statutory accounts within the meaning of section 435 of the Companies Act 2016.

The condensed interim financial information is unaudited and has been prepared on the basis of the accounting policies as set out in the audited financial statements for the period ended 31 December 2019.

Accounting policies applied are consistent with those of the previous financial period.

The seasonality or cyclicity of operations does not impact on the interim financial statements.

Going concern

The Company currently generates no revenue and had net assets of £1,567,256 as at 30 June 2020.

After reviewing the Group’s financial projections, the directors of the Company (the “Directors”) have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopted the going concern basis in preparing the Group Financial Information. This expectation is based on the £1.1 million oversubscribed placing raised during July 2020.

Note 2 Trade and other payables

	30 June 2020	30 June 2019	31 Dec 2019
	£	£	£
Trade payables	130,390	18,147	13,619
Cash received on unlisted placing	45,000	-	-
Accruals	68,280	4,341	92,526
	243,670	22,488	106,145

Note 3 Earnings per share

The calculation of loss per share is based on the following loss and number of shares:

	30 June 2020	30 June 2019	31 Dec 2019
	£	£	£
Profit/(loss) for the period from continuing operations	364,743	(433,181)	(661,902)
Weighted Average basic and diluted number of shares	214,713,873	154,307,631	168,054,153
Basic and diluted Earnings/(loss) per share (pence)	0.17	(0.28)	(0.39)

The Group presents basic and diluted EPS data on the basis that the current structure has always been in place. Therefore the number of Katoro shares in issue as at the period end has been used in the calculation. Basic Earnings/loss per share is calculated by dividing the Profit/loss for the period from continuing operations of the Group by the weighted average number of shares in issue during the period.

Katoro has no dilutive instruments in existence.

Note 4 Unaudited results

These condensed consolidated interim financial results have not been audited or reviewed by the Group's auditors.

Note 5 Share Capital

The called-up and fully paid share capital of the Company is as follows:

	30 June 2020	30 June 2019	31 Dec 2019
	£	£	£
Allotted, called-up and fully paid:	<u>2,503,650</u>	<u>1,679,625</u>	<u>1,795,555</u>

A reconciliation of share capital is set out below:

	Number of shares	Allotted, called-up and fully paid £
As at 1 January 2020	179,555,462	1,795,555
Shares issued during the period	70,809,515	708,095
At 30 June 2020	<u>250,364,977</u>	<u>2,503,650</u>

Note 6 Board of Directors

There were no changes to the board of directors during the interim period, or any other committee's composition.

Note 7 Subsequent events

Cash placing

The Group has raised £1.1m (gross) through a placing and subscription of 73,333,333 new ordinary shares of 1 pence each in the capital of the Company at 1.5 pence per share with new and existing shareholders. Every two Financing Shares has an attaching warrant to subscribe for a further new Ordinary Share at an exercise price of 3 pence per warrant, with a life to expiry of 3 years from the Financing Shares admission to trading on AIM, creating 36,666,666 new warrants.

Non-controlling interest in Haneti Project

Power Metal Resources plc exercised their option to increase its ownership interest from 25% to 35% in the Haneti Nickel Project in Tanzania through the payment of £25,000.

Share Option plan

The Board has resolved to grant options ("Options") over a total of 17,300,000 new ordinary shares of £0.01 each in the capital of the Company ("Ordinary Shares") to the Board and Management of the Company. The Options are exercisable at 2.6 pence per Ordinary Share, constituting a c. 10% premium to the Company's recent closing share price on 28 August 2020. The Options have an expiry date of the seventh anniversary from the date of grant of 28 August 2020, with 50% vesting on issue and the remaining 50% vesting in one year.

Note 8 Commitments and contingencies

There are no material contingent assets or liabilities as at 30 June 2020.

Note 9 Segment report*Segmental disclosure per category*

	Mining	Corporate	Total
2019			
Loss after tax	(172,104)	(261,077)	(433,181)
Segmental assets	286,968	102,428	389,396
Segmental liabilities	5,556	16,933	22,489
2020			
Loss after tax	(516)	365,259	364,743
Segmental assets	218,734	1,675,082	1,893,816
Segmental liabilities	17,017	309,543	326,560

Segmental disclosure per geographical location

	Tanzania	Cyprus	UK	Total
2019				
Loss after tax	(55,525)	(116,489)	(261,167)	(433,181)
Segmental assets	52,169	25,299	102,428	179,896
Segmental liabilities	4,930	626	16,933	22,489
2020				
Loss after tax	(516)	(138,339)	503,598	364,743
Segmental assets	218,734	1,495	1,673,587	1,893,816
Segmental liabilities	17,017	85,776	223,767	326,560

Note 10 Disposal of subsidiary

Katoro Gold PLC sold a 100% interest in Reef Miners Limited, effective from 12 June 2020, for the cash consideration receivable of \$1million.

The following financial impact is noted:

Cash	(6,966)
Trade creditors	11,266
Net liabilities disposed	4,300
Other financial asset receivable	811,391
Profit on disposal	815,691

Note 11 Other financial assets

Other financial assets comprise of the following balances as at 30 June 2020:

Other financial assets - current	£
Lake Victoria Gold Limited	405,700
Blyvoor Joint Venture – Loans advanced	753,500
	<u>1,159,200</u>
Other financial assets - non-current	£
Lake Victoria Gold Limited	405,700
	<u>405,700</u>

Terms associated with the receivable from Lake Victoria Gold Limited

- US\$100,000 upon the satisfaction of the conditions precedent
- US\$100,000 upon registration of the Sale Shares in the name of LVG
- US\$100,000 on the date 4 months from the date of the Agreement
- US\$200,000 on the date 9 months from the date of the Agreement
- US\$500,000 upon the earlier of the commissioning of the first producing mine of LVG in the United Republic of Tanzania or the date 24 months from the date of the Agreement

Terms associated with the receivable from Blyvoor Joint Venture:

- Katoro was required to provide a loan facility in aggregate of £790,000 to the joint venture to fund ongoing development work;
- the loan facility will bear interest at the 12-month London Inter Bank Offered Rate, or its successor;
- the loan facility will be repayable within 12 months after the last third-party creditor participating in the project financing shall have been paid or any earlier date on which the parties may agree.

****ENDS****