KATORO GOLD PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

CONTENTS

CORPORATE DIRECTORY

BOARD OF DIRECTORS:	Louis Coetzee	Chairman (Executive)
	Louis Scheepers	Non-executive director
	Myles Campion	Non-executive director
	Paul Dudley	Non-executive director
	Lukas Maree	Non-executive director

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CORPORATE DIRECTORY

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WEBSITE:	www.katorogold.com
DATE OF INCORPORATION:	11 November 2014
COMPANY NUMBER:	09306219

CHAIRMAN'S REPORT

2020 was a year like no other. The worldwide COVID-19 pandemic turned many lives up-side down, whether from a financial, business or indeed personal perspective. Katoro, however, is grateful to look back on a year of many achievements. As Chairman I would like to take this moment to thank Katoro's Directors, Management, business partners and shareholders alike for their dedication and commitment shown during this challenging period.

2020 Overview

2020 was a year in which Katoro consolidated its strategy and made great strides in its quest to first production.

In Tanzania, the Company advanced the Haneti Polymetallic Project and announced at the year-end that drilling had commenced. The drill programme was designed to provide enhanced information of the subsurface shape and orientation of the ultramafic rock bodies being targeted and allowing for the optimisation of a planned follow-on diamond drill programme.

Furthermore, the Company completed technical work related to the upgrade and restatement of the Blyvoor Gold Tailings Project resource statement. Significant progress was made towards securing the necessary funding, sufficient to fund the construction and commissioning of a Beneficiation Plant and auxiliary operations.

The Company also finalised the disposal of the Imweru project by executing the sales transaction with Lake Victoria Gold. Following assessment of the recoverability of the remaining consideration receivable from the counterparty, management thought it prudent to raise a provision for impairment, and resultantly the Group impaired its financial asset receivable and investment in subsidiaries in the amount of £652,815 and £1,023,706 respectively as at December 2020.

The Company further strengthened its balance sheet with financing of approximately £3m during the period, including a capital placing raise toward the end of the year of £960k that was conditional to and received shareholder approval at a General Meeting ('GM') that was held on 15 January 2021. We would like to thank the shareholders for their continued support.

The Haneti Polymetallic Project

The Haneti Project comprises prospecting license portfolio for nickel, PGMs and gold in central Tanzania forming a near contiguous project block. Intensive historic field and study work was done on the principal target zone, an 80km long ultra-mafic belt with grades of up to 13.6% nickel and 2.33g/t combined PGM's. During the period the licence for the Haneti nickel deposit expired and the group submitted the application for the renewal of the licence and paid the relevant fee, all within the allowed timelines. Management considers that the issuance of the renewed license is an administrative delay.

During the reporting period, Katoro developed and implemented plans to drill a two-stage programme at Haneti, focusing on nickel sulphide and PGM targets at Mihanza Hill and Mwaka Hill, the two priority targets. The first of these two stages, a 2000m Rotary Air Blast ("RAB") maiden drill programme was implemented during late December 2020 and completed six weeks later. The second stage, depending on the results of the RAB programme would be to follow up with a limited diamond drill programme. As the RAB programme still collected material from the weathered zone, the purpose of the second phase would be to collect fresh rock material at depth, in order to further refine planning for an intense diamond drilling campaign.

The Haneti Joint Venture was further strengthened in August, with Power Metal Resources plc (LON:POW) acquiring a further 10% taking their holding to 35% with Katoro retaining 65%.

Katoro continued to receive 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 continued with regard to these approaches.

The Blyvoor Gold Tailings Project

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.

CHAIRMAN'S REPORT

From a technical perspective the Company continued to make excellent progress with restating the Mineral Resource in the SAMREC code. In this regard, the slightly increased c. 1.4 Million Oz Resource consists of c. 868 kOz in the Measured & Indicated, and c. 542 kOz Inferred in the categories respectively. This represents a c. 216% increase in the combined Measured and Indicated categories.

The Company made excellent progress towards the finalisation of a SAMREC Mineral Reserve and SAMVAL valuation of the Blyvoor Gold Tailings Project which will ultimately drive and define the project financing structure. The Company received multiple expressions of interest to finance the project during the period and 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 Year-End Statement

Post reporting period, the Company has continued to make significant progress on all aspects of the business.

The Maiden drill programme at Haneti completed with 1,965 metres of RAB drilling completed over 50 holes at Mihanza Hill and Mwaka Hill with 1,965 samples collected. We are delighted to report that following receipt of the results from the recently completed RAB drill programme at Haneti, the decision has been made to advance the Haneti Nickel PGM Project to deep diamond drilling. Information from the recent shallow drilling results and the discovery of new gossanous nickel-copper-magnetite veining at Mihanza Hill, confirmed the results from previous exploration work done at Haneti, which was the primary objective of the RAB drill programme. The latest results provided the confirmation we wanted to take the next step in our exploration strategy for Haneti and to proceed with deep diamond drilling. With the diamond drill programme, we will assess the potential for possible economic nickel sulphide mineralisation at Haneti

At Blyvoor, the technical team continue to work towards conclusion of all preparatory work and funding negotiations in the pursuit to Financial Close in the shortest possible time.

This report was approved on 20 May 2021 by:

Louis Coetzee
Executive Chairman

STRATEGIC REPORT

The Board of Directors present their strategic report together with the audited annual financial statements for the year ended 31 December 2020 of Katoro Gold PLC (the "Company") and its subsidiaries (collectively the "Group").

Principal activities
The principal activity of the Group is gold and nickel focussed exploration activities in Tanzania and South Africa.

Review of business in the year
The Group is in its early stage of development and details of the operational activities of the Group are included in the Chairman's report.

Financial activities

Description	**31 December 2020**	**31 December 2019**
Administrative expenses	(894,872)	(514,220)
Share based payment transactions	(225,778)	(91,597)
Foreign exchange (losses)/gain	(76,889)	1,649
Exploration expenditure	(1,394,715)	(102,152)
Other income	43,873	37,661
Loss before tax	(2,561,114)	(668,659)
Finance income	9,570	-
Finance cost	(22,303)	-
Total comprehensive loss	(2,448,710)	(664,077)

The movement in the total comprehensive loss year-on-year, as disclosed in the table above and in the statement of comprehensive income, is mainly owing to the following causes:

- Increase in administrative expenses is due to cost of additional funding activities undertaken during the current period, coupled with additional professional fees;
- Increase in exploration expenditure related to the Blyvoor Joint Venture exploration; and
- Increase in other income originating from the profit on disposal of the Reef Miners Limited subsidiary.

Key performance indicators
Management does not consider there to be any key financial KPI's at this stage, other than the loss per share for the period, which is included in the statement of comprehensive income. As and when operational activities increase management will reconsider the key financial KPI's and update the necessary disclosures accordingly. Non-financial KPI's comprise the measure of advancement with respect to the various key exploration projects over the medium to long term.

Principal Risks and Uncertainties
The realisation of exploration and evaluation assets is dependent on the discovery and successful development of economic mineral reserves and is subject to a number of significant potential risks summarised as follows, and described further below:

- Financial instrument & Foreign exchange risk;
- Strategic risk;
- Funding risk;
- Commercial risk;
- Operational risk;
- Speculative Nature of Mineral Exploration and Development;
- Political Stability; and
- Foreign investment risks including increases in taxes, royalties and renegotiation of contracts.

Financial instrument and foreign exchange risk
The Company and Group are exposed to risks arising from financial instruments held and foreign exchange transactions entered into throughout the period. These are discussed in Note 20 to the Annual Financial Statements.

STRATEGIC REPORT

Strategic risk
Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, the Group may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Group will acquire any interest in additional operations that would yield reserves or result in commercial mining operations. The Company expects to undertake sufficient due diligence where warranted to help ensure opportunities are subjected to proper evaluation.

Funding risk
In the past the Group has raised funds via equity contributions from new and existing shareholders, thereby ensuring the Group remains a going concern until such time that revenues are earned through the sale or development and mining of a mineral deposit. There can be no assurance that such funds will continue to be available on reasonable terms, or at all in future. The Directors regularly review cash flow requirements to ensure the Group can meet financial obligations as and when they fall due.

The Group currently generates no revenue and had net assets of £121,876 as at 31 December 2020 (31 December 2019: £177,714). As at year end, the Group had liquid assets in the form of cash and cash equivalent and other financial asset balances receivable of £97,777 and £46,405 respectively.

The Directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review and the below, they are confident that the Company and the Group will have adequate financial resources to continue in operational existence for the foreseeable future.

The Group has sufficient funds for its present working capital requirements for the foreseeable future due to the successful capital raising completed post year end, as further expended on in note 21. The Directors though continue to review the Group's options to secure additional funding for its general working capital requirements, alongside its ongoing review of potential acquisition targets and corporate development needs. The Directors are confident in this light that such funding will be available, although there is no guarantee as to the terms of such funding or that such funding will be available. In addition, any equity funding may be subject to shareholder approvals in line with legal and regulatory requirements as appropriate. As a result, the Directors continue to monitor and manage the Group's cash and overheads carefully in the best interests of its shareholders.

Whilst the Directors continue to consider it appropriate to prepare the financial statements on a going concern basis the above constitutes a material uncertainty that shareholders should be aware of.

COVID-19 Update
Subsequent to year end, there has been a gradual easing of COVID-19 related restrictions throughout the areas in which the Group operates, resulting in an increase in mobility and operational activities both in Tanzania and South Africa. With the roll-out of the vaccination programs continuing in various jurisdictions in which the Group operates, it is expected that the impact of COVID-19 in the 2021 financial year will gradually subside to a point where operational activities will return to what will be the new normal going forward.

The safety and wellbeing of Katoro's employees and contractors is the highest priority for the Company at this time. Accordingly, in response to the COVID-19 pandemic, and in line with government guidelines, a business continuity programme has been put in place, where employees are being asked to work from home, and limit travel.

The situation and guidance being given in respect of COVID-19 is an evolving one, which the Board will continue to actively monitor.

In this unprecedented time, it is our priority and responsibility to ensure the safety of our team. We will continue to provide updates on our business and operations as necessary. Finally, we would like to take this opportunity to send our very best wishes to all during this difficult time.

Commercial risk
The mining industry is competitive and there is no assurance that, even if commercial quantities of minerals are discovered, a profitable market will exist for the sale of such minerals. There can be no assurance that the quality of the minerals will be such that the Group properties can be mined at a profit. Factors beyond the control of the Group may affect the marketability of any minerals discovered. Mineral prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. Ultimately, the Group expects that prior to a development decision, a project would be the subject of a feasibility analysis to ensure there exists an appropriate level of confidence in its economic viability.

STRATEGIC REPORT

Operational risk
Mining operations are subject to hazards normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact any future production throughout. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Group's operations and its financial results. The Company will develop and maintain policies appropriate to the stage of development of its various projects.

Staffing and Key Personnel Risks
Recruiting and retaining qualified personnel is critical to the Group's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities. Adverse changes in such legislation may have a material adverse effect on the Group's business, results of operations and financial condition. Staff are encouraged to discuss with management matters of interest to the employees and subjects affecting day-to-day operations of the Group.

Speculative Nature of Mineral Exploration and Development
In addition to the above there can be no assurance that the current exploration programmes will result in profitable mining operations.

The recoverability of the carrying value of exploration and evaluation assets is dependent on the successful discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in market conditions could require material write downs of the carrying value of the Group's assets.

Development of the Group's mineral exploration properties is, amongst others, contingent upon obtaining satisfactory exploration results and securing additional adequate funding. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk reduces substantially when a Group's properties move from the exploration phase to the development phase.

The discovery of mineral deposits is dependent upon a number of factors including the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, including the size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, several years can elapse from the initial phase of drilling until commercial operations are commenced.

Political Stability
The Company is conducting its activities in Tanzania and South Africa. The Directors believe that the Governments of Tanzania and South Africa support the development of natural resources by foreign investors and the Directors actively monitor the situation on an ongoing basis. However, there is no assurance that future political and economic conditions in Tanzania and South Africa will not result in the respective governments adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, may affect the Company's ability to develop the projects.

Uninsurable Risks
The Group may become subject to liability for accidents, pollution and other hazards against which it cannot insure or against which it may elect not to insure because of prohibitive premium costs or for other reasons, such as amounts which exceed policy limits.

Foreign investment risks including increases in taxes, royalties and renegotiation of contracts
The Group is subject to risk arising from the ever-changing economic environment in which its subsidiaries operate, mainly driven by the changing regulatory environment governing corporate taxation, transfer pricing and other investment related operational activities. The Group continues to re-assess its investment decisions in order to limit exposure to the ever-changing regulatory environment in which it operates.

STRATEGIC REPORT

Section 172(1)(a) to (f) of the Companies Act 2006 requires each director to act in the way he or she considers would be most likely to promote the success of the company for the benefit of its members as a whole, with regard to the following matters:

a. **The likely consequences of any decision in the long-term**
Katoro is a mining exploration and development company. By their natures mining exploration and development projects are complex, capital intensive, last many years and involve a varied group of stakeholders. As such it is extremely important that the board considers all decisions made by the company in the context of their long-term impact on the company. Consequences of such decisions include (but are not limited to) the impact on all stakeholders (with particular care towards local communities), impact on environmental issues in and around project areas and the financial impact on the Company and its ability to function effectively. Katoro Gold is meticulous in its planning, as is required for permitting processes in the mining exploration and development sector. As such, the Company prepares detailed planning documents before initiating any major work programme. Such planning documents assess a variety of factors from community and environmental issues to technical geological and project funding matters. Where appropriate the Company provides copies of these reports on its website (www.katorogold.com) or releases excerpts via the London Stock Exchange's Regulatory News Service.

b. **The interests of the company's employees**
The health and safety of Katoro Gold's employees is of paramount concern to the board. It is imperative that Katoro Gold provides a safe and secure working environment for all staff. The Company conducts regular Health & Safety reviews and ensures that any operational plans are subject to rigorous scrutiny in their creation and constant monitoring during their implementation.

The Company is a responsible employer in respect to the approach it takes towards employee pay and benefits. These are constantly reviewed.

c. **The need to foster the company's business relationships with suppliers, customers and others**

Mining exploration and development projects involve a diverse and varied group of stakeholders. These include (but is not limited to) the Company's employees, government officials, local communities, financial backers, shareholders and other suppliers. The Company adopts a transparent and open stance in its dealings with all stakeholders to help build trust. Mining exploration and development projects can only succeed with the full support of all involved.

The board has oversight of the procurement and contract management processes in place and receives regular updates on any matters of significance, as well as approving the awarding of large contracts. The board ensures the company fully adheres to the Bribery Act 2010.

d. **The impact of the company's operations on the community and environment**

Mining exploration and development projects can have a significant impact on local communities and the environment. The board constantly reviews the impact of its operations on local communities and the environments. Where required, the Company completes detailed surveying work (such as Environmental Impact Assessments) and, where necessary, applies for relevant permits. Such processes require diligence and concentrated effort.

The board ensures it maintains positive relations with local communities, by engaging in local programmes and providing secure employment opportunities.

e. **The desirability of the company maintaining a reputation for high standards of business conduct**

As a listed Plc, Katoro Gold's reputation for the high standards of its business conduct is paramount. The board makes every effort to ensure it maintains these.

The Company is subject to the disclosure requirements of the AIM Rules for Companies and Financial Conduct Authority's Disclosure Transparency Rules. These comprehensive set of rules enforce a strict discipline upon the Company in terms of the manner, timeliness, subjectivity and content of its public disclosures.

STRATEGIC REPORT

Katoro Gold is also required to complete an annual audit. This is a rigorous analysis of the company's operations and review of the company's policies. The results of this are published each year in the Company's Annual Report.

Katoro Gold also publishes on its website an "AIM 26 Disclosure" (https://katorogold.com/investors/aim-rule-26), which details much of the manner in which the Company is run.

Katoro Gold is committed to corporate governance and adheres to the QCA Corporate Governance Code. The Company's corporate governance statement can be found here - https://katorogold.com/wp-content/uploads/2018/10/QCA-Statement.pdf.

f. **The need to act fairly as between members of the company**
As a listed company, Katoro Gold is committed to treating its shareholders fairly and delivering shareholder value.

Katoro Gold is registered in England and Wales and is subject to the Companies Act. The Company is also subject to the UK City Code on Takeovers and Mergers. The Company's articles of association, which help define some of the actions between the Company and its shareholders, can be found here https://katorogold.com/investors/corporate-documents/

This report was approved by the Board on 20 May 2021 and signed on its behalf by:

Louis Coetzee
Executive Chairman

CORPORATE GOVERNANCE REPORT

Our Company is dedicated to upholding a high standard of corporate governance. As Chairman, it remains my responsibility, working with my fellow Board members, to ensure that good standards of corporate governance are encompassed throughout the Company. As a Board, we set clear expectations regarding our culture, values and behaviours. We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced, enabling us to conduct business sustainably, responsibly and deliver value for our shareholders.

It is the Board's role to ensure that the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that role, reducing risk and adding value to our business.

The Company has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). This statement sets out how the Company complies with, and where relevant departures from, the 10 principles of the QCA Code.

This report was approved by the Board on 20 May 2021 and signed on its behalf by:

Louis Coetzee
Executive Chairman

1. Establish a strategy and business model which promote long-term value for shareholders

Katoro Gold's primary focus is on advancing and developing its Tanzanian and South African projects. The Company is also in the process of reviewing other exploration and mining projects in the region, which resulted in the recent announcement of the Company's gold tailing joint venture partnership in South Africa, with a view to building a diversified mining portfolio. Accordingly, the majority of Katoro's resources will be used to fund the continued development of the Company's projects.

The Board sets the Company's strategy and monitors its implementation through management and financial performance reviews. It also works to ensure that adequate resources are available to implement strategy in a timely manner. The Company has set out a strategy and business model to promote long-term value for shareholders and will update all shareholders on this in the annual reports for each year.

The Board meet on a regular basis to discuss the strategic direction of the Company and any significant deviation or change will be highlighted promptly should this occur.

The Strategic Report of the Company can be found on pages 5 to 9.

2. Seek to understand and meet shareholder needs and expectations

The Company is committed to listening to, and communicating openly with, its shareholders to ensure that its strategy, business model and performance are clearly understood. The Company regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question and answer session. The Board lead by the Executive Chairman are also responsible for understanding and meeting shareholder needs and expectations.

In addition, the Company's progress on achieving its key targets are regularly communicated to investors via presentations and through its announcements to the market which can be at www.katorogold.com.

The Company also utilises professional advisers such as the Company's NOMAD, Broker, Auditor, Investor and Media Relations Adviser and the Company Secretary who provide advice and recommendations on shareholder communication.

Contact details are provided on the Company's website and within public documents should shareholders wish to communicate with the Company.

CORPORATE GOVERNANCE REPORT

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognise their responsibilities to stakeholders including staff, suppliers and customers and those within the community it operates in. The Board lead by the Executive Chairman are also responsible for fostering and improving open communication and contact with relevant stakeholders of the Group.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board regularly reviews the risks facing the business and the internal controls which are in place to address risks. In order to support its duties and responsibilities the Board implements control procedures that assess and manage risk and ensure robust financial and operational management within the Company. The principal risks that the Company is exposed to can be classified under the general headings of exploration risk, commodity risk, price risk, currency risk and political risk. A more detail analysis of the principal risks can be found on pages 6 to 8 within the Company's annual report.

Although there is no specific committee tasked with identifying, analysing and reporting on risk during the financial period, it is nevertheless part of the everyday function of the Directors and is managed at Board level.

Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the Company are appropriate to the business.

5. Maintain the board as a well-functioning, balanced team led by the Chairman

The Board acknowledge their responsibility for, and recognise the importance of implementing and maintaining, high standards of corporate governance. The Board is responsible for establishing and maintaining the system of internal controls. The Company subscribes to the values of good corporate governance at all levels and is committed to conduct business with discipline, integrity and social responsibility.

The Board currently comprises of an Executive Chairman and four Non-executive Directors. Short biographies of the Directors appointed to the Board can be found within the Directors' Report on pages 13 to 20. The Directors' Report also includes details of the Committees and the number of meetings held during the year with the attendance record of each Director.

The QCA Code recommends that the Chair and Chief Executive should not be the same person. Currently Louise Coetzee acts as Chairman and Chief Executive. The Directors believe that given the size of the Company and its stage of development, it is appropriate for the Company to currently have an Executive Chairman, though they will continue to monitor this on an ongoing basis as the Company grows and develops. For the same reason, the Board have not appointed a Senior Independent Director.

The Board is of the view that the Chairman and each of the Directors who held office during 2020 committed sufficient time to fulfilling their duties as members of the Board.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board has a diverse range of skills, experience and personal qualities that help deliver the strategy of the Company. The Company will ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities to deliver the Company's strategy and targets. Each Director's biographical details, along with a description of their role and experience, can be found within the Directors' Report on pages 13 to 20.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Given the Company's current size, the Board has not considered it necessary to undertake an assessment of the Board performance and effectiveness.

CORPORATE GOVERNANCE REPORT

8. Promote a corporate culture that is based on ethical values and behaviours

The Company operates a corporate culture that is based on ethical values and behaviours. It will maintain a quality system appropriate to the standards required for a Company of its size. The Board communicates regularly with staff through meetings and messages.

The Company also has a Corporate Social Responsibility Policy details of which can be found on page 18 of the Directors' Report.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board sets the direction for the Company through a formal schedule of matters reserved for its decision. The Executive Chairman implements the strategy for the Company and regularly reports to the Board or progress as well as continually engaging with the Company's shareholders and stakeholders. The Board has a schedule of matters reserved for its review and approval, such items include, Group strategy, approval of major capital expenditure projects, approval of the annual and interim results, annual budgets, dividend policy and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure. The Board delegates day-to-day responsibility for managing the business to the Executive Chairman and the senior management team.

The Board and Committees along with the matters reserved for each are explained within the Directors' Report on pages 13 to 20. Further information can also be found on the Company's website www.Katorogold.com.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Under AIM rule 26 the Company already publishes historical annual reports, notices of meetings and other publications which can be found on the Company's website www.Katorogold.com. The Board has not published Audit Committee or Remuneration Committee reports in the Company's latest annual report and accounts. The Board feels that this is appropriate given the size and stage of development of the Company.

In regards to a general meeting of the Company once the meeting has concluded the results of the meeting are released through a regulatory news service and a copy of the announcement is posted on the Company's website. If it became relevant an explanation of actions where a significant proportion of votes (e.g. 20% of independent votes) is cast against a resolution would be provided.

This report was approved by the Board on 20 May 2021 and signed on its behalf by:

Louis Coetzee
Executive Chairman

DIRECTORS' REPORT

The Board of Directors present their Annual Report together with the audited annual financial statements for the year ended 31 December 2020 of Katoro Gold plc ("the Company") and its subsidiaries (collectively "the Group").

The Board comprises of an Executive Director and four Non-Executive Directors. As the Company evolves, the Board will be reviewed and expanded if necessary to ensure appropriate expertise are in place at all times to support its business activities.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure and acquisitions. An agenda and all supporting documentation is circulated to all Directors before each Board Meeting. Open and timely access to all information is provided to all Directors to enable them to bring independent judgement on issues affecting the Company and facilitate them in discharging their duties.

At the end of the financial year, and at the date of this report, the Board of Directors comprised:

Louis Coetzee – Chairman (Executive Director)
Louis Scheepers (Non-Executive Director)
Myles Campion (Non-Executive Director)
Paul Dudley (Non-Executive Director)
Lukas Marthinus Maree (Tinus Maree) (Non-Executive Director)

Louis Coetzee, BA, MBA, Age 56 – Chairman (Executive)
Louis has over 25 years' experience in business development, promotion and financing in both the public and private sectors. In recent years, he has concentrated on the exploration and mining area where he has founded, promoted and developed several junior mineral exploration companies based mainly on Tanzanian assets. Previous roles include Vice-President of Canadian listed Great Basin Gold (TSX: CBG) whilst other current roles include CEO of Kibo Mining plc (AIM and AltX listed). Louis has tertiary qualifications in law and languages, project management, supply chain management and an MBA from Bond University (Australia) specialising in entrepreneurship and business planning and strategy.

Louis Scheepers, Age 63 – (Non-Executive)
Louis is an experienced project manager with more than 20 years' experience of practical project development and execution in the mining and extractive industry. He has gained valuable experience in mineral exploration, feasibility studies and greenfield mining projects, spending much time in South, Central and East Africa, as well as the Middle East. Other positions he has held include CEO of Mzuri Exploration Services Ltd as well as the executive responsible for project development at TSX, NYSE and JSE listed Great Basin Gold Ltd after completing a stint as mining consultant.

Myles Campion, BSc, MSc, Age 52 – (Non-Executive)
Myles has a comprehensive background in all technical and financial facets of the resources sector, specialising internationally in resource evaluation and project assessment. This follows a 10-year career as an exploration and mine site geologist in Australia covering base metals and gold. He holds a BSc (Hons) in Geology from University of Wales College, Cardiff and an MSc (MinEx) from the Royal School of Mines in London, and also holds a Graduate Diploma of Business (Finance).

His financial experience ranges from Australian and UK equities research through to project and debt financing in London, covering the entire spectrum of mining companies with an extensive knowledge of the global resources market covering the three main bourses, the Toronto Stock Exchange, AIM and the ASX. This knowledge was applied effectively as a Fund Manager at Oceanic Asset Management, where he managed the Australian Natural Resources Fund, an Open-Ended Investment Company (OEIC) traded in London, steering the fund to an outperforming 50 per cent. return over five years.

Paul Dudley, BSc, FCA, Age 49 – (Non-Executive)
Paul is a Fellow of the Chartered Institute of Accountants of England and Wales and is a Member of the UK's Chartered Institute of Securities and Investment. He co-founded HD Capital Partners Ltd in 2010, a corporate advisory business that is authorised and regulated by the UK's Financial Conduct Authority. Whilst at stockbroking firm WH Ireland, Paul acted as the corporate finance adviser on numerous flotations, fundraisings and provided advice on takeovers and other transactions in the private and public arena.

Earlier in his career, Paul was seconded to the listing department of the London Stock Exchange and he also worked at Sigma Capital plc, a venture capital investment firm, where he advised on investment into emerging growth companies. He began his career at PricewaterhouseCoopers.

DIRECTORS' REPORT

Lukas Marthinus (Tinus) Maree, BLC, LLB, Age 59 – (Non-Executive)
Tinus is a lawyer by profession. He has served on the boards of a number of public companies including Kibo Mining plc., Goldsource Mines Limited, Africo Resources Limited and Diamondworks Limited that have made significant successful investments in exploration projects in Africa and North America, and has more recently served as the CEO of private investment companies Rusaf Gold Limited and Mzuri Capital Group Limited, both of which have successfully developed and sold mineral projects in Russia and Tanzania in the last seven years. He was also a founder principal of River Group, Designated Advisors to the listing of Kibo on the JSE and was responsible for its Canadian office until his retirement from the group in 2013 to pursue personal interests.

Review of Business Developments
As set out in the Chairman's Report and review of activities, Katoro Gold's primary focus is on advancing and developing its Tanzanian and South African projects. Accordingly, the majority of Katoro's resources will be used to fund the continued development of the Company's existing projects.

Results
The result for the year amounted to a total comprehensive loss of £2,448,710 for the year ended 31 December 2020 (31 December 2019: loss of £664,077).

Post Statement of Financial Position Events
Results of General Meeting
On 15 January 2021, the Company held a general meeting where the following resolutions were approved by the shareholders eligible to vote thereon:

- authority to the directors to allot new Ordinary Shares up to an aggregate nominal amount of £2,000,000 which includes the issue of Ordinary Shares pursuant to the Placing and Subscription of 48,000,000 ordinary share for the amount of £960,000; and
- authority to issue equity securities up to an aggregate nominal amount of £2,000,000 for cash, including the Ordinary Shares pursuant to the Placing and Subscription of 48,000,000 ordinary share for the amount of £960,000.

Exercise of warrants
On the 9 March 2021, there was an exercise of warrants, in aggregate, over 1,000,000 ordinary shares of 1 pence in the Company at an exercise price of 1.5 pence (the 'Warrant Shares'). All funds, amounting to, in aggregate, £15,000, from the exercise of the warrants have been received by the Company and will be used for general working capital purposes.

Credit Loan Note Conversion and Final Settlement
The Company has received further notices from certain clients of SI Capital, the Company's broker, who participated in the January 2020 Convertible Loan Note program to convert, in aggregate, £17,000 in principal value at a conversion price of 1.4 pence per share. As a result, the Company issued the 1,214,285 new ordinary shares of 1 pence each in the Company and following the conversion, the Convertible Loan Note program will have been settled in full with no principal outstanding balance remaining. The CLN accrues interest at 20% per annum on a daily basis and the total accrued interest relating to the foregoing conversions amount to £3,390.68 which has been settled in cash.

Directors' Interests
The interests of the Directors (held directly and indirectly), who held office at the date of approval of the financial statements, in the share capital of the Company are as follows:

Louis Coetzee, Louis Scheepers and Tinus Maree are also Directors of Kibo Energy Plc, a shareholder of Katoro.

Ordinary Shares (held directly and indirectly)

Directors	20 May 2021	31 December 2020	31 December 2019
Louis Coetzee	666,667	666,667	-
Louis Scheepers	666,667	666,667	-
Myles Campion	2,416,667	2,416,667	1,750,000
Paul Dudley	1,833,333	1,833,333	1,166,667
Tinus Maree	666,667	666,667	-

DIRECTORS' REPORT

Warrants (held directly and indirectly)

Directors	20 May 2021	31 December 2020	31 December 2019
Louis Coetzee	333,334	333,334	-
Louis Scheepers	333,333	333,333	-
Myles Campion	333,333	333,333	-
Paul Dudley	333,333	333,333	-
Tinus Maree	333,333	333,333	-

Share Options

The Board 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 to the Board and Management of the Company. The Options constituted a c. 10% premium to the Company's closing share price on 28 August 2020 and were issued at a price of 2.6 pence each. 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. The number of options held are set out below.

Directors	20 May 2021	31 December 2020	31 December 2019	Options as % of current issued share capital
Louis Coetzee	8,082,330	8,082,330	4,782,330	2.1
Louis Scheepers	4,594,478	4,594,478	1,494,478	1.2
Myles Campion	4,991,165	4,991,165	2,391,165	1.3
Paul Dudley	4,991,165	4,991,165	2,391,165	1.3
Tinus Maree	4,991,165	4,991,165	2,391,165	1.3

For further detail surrounding the ordinary shares and share options please refer to Note 13 and 14 of the annual financial statements.

Director's Remuneration

Directors	31 December 2020	31 December 2019
Louis Coetzee	£36,000	£36,000
Louis Scheepers	£36,000	£36,000
Myles Campion	£40,233	£39,777
Paul Dudley	£40,233	£39,777
Tinus Maree	£36,000	£36,000

There were no other elements of Director's remuneration incurred in the period, other than the those stated above, namely share options, warrants and cash payments.

There have been no other contracts or arrangements of significance during the period in which Directors of the Company, or their related parties, were interested.

Directors' Meetings

The Company held the following Board and Committee meetings during the reporting period and the number of meetings attended by each of the Directors of the Company during the year to 31 December 2020 were:

Name	Plc Board	Audit and Risk Committee	Disclosure and AIM Rules Compliance Committee	Nomination Committee	Remuneration Committee
Louis Coetzee	31/31	-	1/1	-	-
Louis Scheepers	29/31	-	-	-	-
Myles Campion	28/31	2/2	-	1/1	1/1
Paul Dudley	29/31	2/2	1/1	1/1	1/1
Tinus Maree	29/31	2/2	-	1/1	1/1

DIRECTORS' REPORT

Significant Shareholdings
The Company has been informed that, in addition to the interests of the Directors, at 31 December 2020 and at the date of this report, the following shareholders own 3% or more beneficial interest, either direct or indirect, of the issued share capital of the Company, which is considered significant for disclosure purposes in the annual financial statements:

Percentage of Issued Share Capital			
Shareholder	**20 May 2021**	**31 December 2020**	**31 December 2019**
Kibo Energy plc	25.37%	29.25%	56.7%
Pelamis Investments Limited	-	-	3.8%
David Steinepreis	-	-	3.5%
Yakoub Yakoubov	-	-	4.2%
Sanderson Capital Partners Ltd	5.28%	6.08%	-

Subsidiary Undertakings
Details of the Company's subsidiary undertakings are set out in Note 17 to the annual financial statements.

Political and Charitable Donations
During the period, the Group made no charitable or political contributions (2019: £ nil).

Going Concern
In the past the Group has raised funds via equity contributions from new and existing shareholders, thereby ensuring the Group remains a going concern until such time that revenues are earned through the sale or development and mining of a mineral deposit. There can be no assurance that such funds will continue to be available on reasonable terms, or at all in future. The Directors regularly review cash flow requirements to ensure the Group can meet financial obligations as and when they fall due.

The Group currently generates no revenue and had net assets of £121,876 as at 31 December 2020 (31 December 2019: £177,714). As at year end, the Group had liquid assets in the form of cash and cash equivalent and other financial asset balances receivable of £97,777 and £46,405 respectively. The Group further improved its liquid assets position post year-end following from the successful capital raising as further expended on in note 21.

The Directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review and the below, they are confident that the Company and the Group will have adequate financial resources to continue in operational existence for the foreseeable future.

The Group has sufficient funds for its present working capital requirements for the foreseeable future due to the successful capital raising completed post year end, as further expended on in note 21. The Directors though continue to review the Group's options to secure additional funding for its general working capital requirements, alongside its ongoing review of potential acquisition targets and corporate development needs. The Directors are confident in this light that such funding will be available, although there is no guarantee as to the terms of such funding or that such funding will be available. In addition, any equity funding may be subject to shareholder approvals in line with legal and regulatory requirements as appropriate. As a result, the Directors continue to monitor and manage the Group's cash and overheads carefully in the best interests of its shareholders.

Whilst the Directors continue to consider it appropriate to prepare the financial statements on a going concern basis the above constitutes a material uncertainty that shareholders should be aware of.

COVID-19 Update
Subsequent to year end, there has been a gradual easing of COVID-19 related restrictions throughout the areas in which the Group operates, resulting in an increase in mobility and operational activities both in Tanzania and South Africa. With the roll-out of the vaccination programs continuing in various jurisdictions in which the Group operates, it is expected that the impact of COVID-19 in the 2021 financial year will gradually subside to a point where operational activities will return to what will be the new normal going forward.

The safety and wellbeing of Katoro's employees and contractors is the highest priority for the Company at this time. Accordingly, in response to the COVID-19 pandemic, and in line with government guidelines, a business continuity programme has been put in place, where employees are being asked to work from home, and limit travel.

The situation and guidance being given in respect of COVID-19 is an evolving one, which the Board will continue to actively monitor.

DIRECTORS' REPORT

In this unprecedented time, it is our priority and responsibility to ensure the safety of our team. We will continue to provide updates on our business and operations as necessary. Finally, we would like to take this opportunity to send our very best wishes to all during this difficult time.

Environmental responsibility
The Company recognises that its activities require it to have regard to the potential impact that it, its subsidiaries and partners may have on the environment. Where exploration and development works are carried out, care is taken to limit the amount of disturbance and where any remediation works are required they are carried out as and when required.

Dividends
There have been no dividends declared or paid during the current financial period (2019: £Nil).

Corporate Governance Policy
The Board is aware of the importance to conform to its statutory responsibilities and industry good practice in relation to corporate governance of the Group and as a result has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Company's statement of compliance against the QCA code is set out on pages 10 to 12.

Role of Directors
All Board members ensure that appropriate governance procedures are adhered to and there is a clear division of responsibilities at Board level to ensure a balance of power and authority so that no one individual has unfettered powers of decision making.

Board and Audit Committee meetings have been taking place periodically and the executive Director manages the daily Company operations with Board meetings taking place on a regular basis throughout the financial period. During the current reporting period, the Board met 31 (thirty-one) times and provided pertinent information to the Executive Committee of the Company.

The Board is responsible for effective control over the affairs of the Company, including: strategic and policy decision-making financial control, risk management, communication with stakeholders, internal controls and the asset management process.

The Audit and Risk Committee were tasked with, amongst other things, identifying, analysing and reporting on risk during the financial period.

Directors are entitled, in consultation with the Chairman, to seek independent professional advice about the affairs of the Company, at the Company's expense.

Audit and Risk Committee
The Audit and Risk Committee consists of Paul Dudley as Chairman, Myles Campion and Tinus Maree.

The Audit and Risk Committee has set out its roles and responsibilities within its charter and ensured that it is aligned to good financial governance principles.

These include:
- the establishment of an Audit and Risk Committee to guide the audit approach, as well as its modus operandi and the rules that govern the audit relationship;
- assess the processes relating to and the results emanating from the Group's risk and control environment;
- monitoring the integrity of the Group's integrated reporting and all factors and risks that may impact on reporting;
- annually reviewing the expertise, appropriateness and experience of the finance function;
- annually nominating the external auditors for appointment by the shareholders;
- reviewing developments in governance and best practice;
- foster and improve open communication and contact with relevant stakeholders of the Group; and
- assessing the external auditor's independence and determining their remuneration.

The Audit and Risk Committee further sets the principles for recommending the external auditors for non-audit services use.

DIRECTORS' REPORT

The Audit and Risk Committee met twice during the current year to approve the Interim and Annual Report and recommend approval to the Board.

Remuneration Committee
The members of the Remuneration Committee are Myles Campion as Chairman, Paul Dudley and Tinus Maree.

The purpose of the Remuneration Committee is to discharge the responsibilities of the Board relating to all compensation, including equity compensation of the Company's Executives. The Remuneration Committee establishes and administers the Company's executive remuneration with the broad objective of aligning executive remuneration with Company performance and shareholder interests, setting remuneration standards aimed at attracting, retaining and motivating the executive team, linking individual pay with operational and Company performance in relation to strategic objectives; and evaluating compensation of executives including approval of salary, equity and incentive-based awards.

The committee is empowered by the Board to set short, medium and long-term remuneration for the Executive Directors. More generally, the committee is responsible for the assessment and approval of a Board remuneration strategy for the Group.

The Remuneration Committee met once during the year.

Nomination Committee
The members of the Nomination Committee are Myles Campion as Chairman, Paul Dudley and Tinus Maree.

The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, as well as succession planning, taking into account the skills and expertise that will be needed on the Board in the future.

The Nomination Committee met once during the current year.

Disclosure and AIM Rules Compliance Committee
The members of the AIM Rules Compliance Committee are Paul Dudley as Chairman and Louis Coetzee.

The role of the disclosure and AIM Rules compliance committee is to oversee the Company's compliance with the AIM Rules and the Disclosure Guidance and Transparency Rules which require the Company to disclose, in the prescribed manner, as soon as possible, any inside information directly concerning the Company, unless an exemption from disclosure is available. The Disclosure Committee is also, amongst other things, responsible for maintaining and monitoring the adequacy of procedures, systems and controls for the identification, treatment and disclosure of inside information and for complying with other disclosure obligations falling on the Company under the AIM Rules, the Market Abuse Regulation and Disclosure Guidance and Transparency Rules.

The Disclosure and AIM Rules Compliance Committee met once during the year.

Internal Audit
The Company does not have an internal audit function. Currently the operations of the Group do not warrant an internal audit function, however the Board is assessing the need to establish an internal audit department considering future prospects as the Group's operations increase. During the period the Board has taken responsibility to ensure effective governance, risk management and that the internal control environment is maintained.

Health, Safety and Environmental Policy
The Group is committed to high standards of Health, Safety and Environmental performance across our business. Our goal is to protect people, minimize harm to the environment, integrate biodiversity considerations and reduce disruption to our neighbouring communities. We seek to achieve continuous improvement in our Health, Safety and Environmental performance.

Corporate Social Responsibility Policy
The Group's policy is to conduct all our business operations to best industry standards and to behave in a socially responsible manner. Our goal is to behave ethically and with integrity and to respect cultural, national and religious diversity.

DIRECTORS' REPORT

Governance of IT
The Board is responsible for IT governance as an integral part of the Group's governance as a whole. The IT function is not expected to significantly change in the foreseeable future. The Board has the required policies and procedures in place to ensure governance of IT is adhered to.

Integrated and Sustainability Reporting
Integrated Reporting is defined as a "holistic and integrated representation of the Group's performance in terms of both its finances and its sustainability". The Group currently does not have a separate integrated report. The Board and its sub-committees are in the process of assessing the principles and practices of integrated reporting and sustainability reporting to ensure that adequate information about the operations of the Group, the sustainability issues pertinent to its business, the financial results and the results of its operations and cash flows are disclosed in a single report.

Statement of Directors' Responsibility
The Directors are responsible for preparing the Strategic Report, the Directors' 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 financial statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Katoro Gold plc website is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

The Board
The Board is responsible for the supervision and control of the Company and is accountable to the shareholders. The Board has reserved decision-making on a variety of matters, including determining strategy for the Group, reviewing and monitoring executive management performance and monitoring risks and controls.

The Board has five Directors, comprising of an executive Director and four non-executive Directors. The Board met formally on 31 (thirty-one) occasions during the year ended 31 December 2020. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry.

DIRECTORS' REPORT

Auditors
The auditors, Crowe U.K. LLP, were re-appointed as the Company's auditors at the last Annual General Meeting and have indicated their willingness to continue in office in accordance with section s475 of the Companies Act 2006.

Annual General Meeting
Notice of the forthcoming Annual General Meeting of the Company together with resolutions relating to the Company's ordinary and special business will be given to the members separately.

Provision of information to the auditor
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- That Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditor are aware of that information.

This report was approved by the Board on 20 May 2021 and signed on its behalf by:

Louis Coetzee
Executive Chairman

INDEPENDENT AUDITORS REPORT

Independent Auditor's Report to the members of Katoro Gold Plc
Opinion

We have audited the financial statements of Katoro Gold plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2020, which comprise:

- Consolidated statement of comprehensive income for the year ended 31 December 2020;
- Consolidated and parent company statements of financial position as at 31 December 2020;
- Consolidated and parent company statements of changes in equity for the year then ended;
- Consolidated and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the section headed Going Concern on page 33 of the financial statements, which details the factors the Company has considered when assessing the going concern position. As detailed in the relevant note on page 33, the uncertainty surrounding the availability of funds to finance the commercial development of the Group and Company's projects through to cash generation indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

- Assessing the cash flow requirements of the Group based on budgets and forecasts.
- Understanding what forecast expenditure is committed and what could be considered discretionary.
- Considering the liquidity of existing assets of the statement of financial position.
- Considering the options available to management for further fundraising, or additional sources of finance.
- Considering potential downside scenarios and the resultant impact on available funds.

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

INDEPENDENT AUDITORS REPORT

Overview of our audit approach

Our application of materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £120,000 (2019: £25,000), based on approximately 5% of the Group loss. Parent materiality was determined to be £46,000, based on 5% of normalised result for the year.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £6,000 (£1,250). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group operates in four jurisdictions: the UK, Cyprus, Tanzania, and South Africa. The audit of Katoro Gold Plc was conducted from the UK. The transactions in the year are limited to administration and professional fees, exploration and development expenditure, some of which was settled via share based payment. The support for these was provided to us by management.

We engaged member firms of the Crowe international network to undertake the audit work on the Cyprus and Tanzanian subsidiaries under our direction. Following discussions held at the planning stage, we issued instructions to the network firms that detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported. Finally, we reviewed their working papers and discussed key findings.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

We identified going concern as a key audit matter and have detailed our response in the conclusions relating to going concern section above.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit responded to the key audit matter
Carrying value of the Exploration and Evaluation assets	
The Haneti nickel deposit is the most significant asset held by the Group (£209,500; 2019: £209,500), and there is a risk that it could be impaired. Management are required to regularly assess whether any facts and circumstances may exist that indicate impairment is required. As any form of cash flow is yet to be generated from it, this can involve significant judgement on the part of management.	Our procedures to address the risk included: • Assessing the system of internal control surrounding the intangible asset recognition and measurement. • Obtaining evidence that management have applied to renew the licence and ensuring that the status of this is accurately disclosed as a significant estimate. • Confirming that substantive expenditure on further exploration is planned to bring the assets into commercial production. • Obtaining evidence that commercially viable quantities of mineral resources were indicated to exist by the latest geological report prepared by an independent laboratory.

INDEPENDENT AUDITORS REPORT

	• Obtaining management's assessment of whether any impairment indicators exist, and discussing it directly with them.
Accounting for the Blyvoor Joint Operation	
During the year, Katoro entered into an unincorporated joint arrangement with Blyvoor Gold Operations (Pty) Ltd. The accounting for the arrangement in accordance with IFRS 11 involves judgement on management's behalf.	Our procedures to address the risk included: • Obtaining the joint venture agreement and considering whether the joint arrangement should be classified as a joint operation or joint venture. • Assessing the accounting treatment and ensuring it reflects the nature of the arrangement. • Reviewing the disclosures in the financial statements to ensure accuracy and completeness.
Disposal of Reef Miners Limited	
During the year under audit, Katoro sold its subsidiary company Reef Miners Ltd to Lake Victoria Gold Limited for a consideration of $1m, generating a material gain on disposal. There is a risk the disposal of Reef Miners is not accounted for or disclosed appropriately, or that the consideration receivable is not recoverable.	Our procedures to address the risk included: • Obtaining the sale agreement and reviewing the terms and conditions of the disposal. • Agreeing the partial receipt of the cash consideration to supporting evidence. • Challenging management with regard to the recoverability of the outstanding consideration receivable. • Assessing whether management's accounting treatment of the disposal is in accordance with the applicable standards. • Reviewing the disclosures in the financial statements to ensure accuracy and completeness.

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.

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. Our opinion on the 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic and the directors' reports 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.

INDEPENDENT AUDITORS REPORT

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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report; or

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the 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 financial statements, the directors are responsible for assessing the Group and 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 however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the Company.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. The most significant identified were the Companies Act 2006 and AIM Rules for Companies. Our work included reviewing board and committee minutes, relevant correspondence and direct enquiries of management and those charged with governance concerning whether they had knowledge of actual, suspected, or alleged fraud.

- As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. We considered the risk was greater in areas that involve significant management estimate or judgement. We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group to all component audit teams of relevant fraud risks identified at the group level and requests to these audit teams to report to the group audit team any instances of fraud that could give rise to a material misstatement at group level.

- To address the pervasive risk of management override of control, we also performed specific testing of a risk-based sample of journal entries, both at the year end and throughout the year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

INDEPENDENT AUDITORS REPORT

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

Use of our report

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

M Stallabrass

Matthew Stallabrass
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW, UK

20 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		GROUP	
		31 December 2020	31 December 2019
		Audited	Audited
	Note	£	£
Revenue	2	-	-
Administrative expenses		(894,872)	(514,220)
Share based payment transactions		(225,778)	(91,597)
Foreign exchange (losses)/gain		(76,889)	1,649
Exploration expenditure		(1,394,715)	(102,152)
Operating loss		**(2,592,254)**	**(706,320)**
Other income	10	43,873	37,661
Finance income	3	9,570	-
Finance costs	3	(22,303)	-
Loss on ordinary activities before tax		**(2,561,114)**	**(668,659)**
Taxation	6	-	-
Loss for the period		**(2,561,114)**	**(668,659)**
Other comprehensive loss:			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(9,266)	4,582
Gain reclassified to profit or loss on disposal of foreign operation		121,670	-
Other comprehensive loss for the period net of tax		**(112,404)**	**4,582**
Total comprehensive loss for the period		**(2,448,710)**	**(664,077)**
Loss for the period		**(2,561,114)**	**(668,659)**
Attributable to the owners of the parent		(2,437,234)	(661,902)
Attributable to non-controlling interest		(123,880)	(6,757)
Total comprehensive loss for the period		**(2,448,710)**	**(664,077)**
Attributable to the owners of the parent		(2,324,830)	(658,465)
Attributable to non-controlling interest		(123,880)	(5,612)
Loss Per Share			
Basic loss per share (pence)	7	**(0.91)**	**(0.39)**
Diluted loss per share (pence)	7	**(0.91)**	**(0.39)**

All activities derive from continuing operations.

The accompanying notes on pages 41- 58 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		GROUP	
		31 December 2020	31 December 2019
		Audited	Audited
	Note	£	£
Assets			
Non-Current Assets			
Intangible assets	8	209,500	209,500
Investments	9	-	37,661
Other financial assets	10	-	-
		209,500	**247,161**
Current Assets			
Cash and cash equivalents	11	97,777	27,972
Other receivables	12	46,405	13,017
Other financial assets	10	-	-
Assets classified as held for sale	22	-	6,966
Total current assets		**144,182**	**47,955**
Total Assets		**353,682**	**295,116**
Equity and Liabilities			
Equity			
Called up share capital	13	3,286,982	1,795,555
Share premium account	13	2,472,725	2,216,729
Merger Reserve	15	1,271,715	1,271,715
Capital Contribution	15	10,528	10,528
Warrant and Share based payment reserve	14	750,912	105,467
Translation Reserve	15	(338,844)	(451,250)
Retained earnings reserve		(7,262,707)	(4,804,302)
Equity attributable to owners of the parent		**191,311**	**144,442**
Non-controlling interest		(69,435)	33,272
Total Equity		**121,876**	**177,714**
Liabilities			
Current Liabilities			
Trade and other payables	16	173,651	106,145
Other financial liabilities	16	58,155	-
Liabilities directly associated with assets held for sale	22	-	11,257
Total Current Liabilities		**231,806**	**117,402**
Total Equity and Liabilities		**353,682**	**295,116**

The accompanying notes on pages 41- 58 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 20 May 2021 and signed on its behalf by:

On behalf of the Board

Louis Coetzee

COMPANY STATEMENT OF FINANCIAL POSITION

		Company	
		31 December 2020	**31 December 2019**
		Audited	**Audited**
		£	**£**
Non-Current Assets			
Investments in group undertakings	17	1,334,834	996,804
Investments	9	-	37,661
Total Non- current assets		**1,334,834**	**1,034,465**
Current Assets			
Cash and cash equivalents	11	67,517	7,250
Other receivables	12	40,708	13,017
Total Current assets		**108,225**	**20,267**
Total Assets		**1,443,059**	**1,054,732**
Equity and Liabilities			
Equity			
Called up share capital	13	3,286,982	1,795,555
Share premium	13	2,472,725	2,216,729
Warrant and Share based payment reserve	14	750,912	105,467
Retained deficit		(5,214,432)	(3,125,670)
Total Equity		**1,296,187**	**992,081**
Liabilities			
Current Liabilities			
Trade and other payables	16	129,872	62,651
Other financial liabilities		17,000	-
Total liabilities		**146,872**	**62,651**
Total Equity and Liabilities		**1,443,059**	**1,054,732**

Equity includes a loss for the year of the parent company of £2,088,762 (2019: £660,744).

The accompanying notes on pages 41- 58 form integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 20 May 2021 and signed on its behalf by:

On behalf of the Board

Louis Coetzee

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Warrant and Share based payment reserve	Merger reserve	Foreign currency translation reserve	Capital contribution	Retained deficit	Non-controlling interest	Total equity
	£	£	£	£	£	£	£		£
Balance as at 1 January 2020	**1,795,555**	**2,216,729**	**105,467**	**1,271,715**	**(451,250)**	**10,528**	**(4,804,302)**	**33,272**	**177,714**
Loss for the year	-	-	-	-	-	-	(2,437,232)	(123,880)	(2,561,112)
Other comprehensive loss	-	-	-	-	(9,264)	-	-	-	(9,264)
Issue of share capital	1,491,427	255,996	-	-	-	-	-	-	1,747,423
Share warrants and options	-	-	645,445	-	-	-	-	-	645,445
Disposal of interest in subsidiary without losing control	-	-	-	-	-	-	(21,173)	21,173	-
Disposal of interest in subsidiary	-	-	-	-	121,670	-	-	-	121,670
Balance as at 31 December 2020	**3,286,982**	**2,472,725**	**750,912**	**1,271,715**	**(338,844)**	**10,528**	**(7,262,707)**	**(69,435)**	**(121,876)**
Balance as at 1 January 2019	**1,494,478**	**2,186,406**	**41,808**	**1,271,715**	**(455,832)**	**10,528**	**(4,102,371)**	**-**	**446,732**
Loss for the year	-	-	-	-	-	-	(661,902)	(6,757)	(668,659)
Other comprehensive loss	-	-	-	-	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 as at 31 December 2019	**1,795,555**	**2,216,729**	**105,467**	**1,271,715**	**(451,250)**	**10,528**	**(4,804,302)**	**33,272**	**177,714**
Note	13	13	14	15	15	15			

The notes on pages 41- 58 form part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

COMPANY	Share capital	Share premium	Warrant and Share based payment reserve	Retained deficit	Total equity
	£	£	£	£	£
Balance at 1 January 2020	**1,795,555**	**2,216,729**	**105,467**	**(3,125,670)**	**992,081**
Loss for the year	-	-	-	(2,088,762)	(2,088,762)
Proceeds of issue of share capital	1,491,427	255,996	-	-	1,747,423
Issue of share warrants and options	-	-	645,445	-	645,445
Balance at 31 December 2020	**3,286,982**	**2,472,725**	**750,912**	**(5,214,432)**	**1,296,187**
Balance at 1 January 2019	**1,494,478**	**2,186,406**	**41,808**	**(2,464,926)**	**1,257,766**
Loss for the year	-	-	-	(660,744)	(660,744)
Proceeds of issue of share capital	301,077	30,323	-	-	331,400
Issue of share warrants and options	-	-	63,659	-	63,659
Balance at 31 December 2019	**1,795,555**	**2,216,729**	**105,467**	**(3,125,670)**	**992,081**
Note	13	13	14		

The accompanying notes on pages 41- 58 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		GROUP	
		31 December 2020	31 December 2019
		Audited	Audited
	Notes	£	£
Cash flows from operating activities			
Loss for the period before taxation		**(2,561,114)**	**(668,659)**
Adjustments for:			
Foreign exchange loss/(gain)		99,828	1,649
Share based payment transactions		225,778	91,597
Directors shares issued as part of capital placing		50,090	-
Liabilities settled through the issue of equity		(4,200)	103,461
Profit on sale of subsidiary		(43,873)	-
Investment obtained for no consideration		-	(37,661)
Impairments of other financial assets		1,160,337	-
Increase in other receivables		(33,387)	(58,097)
Increase/(Decrease) in trade and other payables		67,506	(13,017)
		(1,039,035)	**(580,727)**
Cash flows from investing activities			
Advances of other financial assets		(1,122,676)	-
Proceed received from sale of Subsidiary		76,717	-
Proceeds from sale of subsidiary without loss of control		25,000	-
Cash and cash equivalents disposed of due to sale of Subsidiary		(6,966)	-
Net cash proceeds from investing activities		**(1,027,925)**	**-**
Cash flows from financing activities			
Issue of shares (net of share issue cost)		1,337,000	202,934
Proceeds from convertible loan note		792,800	-
Net cash proceeds from financing activities		**2,129,800**	**202,934**
Net increase/(decrease) in cash		62,839	(377,793)
Cash and cash equivalents at the start of the financial period		34,938	**412,731**
Cash and cash equivalents at the end of the financial period		**97,777**	**34,938**
Cash and cash equivalents is held as follows:			
Group companies	11	97,777	27,972
Assets classified as held for sale	22	-	6,966

The accompanying notes on pages 41- 58 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

		COMPANY	
		31 December 2020	31 December 2019
		Audited	Audited
	Notes	£	£
Cash flows from operating activities			
Loss for the period before taxation		(2,088,762)	(660,744)
Adjusted for:			
Investment obtained for no consideration		-	(37,661)
Impairment of investments		1,160,039	295,943
Share based payment transactions		225,778	91,597
Directors shares issued as part of capital placing		50,090	-
Liabilities settled through equity		4,200	103,461
Loss on disposal of interest in subsidiary		4,562	53,324
(Increase)/Decrease in other receivables		(27,691)	19,453
Increase/(Decrease) in trade and other payables		67,221	(13,017)
Net cash flows from operating activities		**(604,563)**	**(147,644)**
Cash flows from investing activities			
Increase in investments in subsidiaries		(1,464,970)	(361,985)
Net cash flows from investing activities		**(1,464,970)**	**(361,985)**
Cash flows from financing activities			
Issue of shares (net of share issue cost)		1,337,000	202,934
Proceeds from convertible loan note		792,800	-
Net cash proceeds from financing activities		**2,129,800**	**(202,934)**
Net (decrease)/increase in cash		**60,267**	**(306,605)**
Cash and cash equivalents at the start of the financial period		7,250	313,855
Cash and cash equivalents at the end of the financial period		**67,517**	**7,250**

The accompanying notes on pages 41- 58 form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Katoro Gold PLC ("Katoro" or the "Company") is a company incorporated in England & Wales as a public limited company. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Company's registered office is located at 60 Gracechurch Street, London EC3V 0HR.

The principal activities of the Group are related to the evaluation and exploration studies within a licenced portfolio area with a view to generating commercially viable mineral resources.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included a Company only Profit and Loss Account in these Financial Statements. The loss attributable to members of the Company for the year ended 31 December 2020 is £2,088,762 (2019: £668,659).

Going Concern

In the past the Group has raised funds via equity contributions from new and existing shareholders, thereby ensuring the Group remains a going concern until such time that revenues are earned through the sale or development and mining of a mineral deposit. There can be no assurance that such funds will continue to be available on reasonable terms, or at all in future. The Directors regularly review cash flow requirements to ensure the Group can meet financial obligations as and when they fall due.

The Group currently generates no revenue and had net assets of £121,876 as at 31 December 2020 (31 December 2019: £177,714). As at year end, the Group had liquid assets in the form of cash and cash equivalent and other financial asset balances receivable of £97,777 and £46,405 respectively. The Group further improved its liquid assets position post year-end following from the successful capital raising as further expended on in note 21.

The Directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review and the below, they are confident that the Company and the Group will have adequate financial resources to continue in operational existence for the foreseeable future.

The Group has sufficient funds for its present working capital requirements for the foreseeable future due to the successful capital raising completed post year end, as further expended on in note 21. The Directors though continue to review the Group's options to secure additional funding for its general working capital requirements, alongside its ongoing review of potential acquisition targets and corporate development needs. As the group and company is likely to require additional finance in order to progress work on its current assets and bring them to commercial development and cash generation. Such development are dependent on successful explorations and technical reports and then on securing of further funding. The Directors are confident in this light that such funding will be available, although there is no guarantee as to the terms of such funding or that such funding will be available. In addition, any equity funding may be subject to shareholder approvals in line with legal and regulatory requirements as appropriate. As a result, the Directors continue to monitor and manage the Company's cash and overheads carefully in the best interests of its shareholders.

Whilst the Directors continue to consider it appropriate to prepare the financial statements on a going concern basis the above constitutes a material uncertainty that shareholders should be aware of.

Statement of Preparation

The Group and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("EU"). The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the Companies Act 2006.

The IFRS accounting standards as adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective for periods beginning on or before 1 January 2020.

Statement of Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Group and Company financial statements are prepared on the historical cost basis. The accounting policies have been applied consistently throughout the Group entities, and are consistent with those of the comparative period. The Group and Company financial statements have been prepared on a going concern basis as explained in the notes to the financial statements.

The individual financial information of each Group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial information of the Group is presented in Pounds Sterling, which is the presentation currency for the Group. The functional currency of each of the Group entities is the local currency of each individual entity.

Use of Estimates and Judgements

The preparation of financial statements in conformity with EU IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, there are significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements in the following areas:

- Exploration and evaluation expenditure;
- Fair value determination of unlisted investments measured at fair value through profit or loss;
- Credit loss allowance for other financial assets; and
- Valuation of mining licence in Kibo Nickel Limited

Exploration and evaluation expenditure – significant judgement concerning the choice of accounting policy
In line with the Group's accounting policy, all the exploration and evaluation expenditure has been charged to profit or loss, as in the judgement of the Directors the commercial viability of the mineral deposits had not been established. Moreover, the Blyvoor joint operation agreement has been structured in such a way that the all amounts contributed to the joint operations by Katoro is receivable from the Blyvoor joint operation once the project reaches commercial viability and starts generating positive cashflow to pay firstly the third party creditors and thereafter Katoro capital contributed to the joint operations. Hence until such time that commercial viability is reached and the recoverability of the receivable is more certain all amounts contributed to the joint operation will be expensed to exploration and evaluation expenditure.

If a policy of capitalisation of exploration expenditure had been adopted, an amount of £1,394,715 would have been capitalised in the current year (2019: £102,152).

Fair value determination of unlisted investments measured at fair value through profit or loss
The fair value of financial instruments that are not traded in an active market has been determined using the cost approach, being the amount that would be required to replace the asset.

Credit loss allowance for other financial assets
The credit loss allowance for the Lake Victoria Gold Receivable as disclosed in note 10 was determined to be equal to a lifetime expected credit loss allowance following from the continued default of the counterparty. The continued default from the counterparty resulted in the credit risk increasing significantly during the period to lifetime expected credit losses for the financial asset receivable.

Valuation of mining licence in Kibo Nickel Limited
During the period the licence for the Haneti nickel deposit expired and the group submitted the application for the renewal of the licence and paid the relevant fee. The renewal has yet to be formally confirmed. Management consider that this is an administrative delay and hence have not considered this to be an indicator of impairment. In the event that the licence renewal was not granted, the intangible asset would be impaired in it's entirety. Further details are disclosed in note 8. Similarly, in the event that the license was not renewed, the carrying value of the investment held in Kibo Nickel would be impaired. Refer to note 8 and 17 for expended details.

Exploration & Evaluation Assets

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Exploration and evaluation expenditure is charged to the income statement as incurred except in the following circumstances, in which case the expenditure may be capitalised:

In respect of minerals activities:

- the exploration and evaluation activity is within an area of interest which was previously acquired as an asset acquisition or in a business combination and measured at fair value on acquisition; or
- the existence of a commercially viable mineral deposit has been established.

At each reporting period end the capitalisation criteria had not been met due to the existence of a commercially viable mineral deposit not being established and therefore no exploration and evaluation assets have been recognised.

Capitalised exploration and evaluation expenditure considered to be tangible is recorded as a component of property, plant and equipment at cost less impairment charges. Otherwise, it is recorded as an intangible.

Intangible assets all relate to exploration and evaluation expenditure which are carried at cost with an indefinite useful life and therefore are reviewed for impairment annually and when there are indicators of impairment. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit) to which the exploration is attributed. Exploration areas at which reserves have been discovered but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned.

Consolidation

The consolidated financial statements comprise the financial statements of Katoro Gold PLC and its subsidiaries for the year ended 31 December 2020, over which the Company has control.

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstance indicate that there are changes to one or more of the three elements of control listed above.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases.
Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intragroup balances and any unrealised gains or losses or income or expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent they provide evidence of impairment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Intangible Assets

An intangible asset relating to a exploration project which has not yet entered commercial development, is regarded as having an indefinite useful life. Amortisation is not provided for these intangible assets as they are not yet in the location and condition necessary for it to be capable of operating in the manner intended by management, but they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and it is subsequently carried at cost less accumulated impairment losses.

Intangible assets comprise the acquisition of rights to explore in relation to the Group's exploration and evaluation activities. Intangible assets allocated to exploration projects are recognised at their acquisition date fair values acquired through business combination.

Irrespective of whether there is any indication of impairment, the Group also tests intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

Impairment

Non-financial assets
Assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income immediately.

Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A liability is recognised for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Foreign Currencies

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Pound Sterling, which is the Group's presentation currency. This is also the functional currency of the Company and is considered by the Board also to be appropriate for the purposes of preparing the Group financial statements.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

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

- Monetary and non-monetary assets and liabilities for each Statement of Financial Position presented are presented at the closing rate at the date of that Statement of Financial Position. ;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction): and
- All resulting exchange differences are recognised in other comprehensive income as a separate component of equity. On consolidation, exchange differences arising from the translation of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to shareholders equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Issue Expenses and Share Premium Account

Issue expenses are separately disclosed and not written off against the premium arising on the issue of share capital.

Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Financial Instruments

Recognition
Financial instruments comprise loans receivable, trade and other receivables, cash and cash equivalents, trade and other payables, other financial liabilities and bank overdrafts.

Financial assets and liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments.

Classification
The group classifies financial assets on initial recognition as measured at amortised cost as the group's business model and objective is to hold the financial asset in order to collect the contractual cash flow and the contractual terms allows for cash flows on specified dates for the payment of the principal amounts outstanding.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities are classified at amortised cost.

Financial assets	**Classification**
Investments	Financial assets at fair value through profit or loss
Loans to Group Companies	Financial assets at amortised cost
Other financial assets	Financial assets at amortised cost
Trade and other receivables	Financial assets at amortised cost
Cash and Cash Equivalents	Financial assets at amortised cost

Financial liabilities	**Classification**
Loans from Group Companies	Financial liabilities at amortised cost
Trade and other payables	Financial liabilities at amortised cost
Other financial liabilities	Financial liabilities at amortised cost
Borrowings	Financial liabilities at amortised cost
Bank overdraft	Financial liabilities at amortised cost

Equity investments held are classified as fair value through other comprehensive income. The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Residual values in other comprehensive income are reclassified to retained earnings (accumulated losses) on derecognition of the related fair value through other comprehensive income instruments.

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the group has an unconditional right to defer payment for more than 12 months from the reporting date.

Measurement on Initial recognition
All financial assets and liabilities are initially measured at fair value, including transaction costs.

Subsequent measurement
Financial assets at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in other comprehensive income for the period.

Financial assets held at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Fair value determination
The recurring fair value measurement of the unlisted equity investments is included in level 3 of the fair value hierarchy. The fair value is based on unobservable market conditions. These include the underlying value of the company, the discount applied related to restriction on trade, forecast financial results, and economic conditions prevailing.

De-recognition
Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire.

On de-recognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of Financial Assets not carried at Fair value – IFRS 9
Under IFRS 9 the group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses.

To calculate ECLs on the groups other receivables and loans to group companies by customer type and ageing. The group applies the simplified approach to determine the ECL for trade receivables loans to group companies. This results in calculating lifetime expected credit losses for trade receivables and loans to group companies. ECLs for trade receivables is calculated using a provision matrix.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit or loss.

Warrant reserves

For such grants of share options or warrants qualifying as equity-settled share based payments, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options or warrants were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options or warrants that are likely to vest, except where forfeiture is only due to market based conditions not achieving the threshold for vesting.

Share capital

Share capital is determined using the nominal value of the shares that have been issued. The share premium account includes any premium on the initial issuing of share capital. Any transaction costs associated with the issue of shares are deducted from the share premium account.

Segment reporting

The group determines and presents operating segments based on the information that is internally provided to the Chief Executive Officer, who is the chief operating decision maker. A segment is a distinguishable component of the group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of the other segments. The group's primary format for segment reporting is based on business segments. The business segments are determined based on the reporting business units.

Joint arrangements

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control. Judgement is required in determining this classification through an evaluation of the facts and circumstances arising from each individual arrangement. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement. Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures depending on the substance of the arrangement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In these cases, consideration is given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. The Group accounts for joint operations by recognising the assets, liabilities, revenue and expenses for which it has rights or obligations, including its share of such items held or incurred jointly.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NEW STANDARDS AND INTERPRETATIONS

Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases these standards and guidance have not been endorsed for use in the European Union.

Standard	Effective date, annual period beginning on or after
IAS 1 Presentation of Financial Statements	
Classification of Liabilities as Current or Noncurrent: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2023
Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	
Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023
IAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf	
IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	
IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The Group expects to adopt all relevant standards and interpretations as and when they become effective.

Standards and interpretations which are effective in the current period (Changes in accounting policies):

None of these standards which became effective during the period are applicable to the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Segment analysis

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Chief Operating decision maker. The Chief Executive Officer is the Chief Operating decision maker of the Group.

Management currently identifies two divisions as operating segments – Mining (Sub-holding company and operating entities) and Corporate (Ultimate Holding Company). These operating segments are monitored and strategic decisions are made based upon them together with other non-financial data collated from exploration activities. Principal activities for these operating segments are as follows:

2020 Group	**Mining and Exploration Group**	**Corporate Group**	**31 December 2020 (£) Group**
Administrative cost	(181,027))	(961,926)	(1,142,953)
Exploration expenditure	(1,394,715)	-	(1,394,715)
Foreign exchange gain	(77,045)	156	(76,889)
Other income	9,570	43,873	53,443
Loss after tax	**(1,643,217)**	**(917,896)**	**(2,561,114)**

2019 Group	**Mining and Exploration Group**	**Corporate Group**	**31 December 2019 (£) Group**
Administrative cost	(256,678)	(349,139)	(605,817)
Exploration expenditure	(102,152)	-	(102,152)
Foreign exchange gain	1,649	-	1,649
Other income	-	37,661	37,661
Loss after tax	**(357,181)**	**(311,478)**	**(668,659)**

2020 Group	**Mining Group**	**Corporate Group**	**31 December 2020 (£) Group**
Assets			
Segment assets	245,457	108,225	353,682
Liabilities			
Segment liabilities	94,071	137,735	231,806

2019 Group	**Mining Group**	**Corporate Group**	**31 December 2019 (£) Group**
Assets			
Segment assets	237,189	57,927	295,116
Liabilities			
Segment liabilities	54,751	62,651	117,402

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Geographical segments
The Group operates in four principal geographical areas – United Kingdom, Cyprus, South Africa and Tanzania.

	Tanzania (£)	Cyprus (£)	United Kingdom (£)	South Africa (£)	Total 31 December (£)
2020					
Major Operational indicators					
Carrying value of segmented assets	225,449	2,667	108,225	17,341	353,682
Loss after tax	(95,834)	(351,941)	(917,897)	(1,195,442)	(2,561,114

	Tanzania (£)	Cyprus (£)	United Kingdom (£)	Total 31 December (£)
2019				
Major Operational indicators				
Carrying value of segmented assets	220,618	16,571	57,927	295,116
Loss after tax	(134,816)	(222,365)	(311,478)	(668,659)

2. Revenue

The Group did not generate any revenue during the period 1 January 2020 to 31 December 2020 (2019: £nil).

3. Net finance cost

	Group (£) 2020	Group (£) 2019	Company (£) 2020	Company (£) 2019
Interest earned on receivable from Blyvoor	6,942	-	-	-
Interest earned from unwinding of Lake Victoria Gold receivable	2,628	-	-	-
Interest expense incurred	(22,303)	-	(22,303)	-
Net finance cost	**(12,733)**	**-**	**(22,303)**	**-**

4. Employee information (including Directors)

	Group 31 December 2020 (£)	Group 31 December 2019 (£)	Company 31 December 2020 (£)	Company 31 December 2019 (£)
Wages and salaries – paid by parent company	49,289	51,032	49,289	51,032
Wages and salaries – paid by subsidiary companies	108,000	108,000	-	-
Social security costs	31,178	28,522	31,178	28,522

The average monthly number of employees (including executive Directors) during the period was as follows:

	Group 31 December 2020	Group 31 December 2019	Company 31 December 2020	Company 31 December 2019
Directors	5	5	5	5
	5	**5**	**5**	**5**

Total remuneration of key management personnel (Directors) is £414,245 (2019: £218,091).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Group 31 December 2020 (£)	Group 31 December 2019 (£)	Company 31 December 2020 (£)	Company 31 December 2019 (£)
Short-term benefits	188,467	187,554	80,467	51,032
Share options issued	225,778	30,537	225,778	30,537
	414,245	**218,091**	**306,245**	**81,569**

5. Auditors remuneration

	31 December 2020 (£)	31 December 2019 (£)
Audit fees for the audit of the Company's annual accounts	21,000	17,000
Fees payable to the Company's auditor and its associates for:		
Audit fees for audit of Company's subsidiaries required by legislation	18,713	23,664
Audit fees to the Company's auditors	**39,713**	**40,664**
Fees payable to the Company's auditor and its associates for other services:		
Tax compliance services	3,700	5,600
Total auditors remuneration	**43,413**	**46,264**

6. Taxation

Current tax

	31 December 2020 (£)	31 December 2019 (£)
UK corporation tax based on the results for the period at 19% (2019: 19%)	-	-
	-	-

	2020 (£)	2019 (£)
Loss on ordinary activities before tax	(2,561,114)	(668,659)
UK Corporation tax at 19% (2019: 19%) and overseas tax at 12.5% (2019: 12.5%)	(414,750)	(92,517)
Effects of:		
Expenses which are not deductible	552,196	58,327
Income which is not taxable	(2,443)	-
Deferred tax not recognised	(135,003)	34,190
Income tax expense recognised in the Statement of Comprehensive Income	**-**	**-**

No provision has been made for the 2020 deferred taxation as no taxable income has been received to date, and the probability of future taxable income is indicative of current market conditions which remain uncertain.

At the reporting date, the Directors estimate that the Group has unused tax losses of £1,519,101 (2019: £1,654,104)and unused capital assessed losses of £1,461 (2019: £Nil) available for potential offset against future profits.

Losses may be carried forward indefinitely in accordance with the applicable taxation regulations ruling within each of the above jurisdictions.

The above tax rate reconciliation is prepared utilising a blended rate as permitted in accordance with IAS 12.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Loss per share

Basic loss per share

The basic loss and weighted average number of ordinary shares used for calculation purposes comprise the following:

Basic Loss per share	**31 December 2020 (£)**	**31 December 2019 (£)**
Loss for the period attributable to equity holders of the parent	(2,437,234)	(661,902)
Weighted average number of ordinary shares for the purposes of basic loss per share	268,475,455	168,054,153
Basic loss per ordinary share (pence)	(0.91)	(0.39)

Katoro has no dilutive instruments in existence as at year end.

The Company had in issue warrants as at 31 December 2020 and 2019, though the inclusion of such warrants in the weighted average number of shares in issue in 2020 and 2019 would be anti-dilutive and therefore they have not been included for the purpose of calculating the loss per share.

8. Exploration and evaluation assets

Exploration and evaluation assets consist solely of separately identifiable prospecting assets held by Kibo Nickel and its subsidiaries.

The following reconciliation serves to summarise the composition of intangible prospecting assets as at period end:

Reconciliation of exploration and evaluation assets

	Haneti (£)
Carrying value as at 1 January 2019	209,500
Acquisition of prospecting licences	-
Impairment of licences	-
Carrying value as at 1 January 2020	209,500
Acquisition of prospecting licences	-
Impairment of licences	-
Carrying value as at 31 December 2020	**209,500**

Exploration and evaluation assets are not amortised, due to the indefinite useful life which is attached to the underlying prospecting rights, until such time that active mining operations commence, which will result in the exploration and evaluation asset being amortised over the useful life of the relevant mining licences.

Exploration and evaluation assets with an indefinite useful life are assessed for impairment on an annual basis, against the prospective fair value of the exploration and evaluation asset. The valuation of exploration and evaluation assets with an indefinite useful life is reassessed on an annual basis through valuation techniques applicable to the nature of the exploration and evaluation assets.

The following key assumptions influence the measurement of the exploration and evaluation assets recoverable amounts, through utilising the value in use method in order to determine the recoverable amount:

- Comparable market value of similar mineral statements;
- Currency fluctuations and exchange movements;
- Expected growth rates;
- Cost of capital related to funding requirements;
- Applicable discounts rates;
- Future operating expenditure for extraction and mining of measured mineral resources; and
- Co-operation of key project partners going forward.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Management have considered indicators of impairment in relation to the exploration and evaluation assets and have not identified any existing as at period end. The following factors were considered by management:

- The period for the entity has the right to explore in the specific area;
- Substantive expenditure required on further exploration for and evaluation of mineral resources in the specific area which is neither budgeted nor planned;
- Whether the exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Haneti comprises tenements (prospecting licences, offers and applications) prospective for nickel, platinum-group-elements and gold. It covers an area of approximately 5,000 sq. km in central Tanzania and forms a near contiguous project block. The project area straddles the Dodoma, Kondoa and Manyoni districts all within the Dodoma (Administrative) Region. The main prospective belt of rocks within the project, the Haneti-Itiso Ultramafic Complex (HIUC), is centred on the small town of Haneti, located 88 kilometres north of Tanzania's capital city Dodoma . The HIUC sporadically crops out over a strike length of 80 kilometres with most outcrop exposure occurring 15 kilometres east of Haneti village where artisanal mining of the semi-precious mineral chrysoprase (nickel stained chalcedonic quartz) is being carried out at a few localities. Refer to the accounting policy on page 34 relating to the use of estimates and judgements for exploration and evaluation assets for further detail relating to the determination of the key estimates and judgements applicable to the Haneti project.

9. Investments

Classified as at fair value through profit or loss

	Group (£)		Company (£)	
	2020	**2019**	**2020**	**2019**
Lake Victoria Gold Limited	37,661	37,661	37,661	37,661
Impairment	(37,661)	-	(37,661)	-
	-	**37,661**	**-**	**37,661**

The investment represents 700,000 ordinary shares in Lake Victoria Gold Limited, incorporated in Australia, with a value of AUS$70,000. The shares were issued to Katoro Gold Plc in recognition of the company granting the extension to receipt of the first tranche of monies due under the term sheet. The shares were issued on 15 October 2019 and recorded using the spot rate between the British pound and Australian dollar at that date. The investment in Lake Victoria Gold has been fully impaired due to the significant increase in credit risk of Lake Victoria Gold Limited. In the prior year annual financial statements the disclosure in the accounting policies and the notes to the annual financial statements erroneously referred to the investments as being carried at fair value through other comprehensive income.

10. Other financial assets

	Group (£)		Company (£)	
	2020	**2019**	**2020**	**2019**
Other financial assets consists of:				
Lake Victoria Gold receivable	640,821	-	-	-
Impairment	(640,821)	-	-	-
	-	**-**	**-**	**-**

Lake Victoria Gold Receivable

On 30 June 2020, the last condition precedent related to the disposal of Reef Miners Limited ("Reef") as per the SPA, comprising the Imweru gold project and the Lubando gold project in northern Tanzania, was met resulting in the effective disposal of the subsidiary to Lake Victoria Gold Limited ("LVG").

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The following profit on disposal of the subsidiary was recognised in the 2020 financial statements:

	Group (£)
Cash and cash equivalents	(336)
Trade and other payables	9,136
Net liability value disposed off	**8,800**
Foreign currency translation reserve reclassified through profit or loss	(121,670)
Proceeds from disposal	**797,564**
Profit on disposal for group	**684,694**
Impairment	(640,821)
Net profit on disposal for group	43,873

The amount receivable from Lake Victoria Gold will be due and payable on the following dates:

1. US$100,000 upon the satisfaction of the Condition Precedent;
2. US$100,000 upon registration of Reef in the name of LVG;
3. US$100,000 four months from the date of the SPA;
4. US$200,000 nine months from the date of the SPA; and
5. US$500,000 upon the earlier of the commissioning of the first producing mine of LVG in the Tanzania or the date 24 months from the date of the SPA.

As at 31 December 2020, funds of $100,000 have been received from Lake Victoria Gold in respect of the sale of Reef Miners Limited ("Reef")

The receivable in Lake Victoria Gold has been fully impaired due to the significant increase in credit risk, which is as a result of payments 1,3 and 4 not being received as they become due and is still outstanding after year.

Blyvoor Joint Operations

On 30 January 2020, the Group entered into a Joint Venture Agreement with Blyvoor Gold Mines (Pty) Ltd, whereby Katoro Gold plc and Blyvoor Gold Mines (Pty) Ltd would become 50/50 participants in a unincorporated Joint Venture.

In accordance with the requirements of the Joint Venture Agreement, the Katoro Group was to provide a ZAR15.0 million loan (approximately £790,000) to the JV ('the Katoro Loan Facility'), which will fund ongoing development work on the Project.

As at year end, the Group has advanced funding in the amount of £1,201,767 of which 100% relate to expenditure allocated to the Joint Venture operations, carried by the Katoro Gold plc Group.

The Katoro Loan Facility shall form part of the development capital project financing that Katoro shall procure in accordance with its obligations contained in the Agreement, as detailed below, provided that:

- the balance of the Katoro Loan Facility then outstanding shall be subordinated to third party creditors participating in the development capital project financing;
- the Katoro Loan Facility will bear interest at the 12-month London Inter Bank Offered Rate, or its successor; and
- the Katoro 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.

11. Cash and cash equivalents

	Group (£)		Company (£)	
	2020	**2019**	**2020**	**2019**
Cash consists of:				
Cash at bank and in hand	97,777	27,972	67,517	7,250
	97,777	**27,972**	**67,517**	**7,250**

Cash and cash equivalents have not been ceded, or placed as encumbrance toward any liabilities as at year end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. Other receivables

	Group (£)		Company (£)	
	2020	2019	2020	2019
Consists of:				
Prepaid expenditure	23,380	13,017	17,684	13,017
Receivable from related party	23,024	-	23,024	-
	46,404	**13,017**	**40,708**	**13,017**

13. Share capital - Group and Company

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

	2020	2019
Allotted, issued and fully paid shares		
328,698,305 (2019: 179,555,462) Ordinary shares of £0.01 each	£3,286,982	£1,795,555
	£3,286,982	**£1,795,555**

	Number of Shares	Ordinary Share Capital (£)	Share Premium (£)
Balance at 31 December 2018	**149,447,825**	**1,494,478**	**2,186,406**
Shares issued during the period	30,107,637	301,077	30,323
Balance at 31 December 2019	**179,555,462**	**1,795,555**	**2,216,729**
Shares issued during the period	149,142,843	1,491,427	675,663
Balance at 31 December 2020	**328,698,305**	**3,286,982**	**2,892,392**

All ordinary shares issued have the right to vote, right to receive dividends, a copy of the annual report, and the right to transfer ownership of their shares.

A summary of the shares issued is as follows:

	Number of shares	Share capital (£)	Share premium (£)	Total (£)
Shares issued for settlement of expenditure	3,333,330	33,333	16,667	50,090
Shares issued for settlement of debt	53,809,513	538,094	241,996	780,000
Warrants exercised	4,800,000	48,000	24,000	72,000
Cash placing shares	87,200,000	872,000	393,000	1,265,000
	149,142,843	**1,491,427**	**675,663**	**2,167,090**

Reconciliation of liabilities settled through the issue of shares:

Convertible loan note("CLN")	Group		Company	
	2020	2019	2020	2019
Opening balance	-	-	-	-
Issued during the period	797,000	-	797,000	-
Settled through the issue of shares	(780,000)	-	(780,000)	-
Closing balance - CLN	**17,000**	-	**17,000**	-

Shares issued for settlement of expenditure have been measured at the fair value of the services received. Fair value equates the market value of these services.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

No gain or loss was recognised on extinguishing the financial liabilities by issuing equity instruments.

14. Warrant and Share based payment reserve

Warrants
The Company has the following warrants over its Ordinary Shares:

- 1,208,333 warrants to Beaufort's (Beaufort Securities Limited, the former broker to the Group) in respect of the placing fees. Each warrant shall entitle Beaufort to subscribe for one new Ordinary Share and shall be exercisable at 6 pence per share for up to five years;
- 10,000,000 warrants to African Battery Metals Plc in respect of the Nickel project facilitation fees. The warrants were issued over 2 tranches. The first tranche of 2,500,000 warrants were issued upon signature of the Option Agreement between the parties on 15 March 2019, with the remaining 7,500,000 issued on 15 May 2019. These warrants are exercisable within 3 years of issue date at a price of 1.25 pence per share;
- 5,200,000 warrants to various funders in respect of placing and subscription of 10,000,000 ordinary shares of 1.0p each issued on 2 October 2019. Each warrant shall entitle the fundraisers to subscribe for a further new Ordinary Share at a price of 1.5p, with a life to expiry of 2 years;
- 17,200,000 warrants to various funders in respect of placing and subscription of 17,200,000 ordinary shares of 1.0p each issued on 31 March 2020. Each warrant shall entitle the fundraisers to subscribe for a further new Ordinary Share at a price of 2.0p, with a life to expiry of 2 years;
- 36,666,666 warrants to various funders in respect of placing and subscription of 73,333,333 ordinary shares of 1.0p each issued on 25 June 2020. Each warrant shall entitle the fundraisers to subscribe for a further new Ordinary Share at a price of 3.0p, with a life to expiry of 3 years. The Directors also participated in the Fundraise, of which they acquired 3,333,333 ordinary shares and 1,666,666 warrants.

The fair value of the warrants issued was determined using the Black-Scholes option pricing model.

The inputs to the Black-Scholes model were as follows:

Description of key input	**Key Assumptions** ***Beaufort***	**Key Assumptions** ***African Battery Metals Plc***	**Key Assumptions** ***Financing shares***	**Key Assumptions** ***Financing shares***	**Key Assumptions** ***Financing shares***
Date issued	April 2017	May 2019	October 2019	March 2020	June 2020
Warrants granted	1,208,333	10,000,000	10,000,000	17,200,000	36,666,666
Stock price	6p	1.3p	1.10p	1.35p	1.7p
Exercise price	6p	1.25p	1.5p	2p	3p
Risk free rate	0.1%	0.4%	0.4%	0.1%	0.1%
Volatility	70%	82%	82%	86.44%	148.29%
Time to maturity	5 years	3 years	2 years	2 years	3 years

Expected volatility was determined using the historic average volatility in the company's share price over the past 2 to 3 years.

The following reconciliation serves to summarise the composition of the warrant reserve as at period end:

	Group (£)	
	2020	**2019**
Opening balance of warrant reserve	74,930	41,808
Issue of warrants	419,667	33,122
	494,597	**74,930**

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Reconciliation of the quantity of warrants in issue:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Opening balance	**11,208,333**	**1,208,333**	**11,208,333**	**1,208,333**
Warrants exercised	(4,800,000)	-	(4,800,000)	-
Warrants issued	53,866,666	20,000,000	53,866,666	20,000,000
	70,274,999	**21,208,333**	**70,274,999**	**21,208,333**

Share Options

During the prior year, the company implemented a share option plan whereby the Board and Management of the Company were issued 14,944,783 Ordinary shares, being 10% of the Company's issued share capital on 8 February 2019, at 1.3 pence per share. The options have an expiry date of the seventh anniversary date of the date of grant, with 50% vesting on issue and the remaining 50% vesting in one year.

During the current year, the company implemented a share option plan whereby the Board and Management of the Company were granted options ("Options") over a total of 17,300,000 new ordinary shares of £0.01each in the capital of the Company ("Ordinary Shares") 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.

The fair value of the share options issued have been determined using the Black-Scholes option pricing model.

The inputs to the Black-Scholes model were as follows:

Description of key input	**Key Assumptions**	**Key Assumptions**
Date issued	February 2019	August 2020
Options granted	14,944,783	17,300,000
Stock price	1.3p	2.4p
Exercise price	1.3p	2.6p
Risk free rate	0.4%	0.3%
Volatility	82%	142.84%
Time to maturity	7 years	7 years

Expected volatility was determined using the historic average volatility in the company's share price over the past 2 to 3 years.

The weighted average fair value for the share options granted during year is 2.26p.

The following reconciliation serves to summarise the composition of the share based payment reserve as at period end:

	Group (£)	
	2020	**2019**
Opening balance of share based payment reserve	**30,537**	**-**
Issue of share options	225,778	30,537
	256,315	**30,537**

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Reconciliation of the quantity of share options in issue:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Opening balance	14,944,783	-	14,944,783	-
Share options issued	17,300,000	14,944,783	17,300,000	14,944,783
	32,244,781	**14,944,783**	**32,244,781**	**14,944,783**

15. Reserves

Share premium
The share premium account includes any premium on the initial issuing of share capital. Any transaction costs associated with the issue of shares are deducted from the share premium account.

Translation reserve
The translation reserve relates to the foreign exchange effect of the retranslation of the Group's overseas subsidiaries on consolidation into the Group Financial Information.

Capital contribution reserve
During the year ended 31 December 2014, Kibo Gold converted a balance of £7,226 owed to Kibo Energy PLC into equity as there were no repayment terms. During the year ended 31 December 2015 an additional amount of £3,302 was converted to equity.

Merger reserve
In 2017 the introduction of the new holding company has been accounted for as a capital reorganisation using merger accounting principles. The use of merger accounting principles has resulted in a balance on Group capital and reserves that have been classified as a merger reserve and included in the Group's shareholders' funds.

16. Trade and other payables

	Group 2020 (£)	Group 2019 (£)	Company 2020 (£)	Company 2019 (£)
Amounts falling due within one year:				
Trade payables	21,738	13,619	16,645	13,564
Accruals	151,914	92,526	112,829	49,087
	173,652	**106,145**	**129,872**	**62,651**

The carrying value of current trade and other payables equals their fair value due mainly to the short term nature of these payables.

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17. Investment in subsidiaries

	Subsidiary undertakings (£)
Investments at Cost	
At 1 January 2019	1,761,014
Additions	-
Advances to subsidiaries	358,962
Disposal of interest in subsidiary (note 16)	(53,324)
Provision for impairment	(295,943)
At 31 December 2019 (£)	**996,804**
Additions	-
Advances to subsidiaries	1,489,970
Disposal of interest in subsidiary	(29,562)
Provision for impairment	(1,122,378)
At 31 December 2020(£)	**1,334,834**

The above investment in subsidiaries comprises the carrying value of the investments in Katoro (Cyprus) Limited, Kibo Gold Ltd and Kibo Nickel Ltd, as well as the capital contributions, net of impairment.

At 31 December 2020 the Company had the following undertakings:

Description	Subsidiary, associate or Joint Venture	Registered address	Activity	Incorporated in	Interest held (2020)	Interest held (2019)
Directly held subsidiaries						
Kibo Gold Limited	Subsidiary	Kolonakiou,57 Ag. Athanasios 4103, Limassol Cyprus	Holding Company	Cyprus	100%	100%
Kibo Nickel Limited	Subsidiary	Kolonakiou,57 Ag. Athanasios 4103, Limassol Cyprus	Holding Company	Cyprus	65%	75%
Katoro (Cyprus) Limited	Subsidiary	Kolonakiou,57 Ag. Athanasios 4103, Limassol Cyprus	Holding Company	Cyprus	100%	0%
Indirectly held subsidiaries						
Savannah Mining Limited	Subsidiary	Amani Place 10th Floor, Wing A Ohio Street Dar es Salaam Tanzania	Mineral Exploration	Tanzania	100%	100%
Reef Miners Limited	Subsidiary	Amani Place 10th Floor, Wing A Ohio Street Dar es Salaam Tanzania	Mineral Exploration	Tanzania	0%	100%

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Eagle Exploration Limited	Subsidiary	Amani Place 10th Floor, Wing A Ohio Street Dar es Salaam Tanzania	Mineral Exploration	Tanzania	100%	100%
Katoro South Africa Proprietary Limited	Subsidiary	412 Pebble Beach Building Somerset Links Office Park Somerset West Western Cape 7130	Mineral Exploration	South Africa	100%	0%

The value of the investments is dependent on the discovery and successful development of evaluation and exploration assets. Taking into account the slow progress in furthering the development, and continued resistance from the Tanzanian Government on the growth of foreign – owned Gold Mining entities, management believe that the partial value of the Lake Victoria Gold project, which constitutes a substantial portion of the value of the investment in Kibo Gold Limited, will not be realistically realised in the foreseeable future, and an impairment of £1,023,706 (2019: £295,943) has been provided against this investment. Furthermore, based on the results of the sample that have been tested at the Haneti project, revealed that more work is required to focus on finding more of these sulphides as they could indicate the presence of a massive sulphide body somewhere in the HIUC. Hence due to the Haneti project slow progress in furthering the development an impairment of £98,672 (2019: £Nil) has been provided against this investment. Should the development of the evaluation and exploration assets prove unsuccessful, the carrying value in the statement of financial position will be written off. In the opinion of the Directors' the carrying value of the investments is appropriate.

18. Changes in ownership interest in subsidiary

The Group disposed of a further 10% (2019: 25%) of its interest in Kibo Nickel Ltd and its wholly owned subsidiary, Eagle Exploration Ltd (hereinafter referred to as "Kibo Nickel Group"), to Africa Battery Metals Plc, for a consideration of £25,000 (2019: £nil), effective from 20 August 2020 (2019: 15 May 2019), as part of the agreement entered into with Africa Battery Metals Plc whereby they would further advance the exploration progress related to the Nickel projects. The effect on the equity attributable to owners of Katoro Gold Plc during the year is as follows:

	2020	**2019**
Carrying amount of non-controlling interest disposed	21,173	40,029
Loss for the year attributable to non-controlling interest	(123,880)	(6,757)

19. Related parties

Relationships

Name	**Relationship**
Kibo Energy PLC	Significant shareholder
Mzuri Exploration Services Limited	Common shareholding

Balances and transactions

Name	**Amount (£) 2020**	**Amount (£) 2019**
Kibo Energy PLC	23,024	-
Mzuri Exploration Services Limited – Fees for exploration and mining services received	-	124,170

Mzuri Exploration Services Limited has ceased to be a related party on 20 November 2019, but for the purposes of the comparative figures, all related party transactions up to and including 19 November 2019 have been included in the 2019 figure above.

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Related parties of the Group comprise subsidiaries, significant shareholders, and the Directors.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

The transactions during the period between the Company and its subsidiaries included the settlement of expenditure to/from subsidiaries, working capital funding, and settlement of the Company's liabilities through the issue of equity in subsidiaries. The loans to/from Group companies do not have fixed repayment terms and are unsecured.

20. Financial Instruments and Financial Risk Management

The Group and Company's principal financial instruments comprise cash. The main purpose of these financial instruments is to provide finance for the Group and Company's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the 2020 and 2019 financial period, the Group and Company's policy not to undertake trading in derivatives.

The main risks arising from the Group and Company's financial instruments are foreign currency risk, credit risk, liquidity risk, interest rate risk and capital risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

	2020 (£)		2019(£)	
Financial instruments of the Group are:	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
Financial assets				
Trade and other receivables	46,405	-	-	-
Cash and cash equivalents	97,777	-	27,972	-
Financial liabilities				
Trade payables	-	173,652	-	106,145
Other financial liabilities	-	17,000	-	-

	2020 (£)		2019(£)	
Financial instruments of the Company are:	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
Financial assets				
Trade and other receivables	40,708	-	-	-
Cash and cash equivalents	67,517	-	7,250	-
Financial liabilities				
Trade payables	-	129,872	-	65,621
Other financial liabilities	-	17,000	-	-

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Foreign currency risk
The Group undertakes certain transactions denominated in foreign currencies and exposures to exchange rate fluctuations therefore arise. Exchange rate exposures are managed by continuously reviewing exchange rate movements in the relevant foreign currencies. The exposure to exchange rate fluctuations is limited as the Company's subsidiaries operate mainly with Sterling, Euros, US Dollar and Tanzanian Shillings.

At the period ended 31 December 2020, the Group had no outstanding forward exchange contracts.

There was no material exposure to foreign currencies at 31 December 2020.

Exchange rates used for conversion of foreign subsidiaries undertakings were:

	2020	2019
USD to GBP (Spot)	0.81140	0.76231
USD to GBP (Average)	0.77484	0.78365
EURO to GBP (Spot)	0.91263	0.85369
EURO to GBP (Average)	0.88661	0.87717

The Executive Chairman of the Group monitor the Group's exposure to the concentration of fair value estimation risk on a monthly basis.

Credit risk
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. As the Group does not, as yet, have any sales to third parties, this risk is limited. However during the current year there was significant increase in the credit risk stemming from the Lake Victoria Gold Receivable due to the continued default on various payments which resulted in the financial asset being classified as a Stage 3 lifetime credit impaired receivable at year end. Furthermore, all funds contributed to the Blyvoor Joint Operation is contractually receivable upon confirmation of the commercial viability of the project, which at year end has not yet been established, thus the receivable has been fully impaired as it is considered to be Stage 3 lifetime credit impaired. For further details refer to Note 10 and 17.

The Group and Company's financial assets comprise receivables and cash and cash equivalents. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group and Company's exposure to credit risk arise from default of its counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents in its consolidated statement of financial position.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected or related entities.

Financial assets exposed to credit risk at period end were as follows:

Financial instruments	Group (£)		Company (£)	
	2020	2019	2020	2019
Cash	97,777	27,972	67,517	7,250

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Group.

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The Group and Company's financial liabilities as at 31 December 2020 were all payable on demand, other than the trade payables to other Group undertakings.

	Less than 1 year	Greater than 1 year
Group (£)		
At 31 December 2020		
Trade and other payables	173,652	-
Other financial liabilities	58,155	
At 31 December 2019		
Trade and other payables	106,145	-
Company (£)		
At 31 December 2020		
Trade and other payables	129,872	-
Other financial liabilities	17,000	
At 31 December 2019		
Trade and other payables	62,651	-

Interest rate risk
The Group and Company's exposure to the risk of changes in market interest rates relates primarily to the Group and Company's holdings of cash and short term deposits.

It is the Group and Company's policy as part of its management of the budgetary process to place surplus funds on short term deposit in order to maximise interest earned.

Group Sensitivity Analysis:

Currently no significant impact exists due to possible interest rate changes on the Company's interest bearing instruments.

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the period ended 31 December 2020. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity.

Fair values
The carrying amount of the Group and Company's financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value.

Hedging
At 31 December 2020, the Group had no outstanding contracts designated as hedges.

21. Events after the reporting period

Results of General Meeting
On 15 January 2021, the Company held a general meeting where the following resolutions were approved by the shareholders eligible to vote thereon:

- authority to the directors to allot new Ordinary Shares up to an aggregate nominal amount of £2,000,000 which includes the issue of Ordinary Shares pursuant to the Placing and Subscription of 48,000,000 ordinary share for the amount of £960,000; and

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- authority to issue equity securities up to an aggregate nominal amount of £2,000,000 for cash, including the Ordinary Shares pursuant to the Placing and Subscription of 48,000,000 ordinary share for the amount of £960,000.

Exercise of warrants
On the 9 March 2021, there was an exercise warrants, in aggregate, over 1,000,000 ordinary shares of 1 pence in the Company at an exercise price of 1.5 pence (the 'Warrant Shares'). All funds, amounting to, in aggregate, £15,000, from the exercise of the warrants have been received by the Company and will be used for general working capital purposes.

Credit Loan Note Conversion and Final Settlement
The Company has received further notices from certain clients of SI Capital, the Company's broker, who participated in the January 2020 Convertible Loan Note program to convert, in aggregate, £17,000 in principal value at a conversion price of 1.4 pence per share. As a result, the Company issued the 1,214,285 new ordinary shares of 1 pence each in the Company and following the conversion, the Convertible Loan Note program will have been settled in full with no principal outstanding balance remaining. The CLN accrues interest at 20% per annum on a daily basis and the total accrued interest relating to the foregoing conversions amount to £3,390.68 which has been settled in cash.

22. Assets classified as held for sale

On 22 August 2019, the Company entered into a term sheet with Lake Victoria Gold Limited (“LVG”) covering the disposal of 100% of the equity interest held by Katoro in its wholly owned subsidiary, Reef Miners Limited (“Reef”), which owns the Imweru gold project and the Lubando gold project in northern Tanzania. Although the sale and purchase agreement with LVG has not been entered into to date, and LVG have requested extensions on the payment tranches to be made in accordance with the term sheet, the Board feels that the sale of Reef is in the best interest of the Company at this time and the directors are of the opinion that the sale is highly probable. The assets, together with the associated liabilities of Reef have therefore been classified as held for sale.

The proceeds of the disposal are expected to exceed the net carrying amount of the relevant assets and liabilities, and accordingly no impairment loss has been recognised on the assets classified as held for sale.

The major classes of assets and liabilities in the disposal group classified as held for sale are as follows:

Assets	
Cash and cash equivalents	6,966
Liabilities	
Trade and other payables	11,257

On 30 June 2020, the transaction has been approved by the Mining Commission in Tanzania with a "Consent Certificate" issued by the Executive Secretary of the Mining Commission.

Final Condition Precedent now met and the Transaction between LVG and Katoro has been completed.

23. Commitments and Contingencies

The Group does not have identifiable material contingencies or commitments as at the reporting date. Any contingent rental is expensed in the period in which it is incurred.