

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

Unaudited Interim results for the six months ended 30 June 2022

Dated 16 September 2022

Katoro Gold plc ('Katoro' or the 'Company') (AIM: KAT), the AIM-listed gold and nickel exploration and development company, is pleased to announce its unaudited interim results for the six months ended 30 June 2022. The interim results will also shortly be available on the Company's website: <https://www.katorogold.com/>

Overview

- Successful completion of drill program on Haneti Nickel project, including an exploration update (see RNS dated 31 May 2022)
- Katoro Gold has signed a Joint Venture Agreement with LakeVictoria Gold for its Imweru Gold Project
- Various new projects currently under assessment, with some at an advanced stage of discussion

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

****END****

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

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Chairman's Statement

Introduction

After two years of pandemic conditions, the world has opened up to trade, travel and more. This is despite the ongoing war in Ukraine, rising inflation and increased interest rates adding to uncertainty on all fronts. At the same time, economic activity remains high and this has led to Katoro Gold making significant progress with its ongoing projects in the first half of 2022. In particular, the Company has successfully completed its drill program on its Haneti Nickel project ('Haneti'), on which it released an exploration update in a Company RNS dated 31 May 2022. The Company has furthermore signed a Joint Venture Agreement ('JVA') for its Imweru Gold Project ('Imweru', see further details below).

Haneti Project and Babayu Lithium Prospect

The Haneti Project is a Joint Venture ('JV') with Power Metals Resources PLC (LON: POW), which holds a 35% interest in the project while Katoro holds 65%. The project covers a vast prospective area in central Tanzania, with a principal target zone of an 80-kilometre ultra-mafic belt of potential nickel and traces of combined platinum group metals ('PGMs').

On 14 February 2022, the Company announced the completion of the diamond drill programme that was carried out at Haneti. A total of 900.04 metres were completed across three drill holes with core logging and sampling prepared for thin section petrographic analysis and laboratory assay testing for nickel, platinum, palladium, cobalt, chromium and gold at SGS Tanzania. The drill programme provided considerable geological information that enabled the Company to refine the geological modelling for next-stage work. This, as well as the results of the drill programme, which suggests that the platinum-group element ('PGE') potential is limited to serpentinite units, and that nickel and copper mineralisation should preferentially be targeted within the intrusive gabbro units, were detailed in an RNS dated 31 May 2022.

The same RNS provides clarification of the Babayu Lithium Prospect ('Babayu'), of which rock samples were taken in tandem with the diamond-drilling campaign at Haneti. Babayu is located approximately 40 kilometres southwest of Haneti. The results from the samples confirm significant lithium and tantalum potential at Babayu, and both this and the results at Haneti have enabled the Company to re-engage with potential project partners. Additionally, license applications have been made in respect of the lithium prospective areas and the JV is in the process of implementing a lithium consolidation strategy to include and review existing and potential partnerships with local license holders.

Imweru Gold Project

The Company has entered into a JVA with LakeVictoria Gold ('LVG') for the further development of its Imweru Gold Project, which it previously announced the disposal of in a Company RNS dated 12 June 2020. Due to administrative and statutory barriers related to the transfer of ownership at project level, as well as the issue of relevant convertible loan notes ('CLN'), the Company agreed to cancel the sale transaction of the project to LVG and the two entered into a JV instead. The JVA will see LVG earn up to 80% in the Imweru project with 20% held by Katoro as a carried interest.

Further to this, all debt funding required by the JV will be procured and/or provided by LVG, with the JV reimbursing Katoro for previous expenditures to the amount of €792,000 on or before 31 December 2023. LVG is also developing the Imwelo Gold Project, located adjacent to Imweru, and this JVA allows for a more significant economic project that will attract suitable funding to accelerate the development and exploitation of a combined gold mining project.

Future Outlook

Moving into the second half of 2022, Katoro Gold is in the process of assessing various new projects to further diversify its portfolio and unlock value-based opportunities that align with its strategy of being a preeminent African-focused gold and mineral exploration and development company. At present, the Company is already in advanced discussions with a number of parties with regard to the new projects under assessment.

Principle Risk

Refer to Note 15 of the RNS for our assessment of the principal risks.

Conclusion

I remain optimistic about the Company's prospects into the second half of the year. As such, I thank the directors and management team of Katoro Gold for their dedication and hard work throughout this period.

Louis Coetzee
Executive Chairman

Unaudited Interim Results for the six months ended 30 June 2022

Unaudited condensed consolidated interim Statement of Comprehensive Income

For the six months ended 30 June 2022

	Note	6 months to 30 June 2022 (Unaudited) £	12 months to 31 December 2021 (Audited) £	6 months to 30 June 2021 (Unaudited) £
Revenue		-	-	-
Cost of sales		-	-	-
Gross Profit		-	-	-
Administrative expenses		(422,441)	(689,396)	(341,987)
Foreign exchanges gain/(loss)		60,714	15,471	69
Share based payment transactions	7	-	(195,241)	(162,700)
Exploration expenditure		(278,645)	(284,463)	(279,092)
Operating profit/loss		(640,372)	(1,153,629)	(783,710)
Other Income	13	142,045	1,029	-
Finance Income		15,152	10,121	11,919
Profit/(loss) before Tax		(483,175)	(1,142,479)	(771,791)
Tax		-	-	-
Profit/(loss) for the period		(483,175)	(1,142,479)	(771,791)
Other comprehensive Income/(loss):				
Exchange differences on translating of foreign operations		105,383	(2,162)	(16,456)
Total Comprehensive Income/(loss)		(483,175)	(1,144,641)	(788,247)
Profit/(loss) for the period		(483,175)	(1,142,479)	(771,791)
Attributable to owners of the parent		(374,078)	(1,062,598)	(770,161)
Attributable to non-controlling interest		(109,097)	(79,881)	(1,630)
Total comprehensive Income/(loss)		(377,792)	(1,144,641)	(788,247)
Attributable to owners of the parent		(268,695)	(1,080,669)	(78,617)
Attributable to non-controlling interest		(109,097)	(79,881)	(1,630)
Earnings/(loss) Profit per share				
Basic and diluted Earnings/(loss) per share (pence)	4	(0.08)	(0.27)	(0.21)

Unaudited condensed consolidated interim Statement of Financial Position

As at 30 June 2022

	Note	6 months to 30 June 2022 (Unaudited) £	12 months to 31 December 2021 (Audited) £	6 months to 30 June 2021 (Unaudited) £
Assets				
Non-current assets				
Intangible assets	8	209,500	209,500	209,500
Investments in equity instruments	13	182,301	-	-
		391,801	209,500	209,500
Current assets				
Cash and cash equivalents		342,481	827,956	420,860
Other receivables		21,002	48,702	23,104
Other financial assets	13	-	-	-
Total current assets		363,483	876,658	443,964
Total Assets		755,284	1,086,158	653,464
Equity				
Called up share capital	6	4,604,125	4,604,125	3,789,125
Share premium		2,905,532	2,962,582	2,823,382
Capital contribution reserve		10,528	10,528	10,528
Translation reserve		(251,532)	(356,915)	(355,300)

Merger reserve		1,271,715	1,271,715	1,271,715
Warrant and share-based payment reserve	7	946,153	946,153	985,612
Retained deficit		(8,756,433)	(8,382,355)	(8,032,868)
Reserves attributable to owners		730,088	1,055,833	492,194
Minority interest		(242,504)	(133,407)	(71,065)
Total Equity		487,584	922,426	421,129
Liabilities				
Current liabilities				
Trade and other payables	3	82,921	88,452	232,335
Other financial liabilities	14	184,779	75,280	-
Total current liabilities		267,700	163,732	232,335
Total Equity and Liabilities		755,284	1,086,158	653,464

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share Capital	Share Premium	Warrant reserve and share based payment reserve	Merger Reserve	Capital Contribution Reserve	Foreign currency translation reserve	Retained deficit
	£	£	£	£	£	£	£
Balance at 31 December 2021 (audited)	4,604,125	2,962,582	946,153	1,271,715	10,528	(356,915)	(8,382,311)
Loss for the period	-	-	-	-	-	-	(374,000)
Other comprehensive loss - exchange differences	-	-	-	-	-	105,383	-
Proceeds of share issue of share capital	-	(57,050)	-	-	-	-	-
Balance as at 30 June 2022 (unaudited)	4,604,125	2,905,532	946,153	1,271,715	10,528	(251,532)	(8,756,411)
Balance at 1 January 2021 (audited)	3,286,982	2,472,725	750,912	1,271,715	10,528	(338,844)	(7,262,711)
Loss for the period	-	-	-	-	-	-	(1,062,500)
Other comprehensive income - exchange differences	-	-	-	-	-	(18,071)	-
Proceeds of share issue of share capital	1,317,143	489,857	-	-	-	-	-
Issue of share options and share warrants	-	-	195,241	-	-	-	-
Costs relating to share issue	-	-	-	-	-	-	(57,000)
Balance at 31 December 2021 (audited)	4,604,125	2,962,582	946,153	1,271,715	10,528	(356,915)	(8,382,311)
Balance at 31 December 2020 (audited)	3,286,982	2,472,725	750,912	1,271,715	10,528	(338,844)	(7,262,711)
Loss for the period	-	-	-	-	-	-	(770,100)
Other comprehensive income	-	-	-	-	-	-	-

comprehensive loss - exchange differences	-	-	-	-	-	(16,456)	
Proceeds of share issue of share capital	502,143	350,657	-	-	-	-	
Issue of share options and share warrants	-	-	234,700	-	-	-	
Balance as at 30 June 2021 (unaudited)	3,789,125	2,823,382	985,612	1,271,715	10,528	(355,300)	(8,032,810)

Unaudited condensed consolidated interim statement of cash flow

For the six months ended 30 June 2022

	6 months to 30 June 2022 (Unaudited) £	12 months to 31 December 2021 (Audited) £	6 months to 30 June 2021 (Unaudited) £
Profit/(loss) for the period before taxation Adjusted for:	(377,793)	(1,142,479)	(771,791)
Foreign exchange (gain)/ loss	(111,257)	(23,253)	(69)
Share based payment transactions	-	195,241	162,700
Profit on disposal of subsidiaries	(142,045)	-	-
Impairments of other financial assets	71,002	142,106	83,532
Non-trade expenses not settled	-	-	-
Operating income before working capital changes	(560,093)	(828,385)	(525,628)
Decrease/ (Increase) in trade and other receivables	27,700	(2,297)	23,301
(Decrease)/ Increase in trade and other payables	(5,531)	(85,198)	17,529
Net cash outflows from operating activities	(537,924)	(915,880)	(484,798)
Cash flows from investing activities			
Advances of other financial assets	-	(125,866)	(83,532)
Advances to subsidiaries	-	-	(9,597)
Advances to Reef Miners	-	-	(6,790)
Net cash inflow/(outflow) from investing activities	-	(125,866)	(99,919)
Cash flows from financing activities			
Issue of shares (net of share issue costs)	(57,050)	1,732,950	907,800
Proceeds from other financial liabilities	109,499	38,975	-
Net cash proceeds from financing activities	52,449	1,771,925	907,800
Net increase in cash and cash equivalents	(485,475)	730,179	323,083
Cash and cash equivalents at beginning of period	827,956	97,777	97,777
Cash and Cash equivalents at End of Period	342,481	827,956	420,860

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended 30 June 2022

Note 1 General information

Katoro Gold plc ("Katoro" or the "Company") is incorporated in England & Wales as a public limited company. The Company's registered office is located at 60 Gracechurch Street, London EC3V 0HR.

The principal activity of Katoro, through its subsidiaries (together the 'Group'), is to carry out evaluation and exploration studies within a licenced portfolio area with a view to generating commercially viable Mineral Resources, namely gold and nickel mines. In Haneti, the Group has one nickel mining project, which has mineral exploration licences currently held by Eagle Exploration Ltd. In addition, in South Africa the Group has entered into binding conditional agreement to form a 50/50 unincorporated joint venture pertaining to gold tailing project.

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

The condensed consolidated financial statements of the Company have been prepared in

accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and Accounting Standard IAS 34, 'Interim Financial Reporting', as adopted by the UK.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2021, which has been prepared in accordance with UK-adopted IFRSs, and any public announcements made by Kibo Energy Plc during the interim reporting period.

The condensed consolidated financial statements of the Group are presented in Pounds Sterling, which is the functional and presentation currency for the Group and its related subsidiaries.

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

Accounting policies applied are consistent with those of the previous financial period and annual report unless where new standards became effective during the period and a newly adopted accounting policy for Investments in equity instruments - Associates.

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

Investments in equity instruments - Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Use of Estimates and Judgements

The preparation of these condensed interim consolidated financial statements in conformity with 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.

- Valuation of share options and warrants;
- Credit loss allowance for other financial assets; and
- Valuation of mining licence in Kibo Nickel Ltd.
- Valuation of investments in equity instruments - associates.

Please refer to note 16 where the estimate for investment in equity instruments - associates valuation is disclosed.

Note 2 Going concern

The Company currently generates no revenue and had net assets of £487,584 as at 30 June 2022 (31 December 2021: £922,426 and 30 June 2021: £421,129).

The Group has adequate cash and cash equivalents (financial resources) to ensure the Group is able to continue as a going concern for the foreseeable future 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 Directors 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 Group and Company will require additional finance in order to progress work on its current assets and bring them to commercial development and cash generation.

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.

Note 3 Trade and other payables

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Trade payables	82,921	26,417	122,897
Accruals	184,779	62,035	109,438
	267,700	88,452	232,335

Note 4 Earnings per share

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

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Profit/(loss) for the period from continuing operations	(374,078)	(1,062,598)	(770,161)
Weighted Average basic and diluted number of shares	460,412,590	388,524,723	373,931,716
Basic and diluted Earnings/(loss) per share (pence)	(0.08)	(0.27)	(0.21)

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

The Company had in issue warrants and options at 30 June 2022, the inclusion of such warrants and options in the weighted average number of shares in issue would be anti-dilutive and therefore they have not been included for the purpose of calculating the loss per share.

Note 5 Unaudited results

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

Note 6 Share Capital

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

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Allotted, called-up and fully paid:	4,604,125	4,604,125	3,789,125

A reconciliation of share capital is set out below:

Number of shares	Allotted, called-up and fully paid
	£

At 1 January 2022	460,412,593	4,604,125
At 30 June 2022	460,412,593	4,604,125

Note 7 Warrant and Share based payment reserve

Warrants

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

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Opening balance of warrant reserve	494,597	494,597	494,597
Issue of warrants	-	-	72,000
	494,597	494,597	566,597

Reconciliation of the quantity of warrants in issue:

	30 June 2022	31 December 2021	30 June 2021
Opening balance	194,574,999	70,274,999	70,274,999
Warrants exercised	-	(1,000,000)	(1,000,000)
Warrants issued	-	129,500,000	48,000,000
Warrants expired	-	(4,200,000)	-
	194,574,999	194,574,999	117,274,999

No warrants have been issued in the six-month period ended 30 June 2022.

Share Options

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

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Opening balance of share-based payment reserve	451,556	256,315	256,315
Vesting of share options	-	195,241	162,700
	451,556	451,556	419,015

Reconciliation of the quantity of Share options in issue:

	30 June 2022	31 December 2021	30 June 2021
Opening Balance	32,244,781	32,244,781	32,244,781
	32,244,781	32,244,781	32,244,781

During the current year no share options issued in August 2020 vested.

Note 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

	£
Carrying value as at 1 January 2021	209,500
Carrying value as at 30 June 2021	209,500
Carrying value as at 31 December 2021	209,500
Carrying value as at 30 June 2022	209,500

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, Kondo 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.

Note 9 Board of Directors

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

Note 10 Subsequent events

Blyvoor Joint Venture Project

During the preceding year, the board of directors were in the process of seeking admission for the vending of its and the counterparty's interest in the Joint Venture into a separate company to be listed on the Standard List of the London Stock Exchange plc. The funding process did not succeed, and the board is currently considering its position and options in this matter.

Haneti Nickel

A desktop review of all historical exploration data is being undertaken. The review will take into account the knowledge gained from the 2022 Haneti diamond drilling campaign (the first ever completed on the Project). The results are intended to further improve and refine targeting for future exploration programmes on the Project.

Just prior to Covid-19 restrictions a number of major and mid-tier companies expressed an interest in Haneti and a key requirement of their due diligence work was access to diamond drill core for analysis. With that drill core now in hand the JV will be engaging again with potential project partners.

Babayu Lithium

Additional liaison with the Tanzanian government regarding the lithium licence applications within the broader Babayu and other related areas. Further regional desktop studies focusing on the lithium potential of the broader Dodoma area are to be conducted with the aim of identifying further prospective target areas for staking and other potential opportunities for further investment.

Note 11 Commitments and contingencies

There are no material contingent assets or liabilities as at 30 June 2022.

Note 12 Segment report

Segmental disclosure per category

	Mining £	Corporate £	Total £
30 June 2022			
Loss after tax	(352,077)	(131,098)	(483,175)
Segmental assets	244,817	510,467	755,284
Segmental liabilities	211,907	55,793	267,700
30 June 2021			
Loss after tax	(369,842)	(401,949)	(771,791)
Segmental assets	217,519	435,945	653,464
Segmental liabilities	113,169	119,166	232,335

Segmental disclosure per geographical location

	Tanzania £	Cyprus £	UK £	South Africa £	Total £
30 June 2022					
Profit/(Loss) after tax Segmental	(282,130)	754,127	(1,036,269)	(2,569)	(566,841)

assets	215,252	806,676	(293,922)	27,278	755,284
Segmental liabilities					
30 June 2021					
Loss after tax	(120,438)	(131,894)	(401,949)	(117,509)	(771,791)
Segmental assets	214,705	996	435,945	1,818	653,464
Segmental liabilities	9,553	102,117	119,166	1,499	232,335

There are no notable changes from the prior interim report. During the preceding interim period there was an addition of a new geographical location in which the Group prospecting operation has been initiated which is South Africa where the Group has entered into binding conditional agreement to form a 50/50 unincorporated joint venture pertaining to gold tailing project.

Note 13 Other financial assets

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Other financial assets consist of:			
Lake Victoria Gold	656,283	657,061	-
Impairment	(656,283)	(657,061)	-
	<u>-</u>	<u>-</u>	<u>-</u>

Following various administrative difficulties in transferring ownership of Reef Miners Limited from Kibo Gold Limited to Lake Victoria Gold Limited, both parties concluded on 07 March 2022 to cancel the previous Sale of Share Agreement by mutual consent.

As per the cancellation agreement, the Reef Transaction was cancelled by mutual agreement between the parties, with neither party having any claim against another party following specifically from the cancellation agreement.

On the same day Katoro Gold plc and Lake Victoria Gold Limited entered into a "Joint Venture Agreement". Under the terms and conditions of the "Joint Venture Agreement", Lake Victoria Gold Limited became the 80% shareholder of Kibo Gold Limited, Cypriot subsidiary of Katoro Gold plc, on the date of the Agreement with Katoro Gold plc owing the remaining 20%.

Prior to the implementation of the above "Joint Venture Agreement", Katoro Gold plc held 200 ordinary shares in the equity of Kibo Gold Limited, constituting 100% of the issued share capital in the company.

On the effective date, Lake Victoria Gold Limited subscribed for 800 new shares in Kibo Gold Limited, equal to 80% of the total issued share capital of the company on conclusion of the "Joint Venture Agreement", for the subscription amount of €88,000.

Katoro Gold plc indemnifies Lake Victoria Gold Limited against any claims resulting from the cancellation of the Sale of Share Agreement. The position of ownership of Reef Mining Limited was completely returned to Katoro Gold plc, and no contingent amounts are due and payable by Lake Victoria Gold Limited in this regard.

As per the "Joint Venture Agreement", the Conditions Precedent for the conclusion of the Share Issue have been met on the 7th of March 2022 and that the "effective date" of transfer of ownership of 80% of the shareholding is on the 7th of March 2022, as the issued shares to Lake Victoria Gold Limited rank Pari-Passu with the issued shares.

The "Joint Venture Agreement" furthermore details the following requirements:

- Lake Victoria Gold Limited will contribute capital to Kibo Gold plc in the form of a shareholder's loan amounting to €792,000;
- Lake Victoria Gold Limited will be obliged to declare a preference dividend to Katoro Gold Plc in the amount of €792,000 which is payable in any number of instalments by the earlier of 31 December 2023 and the date it ceases to be a shareholder in the company; and
- In the event that the preference dividend has not been declared and paid by Kibo Gold Limited to Katoro Gold plc by 31 December 2023, the outstanding balance owing will be paid by Lake Victoria Gold Limited to Katoro Gold plc directly.

The investment in Kibo Gold plc was as of 7 March 2022 recognised as an associate to reflect the terms of the "Joint Venture Agreement".

The receivable in Lake Victoria Gold has been fully impaired at 30 June 2022 due to the credit risk of LVG, which is as a result of previous payments not being received as they become due and is still outstanding at the date of this interim report.

The resulting profit on disposal was recognised during the period ended 30 June 2022:

	Group (£)
Assets disposed	(2,296)
Liabilities disposed	8,698
Net liability disposed	6,402
Foreign currency translation reserve reclassified through profit or loss	(46,658)
Retained investment in equity - associate (20%) (refer note 16)	182,301
Net liabilities after disposal	142,045
Proceeds from disposal of Kibo Gold Group	729,203
Profit on disposal of Kibo Gold Group	871,248
Impairment of Receivable from LVG	(656,283)
Amounts received previously offset against proceeds	(72,920)
Net profit on disposal for group at 30 June 2022	142,045

Blyvoor Joint Venture

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 an 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 31 December 2020, 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.

Furthermore, the Group has continued to advance funding in the amount of £97,207 of which 100% relate to expenditure allocated to the Joint Venture operations, carried out 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.

Note 14 Related parties

Relationships

Name	Relationship
Kibo Energy plc	Significant shareholder and controlling parent

Related party balances trade receivables/(trade payables)	30 June 2022	31 December 2021	30 June 2021

	£	£	£
Kibo Energy plc	(20,247)	-	-
	(20,247)	-	-

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.

Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis.

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.

Note 15 Principal risks

The principal risks and uncertainties identified in the last Annual Report of Katoro Gold plc, issued in May 2021, have not materially changed/alterd in the interim period.

Note 16 Use of Estimates and Judgements

The investment in equity instruments - associates have been valued on the fair value of the disposal price of the Kibo Gold Subgroup to LVG:

	(£)
Proceeds for the disposal of 80% of Kibo Gold Subgroup to LVG	729,203
Fair value of the 100% shareholding of Kibo Gold Subgroup	<u>911,504</u>
Fair value of the 20% interest in Kibo Gold Subgroup retained	<u>182,301</u>

Note 17 Financial instruments - Fair value and Risk Management

The carrying amount of all financial assets and liabilities approximates the fair value. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes.

The carrying values of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class.

The Group does carry any unlisted financial instruments measured in the statement of financial position at fair value at 30 June 2022 nor in any of the comparative periods.



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