

## PRESS RELEASE

27 September 2018

### KAVANGO RESOURCES PLC (“KAVANGO” OR “THE COMPANY”)

#### Interim Results

Kavango Resources plc, an exploration company targeting the discovery of world class mineral deposits in Botswana, is pleased to announce its unaudited financial results for the six months ended 30 June 2018.

#### HIGHLIGHTS

- Subsequent to the interim period, the entire issued ordinary share capital of the Company was admitted to the Standard List segment of the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange ("Admission") on 31 July 2018 under the TIDM (Stock Code): **KAV**;
- On Admission, completion of a placement of 60,000,000 ordinary shares at 2.5p/share to raise £1,500,000 (before expenses);
- Exploration commenced on the Company's prospecting licences which cover an area of approximately 7,000km<sup>2</sup> in south west Botswana; and
- Operating loss of US\$36,000.

The Chairman's Statement and Interim Results are set out in the following pages.

#### Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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## CHAIRMAN'S STATEMENT 30 JUNE 2018 INTERIM RESULTS

It gives me great pleasure as Chairman of Kavango Resources plc, a mining group targeting the discovery of world class mineral deposits in Botswana, to report to all our shareholders the first set of results as a listed company for the six month period from 1 January 2018 to 30 June 2018 which produced a small loss of US\$36,000.

Kavango was admitted to the Standard List segment of the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange ("Admission") at 08:00am on 31 July 2018 under the TIDM (Stock Code): **KAV** and in the process raised £1.5m (before expenses).

Whilst still very early days, the exploration programme is focused on the Kalahari Suture Zone ("KSZ"): targeting the discovery of world class Ni-Cu-PGE sulphide rich deposits in SW Botswana. These target areas have a similar geological setting to the giant Norilsk deposit in Russia.

Part of this exploration programme includes the flying of an electromagnetic survey (VTEM) to be carried out over the licences in the KSZ area in, potentially, at least 3 phases with Geotech Airborne Geophysical Surveys of Canada. Flying phase 1 of the programme (2,000 line kms) over the northern region (Hukuntsi area) of the KSZ is underway.

The Company will, of course, update the market as soon as practicable with the initial findings from phase 1.

As part of the above mentioned exploration programme, initial work is also expected to commence shortly at the Ditau Camp project where our geological team has identified a 7km long magnetic body above which a strong geochemical anomaly has been identified together with a coincident gravity anomaly.

Over the next six months exploration will continue from our base at Hukuntsi with local field camps within the KSZ area and at the Ditau Camp prospect.

Further information in respect of the Company and its business interests is provided on the Company's website at [www.kavangoresources.com](http://www.kavangoresources.com) and on social media including Twitter #KAV.

On a final note, I would like to take this opportunity to thank all those who over recent months worked tirelessly on getting the Company listed whilst at the same time welcoming all our new shareholders.

DJ Wright  
Chairman

27 September 2018

### Forward looking statement

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities.

Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with

vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### *Group Statement of Comprehensive Income for the Interim Period Ended 30 June 2018*

	Notes	Six Months to 30 June 2018 (Unaudited) \$ 000's	Six Months to 30 June 2017 (Unaudited) \$ 000's
Administrative expenses		(36)	(2)
<b>Operating loss</b>		<b>(36)</b>	<b>(2)</b>
<b>Loss before tax</b>		<b>(36)</b>	<b>(2)</b>
Income tax expense		-	-
Loss for the period from continuing operations		<b>(36)</b>	<b>(2)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		(294)	-
<b>Other comprehensive income for the period, net of tax</b>		<b>(294)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(330)</b>	<b>(2)</b>
<b>Attributable to:</b>			
Owners of the parent		<b>(330)</b>	<b>(2)</b>
<b>Loss per share from continuing and discontinued operations attributable to the owners of the parent during the period (expressed in dollars per share)</b>			
- Basic and diluted	3	\$ (0.004)	\$ (0.002)

## Group Statement of Financial Position

	Notes	As at 30 June 2018 (Unaudited) \$ 000's	As at 31 Dec 2017 (Audited) \$ 000's	As at 30 June 2017 (Unaudited) \$ 000's
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		2,043	2,359	1,867
Fixed assets		-	2	-
<b>Total non-current assets</b>		<b>2,043</b>	<b>2,361</b>	<b>1,867</b>
<b>Current assets</b>				
Trade and other receivables		305	142	19
Cash & cash equivalents		356	387	27
<b>Total current assets</b>		<b>661</b>	<b>529</b>	<b>46</b>
<b>TOTAL ASSETS</b>		<b>2,704</b>	<b>2,890</b>	<b>1,913</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Loan from Shareholders		(158)	(161)	(26)
Trade and other payables		(364)	(146)	(13)
<b>TOTAL LIABILITIES</b>		<b>(522)</b>	<b>(307)</b>	<b>(39)</b>
<b>NET ASSETS</b>		<b>2,182</b>	<b>2,583</b>	<b>1,874</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	5	98	100	1,909
Share premium		3,692	3,761	-
Reorganisation reserve		(1,591)	(1,591)	-
Foreign exchange reserve		(104)	190	-
Retained earnings		87	123	(35)
<b>TOTAL EQUITY</b>		<b>2,182</b>	<b>2,583</b>	<b>1,874</b>

**Group Statement of Changes in Equity for the Interim Period Ended 30 June 2018**

	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Retained earnings	Total equity
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<b>As at 31 December 2016 and 1 January 2017</b>	<b>1,200</b>	-	-	-	<b>(33)</b>	<b>1,167</b>
Profit / (Loss) for the period	-	-	-	-	(2)	(2)
Issue of shares	709	-	-	-	-	-
<b>Other comprehensive income for the period</b>	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	(2)	(2)
	709	-	-	-	(2)	707
<b>As at 30 June 2017</b>	<b>1,909</b>	-	-	-	<b>(35)</b>	<b>1,874</b>
<b>As at 31 December 2017 and 1 January 2018</b>	<b>100</b>	<b>3,761</b>	<b>190</b>	<b>(1,591)</b>	<b>123</b>	<b>2,583</b>
Profit / (Loss) for the period	-	-	-	-	(36)	(36)
	-	-	-	-	(36)	(36)
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign exchange	(2)	(69)	(264)	-	-	(365)
	(2)	(69)	(264)	-	-	(365)
<b>Total transactions with owners, recognised directly in equity</b>	<b>(2)</b>	<b>(69)</b>	<b>(264)</b>	<b>-</b>	<b>(36)</b>	<b>(401)</b>
<b>As at 30 June 2018</b>	<b>98</b>	<b>3,692</b>	<b>(104)</b>	<b>(1,591)</b>	<b>87</b>	<b>2,182</b>

## **Group Cash Flow Statement for the Interim Period Ended 30 June 2018**

	Six Months to 30 June 2018 (Unaudited) \$ 000's	Six Months to 30 June 2017 (Unaudited) \$ 000's
<b>Cash flows from operating activities</b>		
(Loss) before tax	(36)	(2)
<b>Operating loss before changes in working capital</b>	<b>(36)</b>	<b>(2)</b>
(Increase)/decrease in trade and other receivables	(163)	23
(Decrease)/increase in trade and other payables	216	29
<b>Net cash used in operating activities</b>	<b>17</b>	<b>50</b>
<b>Cash flows used in investing activities</b>		
Purchases of intangibles	(47)	(41)
<b>Net cash used in investing activities</b>	<b>(47)</b>	<b>(41)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares net of share issue costs and subscriptions receivable	0	0
<b>Net cash inflow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(30)</b>	<b>9</b>
Cash and cash equivalents at beginning of period	386	18
<b>Cash and cash equivalents at end of period</b>	<b>356</b>	<b>27</b>

## **NOTES TO THE INTERIM REPORT FOR SIX MONTHS ENDED 30 JUNE 2018**

### ***1. Basis of preparation***

The condensed consolidated interim financial statements have been prepared under the historical cost convention and on a going concern basis and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union (“IFRS”).

The condensed consolidated interim financial statements contained in this document do not constitute statutory accounts. In the opinion of the directors, the condensed consolidated interim financial statements for this period fairly presents the financial position, result of operations and cash flows for this period.

The Board of Directors approved this Interim Financial Report on 26 September 2018.

### **Statement of compliance**

As permitted, the Company has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing these interim condensed consolidated interim financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements for the period ended 31 December 2017, which have been prepared in accordance with IFRS as adopted by the European Union.

### **Accounting policies**

The condensed consolidated interim financial statements for the period ended 30 June 2018 have not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory annual financial statements for the year ended 31 December 2017.

### ***2. Financial risk management and financial instruments***

#### *Risks and uncertainties*

The Board continually assesses and monitors the key risks of the business. The key risks that could affect the Group’s medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group’s 2017 Annual Report and Financial Statements, a copy of which is available from the Group’s website: [www.kavangoresources.com](http://www.kavangoresources.com). The key financial risks are market risk (including currency risk), credit risk and liquidity.

### ***3. Segmented Analysis***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segment and that make strategic decisions. The chief operating decision-maker has been identified as the Board of Directors. No revenue was generated during the period.

The Group has two reportable segments, exploration and corporate, which are the Group’s strategic divisions, for each of the strategic divisions, the Board reviews internal management reports on a regular basis. The Group’s reportable segments are:

Exploration: the exploration operating segment is presented as an aggregate of all Botswana licences held. Expenditure on exploration activities for each licence is used to measure agreed upon expenditure targets for each licence to ensure the licence clauses are met.

Corporate: the corporate segment includes the holding and intermediate holding companies costs in respect of managing the Group.

## Segment result

	<b>30-June 2018 US\$000s</b>	<b>30-June 2017 US\$000s</b>
Continuing operations		
Exploration	-	-
Corporate	(36)	(2)
(Loss)/profit before tax	(36)	(2)
Income tax	-	-
(Loss)/profit after tax	(36)	(2)

No profit and loss items were incurred in respect of the exploration activities as all relevant costs, in accordance with IFRS 6 (Exploration for and Evaluation of Mineral Resources), were capitalised to Intangible Assets for all of the periods presented.

## Segment assets and liabilities

	<b>Non-Current Assets</b>		<b>Non-Current Liabilities</b>	
	<b>30-June 2018 US\$000s</b>	<b>30-June 2017 US\$000s</b>	<b>30-June 2018 US\$000s</b>	<b>30-June 2017 US\$000s</b>
Exploration (Botswana)	2,043	1,867	-	-
Corporate (London and Mauritius)	-	-	-	-
Total of all segments	2,043	1,867	-	-

  

	<b>Total Assets</b>		<b>Total Liabilities</b>	
	<b>30-June 2018 US\$000s</b>	<b>30-June 2017 US\$000s</b>	<b>30-June 2018 US\$000s</b>	<b>30-June 2017 US\$000s</b>
Exploration (Botswana)	2,087	1,891	162	37
Corporate (London and Mauritius)	617	22	360	2
Total of all segments	2,704	1,913	522	39

## 3. Loss per share

	<b>30 June 2018 (Unaudited) \$ 000's</b>	<b>30 June 2017 (Unaudited) \$ 000's</b>
Net loss after taxation	(36)	(2)
Weighted average number of ordinary shares used in calculating basic loss per share (000's)	74,170	1,555
Basic & diluted loss per share (expressed in US dollars)	(0.004)	(0.002)



#### 4. Intangible assets

Group	30-June 2018 US\$000s	30-June 2017 US\$000s
<b>Evaluation and Exploration Assets – Cost and net book value</b>		
<b>At period start</b>	<b>2,359</b>	<b>1,826</b>
Additions	52	41
Translation difference	(368)	-
<b>At period end</b>	<b>2,043</b>	<b>1,867</b>

The Group's intangible assets are comprised of Evaluation and Exploration assets in respect of the licences in Botswana.

During the period US\$ 52,000 (2017: US\$41,000) of exploration expenses were capitalised by the Group.

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

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

The directors have also taken into consideration the content of the Competent Person's Report which is available at the Group's website.

Following their review the Directors are of the opinion that no impairment charge is necessary.

#### 5. Share capital

The authorised share capital of the Company and the called up and fully paid amounts at 30 June 2018 were as follows:

##### A) Authorised

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**Unlimited Ordinary shares stated value £0.001**

<b>B) Called up, allotted, issued and fully paid</b>	<b>Number of shares</b>	<b>Nominal value £</b>
<b>As at 1 January 2018</b>	<b>74,169,996</b>	<b>74,000</b>
<b>As at 30 June 2018 (US\$ 98,000 )</b>	<b>74,169,996</b>	<b>74,000</b>

#### 6. Post balance sheet events

On 31 July 2018, the Company was admitted to the Standards List segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities on the London Stock Exchange. At the time of the Initial Public Offering the Company placed 60,000,000 ordinary shares at 2.5 pence per ordinary share for gross proceeds of £ 1,500,000.

Each 2.5p invested, entitles the investor to one (1) ordinary share and one (1) warrant exercisable at 12p on or before 31 July 2020. Upon exercise, for every two (2) warrants exercised, the warrant holder would receive one (1) additional warrant exercisable for two (2) years at an exercise price of 24p.

The Company currently has 134,169,996 shares in issue.

#### **7. Other matters**

The condensed consolidated interim financial statements set out above do not constitute the Group's statutory accounts for the period ended 30 June 2018 or for earlier periods, but are derived from those accounts where applicable.

A copy of these interim financial statements are available on the Kavango's website:

[www.kavangoresources.com](http://www.kavangoresources.com)