

PRESS RELEASE

30 September 2021

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 2021.

SUMMARY

- Issue of 69,776,784 ordinary shares (Note 5)
- Expenditure in Botswana on exploration of US\$512,000 (Note 4)
- Operating loss of US\$776,000 (2020 – US\$254,000)

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

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INTERIM MANAGEMENT REPORT 30 JUNE 2021

We’ve taken great strides during the first half of 2021 to realise our ambition of becoming one of Botswana’s leading minerals exploration companies.

Having raised £2million in a placing in November 2020 through our joint brokers, First Equity Ltd and SI Capital Ltd, Kavango entered 2021 in good financial shape.

On 11 January 2021, I joined the board as Non-Executive Chairman together with Ben Turney, who joined as Executive Director. Ben subsequently became CEO on 22 June 2021. I would like to thank our former CEO Michael Foster for the role he played in bringing Kavango to market and guiding the Company through its start-up phase. Michael remains as a Non-Executive Director.

I am pleased to report that Ben and I have quickly developed an effective working relationship. I have been impressed at the dynamic leadership he has injected into the business at all levels, from building strong commercial relationships and raising money to coordinating our investor relations,

improving our operations and recruiting key personnel. Based on our experience so far, I believe that we have complementary skills that bring the right balance to Kavango's board.

The first six months of 2021 have essentially been a period of transition for the Company, as it moves from its start-up phase to a fully operational enterprise, and while there have inevitably been growing pains, I am confident (particularly following recent senior appointments in Botswana after the period end, as announced on 22 September 2021) we are continuing to build the right leadership team in place to maximise Kavango's chances of future success. We continue to look to identify the right individuals, at all levels of the group, who can help us grow the group, deliver value to our shareholders and play a positive and responsible role in the wider communities in which we operate.

Before reviewing our operations, I would also like to take the opportunity to thank Mike Moles and Hillary Gumbo for all they have done for Kavango. As the Company's co-founders, it was their original vision that brought us all here. Their technical expertise and knowledge are a significant boon to Kavango. In a long overdue move, Hillary joined the Kavango board on 28 May.

Operationally, Kavango has accelerated exploration across all three of its project areas.

In the Kalahari Suture Zone ("KSZ"), we are pioneering the deployment of modern remote sensing technology in our search for large-scale copper, nickel and platinum group element deposits. Specifically, we have sought to develop a geophysics-led exploration method that combines Airborne Electromagnetic ("AEM") surveys, with ground-based Time Domain Electromagnetic ("TDEM") surveys and other surveying methods. The goal was to identify priority targets, which we could then test with drilling to attempt to confirm the KSZ's potential as a system to host large-scale nickel, copper and platinum group element deposits.

To this end, on 20 April 2021, we secured a strategic partnership with Spectral Geophysics ("Spectral"), one of southern Africa's leading experts in the deployment of geophysical surveying. Cas Lotter, Spectral's CEO, has been an excellent partner to Kavango. We have benefitted a great deal both from the technology he can put into the field as well as the deep level of his experience and understanding of conducting exploration under the Kalahari Sands. We are looking forward to Cas and his team continuing to play a significant role in our work in the KSZ.

Following identification of the first TDEM targets, we moved quickly to organise our first drill campaign since 2019. We appointed Mindea Exploration and Drilling Services (Pty) ("Mindea"), a company operated under the Botswana Citizen Economic Empowerment Policy, to conduct the drill campaign on Kavango's behalf. Mindea was set up by Equity Drilling Limited, which remains a 49% shareholder in Mindea. Ben has been developing a strong working relationship with Equity Drilling/Mindea and commercial discussions are ongoing about the establishment of a strategic drilling joint venture.

Drilling in the KSZ is a significant engineering challenge. A number of historic exploration holes were forced to stop early because of poor ground conditions. We have been extremely fortunate to have a partner as technically skilled as Mindea/Equity Drilling. Maintaining a borehole's integrity through Kalahari sands and loose sediments is difficult. The fact that, as of writing, Kavango has successfully drilled two deep holes into the KSZ is a major achievement for a company of our size, and we are pleased to acknowledge the expertise of Mindea/Equity Drilling in this regard.

A great deal of testing remains to be done on the drill core, but we now expect the data gathered from our first two holes in the KSZ will guide our future exploration strategy in the region. Our geologists are particularly heartened by what they have seen in their visual inspections of core from the Proterozoic gabbros. The prospectivity of the Proterozoic has long been recognised, but we intercepted it at what we believe are the shallowest depths ever encountered in the northern

(Hukuntsi) section. Now, with two distinct exploration horizons to go for (Karoo and Proterozoic), it feels like we may be making tangible progress in unlocking this region's potential.

Although much of our operational focus has been on the KSZ, we have also continued to make progress in the Kalahari Copper Belt ("KCB"). Here we have two Joint Ventures; one with Power Metal Resources PLC (LSE: POW) and one with Botswana-based LVR GeoExplorers (Pty) Ltd.

Unlike in the KSZ, where Kavango is pioneering modern exploration techniques, in the KCB the exploration model is much more tried and tested.

In February we flew Airborne Electromagnetic ("AEM") surveys over both JV target areas. AEM surveys have been one of the most successful exploration methods used in the KCB. We were pleased to report the results of these surveys in March and to have identified well-defined targets for further exploration, which were coincidental with the regional geology.

Also, in March we announced a significant increase to our land holding in the KCB in the Power Metal JV (which is called Kanye Resources), through the acquisition of 8 new prospecting licences ("PLs"). We completed the acquisition of these PLs in early August.

Meanwhile, Kavango has continued work on the ground across its licence areas in the KCB. The Company has commissioned an independent evaluation programme of the company's soil sampling surveys, with the aim of refining and maximising its methodology.

We are also currently waiting for the government approval of our KCB Environmental Management Plan, which is a prerequisite to be able to undertake drilling in the districts of Botswana that host our principal exploration prospects. We expect this should be awarded in early Q4 of this year.

Finally, at our rare earth elements project at Ditau, which forms part of the Kanye Resources JV with POW, we have continued our exploration work. At the start of January, we initiated orientation work using geophysical and geochemical surveys, which culminated with an announcement in early July that we had identified a number of drill targets. Ditau is covered by our KSZ EMP, and we expect to undertake limited drilling here later in 2021.

Responsibility Statement

We confirm that to the best of our knowledge:

- The Interim Report has been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as endorsed for use in the United Kingdom;
- Gives a true and fair value of the assets, liabilities, financial position and Loss of the Group;
- The Interim Report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year and
- The Interim Report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

The Interim Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by

David Smith, Chairman
30 September 2021

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 2021

	Notes	Six months to June 2021 (Unaudited) \$ 000's	Six months to June 2020 (Unaudited) \$ 000's	Year ended December 2020 (Audited) \$ 000's
Administrative expenses		(776)	(254)	(605)
Prospectus costs		-	-	(95)
Other losses		-	-	(8)
Operating loss		(776)	(254)	(708)
Net finance costs		-	-	-
Loss before tax		(776)	(254)	(708)
Income tax expense		-	-	-
Loss for the period from continuing operations		(776)	(254)	(708)
Other comprehensive income / (expense)				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		164	(351)	-
Other comprehensive income / (expense) for the period, net of tax		164	(351)	-
Total comprehensive expenses for the period		(612)	(605)	(708)
Loss per share from continuing and discontinued operations attributable to the owners of the parent during the period (expressed in dollars per share)				
- Basic and diluted	3	\$ (0.23)	\$ (0.147)	\$ (0.37)

Group Statement of Financial Position as at 30 June 2021

	Notes	As at 30 June 2021 (Unaudited) \$ 000's	As at 30 June 2020 (Unaudited) \$ 000's	As at 31 December 2020 (Audited) \$ 000's
ASSETS				
Non-current assets				
Property, plant & equipment		113	53	48
Intangible assets	4	2,596	2,249	2,082
Investment in joint ventures		348	-	325
Financial assets		55	-	55
Total non-current assets		3,112	2,302	2,510
Current assets				
Trade and other receivables		512	223	133
Financial assets		183	-	234
Cash & cash equivalents		2,194	267	2,192
Total current assets		2,889	490	2,559
TOTAL ASSETS		6,001	2,792	5,069
LIABILITIES				
Current liabilities				
Convertible loan note		-	308	-
Trade and other payables		243	83	79
TOTAL LIABILITIES		243	391	79
NET ASSETS		5,758	2,401	4,990
SHAREHOLDERS' EQUITY				
Share capital	5	486	240	390
Share premium		9,545	6,084	8,272
Share option reserve		288	289	277
Warrant reserve		404	-	404
Reorganisation reserve		(1,591)	(1,591)	(1,591)
Foreign exchange reserve		(7)	(484)	(171)
Retained earnings		(3,367)	(2,137)	(2,591)
TOTAL EQUITY		5,758	2,401	4,990

Group Statement of Changes in Equity for the Interim Period Ended 30 June 2021

	Share capital \$ 000's	Share premium \$ 000's	Reorganisation reserve \$ 000's	Share based payment reserve \$ 000's	Warrant Reserve \$000's	Exchange Reserve \$ 000's	Retained deficit \$ 000's	Total equity \$ 000's
At 01 January 2020	207	5,867	(1,591)	246	-	(133)	-	2,713
Loss for the period	-	-	-	-	-	-	(254)	(254)
Total other comprehensive expenses	-	-	-	-	-	(351)	-	(351)
Total comprehensive expense for the period	-	-	-	-	-	-	-	(605)
Issue of ordinary shares	33	217	-	-	-	-	-	250
Cost of share issues	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	42	-	-	-	42
	33	217	-	42	-	-	-	292
As at 30 June 2020	240	6,084	(1,591)	289	-	(484)	(2,137)	2,401
Balance at 01 July 2020	240	6,084	(1,591)	289	-	(484)	(2,137)	2,401
Loss for the period	-	-	-	-	-	-	(454)	(454)
Total other comprehensive income	-	-	-	-	-	313	-	313
Total comprehensive income for the period	-	-	-	-	-	313	(454)	(141)
Issue of ordinary shares	150	2,188	-	-	-	-	-	2,338
Share options granted	-	-	-	(12)	-	-	-	(12)
Warrants issued	-	-	-	-	404	-	-	404
	150	2,188	-	(12)	404	-	-	2,730
As at 31 December 2020	390	8,272	(1,591)	277	404	(171)	(2,591)	4,990
As at 01 January 2021	390	8,272	(1,591)	277	404	(171)	(2,591)	4,990
Loss for the period	-	-	-	-	-	-	(776)	(776)
Total other comprehensive income	-	-	-	-	-	164	-	164
Total Comprehensive Income for Period	-	-	-	-	-	164	(776)	(612)
Issue of ordinary shares	96	1,273	-	-	-	-	-	1,369
Cost of share issues	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	11	-	-	-	11
	96	1,273	-	11	-	-	-	1,380
As at 30 June 2021	486	9,545	(1,591)	288	404	(7)	(3,367)	5,758

Group Cash Flow Statement for the Interim Period Ended 30 June 2021

	Six Months to 30 June 2021 (Unaudited) \$ 000's	Six Months to 30 June 2020 (Unaudited) \$ 000's	Year to 31 December 2020 (Audited) \$ 000's
Cash flows from operating activities			
(Loss) before tax	(776)	(254)	(708)
Adjustments for:			
Fair value adjustments	51	-	8
Depreciation	-	-	21
Prospectus costs	-	-	96
Fees settles in shares	-	-	131
Share based payment expense	11	43	31
Forex	139	(23)	(350)
Operating loss before changes in working capital	(575)	(234)	(771)
(Increase)/decrease in trade and other receivables	(4,808)	2	91
(Decrease)/increase in current liabilities	4,594	(56)	(60)
Net cash used in operating activities	(789)	(288)	(740)
Cash flows used in investing activities			
Purchase of property, plant and equipment	(65)	(1)	(30)
Investment in financial assets through P&L	-	-	(55)
Purchase of intangibles	(512)	(126)	(383)
Proceeds from investment disposals	-	-	385
Net cash used in investing activities	(577)	(127)	(83)
Cash flows from financing activities			
Proceeds from issue of share capital, net of issue costs	1,368	250	2,868
Convertible loan notes	-	308	209
Net cash inflow from financing activities	1,368	558	3,077
Net (decrease)/increase in cash and cash equivalents	1	143	2,254
Cash and cash equivalents at beginning of period	2,192	124	124
Cash and cash equivalents at end of period	2,194	267	2,378

NOTES TO THE INTERIM REPORT FOR SIX MONTHS ENDED 30 JUNE 2021

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, International Accounting Standards and IFRIC interpretations endorsed for use in the United Kingdom (“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 30 September 2021.

Statement of compliance

The Interim Report includes the consolidated interim financial statements which have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’. The condensed interim financial statements should be read in conjunction with the annual financial statements for the period ended 31 December 2020, which have been prepared in accordance with IFRS endorsed for use in the United Kingdom.

Accounting policies

The condensed consolidated interim financial statements for the period ended 30 June 2021 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 2020. There have been no new accounting policies adopted since 31 December 2020.

Going Concern

The condensed consolidated interim financial statements have been prepared on a going concern basis. Although the Group’s assets are not generating revenue and an operating loss has been reported, the Directors have concluded that the Company has funds to meet its immediate working capital requirements and that during the next 12 months from the date of the interim financial statements the Company will need to raise funds to meet its planned exploration expenditures.

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 2020 Annual Report and Financial Statements, a copy of which is available from the Group’s website: www.kavangoresources.com. The key financial risks are market risk (including currency risk), credit risk and liquidity.

3. Loss per share

The calculation of earnings per share is based on the loss attributable to equity holders divided by the weighted average number of shares in issue during the period.

	Six Months to 30 June 2021 (Unaudited) \$ 000's	Six Months to 30 June 2020 (Unaudited) \$ 000's	Year to 31 December 2020 (Audited) \$ 000's
Net loss after tax	(776)	(254)	(708)
Weighted average number of ordinary shares used in calculating basic loss per share (000's)	333,580	172,309	192,166
Basic & diluted loss per share (cent)	(0.23)	(0.15)	(0.37)

Any share options would result in a decrease in the earnings per share; they are considered to be anti-dilutive, and as such, a diluted loss per share is not included.

4. Intangible assets

Group	30-June 2021 US\$000s	30-June 2020 US\$000s	31-Dec 2020 US\$000s
Evaluation and Exploration Assets – Cost and net book value			
At period start	2,082	2,445	2,445
Additions	512	126	331
Transferred to Kanye Resources (Pty) Ltd	-	-	(691)
Reclassification	-	-	(55)
Translation difference	3	(322)	52
At period end	2,597	2,249	2,082

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

During the period US\$512,000 (2020: US\$126,000) 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 2021 were as follows:

A) Authorised

Unlimited Ordinary shares stated value £ 0.001

There were no changes during the period

B) Called up, allotted, issued and fully paid	Number of shares	Nominal value US\$
As at 1 January 2021	295,291,264	390
Shares issued during the period	69,776,784	96
As at 30 June 2021	365,068,048	486

6. Post balance sheet events

In July 2021, the company placed 36,363,638 new ordinary shares were issued at a price of 5.5 pence, raising gross funds of US\$2,738,000 (£2,000,000). A one-for-one warrant was issued to all placing participants, exercisable at 8.5 pence per shares for a period of two years. Ben Turney and Mike Moles, Directors of the Company, participated in the subscription and also received one-for-one warrants on the same terms as above, subject to certain acceleration clauses.

In August 2021, Kanye Resources (joint venture held 50/50 with Power Metal Resources plc), completed the acquisition of the 8 new prospecting licences, representing a significant expansion of Kanye's exploration footprint in the highly prospective Kalahari Copper Belt.

In August 2021, 6,000,000 share options were granted to the senior team in Botswana, 4,500,000 share options were granted to Ben Turney, CEO, and 1,000,000 share options were granted to Hillary Gumbo, Director.

7. Other matters

The condensed consolidated interim financial statements set out above do not constitute the Group's statutory accounts for the period ended 31 December 2021 or for earlier periods but are derived from those accounts where applicable.

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

www.kavangoresources.com