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Kavango Resources PLC
09 September 2022

PRESS RELEASE

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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 2022.

SUMMARY

- Successfully completed an oversubscribed placing raising gross proceeds of £750,000 (US$ 934,000);
- Expenditure in Botswana on exploration of US$1,634,000;
- Net current assets $1,610,000 (net cash, cash equivalents & trade receivables)
- Operating loss of US$883,000 (June 2021 - US$776,000);
- 3,300m "Proof of Concept" drill campaign completed in the Kalahari Suture Zone;
- 1,600m drill campaign completed at Ditau;
- Extensive geological mapping and soil sampling program completed across five Kalahari Copper Belt prospecting licences, resulting in definition of multiple drill targets.

The Interim Management Report and financial results are set out in the following pages.

Contacts

Kavango Resources plc
Ben Turney +46 7697 406 06
bturney@kavangoresources.com

First Equity
Jason Robertson +44 207 374 2212

SI Capital Limited (Broker)
Nick Emerson/Alan Gunn +44 1483 413500

INTERIM MANAGEMENT REPORT 30 JUNE 2022

Kavango continued to make good progress through the first half of 2022, with active work programmes on all three of our projects, accompanied by further enhancements to our operational team.

Financing

In an oversubscribed placing Kavango successfully issued 25,000,000 new shares at a price of 3p per share, for gross proceeds of £750,000.

Project status - KSZ

On the Kalahari Suture Zone (KSZ), where the Company is exploring for nickel-copper-PGE (Ni-Cu-PGE) mineralisation, drillhole KSZDD002 was successfully completed to a depth of 650m, intersecting a Karoo-age intrusive at the planned target depth. This hole targeted the B1 conductor, which at the time a downhole electromagnetic survey estimated as having an 11,000 Siemens conductance.

Geophysical analysis of downhole electromagnetic (DHEM) data indicated that the hole passed through a gap between two distinct conductors, one being a very strong conductor detected 150m off the hole with a high conductance of 16,000 Siemens. This is a significant increase in conductivity from previous models and upgrades the target ranking for possible Ni/Cu sulphides. A second conductor, with modelled conductance of 2,500 Siemens, was also detected. This conductor is more vertically inclined and appeared to conform to an idealised model of a possible Karoo feeder dyke. This analysis shows that there is a strong target nearby, which we expect to drill in the future. Ahead of this, further geophysical surveys are planned, including Controlled Source Audio Magneto-Telluric (CSAMT) and new Surface Time Domain Electromagnetic surveys (Surface TDEM) and subsurface DHEM surveys, to provide comprehensive coverage over not only this but more widely across the KSZ, allowing additional target identification and ranking. This has already resulted in the identification of a group of three EM Conductors identified, in close proximity to one another, which could be analogous to similar clusters observed at known nickel/PGE mines.

Subsequent to the period end, the Company announced further Surface TDEM results over B Target Area, which identified two further conductor targets (B3 & B4) that exhibit conductance of 4,350 Siemens. The better defined B1 Conductor is now interpreted to exhibit conductance of 14,350 Siemens.

Also on the KSZ, a ground gravity survey gave us additional information over the Great Red Spot (GRS). This is a previously identified large-scale ~11km diameter magnetic anomaly that has been subject to limited historic exploration. The gravity survey identified a strong gravity anomaly, of up to 7km diameter, coincident with the positive magnetic anomaly of the GRS. Further analysis of this suggests that there is potential for discovery of Iron Oxide-Copper-Gold mineralisation (IOCG), which would conceptually be similar to Olympic Dam in Australia. This is in addition to the existing potential for nickel/copper sulphide deposits.

Kavango has been the first company to deploy surface and surface TDEM and CSAMT technology to the 450 km-long KSZ, and we are now also actively exploring how we can roll out a much more expansive reconnaissance campaign across our 8,800 km^2 property.

Project status - Ditau

Following completion of drilling on the KSZ, the drill rig was deployed to the Ditau project, where it carried out a program of four diamond drillholes, totalling 1,623.60 m. These were intended to test three geophysical targets selected from 12 "ring structures" and targeting potential rare earth element (REE) deposits hosted in carbonatites, as well as potential hydrothermal base and precious metal mineralisation. Drawing on our learnings from the KSZ, an additional 16.1 km of new CSAMT surveys were carried out over the drill target areas, providing imagery of the sub-surface geology and structure to guide drilling.

Little prior geological knowledge existed in this area, due to thick cover, and minimal prior exploration.

Due to this, the team approached exploration with an open mind as to the styles of mineralisation that might be encountered. Hole DITDD004 was notable for the presence of an iron-rich hydrothermal breccia within an extensive zone of interest from 292.60m to beyond the end of hole at 393.29m. Results show the presence of anomalous levels of gold (to 0.18ppm) and copper (to 0.10%). Petrology samples are pending and will be used to help define a geological model for the area, as well as guide future work, which is likely to require further drilling to evaluate the size and scale of the system, as well as attempt to

establish whether the system may intensify proximal to a deep source. Analytical data and petrology for the three remaining holes are also pending at the time of writing. Each is of a different geological style, and has successfully expanded our knowledge of the geology of the area. Follow-up on these specific targets will be considered following receipt of results.

8 targets remain untested, and we believe that potential for a carbonatite or other discovery remains high, given the location of the targets within a corridor within which such intrusives have already been found.

Project status - KCB

While successful exploration on the KSZ offers potential for a historic achievement, in Kavango's view the Kalahari Copper Belt (KCB) offers potential to make an earlier discovery. Kavango has interests in 12 prospecting licences, totalling over 5,000 km^2 in the KCB. Although historically Kavango has owned a 50% interest in 10 of the KCB licences, on 8 July 2022 (after the period ended) Kavango announced that it had agreed terms with Power Metal Resources plc to acquire Power's 50% of the Kanye Resources Joint Venture interests, covering these 10 licences on the KCB and the two licences at Ditau, so that Kavango will, upon completion of the transaction, fully control the exploration and development of these properties.

A work programme is underway on multiple licences, including the recently acquired Mamuno licences, which are adjacent to the Namibian border and on which little work has previously been carried out. The KCB work consists of geological mapping and extensive soil sampling. As of the date of writing over 9,600 samples have already been collected. Geological mapping has importantly resulted in the identification of the Ngwako Pan- D'kar formational contact at multiple locations. This contact is known to relate closely to mineralisation elsewhere on the KCB.

The soil sampling work has produced a series of high-priority targets on all licences sampled under this program:

- On PL036/2020, 4 significant geochemical features consisting of +15ppm copper (Cu) anomalies (peak 110ppm) were delineated.
- On PL082/2018, two large anomalous zones, of 8km strike length and 27km strike length were identified including a peak value of 118.8ppm Cu.
- On the Mamuno licences a 5km long x 3.5km wide area of anomalous values +30ppm Cu was identified.

All values were determined by pXRF.

Kavango is now combining geochemical data, geological mapping, previous AEM data, and additional geophysical surveys in the KCB, with the aim of producing optimised drill targets ahead of a future drill campaign. We expect this to maximise our opportunity for success.

Principal risks and uncertainties

The principal risks and uncertainties facing our business are monitored on an ongoing basis. The board of directors have reviewed the principal risks and uncertainties disclosed in the 2021 annual report and concluded that they remain applicable for the second half of the financial year. A detailed description of these risks and uncertainties is set out on pages 12 to 14 of the 2021 annual report.

Closing comments

I would like to thank Ben Turney, Hillary Gumbo, and Brett Grist for their input over the last six months, along with the operations team in Botswana. Ben's work in particular has seen momentum build across the business, coupled with regular and effective shareholder updates. Brett Grist joined the Board in February as Chief Operating Officer, bringing to Kavango significant experience in mineral exploration and project development. Kavango's team now has a comprehensive range of skills, spanning geophysics, mineral exploration, legal, and financing, meaning that, in combination with our Botswana country manager Tipps Ngwisanyi and our on the ground exploration team, Kavango is set up to deliver exploration success. We look forward to providing further updates in the near future.

I am also grateful for the continued support of our shareholders. In common with the majority of our peers in our sector, we have seen a disappointing fall in our share price in recent months. However, trading volumes have been small and on behalf of the Board I should like to thank our shareholders for their loyalty in difficult times. We look forward to being able to repay that loyalty.

I'd like to end this update by wishing Mike Moles well in his retirement. Mike retired from the board after the end of the period, on August 31 2022. Mike was one of the co-founders of Kavango. None of us would be here without his involvement and he has kindly agreed to remain in a consultancy position with the Company for a further six months. Thank you, Mike, for all you have contributed.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as endorsed for use in the United Kingdom;

- Give a true and fair view of the assets, liabilities, financial position and loss of the Group;

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

David Smith, Chairman
08 September 2022

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Total Comprehensive Income
For the Interim Period Ended 30 June 2022

	Six months to 30 June 2022 (Unaudited) US$'000	Six months to 30 June 2021 (Unaudited) US$'000
Continuing operations		
Administrative expenses	(794)	(725)
Other losses - loss on fair value of financial assets	(89)	(51)
Loss before taxation	(883)	(776)
Taxation	-	-
Loss for the period attributable to owners of the parent	(883)	(776)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	(451)	164
Other comprehensive income, net of tax	(1,334)	164

Total comprehensive loss for the period attributable to owners of the parent		(1,334)	(612)
Earnings per share from continuing operations attributable to owners of the parent:			
Basic and diluted loss per share (cents)	4	(0.21)	(0.23)

Condensed Consolidated Statement of Financial Position

For the Interim Period Ended 30 June 2022

	Notes	30 June 2022 (Unaudited) US$'000	31 Dec 2021 (Audited) US$'000
Assets			
Non-current assets			
Property, plant, and equipment		181	221
Intangible assets	5	6,448	5,075
Total non-current assets		6,629	5,296
Current assets			
Trade and other receivables		705	269
Financial assets at fair value through profit or loss		111	216
Cash and cash equivalents		1,126	2,308
Total current assets		1,942	2,793
Total assets		8,571	8,089
Liabilities			
Current liabilities			
Trade and other payables		331	299
Total current liabilities		331	299
Total liabilities		331	299
Net assets		8,240	7,790
Equity			
Share capital	7	581	544
Share premium	7	11,820	10,985
Shares to be issued		826	363
Share option reserve		654	457
Warrant reserve		2,007	1,764
Foreign exchange reserve		(925)	(474)
Reorganisation reserve		(1,591)	(1,591)
Retained losses		(5,132)	(4,258)
Total equity attributable to owners of the parent		8,240	7,790

Condensed Consolidated Statement of Changes in Equity

For the Interim Period Ended 30 June 2022

	Share Capital	Share Premium	Reorganisation Reserve	Share Option Reserve	Warrant Reserve	F Ex F U
	US$'000	US$'000	US$'000	US$'000	US$'000	
As at 1 January 2021	390	8,272	(1,591)	277	404	
Loss for the period	-	-	-	-	-	
Other comprehensive loss:						
Foreign currency exchange difference	-	-	-	-	-	
Total comprehensive loss for the period	-	-	-	-	-	
Issue of ordinary shares	96	1,273	-	-	-	
Share options granted	-	-	-	11	-	
Total transactions with owners	96	1,273	-	11	-	
As at 30 June 2021	**486**	**9,545**	**(1,591)**	**288**	**404**	
As at 1 January 2022	544	10,985	(1,591)	457	1,764	
Loss for the period						
Other comprehensive loss:	-	-	-	-		
Foreign currency exchange difference	-	-	-		-	
Total comprehensive loss for the period	-	-	-	-	-	
Warrants issued	-	-	-	-	204	
Issue of ordinary shares	37	884	-	-	(9)	
Costs of share issues	-	(49)	-	-	-	
Share-based payments - expensed	-	-	-	197	-	
Share-based payments - capitalised (note 5)	-	-	-	-	48	
Total transactions with owners	37	835	-	197	243	
As at 30 June 2022	**581**	**11,820**	**(1,591)**	**654**	**2,007**	

Condensed Consolidated Statement of Cash Flows

For the Interim Period Ended 30 June 2022

	Six months to 30 June 2022 (Unaudited) US$'000	Six months to 30 June 2021 (Unaudited) US$'000
Cash flows from operating activities		
Loss before taxation	(883)	(776)
Adjustments for:		
Share option expense	204	11
Directors' fees settled in shares	20	-
Fair value adjustments	83	51
Foreign exchange differences	-	139
Net cash used in operating activities before changes in working capital	(576)	(575)
Increase in other current assets	(436)	(4,808)
(Decrease) / increase in trade and other payables	(11)	4,594
Net cash used in operating activities	(1,023)	(789)
Investing activities		

Payments for property, plant and equipment	(57)	(65)
Payments for intangible assets	(961)	(512)
Net cash used in investing activities	(1,018)	(577)
Financing activities		
Proceeds from issue of share capital and warrants net of issue costs	1,064	1,368
Net cash generated from financing activities	1,064	1,368
Net (decrease) / increase in cash and cash equivalents	(977)	2
Cash and cash equivalents at beginning of year	2,308	2,192
Effects of exchange rates on cash and cash equivalents	(205)	-
Cash and cash equivalents at end of year	1,126	2,194

NOTES TO THE INTERIM REPORT FOR SIX MONTHS ENDED 30 JUNE 2022

1. Basis of preparation

These condensed consolidated interim financial statements include results of Kavango Resources Plc and its subsidiaries ("the Group") and have been prepared under the historical cost convention except for revaluation of certain financial instruments 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").

In the opinion of the directors, the condensed consolidated interim financial statements for this period fairly presents the financial position, results of operations and cash flows for this period.

The Board of Directors approved these condensed consolidated interim financial statements on 08 September 2022

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. They do not constitute statutory accounts as defined in s434 of the Companies Act 2006.

The condensed consolidated financial statements should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS endorsed for use in the United Kingdom.

The condensed consolidated financial information for the year ended 31 December 2021 does not constitute the Company's statutory accounts for that year, but is derived from those accounts. Statutory accounts for the year ended 31 December 2021 have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements for the period ended 30 June 2022 have not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board.

Accounting policies

The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory audited consolidated annual financial statements for the year ended 31 December 2021. A number of amendments to IFRS became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Critical accounting judgements and estimates

The preparation of the condensed consolidated interim financial statements requires directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these judgements and estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended 31 December 2021.

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 Group 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 Group 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 financial risks of the business. The key financial 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 2021 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. Segmental disclosures

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 in which the Group has economic interest, including those held in the Kanye JV. 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.

Segmental results are detailed below:

	Six months to 30 June 2021 (Unaudited) US$'000	Six months to 30 June 2020 (Unaudited) US$'000
Continuing operations		
Corporate (London and Mauritius)	(883)	(776)
Loss before tax	(883)	(776)
Taxation	-	-
Loss after tax	(883)	(776)

Segmental assets and liabilities are detailed below:

	Non-current assets		Non-current liabilities	
	30 June 2022 (Unaudited) US$'000	31 Dec 2021 (Audited) US$'000	30 June 2022 (Unaudited) US$'000	31 Dec 2021 (Audited) US$'000
Exploration - intangible assets and equipment (Botswana)	6,629	5,296	-	-
Corporate (London)	-	-	-	-
Total of all segments	6,629	5,296	-	-

	Total assets		Total liabilities	

	30 June 2022 US$'000	31 Dec 2021 US$'000	30 June 2022 US$'000	31 Dec 2021 US$'000
Exploration (Botswana)	7,259	5,760	79	61
Corporate (London)	1,312	2,329	252	238
Total of all segments	8,571	8,089	331	299

4. 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 2022 (Unaudited) US$'000	Six months to 30 June 2021 (Unaudited) US$'000
Loss for the year from continuing operations	883	776

	Six months to 30 June 2022 (Unaudited) Number	Six months to 30 June 2021 (Unaudited) Number
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	424,158,024	333,580,339

	Six months to 30 June 2022 (Unaudited) US$'000	Six months to 30 June 2021 (Unaudited) US$'000
Basic and diluted loss per share	0.21	0.23

5. Intangible assets

Intangible assets comprise entirely of exploration and evaluation assets.

	Six months to 30 June 2022 (Unaudited) US$'000	12 months to 31 Dec 2021 (Audited) US$'000
At 1 January	5,075	2,082
Additions	1,634	2,937
Additions on reclassification of Kanye JV	-	345
Translation differences	(261)	(289)
At period end	6,448	5,075

During the period ended 30 June 2022, the additions balance relates to the Group's exploration activity in Botswana. Details on the exploration activity can be found in the Interim Management Report.

In the period ended 30 June 2022, the additions balance included the following non-cash transactions:

- Capitalised share-based payment costs of US$ 48,000 for Spectral Geophysics, a contractor paid in warrants in the Company; and

- Drilling contractor costs of US$ 448,000 to be settled in the Company shares.

Impairment review

The Directors have undertaken a review to assess whether the following impairment indicators existed as at 30 June 2022 or subsequently prior to the approval of these condensed consolidated interim financial statements:

1. Licences to explore specific areas have expired or will expire in the near future and are not expected to be renewed;

2. No further substantive exploration expenditure is planned for a specific licence;

3. Exploration and evaluation activity in a specific licence area have not led to the discovery of commercially viable quantities of mineral resources and the Board has decided to discontinue such activities in the specific area; and

4. 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 of successful development or by sale.

Following their assessment, the Directors concluded that no impairment indicators exist and thus no impairment charge is necessary.

6. Interests in joint operations

The Group is a joint venture partner in Kanye JV, a jointly controlled operation setup with Power Metal Resources Plc to jointly own and develop licences in the Kalahari Copper Belt and Ditau regions in Botswana. As at 30 June 2022, the Group's share of the assets, liabilities and operating costs incurred in Kanye JV are detailed below which have been included in the respective balances in the condensed consolidated interim financial statements:

	30 June 2022 (Unaudited) US$'000	31 Dec 2021 (Audited) US$'000
Intangible assets - exploration and evaluation	1,531	956
Property, plant, and equipment	22	24
Cash and cash equivalents	163	47
Other current assets	88	25
Trade and other creditors	11	8

Note 8 details the acquisition agreement for the Group to buy out Power Metal Resources Plc after the period-end.

7. Share capital and share premium

	Number of Ordinary Shares No	Share capital US$'000	Share premium US$'000	Total US$'000
As at 1 January 2022	406,470,762	544	10,985	11,529
Exercise of B warrants	1,625,000	2	51	53
Exercise of 4.25p warrants	2,181,818	3	122	125
Share placing	25,000,000	32	699	731
Director fees paid in shares	184,472	-	12	12
Issue costs	-	-	(49)	(49)
As at 30 June 2022	435,462,052	581	11,820	12,401

On 6 May 2022, the Group successfully raised £750,000 (US$ 934,000) gross proceeds by placing 25,000,000 new Ordinary Shares at 3p along with one-for-one warrants to all placing participants, exercisable at 5p until 31 December 2023 ("Warrants"). The Warrants were valued at US$ 204,000 using the Black-Scholes model and were recognised in the Warrant Reserve.

8. Significant events after the reporting date

Conditional acquisition of Kanye JV

On 8 July 2022, Group entered into an agreement to acquire Power Metal Resources Plc's ("Power") 50% share of the Kanye JV ("Agreement"). The Agreement is conditional upon the Company publishing a prospectus including provision for the transaction.

In exchange for Power's trade and assets in the JV the Group will issue Power:

- 60 million new ordinary shares in the Group at 3p per ordinary share;
- 30 million warrants at an exercise price of 4.25p for a period of 30 months;
- 30 million warrants at an exercise price of 5.5p for a period of 30 months; and
- 15 million variable price warrants for a period of 6 months, where the exercise price is the lower of 3p and an actual price at a 15% discount to the volume-weighted average share price on the date of exercise. Should all these warrants be exercised within 6 months from execution of the agreement, Power will receive 15 million replacement warrants, on the same exercise terms and with a 12-month life to expiry from issue date.

In addition, Power will receive a 1% Net Smelter Return across all Kanye JV licence areas. In the event that the Group sells all or part of Kanye JV for in excess of £7.5 million within 24 months of the Agreement, Power will be paid a proportion of the gross excess received by the Group above £7.5 million.

9. Other matters

A copy of the Interim Management Report and the condensed consolidated interim financial statements is available on Kavango's website: www.kavangoresources.com

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