RNS Number : 1643C
Katoro Gold PLC
09 June 2023

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

Condensed Consolidated Annual Financial Results for the year ended 31 December 2022

Dated: 9 June 2023

Katoro Gold PLC("Katoro" or the "Company") (AIM: KAT), the gold and nickel exploration and development company is pleased to release its audited results for the year ended 31 December 2022. A condensed set of financial statements accompanies this announcement below, while the Company's full Annual Report and Financial results can be found on the Company's website www.katorogold.com. The Company's Annual Report is in the process of being prepared for dispatch to shareholders. Details of the date and venue for this year's AGM, will be announced on posting of the Annual Financial results.

Overview

- The diamond drilling programme at Haneti, executed by an excellent drill contractor in a blistering 17 days, eventually completed 900.04 metres across three drill holes as planned and with depths of 430.24m, 245.78m and 224.02m respectively, by the first week in February 2022. The results could enable us to focus on specific target areas in future endeavours.
- The Company entered into a Joint Venture Agreement with Lake Victoria Gold ('LVG') for the development of the Company's Imweru Gold Project ('Project'). Under the Agreement, LVG will earn up to 80% in the Project, with the balance of 20% being held by Katoro as a carried interest, with the JV reimbursing Katoro for previous expenditures in the amount of €792,000 on or before 31 December 2023 (see Note 8 of the Accounts for full details).
- During the latter part of the year the Company evaluated several new projects with the aim of diversifying its portfolio geographically.
- Post period end:
    - The Company announced the successful conclusion of a next fundraise through which an amount of £150,000 (gross) was raised at 0.1 pence per share which will be utilized for ongoing working capital and to conclude the project assessment process.
    - The Company proceeded to appoint Beaumont Cornish Limited as its new NOMAD. This appointment was made in accordance with Rule 1 of the AIM Rules for Companies.

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

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

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Chairman's Report

I am pleased to present Katoro Gold's Annual Financial Statements for the financial year ending on 31

December 2022. This past year has been dedicated to consolidating our efforts at Katoro as we pursue the development of strategic projects in the precious minerals' exploration arena. Simultaneously, we have remained agile, adjusting our strategies to meet the evolving demands of the industry and associated markets.

Exploration and Development

Throughout 2022, we continued to advance our exploration and development activities in Tanzania given prevailing funding constraints. On the Haneti Project, we successfully completed our diamond drill program into host rock and analysed geophysical fresh rock data from drill samples gathered at depth as announced in a Company RNS dated 31 May 2022. This allowed us to refine our approach by enhancement of the geological modelling and focus on specific target areas for future endeavours. As the Haneti Project holds substantial promise in terms of its size and scope and with the completion of the first Haneti program, we can now resume discussions with potential project partners to delve into the findings in greater depth, although noting that due to this funding uncertainty as at 31 December 2022, management has applied a provision for impairment against the carrying value of the intangible asset to the value of £209,500.

Furthermore, we have forged a Joint Venture Agreement (JVA) in collaboration with Lake Victoria Gold (LVG) to advance the Imweru Gold Project. Under the 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 owning 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. LVG is actively progressing the adjacent Imwelo Gold Project, which is in an advanced stage of development. The strategic integration of these two projects is expected to enhance their overall fundability, accelerating their joint progress and maximizing the potential for successful exploitation of the combined gold mining venture.

During the latter part of the year, Katoro Gold conducted a thorough evaluation of several new projects with the aim of diversifying its portfolio geographically. Our objective was twofold: to mitigate country-specific risks and enhance our existing portfolio. We sought to achieve this by investigating the strategic acquisition of opportunities that offer significant value and align with our overarching goal of establishing ourselves as a prominent African-focused company specializing in strategic exploration and development of precious minerals.

Corporate and Post Year-End Developments

The Company successfully secured supplementary funding during the first quarter of 2023 to drive our strategic objectives and fulfil general working capital requirements.

Following the termination of the Nominated Advisor (NOMAD) agreement with RFC Ambrian Ltd, as stated in the 22 December 2022 RNS, the Company proceeded to appoint Beaumont Cornish Limited as its new NOMAD. This appointment was made in accordance with Rule 1 of the AIM Rules for Companies, as announced in a Company RNS on 10 January 2023.

On 3 April 2023, the Company announced the successful conclusion of a next fundraise through which an amount of £150,000 (gross) was raised at 0.1 pence per share, through a placing by SI Capital. The placing comprised of £130,000 raised by SI Capital and the directors subscribed for a further £20,000. Proceeds from said placing will be utilized for ongoing working capital and to conclude the project assessment process and consolidation referred to earlier in this report.

Future Outlook

Looking ahead, I have great confidence in the future prospects of Katoro Gold, as do the Board of Directors. We firmly believe that our current efforts to consolidate and enhance the Katoro exploration portfolio will unlock significant value for shareholders, and we look forward to revealing more in this regard in the immediate future.

Finally, I would like to express my gratitude to our shareholders, employees, and stakeholders for their continued support and dedication to Katoro Gold through what can only be described as a very difficult and challenging year, during which progress was not always up to expectation. We are however well-positioned for 2023 and confident that it will be a year in which there will be significant progress and value creation.

This report was approved on 8 June 2023 by:

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Louis Coetzee
Executive Chairman

Strategic Report

The Board of Directors present their strategic report together with the audited annual financial statements for the year ended 31 December 2022 of Katoro Gold PLC (the "Company") and its subsidiaries (collectively the "Group").

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

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

Financial activities

Description	31 December 2022	31 December 2021
	£	£
Administrative expenses	(664,682)	(689,396)
Share based payment transactions	-	(195,241)
Foreign exchange (losses)/gains	(407)	15,471
Impairments	(224,966)	-
Loss on disposal of subsidiary	(75,922)	
Share in loss in associate	(4,408)	
Exploration expenditure	(285,374)	(284,463)
Other income	-	1,029
Finance income	5,260	10,121
Taxation	(61)	-
Loss for the period	**(1,250,560)**	**(1,142,479)**

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

- Decrease in administrative expenses due to decrease in operational activities during the current period;
- The decrease in administrative expenses should however be read together with the increase in "Share of loss in associate" since the Kibo Gold expenditure was accounted for as a subsidiary in 2021, but from March 2022 Kibo Gold is accounted for as an associate.
- No share-based payment transactions took place in the current financial year.
- There was an impairment of the Haneti assets, mainly because the next phase of the Haneti drill programme is not formalised, and the related funding has not been raised.

No shares were issued during the year ending December 2022. Therefore, the marginal decrease in loss per share is due to the reasons stated above in the analysis of the year-on-year loss for the period.

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

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

- financial instrument & foreign exchange risk;
- strategic risk;
- funding risk;

- funding risk;
- commercial risk;
- operational risk;
- speculative nature of mineral exploration and development;
- political stability; and
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts..

Financial instrument and foreign exchange risk

The Company and Group are exposed to risks arising from financial instruments held and foreign exchange transactions entered into throughout the period. These are discussed in Note 19 to the Annual Financial Statements.

Strategic risk

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

Funding risk

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

For further related disclosure refer to the going concern evaluation in the Directors' report. It includes the evaluation of the going concern assumption due to the funding risk. The section discloses the information that has been taken into account, how the risks were evaluated and mitigated.

Commercial risk

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

Operational risk

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

Staffing and Key Personnel Risks

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

Speculative Nature of Mineral Exploration and Development

In addition to the above there can be no assurance that the current exploration programmes will result in profitable mining operations.

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

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

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

Political Stability

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

Uninsurable Risks

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

Foreign investment risks including increases in taxes, royalties and renegotiation of contracts

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

Section 172 Report

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

a. **The likely consequences of any decision in the long-term**

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

b. **The interests of the company's employees**

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

The Company is a responsible employer in respect to the approach it takes towards employee and contractor pay, benefits and other terms of engagement as it develops. These are constantly reviewed.

While the Board is all male at the date of this report, it is committed to fair and equal gender opportunity and fostering diversity, subject to ensuring appointees are appropriately qualified and experienced for their roles. The Group acknowledges that as it expands its operations, it will be to its benefit to align the composition of its Boards and profile of its management and staff to reflect balance in the ethnicity and gender of its personnel.

Analyses of gender of Group personnel during reporting period:

	Male	Female	Other
Board	5	0	0
Management	1	4	0
Employees	No direct employees	No direct employees	No direct employees

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

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

The board has oversight of the procurement and contract management processes in place and receives regular updates on any matters of significance, as well as approving the awarding of large contracts. The board ensures the Company fully adheres to the Bribery Act 2010 2010 by means of Anti-Corruption & Bribery and Whistle-Blowing policies that is implemented.

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

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

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

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

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

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

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

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

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

f. The need to act fairly as between members of the company

As a listed Company, Katoro Gold is committed to treating its shareholders fairly and delivering shareholder value.

Katoro Gold is registered in England and Wales and is subject to the Companies Act 2006. The Company is also subject to the UK City Code on Takeovers and Mergers. The Company's articles of association, which help define some of the actions between the Company and its shareholders, can be found here https://katorogold.com/investors/corporate-documents

This report was approved by the Board on 25 May 2022 and signed on its behalf by:

Louis Coetzee

Executive Chairman

Condensed Consolidated Financial Results for the year ended 31 December 2022

Condensed Consolidated Statement of Comprehensive Income

	Note	31 December 2022 Audited £	31 December 2021 Audited £
Administrative expenses		(664,682)	(689,396)
Share based payment transactions		-	(195,241)
Foreign exchange (losses) / gains		(407)	15,471
Impairments	5 & 8	(224,966)	-
Share of loss in associate		(4,408)	
Loss on disposal of subsidiary	7	(75,922)	
Exploration expenditure		(285,374)	(284,463)
Operating loss		**(1,255,759)**	**(1,153,629)**
Other income		-	1,029
Finance income		5,260	10,121
Loss on ordinary activities before tax		**(1,250,499)**	**(1,142,479)**
Taxation		(61)	-
Loss for the period		**(1,250,560)**	**(1,142,479)**
Other comprehensive loss:			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		97,226	(2,162)
Other comprehensive loss for the period net of tax		**97,226**	**(2,162)**
Total comprehensive loss for the period		**(1,153,334)**	**(1,144,641)**
Loss for the period		**(1,250,560)**	**(1,142,479)**
Attributable to the owners of the parent		(1,054,079)	(1,062,598)
Attributable to non-controlling interest		(196,481)	(79,881)
Total comprehensive loss for the period		**(1,153,334)**	**(1,144,641)**
Attributable to the owners of the parent		(994,101)	(1,080,669)
Attributable to non-controlling interest		(159,233)	(63,972)
Loss per Share			
Basic loss per share (pence)	4	(0.23)	(0.27)
Diluted loss per share (pence)	4	(0.23)	(0.27)

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Condensed Consolidated Statement of Financial Position

		31 December 2022	31 December 2021
		Audited	Audited
		£	£
Assets			
Non-Current Assets			
Exploration and evaluation assets	5	-	209,500
Total Non-Current Assets		**-**	**209,500**
Current Assets			
Other receivables		16,340	48,702
Cash and cash equivalents		49,596	827,956
Total Current Assets		**65,936**	**876,658**
Total Assets		**65,936**	**1,086,158**
Equity and Liabilities			
Equity			
Called up share capital	9	4,604,125	4,604,125
Share premium account	9	2,962,582	2,962,582
Merger Reserve	9	1,271,715	1,271,715
Capital Contribution	9	10,528	10,528
Warrant and share based payment reserve	9	828,223	946,153
Translation Reserve		(296,937)	(356,915)
Retained earnings reserve		(9,318,504)	(8,382,355)
Equity attributable to owners of the parent		**61,732**	**1,055,833**
Non-controlling interest		(292,640)	(133,407)
Total Equity		**(230,908)**	**922,426**
Liabilities			`
Current Liabilities			
Trade and other payables		106,615	88,452
Other financial liabilities		190,229	75,280
Total Current Liabilities		**296,844**	**163,732**
Total Equity and Liabilities		**65,936**	**1,086,158**

Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Merger reserve	Capital contribution	Warrant and share based payment reserve	Foreign currency translation reserve	Retained defi
	£	£	£	£	£	£	
Balance as at 1 January 2022	**4,604,125**	**2,962,582**	**1,271,715**	**10,528**	**946,153**	**(356,915)**	**(8,382,35**
Loss for the year	-	-	-	-	-	-,	(1,054,07
Other comprehensive loss	-	-	-	-	-	59,978	
Expiry of share warrants and options	-	-	-	-	(117,930)	-	117,9:
Balance as at 31 December 2022	**4,604,125**	**2,962,582**	**1,271,715**	**10,528**	**828,223**	**(296,937)**	**(9,318,50**
Balance as at 1 January 2021	**3,286,982**	**2,472,725**	**1,271,715**	**10,528**	**750,912**	**(338,844)**	**(7,262,707)**

Loss for the year	-	-	-	-	-	-	(1,062,59
Other comprehensive loss	-	-	-	-	-	(18,071)	
Issue of share capital	1,317,143	489,857	-	-	-	-	
Costs relating to share issue	-	-	-	-	-	-	(57,05
Issue of share warrants and options	-	-	-	-	195,241	-	
Balance as at 31 December 2021	**4,604,125**	**2,962,582**	**1,271,715**	**10,528**	**946,153**	**(356,915)**	**(8,382,35**
Note							

Condensed Consolidated Statement of Cash Flow

	Notes	31 December 2022 Audited £	31 December 2021 Audited £
Cash flows from operating activities			
Loss for the period before taxation		**(1,250,499)**	**(1,142,479)**
Adjustments for:			
Foreign exchange loss / (gain)		407	(23,253)
Share based payment transactions		-	195,241
Share of loss in associate	8	4,408	-
Impairments of intangible assets	5	209,500	-
Impairment of associates	8	15,466	-
Loss on disposal of subsidiary	7	75,922	
Impairments of other financial assets		-	142,106
Other non-cash items		961	-
Decrease/(Increase) in other receivables		32,362	(2,297)
(Decrease)/Increase in trade and other payables		18,163	(85,198)
Net cash flows from operating activities		**(893,310)**	**(915,880)**
Cash flows from investing activities			
Advances to other financial assets		-	(125,866)
Net cash proceeds from investing activities		**-**	**(125,866)**
Cash flows from financing activities			
Issue of shares (net of share issue cost)		-	1,732,950
Proceeds from other financial liabilities		114,950	38,975
Net cash proceeds from financing activities		**114,950**	**1,771,925**
Net (decrease) / increase in cash		**(778,360)**	**730,179**
Cash and cash equivalents at the start of the financial period		827,956	97,777
Cash and cash equivalents at the end of the financial period		**49,596**	**827,956**

During the financial year the group recognised an investment in an associate Kibo Gold Limited at its retained equity value upon dilution of its interest from 100% to the remaining 20% pursuant an agreement with Lake Victoria Gold following the cancellation of the Reef Miner Limited disposal in a previous reporting period. The investment was impaired to £Nil on the same day to reflect the value of the Kibo Gold investment previously held. The retained interest and impairment value was £180,301. Refer note 7 and 8.

The shares in LVG originally received as part payment for the Reef Miner disposal were cancelled at its fair value previously held of £Nil. Refer note 6.

Condensed Consolidated financial results for the year ended 31 December 2022

Note 1 General Information

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

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

The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with the Companies Act 2006 which permits a Company that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 408 of the Companies Act 2006, from presenting to its members its Company Income Statement and related notes that form part of the approved Company financial statements.

Note 2 Going Concern

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

In performing the going concern assessment, the Board considered various factors, including the availability of cash and cash equivalents, data relating to working capital requirements for the foreseeable future, available information about the future, possible outcomes of planned events, and the responses to such events and conditions that would be available to the Board.

The Group currently generates no revenue and had a net liability position of £230,908 as at 31 December 2022 (31 December 2021: net assets of £922,426). As at year end, the Group had liquid assets in the form of cash and cash equivalent and other financial asset balances receivable of £49,596 (2021: £827,956 and £48,702).

The Directors have evaluated the Group's liquidity risk and liquidity requirements to confirm whether the Group has adequate cash resources to continue as a going concern for the foreseeable future. Considering the net current liability position, the Directors have reviewed the cash flow forecasts, based on the existing budget and evaluated to prior year actuals. The forecast includes estimates and assumptions regarding future costs and the timing of these. The financial forecast does not include non-committed expenditure.

The cash flow forecast indicates a cash shortfall will arise on the short term. The Group has limited funds available post year end following from the continued exploration activities undertaken throughout the Group, therefore further capital raising will be required to advance the underlying projects of the Group beyond the foreseeable future and continue operations.

The Directors though continue to review the Group's options to secure additional funding for its general working capital requirements, alongside its ongoing review of potential acquisition targets and corporate development needs.

The 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. Such development is dependent on successful explorations and technical reports and then on securing further funding. The Directors are confident in this light that such funding will be available, although there is no guarantee as to the terms of such funding or that such funding will be available. As a result, the Directors continue to monitor and manage the Company's cash and overheads carefully in the best interests of its shareholders.

Various sources of funding will be considered, most notably:

- Capital Placings
- Credit Loan Notes
- Exercise of outstanding Warrants
- A letter of support can be obtained from Kibo Energy Plc

Furthermore, Katoro has a strong proven track record of being able to source funding on an ongoing basis, even in very difficult market conditions, and it expects to be able to continue doing so. Katoro is in the process of finalising a significant transaction with regards to a new acquisition and have an advanced terms sheet that is being finalised for execution.

Katoro also enjoys strong support, with specific reference to funding, from its corporate broker, SI Capital Ltd, which also has a proven track record of being able to facilitate ongoing funding.

As noted in earlier in the post balance sheet events section, a general meeting was held on 15 March 2023 where the nominal value of shares was reduced from 0.01 to 0.001 which effectively reduced the value of the issued share capital (based on the 460 412 593 issued shares).

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 Audited results

These condensed consolidated financial results have been extracted from the audited financial statements but are not in itself audited.

Note 4 Basic and dilutive loss per share

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

Basic Loss per share	**31 December 2022 (£)**	**31 December 2021 (£)**
Loss for the period attributable to equity holders of the parent	(977,974)	(1,062,598)
Weighted average number of ordinary shares for the purposes of basic loss per share	460,412,593	460,412,593
Basic loss per ordinary share (pence)	(0.23)	(0.27)

The Company had warrants in issue as at 31 December 2022 and 2021 though the inclusion of such warrants in the weighted average number of shares as possible dilutive instruments in issue during 2022 and 2021 would be anti-dilutive and therefore they have not been included for the purpose of calculating the loss per share.

A transaction took place after year-end, effective 11 April 2023 whereby 19,000,000 ordinary shares were issued, which results in an increase in the number of issued shares to 658,412,593. In addition, 209,085,100 warrants were issued on the same date.

The Company performed a share capital subdivision subsequent to year end, whereby each

The Company performed a share capital subdivision subsequent to year end, whereby each existing ordinary share was split into one ordinary share of £0.001 and one deferred share of £0.009. The issued ordinary shares did not change as a result of this transaction and there was no effect on the weighted average number of ordinary shares. Refer note 11.

Note 5 Exploration and evaluation assets

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

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

Reconciliation of exploration and evaluation assets

	Haneti (£)
Carrying value as at 1 January 2020	**209,500**
Acquisition of prospecting licences	-
Impairment of licences	-
Carrying value as at 1 January 2021	**209,500**
Acquisition of prospecting licences	-
Impairment of licences	(209,500)
Carrying value as at 31 December 2022	**-**

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

Historical geophysical and geochemical sampling programmes completed prior to the 2022 drilling campaign were successful in identifying at least three high-priority drilling targets at Haneti. As no fresh rock samples had ever been obtained from the Project, the decision was made to drill these targets. The main programme goal was to extract fresh rocks to obtain a better understanding of the subsurface geology as well as to intersect Ni-Cu sulphide mineralisation.

The 2022 diamond core drilling programme was completed successfully with a total of 900m drilled. This included three drill holes which were targeting previously outlined mafic-ultramafic Ni- Cu-PGE sulphide targets at the Mihanza and Mwaka Hill prospects (on PL no. 11797/2022). The three holes completed are outlined and summarised below:

• Mwaka Hill Prospect: Hole MWDD01 was drilled to 245.8m down hole depth at an inclination of -63° and MWDD02 to 224.0m at a -64° inclination. The two holes intersected significant thicknesses of altered ultramafic rocks (serpentinite) and mafic rocks (gabbro). Hole MWDD01 gave the highest Ni intersection of 2.00 m @ 0.45% Ni from 81.5m downhole. In MWDD02 two wider intersections were encountered with 4.0m @ 0.38% Ni from 151.4m and 4.0m @ 0.35% Ni from 159.4m. All elevated Ni results were found exclusively within serpentinite.

• Mihanza Hill Prospect: Hole MHDD01 at the was drilled to 430.2m at a -64° inclination. The hole intersected similar rock types as at the Mwaka Hill prospect but contained no significant Ni intersections but did contain anomalous PGE, Au and Cu results including: 2.0m of 0.08g/t platinum (Pt) + palladium (Pd) from 241.3m; 2.0m of 0.21g/t Au from 392.4m; and 2.0m @ 0.11 % Cu from 236.2m.

The drilling field work phase was followed by laboratory analyses, performed at SGS's laboratory located in Mwanza, Tanzania with samples also then transferred to SGS South Africa to mitigate certain operational difficulties at SGS Tanzania. This re-routing of samples

Africa to mitigate certain operational difficulties at SGS Tanzania. This re-routing of samples and the additional work required in respect of the lithium prospectivity added some additional time to the return of completed findings to the operational team.

As at the time publishing this report, the Company had successfully completed the diamond drilling programme. The results were analysed and will allow for a refined approach during the next phase of the project, with focus on specified areas. This plan has not yet been developed in sufficient detail, and accordingly further funding has not yet been obtained. Due to this uncertainty as at 31 December 2022, management has applied a provision for impairment against the carrying value of the intangible asset to the value of £209,500.

Note 6 **Investments**

	Group (£)	
	2022	**2021**
Lake Victoria Gold Limited (LVG)	-	37,661
Fair value adjustments	-	(37,661)
	-	-
Movements in other investments comprise of:		
Opening balance as at 1 January 2022	**-**	**-**
Shares in LVG received for Reef Miner Limited sale	-	37,661
Fair value adjustment	-	(37,661)
Disposal of shares in LVG upon cancellation of Reef Miner Limited sale at fair value	£Nil	-
Closing balance as at 31 December 2022	**-**	**-**

The investment represents 700,000 ordinary shares in Lake Victoria Gold Limited, incorporated in Australia. The shares were issued on 15 October 2019 to Katoro Gold PLC in recognition of the Company granting the extension to receipt of the first tranche of monies due under the term sheet. The investment in Lake Victoria Gold has been fully impaired due to the early-stage exploration nature of the underlying investee entity.

During the year the investment in Lake Victoria Gold Limited was cancelled as a result of the cancellation of the Reef Miners Limited disposal. Refer to note 8.

Note 7 **Other financial assets**

	Group (£)	
	2022	**2021**
Other financial assets comprise:		
Lake Victoria Gold receivable	656,283	657,061
Blyvoor Joint Venture receivable	1,287,686	1,223,495
	1,943,969	**1,880,556**
Impairment of other financial assets receivable		
Lake Victoria Gold receivable	(656,283)	(657,061)
Blyvoor Joint Venture receivable	(1,287,686)	(1,223,495)
	(1,943,969)	**(1,880,556)**
Movements in other financial assets comprise of:		
Opening balance as at 1 January 2022	1,880,556	1,801,158
Additions	7,560	118,831
Cancellation of Reef Miner Disposal	(656,283)	
Disposal of Kibo Gold	656,283	
Foreign currency translation	55,853	(39,433)
Closing balance as at 31 December 2022	**1,943,969**	**1,880,556**
Movements in impairments of other financial assets receivable consist of:		
Opening balance as at 1 January 2022	(1,880,556)	(1,801,158)

	Group (£) 2022	2021
Impairments	(7,560)	(118,831)
Cancellation of Reef Miner disposal	656,283	
Disposal of Kibo Gold	(656,283)	
Foreign currency translation	(55,853)	39,433
Closing balance as at 31 December 2022	**(1,943,969)**	**(1,880,556)**

Lake Victoria Gold Receivable

Lake Victoria Gold Receivable

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 owning 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 31 December 2022 due to the credit risk of LVG, which is as a result of previous payments not being received as they became due.

The resulting loss on disposal was recognised during the period ended 31 December 2022:

	Group (£)
Assets disposed	(144)
Liabilities disposed	13,980
Net liability disposed	**13,836**
Foreign currency translation reserve reclassified through profit or loss	(89,758)
Retained investment in equity - associate (20%)	182,301
Net liabilities after disposal	**106,379**
Proceeds from disposal of Kibo Gold Group	656,283
Profit on disposal of Kibo Gold Group	**762,662**
Impairment of Receivable from LVG	(656,283)
Impairment of retained equity interest	(182,301)
Net loss on disposal for group at 31 December 2022	**(75,922)**

Blyvoor Joint Operations

On 30 January 2020, the Group entered into a Joint Venture Agreement with Blyvoor Gold Mines (Pty) Ltd, whereby Katoro Gold plc and Blyvoor Gold Mines (Pty) Ltd would become 50/50 participants in 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 year end, the Group has advanced funding in the amount of £1,287,686 (2021: £1,223,495) of which 100% relate to expenditure allocated to the Joint Venture operations, carried by the Katoro Gold plc Group. The funding advanced during the year amounted to £7,560 and the remainder of the balance of £56,631 relates to change in translation rate during the year.

The Katoro Loan Facility would have formed part of the development capital project financing that Katoro was required to procure in accordance with its obligations contained in the Acquisition Agreement, 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.

As at reporting period end, the counterparty to the Acquisition Agreement had failed to deliver all the required documentation to satisfy the last condition precedent, therefore the Group is considering its position and options in this matter.

Note 8 Investments in associates

Investment in associates consists of equity investments where the Group has an equity interest between 20% and 50% and does not exercise control over the investee.

The following reconciliation serves to summarise the composition of investments in associates as at year end.

	Kibo Gold Limited (£)
Investments at Cost	
At 1 January 2021	

At 1 January 2021		-
Disposal of interest in subsidiary		-
At 31 December 2021		**-**
Remaining equity interest following loss of control over investee		180,301
Additional contributions to the investee		19,783
Share of losses for the year		(4,408)
Share in other comprehensive loss for the year		(91)
Impairment loss recognised as part of remaining equity interest	7	(180,301)
Impairment loss attributable to associate		(15,466)
At 31 December 2022		**-**

During the financial year the Group entered into an agreement with Lake Victoria Gold Limited whereby LVG purchased Kibo Gold Limited for a total consideration of £729,203 of which £656,283 is due by LVG to Katoro Gold Plc. This was pursuant the restructuring of an agreement with LVG relating to the previous reported disposal of Reef Miners Limited.

The original disposal agreement of Reef Miners was cancelled and LVG purchased an 80% equity interest in Reef Miners' parent Kibo Gold by way of a share issue of Kibo Gold. The share issue resulted in a dilution of interest for Katoro Gold Plc in Kibo Gold and the subsequent loss of control.

On the date that control in Kibo Gold was lost, Katoro Gold raised a residual interest in Kibo Gold to the value of £180,301 which was impaired on the same day to reflect the position of the investment in Kibo Gold previously held. Refer note 7.

Note 9 Share Capital and other equity reserves

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

	2022	2021
Allotted, issued and fully paid shares		
460,412,593 (2021: 460,412,593) Ordinary shares of £0.01 each	£4,604,125	£4,604,125
	£4,604,125	**£4,604,125**

A reconciliation of share capital is set out below:

	Number of Shares	Ordinary Share Capital (£)	Share Premium (£)
Balance at 31 December 2020	**328,698,308**	**3,286,982**	**2,472,725**
Shares issued during the period	131,714,285	1,317,143	489,857
Balance at 31 December 2021	**460,412,593**	**4,604,125**	**2,962,582**
Balance at 31 December 2021	**460,412,593**	**4,604,125**	**2,962,582**

All ordinary shares issued have the right to vote, right to receive dividends, a copy of the annual report, and the right to transfer ownership of their shares. There have been no shares issued during the year.

During the year, 28,408,333 warrants with a reserve value of £117,930 expired was reclassified to retained earnings. There were no changes to the options issued and its related reserve during the year. No changes occurred in the Merger and Capital Contributions reserves.

Note 10 Board of Directors

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

Note 11 Subsequent events

At the general meeting held on 15 March 2023 a resolution was passed whereby the share capital was subdivided. Before the subdivision the Company had 460,412,593 ordinary shares of £0.01 each after the subdivision the Company had 460,412,593 New Ordinary Shares of £0.001 each. The Board believes that the proposed subdivision of share capital will provide the Company with more flexibility regarding its future funding options and improve trading liquidity in a very challenging market.

In April 2023 the Company has raised £150,000 (gross) at 0.1 pence per share, through a placing by SI Capital of £130,000 and Directors' subscription of £20,000, both of which will be used to fund the Company's ongoing working capital requirements (the 'Fundraise').

The Company has also issued £59 085 of new ordinary shares at 0.1 pence per share in settlement of accrued director fees outstanding. Each Financing Share has an attaching warrant to subscribe for a further new Ordinary Share at an exercise price of 0.2 pence per warrant, with a life to expiry of 3 years from the Financing Shares admission.

Note 12 Commitments and contingencies

The Group does not have identifiable material contingencies or commitments as at the reporting date.

Note 13 Segment report

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

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

2022 Group	**Mining and Exploration Group**	**Corporate Group**	**31 December 2022 (£) Group**
Administrative cost	(261,794)	(627,854)	(889,648)
Exploration expenditure	(285,374)	-	(285,374)
Foreign exchange loss	(407)	-	(407)
Finance income	5,260	-	5,260
Loss on disposal of subsidiary	-	(75,922)	(75,922)
Share in loss in associates	(4,408)	-	(4,408)
Loss before tax	**(546,723)**	**(703,776)**	**(1,250,499)**

2021 Group	**Mining and Exploration Group**	**Corporate Group**	**31 December 2021 (£) Group**
Administrative cost	(272,733)	(611,904)	(884,637)
Exploration expenditure	(284,463)	-	(284,463)
Foreign exchange loss	15,471	-	15,471
Other income	1,029	-	1,029
Finance income	10,121	-	10,121
Loss after tax	(530,575)	(611,904)	(1,142,479)

2022 Group	Mining and Exploration Group	Corporate Group	31 December 2022 (£) Group
Assets			
Segment assets	6,103	59,833	65,936
Liabilities			
Segment liabilities	219,190	77,652	296,842

2021 Group	Mining and Exploration Group	Corporate Group	31 December 2021 (£) Group
Assets			
Segment assets	297,194	788,964	1,086,158
Liabilities			
Segment liabilities	99,983	63,749	163,732

Geographical segments

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

	Tanzania (£)	Cyprus (£)	United Kingdom (£)	South Africa (£)	Total 31 December 2022 (£)
Major Operational indicators					
Carrying value of segmented assets	4,732	1,941	57,784	1,479	65,936
Loss before tax	(300,438)	(212,725)	(729,695)	(7,641)	(1,250,499)

	Tanzania (£)	Cyprus (£)	United Kingdom (£)	South Africa (£)	Total 31 December 2021 (£)
Major Operational indicators					
Carrying value of segmented assets	234,899	528	788,964	61,767	1,086,158
Loss after tax	(136,879)	(125,757)	(726,061)	(153,782)	(1,142,479)

Directors, officers and professional advisers

Board of Directors	Louis Coetzee (Executive Chairman) Louis Scheepers (Non-Executive Director) Myles Campion (Non-Executive Director) Paul Dudley (Non-Executive Director) Lukas Maree (Non-Executive Director)
Company Secretary:	Ben Harber Shakespeare Martineau LLP 6th Floor 60 Gracechurch Street London EC3V OHR
Auditors:	Crowe U.K. LLP

Auditors:	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Broker:	SI Capital Limited 46 Bridge Street Godalming GU7 1HL
Nominated adviser:	Beaumont Cornish Limited 3 Hardman Street Manchester M3 3HF

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