Katoro Gold plc (Incorporated in England and Wales)

(Registration Number: 9306219)
Share code on AIM: KAT
ISIN: GB00BSNBL022
("Katoro" or "the Company")

27 September 2017

**Interim Results**

Katoro Gold plc ("Katoro" or the "Company") (AIM: KAT), the Tanzania focused gold exploration and development company, is pleased to announce its unaudited results for the six months ended 30 June 2017. The interim results have also this morning been made available on the Company's website: https://www.katorogold.com/

**First Half Summary**

- Successful completion of the acquisition of Kibo Gold Limited for £3.66 million in May 2017;
- Focused on unlocking the value of the company's highly prospective gold portfolio, with a primary focus on advancing and fast-tracking the development of Imweru;
- Commencement of the key mining decision deliverables, being a Pre-Feasibility Study, a drilling programme to further prove up the Mineral Resource base, a Feasibility Study and a Mining Licence Application.

**Post Period Summary**

- Extended drill programme at Imweru completed ahead of schedule and within budget;
- ESIA and PFS at advanced stage of execution; and
- Preparation and submission of the mining right application should occur much sooner than originally scheduled.

Louis Coetzee, Executive Chairman of Katoro commented: *"We are very pleased with progress on the Imweru project. We are currently still well ahead of schedule, within budget and on course to meet our objective of commencing with production by the end of 2018"*

**Contacts**

| | | | |
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**Katoro Gold - Notes to editors**

In May 2017, Katoro was admitted to trading on AIM.

Katoro owns 100% of the Imweru and Lubando Gold Projects in Tanzania, which both have Mineral Resources established in accordance with the JORC (2012) Code. The total Mineral Resources stated for Imweru consist of 11.607 Mt at grade of 1.38 g/t for a Mineral Resource of 515,110 oz Au at a resource pay limit of 0.4 g/t for the open pittable material and 1.3 g/t for the underground material, while the Lubando Mineral Resources equate to 6.78 Mt at grade of 1.10 g/t for 239,870 oz Au at a pay limit of 0.4 g/t to a depth of 200 m and 1.3 g/t below the 200 m depth cut-off. The respective projects also include the earlier stage Sheba (within the Imweru Licence Portfolio and Imweru Option Portfolio), Pamba and Busolwa (both within the Lubando Licence Portfolio and Lubando Option Portfolio) projects. The JORC Code compliant Competent Person's Report for each of Imweru and Lubando are available on Katoro's website www.katorogold.com.

The Company's primary focus is on advancing and developing Imweru through a work programme which will include, *inter alia*, a feasibility study and a drilling programme, with the aim, subject to funding, to commence production with an initial target of 50,000 oz gold per annum within 18-24 months from admission to AIM.

Updates on Katoro's activities will be announced as required and posted on its website www.katorogold.com.

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

## Chairman's Report

Dear Shareholders

It is with pleasure that I present the half-yearly report to the shareholders of Katoro Gold plc (Katoro or the Company) for the period to 30 June 2017.

Following completion of the acquisition of Kibo Gold Limited for £3.66 million in May 2017 from Kibo Mining plc, the Board of Katoro has focused on unlocking the value of its highly prospective gold portfolio, which consists of two primary projects with a combined JORC-compliant mineral resource of 754,980 oz Au, Imweru and Lubando, and a large acreage of earlier stage gold exploration prospects.

The licences are located within the producing greater Lake Victoria Goldfields area in Tanzania, which is host to both AngloGold Ashanti's Geita Gold Mine (approximately 8km east of Imweru) and Accia's Bulyanhulu Gold Mine (approximately 85km to the southeast).

Our primary focus is on advancing and fast-tracking the development of Imweru and subject to securing additional funding, commencing production in Nov / Dec 2018 at an initial target rate of 50,000 oz gold per annum, with a longer-term strategy to increase this to 100,000 oz gold per annum and defining a mineral resource in excess of 1Moz gold.

The current mineral resource for Imweru, established in accordance with the JORC (2012) Code, consist of 11.607 Mt at grade of 1.38 g/t for 515,110 oz Au at a mineral resource pay limit of 0.4 g/t for the open pittable material and 1.3 g/t for the underground material. We believe there is significant potential to expand this along strike and at depth both at Imweru Central and Imweru East, with an indicative expansion potential of between 40 per cent. and 80 per cent.

To achieve a mining decision, we have to meet several milestones. These include the completion of a Pre-Feasibility Study ('PFS'), a drilling programme to further prove up the Mineral Resource base, a Feasibility Study and a Mining Licence Application.

To this end, in August 2017, we hit a significant milestone - after the completion of sample logging, selection, packaging and laboratory sample preparation, three sample batches, namely the metallurgical, geotechnical and resource samples were submitted.

The resource samples were delivered to a designated laboratory in Tanzania, thereby avoiding delays because of the new export rules under the recently amended mining legislation in Tanzania. Results from this analysis will enable a resource update and support the design for the mine. The metallurgical and geotechnical samples, which cannot be analysed in Tanzania, were successfully exported to South Africa in late August. The purpose of this analyses is to support extraction process flow design and final mine and pit design. Importantly, we are one of the first, if not the first, to successfully export geological/metallurgical samples under the new mining legislation. We achieved this following excellent cooperation between the Ministry of Energy and Minerals and Katoro's technical and operational staff. We believe the successful export of this sample batch to South Africa demonstrates a willingness by the Government of Tanzania to cooperate with industry to implement the new regulations and to adjust where justified and necessary.

We have finished the expanded drilling programme of 31 drill holes for 3,410 metres for the Imweru resource development and a thorough review of the existing resource statement has been completed. It is anticipated that the restated resource model will be completed in short order following the receipt of the receipt of final lab results.

On the PFS, all desktop work has now been completed. Engineering and pit optimisation studies are in an advanced stage, and similar to the updated resource statement, finalisation of the PFS is awaiting completion of the restated resource and results from the metallurgical and geotechnical tests, where after it will take a short period to complete.

Based on the considerable amount of information that already existed and the continuous stream of new data that has become available as part of the Imweru resource development programme, preparation and submission of the mining right application ("MRA") should occur much sooner than originally scheduled.

All the drilling required for the geohydrology study, as part of the ongoing Imweru Environmental and Social Impact Assessment ('ESIA') has also been completed and in September 2017, we successfully completed Phase 1 of the ESIA, following receipt of assessment from the Tanzanian National Environmental Management Council ('TNEMC'). Completion of Phase 1 was one of the pre-requisite deliverables on the critical path for the timely submission of the Imweru MRA, which is scheduled for submission during October 2017. Phase 2 is now underway, being the establishment of a detailed environmental baseline for the Imweru project, in preparation for final environmental certification during Phase 3 of the ESIA.

I'm disappointed to report that as at the date of these results, we are trading at a significant discount to our IPO price of 6 pence. We raised gross proceeds of £1.5 million, which, together with Opera's existing cash resources of £0.486 million, means we are well capitalised to pursue our strategy (as set out in the Admission Document). We continue to liaise closely with the Government of Tanzania and have what we believe to be a clear and visible development schedule.

We have a strong technical team that can deliver value both in Tanzania and externally. Our focus is both on bringing our existing projects into production, part of which involves seeking to increase the combined resource base to in excess of 1Moz Au, and also to investigate other opportunities outside of Tanzania and the gold sector in order to widen the exposure of the Company both in geography and commodity.

I look forward to updating shareholders on developments in the coming months that I feel will add value and hopefully bring about a re-rating of our shares, which has not performed as we or shareholders would have liked.

Finally, I would like to thank everyone involved in the Company for all their hard work and shareholders for their support as we look to build a successful resource company.

**Principal risks and uncertainties**

The Board provides leadership within a framework of appropriate and effective controls. The Board has set up, operates and monitors the corporate governance values of the Company, and has overall responsibility for setting the Company's strategic aims, defining the business objectives, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the Company's business.

Other than the potential changes in Tanzanian mining law, which are currently undergoing review and consultation, there have been no significant changes in the principal risks and uncertainties as set out in the Company's Admission Document dated 5 May 2017.

Louis Coetzee

Executive Chairman

27 September 2017

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | 30 June 2017 £ | 30 June 2016 £ | 31 Dec 2016 £ |
|---|---|---|---|---|
| Revenue | | - | - | - |
| Cost of sales | | - | - | - |
| **Gross profit** | | - | - | - |
| Warrant charge | | (41,809) | - | - |
| Administrative expenses | | (67,745) | (370) | (16,514) |
| Foreign exchange losses | | (145,712) | - | - |
| AIM IPO transaction costs | | (540,784) | - | - |
| Deemed cost of listing | **6** | (206,670) | - | - |
| Exploration expenditure written off | | (175,597) | (72,655) | (167,608) |
| **Loss before tax from continuing operations** | | **(1,178,317)** | **(73,025)** | **(184,122)** |
| Taxation | | - | - | - |
| Comprehensive loss for the period | | **(1,178,317)** | **(73,025)** | **(184,122)** |
| **Other comprehensive income/(expense)** | | | | |
| Exchange differences on translating foreign operations | | 145,404 | (164,861) | (323,125) |
| **Total comprehensive loss for the period** | | **(1,032,913)** | **(237,886)** | **(507,247)** |
| **Loss per share** | | | | |
| Basic and diluted loss per share (pence) | | 2.6 | 0.4 | 1.1 |

The accompanying notes form part of these financial statements

| | Note | 30 June 2017<br>£ | 30 June 2016<br>£ | 31 Dec 2016<br>£ |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | **7** | 1,495,632 | 1,609 | 11,257 |
| Loans to group companies | | - | 12,016 | - |
| Trade receivables | | 3,855 | - | - |
| Other receivables | | 1,834 | - | - |
| **Total current assets** | | 1,501,321 | 13,625 | 11,257 |
| **Total assets** | | **1,501,321** | **13,625** | **11,257** |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Share capital | **8** | 1,082,833 | 172,500 | 172,500 |
| Share premium | **8** | 4,169,436 | 918,631 | 918,631 |
| Capital contribution | **10** | 10,528 | 10,528 | 10,528 |
| Foreign exchange reserve | **9** | (282,146) | (269,286) | (427,550) |
| Merger reserve | | (800,690) | (945,378) | (945,378) |
| Warrant reserve | | 41,808 | - | - |
| Retained earnings | | (2,913,019) | (1,623,605) | (1,734,702) |
| **Total Equity** | | 1,308,750 | (1,736,610) | (2,005,971) |
| **Current liabilities** | | | | |
| Trade and other payables | **4** | 192,571 | 8,537 | 12,501 |
| Loans from Group companies | **12** | - | 1,741,698 | 2,004,727 |
| **Total current liabilities** | | 192,571 | 1,750,235 | 2,017,228 |
| **Total equity and liabilities** | | **1,501,231** | **13,625** | **11,257** |

The accompanying notes form part of these financial statements

| | Share capital £ | Share premium £ | Retained earnings £ | Capital contribution reserve £ | Merger reserve £ | Warrant reserve £ | Foreign currency exchange reserve £ | Total Equity £ |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2017 | 172,500 | 918,631 | (1,734,702) | 10,528 | (945,378) | - | (427,550) | (2,005,971) |
| Loss for the period | - | - | (1,178,317) | - | - | - | - | (1,178,317) |
| Other comprehensive loss | - | - | - | - | - | - | 145,404 | 145,404 |
| Total comprehensive loss | - | - | (1,178,317) | - | - | - | 145,404 | (1,032,913) |
| Issue of share capital | 910,333 | 3,574,072 | - | - | 144,688 | - | - | 4,629,093 |
| Share issue costs | - | (323,267) | - | - | - | - | - | (323,267) |
| Warrants | - | - | - | - | - | 41,808 | - | 41,808 |
| At 30 June 2017 | **1,082,833** | **4,169,436** | **(2,913,019)** | **10,528** | **(800,690)** | **41,808** | **(282,146)** | **1,308,750** |
| At 1 January 2016 | 172,500 | 918,631 | (1,550,580) | 10,528 | (945,378) | - | (104,425) | (1,498,724) |
| Loss for the period | - | - | (184,122) | - | - | - | - | (184,122) |
| Other comprehensive loss | - | - | - | - | - | - | (323,125) | (323,125) |
| Total comprehensive loss | - | - | (184,122) | - | - | - | (323,125) | (507,247) |
| At 31 December 2016 | **172,500** | **918,631** | **(1,734,702)** | **10,528** | **(945,378)** | **-** | **(427,550)** | **(2,005,971)** |
| At 1 January 2016 | 172,500 | 918,631 | (1,550,580) | 10,528 | (945,378) | - | (104,425) | (1,498,724) |
| Loss for the period | - | - | (73,025) | - | - | - | - | (73,025) |
| Other comprehensive loss | - | - | - | - | - | - | (164,861) | (164,861) |
| Total comprehensive loss | - | - | (73,025) | - | - | - | (164,861) | (237,886) |
| At 30 June 2016 | **172,500** | **918,631** | **(1,632,605)** | **10,528** | **(945,378)** | **-** | **(269,286)** | **(1,736,610)** |

The accompanying notes form part of these financial statements

| | 30 June 2017<br>£ | 30 June 2016<br>£ | 31 Dec 2016<br>£ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the period | (1,178,317) | (73,025) | (184,122) |
| **Adjustments for:** | | | |
| Warrant charge | 41,808 | - | - |
| Deemed cost of listing | 206,670 | - | - |
| Deal costs settled in shares | 302,000 | - | - |
| Foreign exchange | 145,712 | - | - |
| (Decrease)/Increase in trade and other payables | 262,371 | (3,962) | 4,800 |
| Decrease in trade and other receivables | (5,689) | (12,016) | - |
| Net cash flows from operating activities | (225,445) | (89,003) | (179,322) |
| **Cash flows from financing activities** | | | |
| Issue of shares (net of share issue costs) | 1,176,733 | - | - |
| Cash acquired as part of business combination | 465,408 | - | - |
| Increase in loans advanced form related parties | 67,679 | 63,512 | 161,882 |
| Net cash flows from financing activities | 1,709,820 | 63,512 | 161,882 |
| **Net cash flows** | 1,484,375 | (25,491) | (17,440) |
| **Cash and cash equivalents at the start of the financial period** | 11,257 | 27,100 | 27,100 |
| Exchange fluctuation | - | - | 1,597 |
| **Cash and cash equivalents at the end of the financial period** | **1,495,632** | **1,609** | **11,257** |

The accompanying notes form part of these financial statements

**For the six month period to 30 June 2017**

**Note 1 General information**

Katoro Gold PLC (formerly Opera Investments PLC) (“Katoro” or the “Company”) is incorporated in England & Wales as a public limited company. The Company’s registered office is located at 60 Gracechurch Street, London EC3V OHR.

On 5 May 2017, the Company announced that it had agreed to acquire the entire issued and to be issued share capital of Kibo Gold Limited (“Kibo Gold”) (the “Acquisition”). The Acquisition, resulted in Katoro becoming an operating company instead of an investing company, and constituted a reverse takeover under the UKLA’s Listing Rules. The Acquisition completed on 23 May 2017 along with the Company’s admission to trading on the AIM Market of the London Stock Exchange (“AIM”).

Kibo Gold owns 100 per cent of its subsidiaries Reef Miners Limited (“Reef Miners”) and Savannah Mining Limited (“Kibo Gold Group”).

The principal activity of the Kibo Gold Group is to carry out evaluation and exploration studies within a licenced portfolio area with a view to generating commercially viable Mineral Resources, namely gold mines. In Lake Victoria, the Kibo Gold Group has two gold mining projects, Imweru and Lubando, which have mineral exploration licences currently held by Reef Miners.

The Kibo Gold Group’s registered office is located in Cyprus at 57 Kolonakiou Street, Limassol, Cyprus.

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

The condensed interim financial information is unaudited and has been prepared on the basis of the accounting policies set out in the Company’s AIM admission document dated 5 May 2017 and in accordance with IAS 34 Interim Financial Reporting.

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

**Going concern**

The Company, together with the Kibo Gold Group (the “Group”), currently generates no revenue and had net assets of £1,308,750 as at 30 June 2017.

After reviewing the Group’s financial projections, the directors of the Company (the “Directors”) have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopted the going concern basis in preparing the Group Financial Information.

**Note 2 Accounting policies**

**Note 2(a) Basis of preparation**

On 23 May 2017, the Company became the legal parent of Kibo Gold following completion of the Acquisition on the Company’s admission to AIM. The consolidated financial statements are presented as proforma to present the substance of the Acquisition. The comparative results to 31 December 2016 and 30 June 2016 represent the consolidated position of Kibo Gold prior to the Acquisition.

The Acquisition is deemed outside the scope of IFRS 3 (Revised 2008) and not considered a business combination because the Directors have made a judgement that prior to the Acquisition, Katoro was not a business under the definition of IFRS 3 Appendix A and the application guidance in IFRS 3.B7- B12 due to Katoro being a shell company that had no processes or capability for outputs (IFRS 3.B7).

On this basis, the Directors have developed an accounting policy for the Acquisition, applying the principles set out in IAS 8.10-12, in that the policy adopted is:

- relevant to the users of the financial information;
- more representative of the financial position, performance and cash flows of the Group;
- reflects the economic substance of the transaction, not merely the legal form; and
- free from bias, prudent and complete in all material aspects.

The accounting policy adopted by the Directors applies the principles of IFRS 3 in identifying the accounting acquirer and the presentation of the consolidated financial statements of the legal parent (Katoro) as a continuation of the accounting acquirer's financial statements (Kibo Gold). This policy reflects the commercial substance of the Acquisition as follows:

- the original shareholders (Kibo Mining PLC) of the subsidiary undertakings (Kibo Gold Group) are the most significant shareholders post the Acquisition, owning 57.1 per cent of the Company's currently issued share capital.

Accordingly, the following accounting treatment and terminology has been applied in respect of the Acquisition (which, in effect, results in the presentation of the financial results as though Kibo Gold acquired Katoro):

- the assets and liabilities of the legal subsidiary Kibo Gold are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without reinstatement to fair value;
- the retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Kibo Gold immediately before the business combination, and the results of the period from 1 January 2017 to the date of the business combination are those of Kibo Gold. However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent (Katoro), including the equity instruments issued under the share for share exchange to effect the business combination; the cost of the combination has been determined from the perspective of Kibo Gold.

The fair value of the shares in the Company has been determined from the share price of Katoro shares immediately prior to suspension of trading of 4.375 pence per share. The value of the Company prior to the Acquisition on this basis was £754,000. The difference between Katoro's fair value and its net assets acquired by Kibo Gold of £548,000 has been charged to the Consolidated Statement of Comprehensive Income as a deemed cost of listing amounting to £207,000.

Transaction costs of equity transactions relating to the issue and admission to AIM of the Company's shares are accounted for as a deduction from equity where they relate to the issue of new shares and listing costs are charged to the Group Income Statement.

The individual financial information of each Group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial information of the Group is presented in Pounds Sterling, which is the presentation currency for the Group. The functional currency of each of the Group entities is the local currency of each individual entity.

**Note 2(b) Use of estimates and judgements**

The preparation of the Financial Information in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

***Exploration and evaluation expenditure***

The Group's accounting policy for exploration and evaluation expenditure results in the capitalisation of certain intangible Mineral Resources which are identified through business combinations or equivalent acquisitions. This policy requires the Directors to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established based on the separately identified Mineral Resources. Any such estimates and assumptions may change as new information becomes available. In the Group Financial Information, all the exploration and evaluation expenditure has been charged to profit or loss, as in the judgement of the Directors the commercial viability of the mineral deposits had not been established.

***Allocation of costs between the issuing of equity and acquiring the exchange listing***

Judgement is required when allocating joint costs between the issuing of equity and acquiring the exchange listing as part of the AIM admission. The Directors had regard to the number of shares issued on listing as a proportion of the total shares in issue after the listing and following this exercise, £540k was recognised in the Statement of Comprehensive Income and £323k directly in equity.

**Note 2(c) Exploration & evaluation expenditure**

Exploration and evaluation activity involves the search for Mineral Resources, the determination of technical feasibility and the assessment of commercial viability of an identified Mineral Resource.

Exploration and evaluation activity includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the Mineral Resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Exploration and evaluation expenditure is charged to the income statement as incurred except in the following circumstances, in which case the expenditure may be capitalised:

In respect of minerals activities:

- the exploration and evaluation activity is within an area of interest which was previously acquired as an asset acquisition or in a business combination and measured at fair value on acquisition; or
- the existence of a commercially viable mineral deposit has been established.

At each reporting period end the capitalisation criteria had not been met due to the existence of a commercially viable mineral deposit not being established and therefore no exploration and evaluation assets has been recognised.

**Note 2(d) Foreign currencies**

***Functional and presentation currency***

Items included in the financial information of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Interim Financial Information is presented in Pounds Sterling, which is the Group's presentation currency.

***Transactions and balances***
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

***Group companies***
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- monetary assets and liabilities for each statement of financial position presented are presented at the closing rate at the date of that statement of financial position. Non-monetary items are measured at the exchange rate in effect at the historical transaction date and are not translated at each statement of financial position date;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and
- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to shareholders equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

**Note 2(e) Issue expenses and share premium account**

Issue expenses are written off against the premium arising on the issue of share capital.

**Note 2(f) Earnings per Share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential shares.

**Note 2(g) Equity**

Share capital is determined using the nominal value of the shares that have been issued. The share premium account includes any premium on the initial issuing of share capital. Any transaction costs associated with the issue of shares are deducted from the share premium account.

**Note 3 Revenue**

The Group did not generate any revenue during the period 1 January 2016 to 30 June 2017.

**Note 4 Trade and other payables**

| | **30 June 2017 £** | **30 June 2016 £** | **31 Dec 2016 £** |
|---|---|---|---|
| Trade Creditors | 169,813 | - | - |
| Accruals | 22,758 | 8,537 | 12,501 |
| | **192,571** | **8,537** | **12,501** |

**Note 5** **Earnings per share**

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

| | 30 June 2017 £ | 30 June 2016 £ | 31 Dec 2016 £ |
|---|---|---|---|
| Loss for the year from continuing operations | (1,178,317) | (73,025) | (184,122) |
| Basic and diluted number of shares | 45,065,740 | 17,250,000 | 17,250,000 |
| Basic and diluted loss per share (pence) | 2.6 | 0.4 | 1.1 |

As detailed in Note 2 the Group presents basic and diluted EPS data on the basis that the current structure has always been in place. Therefore the number of Katoro shares in issue as at the period end has been used in the calculation. Basic loss per share is calculated by dividing the loss for the year from continuing operations of the Group by the weighted average number of shares in issue during the year.

Katoro has no dilutive instruments in existence.

**Note 6** **Business Combinations**

On 23 May 2017, Katoro became the legal parent of Kibo Gold by way of the Acquisition, which has been accounted for as described in Note 2(a), Basis of Preparation. This results in the presentation of the financial results as though Kibo Gold acquired Katoro.

The fair value of the shares in the Company has been determined from the pre-Acquisition suspension to trading price of the Company's shares of 4.375 pence per share. The value of the Company prior to Admission of this basis was £754k. The difference between Katoro's fair value and its net assets acquired by Kibo Gold of £548k has been charged to the Consolidated Statement of Comprehensive Income as a deemed cost of listing amounting to £207k.

Details of net assets acquired and the deemed cost of listing are as follows:

| | £ |
|---|---|
| Consideration effectively transferred | 754,688 |
| Less net assets acquired: | |
| Trade and other receivables | 863,254 |
| Cash and cash equivalents | 465,408 |
| Trade and other payables | (780,644) |
| Total net assets acquired | 548,018 |
| Deemed cost of listing | **206,670** |

**Note 7** **Cash and Cash Equivalents**

Cash and cash equivalents have not been ceded, or placed as encumbrance toward any liabilities as at year end.

**Note 8 Share Capital**

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

| | 30 June 2017 £ | 30 June 2016 £ | 31 Dec 2016 £ |
|---|---|---|---|
| Allotted, called-up and fully paid: | | | |
| 108,283,332 (2016: 17,250,000) | 1,082,833 | 172,500 | 172,500 |

On 5 May 2017, the Company announced that it had agreed to acquire the entire issued and to be issued share capital of Kibo Gold from Kibo Mining plc. The consideration for the Acquisition was the issue on 23 May 2017, credited as fully paid, of 61,000,000 Katoro shares to Kibo Mining plc (see Note 2a) together with the assignment of a loan with the value of £2,072,405.

The Acquisition, resulted in Katoro Gold becoming an operating company instead of an investing company, and constituted a reverse takeover under the UKLA's Listing Rules.

On the same date, the Company issued a further 5,033,322 ordinary shares at 6 pence per share to satisfy the payment of certain fees in connection with the Acquisition and AIM admission. Also, the Company placed 25,000,000 ordinary shares at 6 pence per share with new and existing shareholders to raise the necessary funds for the Company to advance its assets.

A summary of the shares issued is as follows:

| | Number of shares | Share Capital £ | Share Premium £ | Total £ |
|---|---|---|---|---|
| Consideration shares | 61,000,000 | 610,000 | 2,072,405 | 2,682,405 |
| Fee shares | 5,033,332 | 50,333 | 251,667 | 302,000 |
| Placing shares | 25,000,000 | 250,000 | 1,250,000 | 1,500,000 |
| Share issue costs | - | - | (323,267) | (323,267) |
| | **91,033,332** | **910,333** | **3,250,805** | **4,161,138** |

**A reconciliation of share capital is set out below:**

| | Number of shares | Allotted, called-up and fully paid £ |
|---|---|---|
| At 1 January 2016 | 17,250,000 | 172,500 |
| At 31 December and 30 June 2016 | 17,250,000 | 172,500 |
| Shares issued during the period | 91,033,332 | 910,333 |
| At 30 June 2017 | **108,283,332** | **1,082,833** |

**Note 9 Translation Reserves**

The foreign exchange reserve relates to the foreign exchange effect of the retranslation of the Group's overseas subsidiaries on consolidation into the Group Financial Information.

**Note 10 Capital Contribution Reserve**

During the year ended 31 December 2014, Kibo Gold converted a balance of £7,226 owed to Kibo Mining plc into equity as there were no repayment terms. During the year ended 31 December 2015 an additional amount of £3,302 was converted to equity.

**Note 11 Trade and Other Payables**

The carrying value of current trade and other payables equals their fair value due mainly to the short term nature of these payables.

**Note 12 Related Parties**

Included on the statement of financial position are amounts owed to companies that are wholly owned by the previous owner, Kibo Mining, prior to the Acquisition, these are:

| | 30 June 2017<br>£ | 30 June 2016<br>£ | 31 Dec 2016<br>£ |
|---|---|---|---|
| Loans from related parties: | | | |
| Amounts owed to Kibo Mining (Cyprus) Limited | - | 1,741,698 | 2,004,727 |

The ultimate controlling party is Kibo Mining plc, no single party controls Kibo Mining plc.

Included within trade and other payables is an amount of £14,127 in respect of a management fee due to Mzuri Exploration Services Ltd, a party under common control.

**Note 13 Availability of the Half Yearly Report**

A copy of these results will be made available for inspection at the Company's registered office during normal business hours on any week day. The Company's registered office is located at 60 Gracechurch Street, London EC3V OHR. The Company is registered in England and Wales with company number 09306219.

A copy can also be downloaded from the Company's website at https://www.katorogold.com.