

30 October 2020

**Pathfinder Minerals Plc**

(“Pathfinder,” the “Company” or the “Group”)

**Half-year results for the six months ended 30 June 2020**

Pathfinder reports its unaudited results for the six months ended 30 June 2020.

As announced on 3 September 2020, the Company was granted by AIM Regulation a one-month extension to the date by which it is required under AIM Rule 18 to publish its interim accounts for the six months ended 30 June 2020. Accordingly, the Company was required to announce its half-year report before 31 October 2020.

**Dennis Edmonds, Chairman, commented:**

*“The May 2020 decision from the Mozambique Supreme Court that they would not recognise the decision of the UK High Court leads Pathfinder into a new phase in the strategy to seek a return of its mining licences. The Board is in the process of undertaking a review of this strategy and intends to update shareholders imminently with a clear and decisive course of action.”*

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*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (“MAR”).*

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**Chairman’s statement**

*Introduction*

In May 2020, Pathfinder announced that the Mozambique Supreme Court had rejected the Company's application for recognition of a judgment by the English High Court (the "English Judgment") which gave certain declarations to the effect that Pathfinder's subsidiary, IM Minerals Limited, validly acquired its

shareholding in Companhia Mineira de Naburi S.A.R.L., which previously held the Company's mining licences. This outcome has no bearing on the English Judgment, which remains in force.

#### *New funds for working capital*

During the period, the Company completed two new financings. The first was a convertible loan note for £175,000 (announced on 3 April 2020) ("CLN"); and the second, an equity fundraising to issue 38,461,538 new shares for gross proceeds of £250,000 (announced on 28 May 2020), which completed on 3 June 2020.

Subsequent to period end a total of £98,000 of the CLN had been converted into equity with £77,000 outstanding as at today's date.

#### *Management changes*

On 3 July 2020, Peter Taylor was appointed as Chief Executive Officer, enabling me to step into the role of Chairman. John Taylor stepped down to a non-executive director role while Sir Henry Bellingham resigned to pursue new business interests. We thank Sir Henry for his commitment to Pathfinder over many years and wish him well in his future endeavours.

As previously announced on 3 January 2020, the commercial agreement with Africa Focus Group (the "AFG Agreement") was extended a further 3 months to the end of March 2020, albeit on a non-exclusive basis. The AFG Agreement was not extended further thereafter.

#### *Financial results and current financial position*

The financial statements of the Pathfinder Group for the six months ended 30 June 2020 follow later in this report. The Income Statement shows a loss of £228,000 (H1 2019 - £282,000). The Group's Statement of Financial Position shows total assets at 30 June 2020 of £486,000 (31 December 2019 - £380,000). The assets are held largely in the form of cash deposits of £271,000.

The Group remains adequately funded in the near to medium term to progress its legal remedies to regain its mining licences in Mozambique.

#### *Strategic review and outlook*

The May 2020 decision from the Mozambique Supreme Court that they would not recognise the English Judgment leads Pathfinder into a new phase in the strategy to seek a return of the mining licences. The Board is in the process of undertaking a review of this strategy and intends to update shareholders imminently with a clear and decisive course of action.

Dennis Edmonds  
Chairman  
30 October 2020

## Consolidated Statement of Comprehensive Income

For the 6 months ended 30 June 2020

	6 months ended	6 months ended	Year ended 31 December 2019
	30 June 2020	30 June 2019	December 2019
	Unaudited	Unaudited	Audited
	£ '000	£ '000	£ '000
<b>Continuing operations</b>			
Revenue	-	-	-
Administrative expenses	(228)	(282)	(652)
<b>Results from operating activities and other income</b>	(228)	(282)	(652)
Finance income	-	-	-
Finance expense	-	-	-
<b>Loss for the period/year before taxation</b>	(228)	(282)	(652)
Taxation	-	-	-
<b>Total comprehensive income for the period/year attributable to the equity holders of the parent</b>	(228)	(282)	(652)
Earnings/(loss) per share			
Basic and diluted	(0.07)p	(0.11)p	(0.22)p

## Consolidated Statement of Financial Position

For the 6 months ended 30 June 2020

		6 months ended	6 months ended	Year ended
		30 June 2020	30 June 2019	31 December 2019
	Note	Unaudited £ '000	Unaudited £ '000	Audited £ '000
<b>Non-current assets</b>				
Property, plant and equipment		-	-	-
		-	-	-
<b>Current assets</b>				
Trade and other receivables	5	214	234	222
Cash and cash equivalents		271	520	158
<b>Total current assets</b>		485	754	380
<b>Total assets</b>		485	754	380
<b>Equity and liabilities</b>				
Capital and reserves attributable to equity holders of the Company:				
Share capital		18,542	18,471	18,504
Share premium		13,501	13,245	13,307
Other reserves		48	41	45
Accumulated deficit		(31,990)	(31,393)	(31,762)
<b>Total equity</b>		101	365	94
<b>Liabilities</b>				
Trade and other payables	6	349	388	286
Convertible Loan Note	7	35	-	-
<b>Total current liabilities</b>		384	388	286
<b>Total equity and liabilities</b>		485	754	380

## Consolidated Statement of Changes in Equity

For the 6 months ended 30 June 2020

	Share capital \$'000	Share premium \$'000	Other reserves \$'000	Accumulated deficit \$'000	Total equity \$'000
<b>Balance at 1 January 2019</b>	18,458	12,431	25	(31,110)	(196)
<b>Loss for the period</b>	-	-	-	(282)	(282)
<b>Shares issued</b>	13	814	-	-	827
<b>Cost of issue</b>	-	-	-	-	-
<b>Share based payments</b>	-	-	16	-	16
<b>Balance at 30 June 2019</b>	18,471	13,245	41	(31,392)	365
<b>Loss for the period</b>	-	-	-	(370)	(370)
<b>Shares issued</b>	33	62	-	-	95
<b>Cost of issue</b>	-	-	-	-	-
<b>Share based payments</b>	-	-	4	-	4
<b>Balance at 31 December 2019</b>	18,504	13,307	45	(31,762)	94
<b>Loss for the period</b>	-	-	-	(228)	(228)
<b>Shares issued</b>	38	211	-	-	249
<b>Cost of issue</b>	-	(17)	-	-	(17)
<b>Share based payments</b>	-	-	3	-	3
<b>Balance at 30 June 2020</b>	18,542	13,501	48	(31,990)	101

## Condensed Consolidated Interim Statement of Cash Flows

For the 6 months ended 30 June 2020

	6 months ended	6 months ended	Year ended
	30 June 2020	30 June 2019	December 2019
	Unaudited	Unaudited	Audited
	£ '000	£ '000	£ '000
<b>Operating activities</b>			
<b>Loss for the period before income tax</b>	(228)	(282)	(652)
Adjustments for:			
Share-based payments	3	16	20
Services settled in shares		-	52
Foreign exchange movements		-	3
<b>Net cash flows used in operating activities before changes in working capital</b>	<b>(225)</b>	<b>(266)</b>	<b>(577)</b>
(Increase) / decrease in trade and other receivables	8	(19)	(30)
Increase/(decrease) in trade and other payables	63	(52)	139
<b>Net cashflows used in operating activities</b>	<b>(154)</b>	<b>(337)</b>	<b>(468)</b>
<b>Investing activities</b>			
Interest received	-	-	-
<b>Cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>			
Proceeds arising as a result of issue of ordinary shares	249	805	574
Costs of issue of ordinary share capital	(17)	-	0
Convertible loan note	35		
<b>Net cash flows from financing activities</b>	<b>267</b>	<b>805</b>	<b>574</b>
Net increase/(decrease) in cash and cash equivalents	113	468	106
Cash and cash equivalents at the beginning of period	158	52	52
<b>Cash and cash equivalents at end of period</b>	<b>271</b>	<b>520</b>	<b>158</b>

## Notes to the Condensed Consolidated Interim Financial Statements

### 1. Basis of Preparation

These financial statements have been prepared under the historical cost convention and on a going concern basis (see note 2 below); and in accordance with International Financial Reporting Standards and IFRIC interpretations adopted for use in the European Union.

The financial information for the period ended 30 June 2020 has not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. The figures were prepared using applicable accounting policies and practices consistent with those adopted in the statutory financial statements for the year ended 31 December 2019. The figures for the year ended 31 December 2019 have been extracted from these financial statements, which have been delivered to the Registrar of Companies and which contain an unqualified audit report.

The financial information contained in this document does not constitute statutory financial statements as defined by Section 435 of the Companies Act 2006. In the opinion of the directors, the financial information for this period fairly presents the financial position, result of operations and cash flows for the period.

This Interim Financial Report was approved by the board of directors on 30 October 2020.

### 2. Going Concern

As explained in the 2019 annual report, the availability of funds to continue to finance the Company's activities has a direct impact on the ability of the Company to continue to trade as a going concern. The board has concluded, as set out in the Chairman's Statement in the Annual Report, that it currently believes that it has sufficient access to resources to see through its strategy to recover the assets improperly expropriated from it.

The board has therefore continued to adopt a going concern basis for the preparation of these financial statements.

A submission has been made to HMRC disclosing the estimated PAYE on deferred director's fees settled in 2019. An amount totalling £139,000 relating to estimated PAYE payable included at note 6 to the accounts with a corresponding receivable included in note 5. The Company expects to recoup the PAYE payable from prior directors as agreed. The recovery of these amounts has been assumed in the boards assessment of going concern.

### 3. Segmental Analysis

The development of the Group's mining interest in Mozambique comprises the whole of the Group's activity. The Group has one activity only. Of the Group's administrative expenses, £8,000 (2019 – £4,000) was spent in Mozambique. Since, in the interest of accounting prudence, full provision has been made against cost of its Mozambique assets, the whole of the value of the Group's net assets is attributable to its UK assets and liabilities (also the case at 30 June 2019).

### 4. Contingent Liabilities

1. As part of the agreement for the purchase of the shares in its subsidiary, Companhia Mineira de Naburi SARL (CMdN), the Company's subsidiary, IM Minerals Limited, agreed to pay the vendors a further sum of \$9,900,000 if, following further exploration and appraisal, an agreement is reached for the construction of a facility for the processing of ore extracted from the Naburi mineral sands deposit. This sum has since been reduced by advances of £90,083, made by IM Minerals Limited, and £75,933, made by the Company, to one of the vendors, Mr Diogo Cavaco.
2. Similarly, as part of its agreement for the purchase of the whole of the issued share capital of Sociedade Geral de Mineracao de Moçambique SARL, CMdN has agreed to pay the vendors, BHP Billiton, a further sum of \$9,500,000 if, following further exploration and appraisal, an agreement

is reached for the construction of a facility for the processing of ore extracted from the Moebase mineral sands deposit. This obligation is guaranteed by IM Minerals Limited

The Company has entered into a fixed period consultancy agreement, until 30 September 2019, with Africa Focus Group Limited ("AFG") (the "Consultancy Agreement"), a Hong Kong-based company with a Johannesburg consultancy office specialising in mergers and acquisitions in southern Africa. Under the Consultancy Agreement, AFG will provide assistance to the Company in pursuing completion of a legally binding transaction with the owners of Pathfinder Moçambique, S.A pursuant to which Pathfinder or a wholly owned subsidiary of Pathfinder would acquire, or otherwise be reinstated with or receive transfer of, direct ownership and effective control of Mining Concession 4623C on such terms and conditions as the Company, at its sole discretion, may agree with the owners of Pathfinder Moçambique, S.A. (the "Proposed Transaction").

In consideration of the provision of services under the Consultancy Agreement, the Company shall, only following the effective legal completion of the Proposed Transaction, pay AFG a fee in cash of £1,000,000 (inclusive of any VAT) (the "Fee"). The Fee is conditional on and only becomes due and payable if the Company has successfully raised sufficient funds to make payment of the Fee in full. The Company has agreed to use its reasonable endeavors to take the necessary steps to procure that sufficient funds are raised by the Company to enable satisfaction of the payment obligation within a reasonable period after completion of the Proposed Transaction.

While there is no legal obligation or other form of undertaking by the Company to do so nor any other informal arrangement with AFG to that effect, the Company intends to consider in good faith a request by AFG (if made) to allow the Fee (when due and payable) to be used to subscribe for new ordinary shares in the Company in due course (the "New Shares"). In the event that this does occur any such arrangement, to allow the Fee to be used to pay up a subscription of New Shares, shall be on the basis that the aggregate number of New Shares issued to AFG shall not exceed 9 per cent of the entire issued share capital of the Company at the time of such issue and as enlarged by the issue of the New Shares.

If at any time prior to the earlier of the termination of the Consultancy Agreement, the end of the Consultancy Agreement or the completion of the Proposed Transaction, more than 50 per cent of the entire issued share capital of Company is held by a single shareholder, together with its concert parties, following a successful takeover offer, then the Company shall pay to AFG an abort fee in cash of £250,000.

As noted above, the Company did not extend the AFG Consultancy Agreement for a further period, and as such it has terminated.



## 5. Trade and other receivables

	6 months ended	6 months ended	Year ended 31 December 2019
	30 June 2020	30 June 2019	December 2019
	Unaudited	Unaudited	Audited
	£ '000	£ '000	£ '000
Other receivables	180	181	169
Prepayments	34	53	53
	<hr/> 214	<hr/> 234	<hr/> 222

## 6. Trade and other payables

	6 months ended	6 months ended	Year ended 31 December 2019
	30 June 2020	30 June 2019	December 2019
	Unaudited	Unaudited	Audited
	£ '000	£ '000	£ '000
Trade payables	65	103	34
Other payables	55	133	43
Social security and other taxes	214	131	196
Accruals	15	21	13
	<hr/> 349	<hr/> 388	<hr/> 286

## 7. Convertible Loan Note

On 3 April 2020 the Company announced new financing in form of a convertible loan note for £175,000. As at 30 June 2020 the first instalment of £35,000 had been received. No accrued interest has been accounted for as it was less than £500.

Subsequent to period end a total of £98,000 of the CLN has been converted into equity with £77,000 outstanding as at 30 October 2020 (plus accrued interest). As at the date of this report, all instalments had been received by the Company. All instalments were received on time. The loan notes mature on 1 December 2020.

## 8. Availability of Interim Report

The Interim Report will be available on the Company's website at [www.pathfinderminerals.com](http://www.pathfinderminerals.com).