27 September 2019

Pathfinder Minerals Plc

("Pathfinder," the "Company" or the "Group")

Half-year results for the six months ended 30 June 2019

Pathfinder reports its unaudited results today for the six months ended 30 June 2019.

Sir Henry Bellingham, Chairman, commented:

"Discussions which commenced during the first half of 2019 with regards to potential funding strategies to facilitate a transaction in respect of the Mozambique licence, and finance further development thereof, are continuing positively. The Board now has a preferred party with which it is in early stage discussions. This would potentially allow the Company to pursue a transaction with a party which is both well-funded and experienced in mining opportunities in southern Africa. While there are still challenges to overcome, the Board remains confident that a transaction is achievable which can deliver value to Pathfinder's existing shareholders. Our confidence is underpinned by the continued willingness of both Pathfinder and General Veloso to conclude a deal."

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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").

Chairman's statement

Introduction

Progress was made during the first half of 2019 across several areas which significantly enhanced Pathfinder's ability and positioning to regain an interest in Mining Concession no. 4623C in Mozambique (the "Licence").

The Board engaged new consultants to provide assistance in pursuing completion of a transaction in respect of the Licence; agreement on a proposed transaction was reached in principle between Pathfinder and General Jacinto Veloso who, with his family interests, owns 50 per cent of the entity to which the Licence is currently registered; a revised independent Scoping Study was commissioned resulting in a near doubling of the Net Present Value attributable to the Licence; financing proposals to facilitate a deal and fund subsequent development of the Licence were received; additional working capital was brought into the Company; and a leadership change was implemented.

On any analysis, the first half of this year has seen the most positive momentum of any reporting period since the loss of the Licence in late 2011.

Review of Activity

Progress towards a proposed transaction in respect of the Licence

On 11 February 2019, the Company announced that it had engaged Africa Focus Group Limited ("AFG"), a Hong Kong-based company with a Johannesburg consultancy office specialising in mergers and acquisitions in southern Africa. AFG is providing assistance to the Company in pursuing completion of a transaction with the owners of Pathfinder Moçambique S.A (the current Licence holder) pursuant to which Pathfinder, or a wholly owned subsidiary of Pathfinder, would re-establish an interest in the Licence.

On 10 April 2019, the Company announced that it was evaluating multiple transaction structures, taking into account commercial and regulatory factors, through which the Company could hold its interest in the Licence and deliver value for shareholders. It was also announced that the principle of a proposed transaction had been agreed between Pathfinder and General Veloso.

In parallel, the Board commenced discussions with regards to potential funding strategies (including through partnerships or debt provision) to facilitate a transaction and finance further development of the Licence.

Revised independent Scoping Study on the Licence

On 10 April 2019, Pathfinder also announced the results of a revised Scoping Study on the Licence prepared by independent technical consultant, 2M Mineral Services Limited, which included a revision of the capital and operating costs and pricing assumptions that were presented in the original URS/Scott Wilson 2011 scoping study report. This revision resulted in an estimated pre-tax net present value ("NPV") at a 10 per cent discount rate of US$1.05 billion; with projected annual revenues of US$323 million over a mine life of 30 years. The project internal rate of return ("IRR") is expected to be approximately 25 per cent. The revised findings represented a near doubling of the previously reported equivalent NPV and an increase of 6.1 per cent in the project IRR.

New funds for working capital

A total of £335,000 was raised during the period through cash subscriptions for 14,909,091 shares in aggregate. A further £183,000 was taken in by the Company during the period as a result of the exercise of warrants to subscribe for, in aggregate, 11,892,264 shares. New funds provided necessary general working capital.

Leadership change

On 3 June 2019, John Taylor was appointed as Chief Executive Officer, replacing Scott Richardson Brown. Since his appointment, John continues to oversee a period of significant positive momentum.

Legal position

There were no material developments in the legal position during the period. The Company continues to await a ruling by the Supreme Court in Mozambique in relation to Pathfinder's application for recognition of the 2012 English High Court ruling in its favour.

Financial results and current financial position

In addition to the above-mentioned shares issued in respect of the cash subscriptions and warrant exercises, during the period the Company issued 13,293,927 shares to certain former directors and a current director to settle, in aggregate, £309,333 of accrued cash liabilities.

The financial statements of the Pathfinder Group for the six months ended 30 June 2019 follow later in this report. The Income Statement shows a reduced loss of £282,000 (H1 2018 - £392,000). £16,000 was also expensed relating to the issue of 7,500,000 options to directors during the period.

The Group's Statement of Financial Position shows total assets at 30 June 2019 of £754,000 (31 December 2018 - £244,000). The assets are held largely in the form of cash deposits of £520,000 at the period end.

Outlook

Discussions which commenced during the first half of 2019 with regards to potential funding strategies to facilitate a transaction in respect of the Licence, and finance further development thereof, are continuing positively. The Board now has a preferred party with which it is in early stage discussions. This would potentially allow the Company to pursue a transaction with a party which is both well-funded and experienced in mining opportunities in southern Africa. While there are still challenges to overcome, the Board remains confident that a transaction is achievable which can deliver value to Pathfinder's existing shareholders. Our confidence is underpinned by the continued willingness of both Pathfinder and General Veloso to conclude a deal. In light of the positive momentum and continued progress, the Board is in discussions with AFG with a view to a short extension to its engagement. Any such extension will be contingent on the Board's full assessment of tangible progress with the preferred potential funding partner which is being undertaken currently by two Board members in South Africa and Mozambique. Any agreed extension to the AFG contract will be notified to the market and will be considered alongside other opportunities which the Board keeps under constant review.

Sir Henry Bellingham
Chairman
27 September 2019

Consolidated Statement of Comprehensive Income

For the 6 months ended 30 June 2019

Continuing operations	6 months ended 30 June 2019 Unaudited £ '000	6 months ended 30 June 2018 Unaudited £ '000	Year ended 31 December 2018 Audited £ '000
Revenue	-	-	-
Administrative expenses	(282)	(392)	(645)
Results from operating activities and other income	(282)	(392)	(645)
Finance income	-	-	-
Finance expense	-	-	-
Loss for the period/year before taxation	(282)	(392)	(645)
Taxation	-	-	-
Total comprehensive income for the period/year attributable to the equity holders of the parent	(282)	(392)	(645)
Earnings/(loss) per share			
Basic and diluted	(0.11)p	(0.15)p	(0.26)p

Consolidated Statement of Financial Position

For the 6 months ended 30 June 2019

	6 months ended 30 June 2019 Unaudited £ '000	6 months ended 30 June 2018 Unaudited £ '000	Year ended 31 December 2018 Audited £ '000
Non-current assets			
Property, plant and equipment	-	-	-
	-	-	-
Current assets			
Trade and other receivables	234	50	192
Cash and cash equivalents	520	173	52
Total current assets	754	223	244
Total assets	754	223	244
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company:			
Share capital	18,471	18,441	18,458
Share premium	13,245	12,222	12,431
Other reserves	41	-	25
Accumulated deficit	(31,392)	(30,858)	(31,110)
Total equity	365	(195)	(196)
Liabilities			
Trade and other payables	388	418	440
Total current liabilities	388	418	440
Total equity and liabilities	754	223	244

Consolidated Statement of Changes in Equity

For the 6 months ended 30 June 2019

	Share capital $'000	Share premium $'000	Accumulated deficit $'000	Other reserves $'000	Total equity $'000
Balance at 1 January 2018	18,416	11,997	(30,466)	-	(53)
Loss for the period	-	-	(392)	-	(392)
Shares issued	25	225	-	-	250
Balance at 30 June 2018	18,441	12,222	(30,858)	-	(195)
Loss for the period	-	-	(252)	-	(252)
Shares issued	17	214	-	-	231
Cost of issue	-	(5)	-	-	(5)
Share based payments	-	-	-	25	25
Balance at 31 December 2018	18,458	12,431	(31,110)	25	(196)
Loss for the period	-	-	(282)	-	(282)
Shares issued	13	814	-	-	827
Cost of issue	-	-	-	-	-
Share based payments	-	-	-	16	16
Balance at 30 June 2019	18,471	13,245	(31,392)	41	365

Condensed Consolidated Interim Statement of Cash Flows

For the 6 months ended 30 June 2019

	6 months ended 30 June 2019 Unaudited £ '000	6 months ended 30 June 2018 Unaudited £ '000	Year ended 31 December 2018 Audited £ '000
Operating activities			
Loss for the period before income tax	(282)	(392)	(645)
Adjustments for:			
Depreciation	-	-	-
Share based payments expense	16	-	106
Foreign exchange loss		-	(2)
Net cash flows used in operating activities before changes in working capital	(266)	(392)	(541)
(Increase) / decrease in trade and other receivables	(19)	6	(136)
Increase/(decrease) in trade and other payables	(52)	61	86
Net cashflows used in operating activities	(337)	(325)	(591)
Investing activities			
Expenditure in respect of PP&E	-	-	-
Cash used in investing activities	-	-	-
Financing activities			
Issue of ordinary share capital	805	250	400
Costs of issue of ordinary share capital	-	-	(5)
Net cash flows from financing activities	805	250	395
N**et increase/(decrease) in cash and cash equivalents**	46	(75)	(196)
Cash and cash equivalents at the beginning of period	52	248	248
Effects of foreign exchange rate changes on cash and cash equivalents	-	-	-
Cash and cash equivalents at end of period	520	173	52

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 2019 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 2018. The figures for the year ended 31 December 2018 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 27 September 2019.

2. Going Concern

As explained in the 2018 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.

Included within the figure for Trade and other payables are amounts due to current and former directors in respect of deferred salaries and related benefits, totalling £110,000. The individuals have agreed to defer these amounts until such time as the Company can reasonably afford to make these payments without materially adversely effecting its cash position which is not expected to be until the Company raises at least £2 million in any future financing.

Included in the figure for Trade and other receivables are amounts due from former directors for PAYE which is due on the deferred fee share settlements during the period totalling £125,000. The recovery of these amounts has been assumed in the Board's 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, £4,000 (2018 – £60,000) 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 2018).

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.

During the period, the Company 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.

In light of the positive momentum and continued progress, the Board is in discussions with AFG with a view to a short extension to its engagement. Any such extension will be contingent on the Board's full assessment of tangible progress with the preferred potential funding partner which is being undertaken currently by two Board members in South Africa and Mozambique. Any agreed extension to the AFG contract will be notified to the market and will be considered alongside other opportunities which the Board keeps under constant review.

5. Trade and other receivables

	6 months ended 30 June 2019 Unaudited £ '000	6 months ended 30 June 2018 Unaudited £ '000	Year ended 31 December 2018 Unaudited £ '000
Other receivables	181	50	113
Prepayments	53	-	79
	234	50	192

6. Trade and other payables

	6 months ended 30 June 2019 Unaudited £ '000	6 months ended 30 June 2018 Unaudited £ '000	Year ended 31 December 2018 Unaudited £ '000
Trade payables	103	24	29
Other payables	131	3	0
Accrued director's remuneration	133	381	401
Accruals	21	10	10
	388	418	440

7. Availability of Interim Report

The Interim Report will be available on the Company’s website at www.pathfinderminerals.com.