Cradle Arc Plc / EPIC: CRA.L / Market: AIM / Sector: Mining

28 September 2018

Cradle Arc plc
("Cradle Arc" or the "Company")

Interim results for the six months ended 30 June 2018

Cradle Arc (AIM: CRA), the African focused base and precious metals exploration and production company, announces its unaudited interim results for the six month period ended 30 June 2018.

The Interim Results will also be made available on the Company's website at www.cradlearc.com.

Highlights:

- Company's shares admitted to trading on AIM on 24 January 2018
- Mining activities in the open pit have progressed well with increasing access to deeper transitional and supergene ores, following a significant amount of waste stripping
- Production re-started in April 2018 with three mining units being brought into operation over the period in accordance with the Company's Accelerated Development Plan
- A 12 month ramp up programme at the process plant began in June, designed to put the plant on a sound operational footing for future production
- Intermittent equipment breakdowns and outages at the processing plant have hampered contained copper output, but are being addressed and are expected to be mitigated over time, with additional funding being sought to improve and rehabilitate the current facilities and establish an inventory of certain key spare parts
- Independent JORC (2012) Mineral Resource estimate for Mowana revised up 37% now comprising a Measured and Indicated resource of 55.0Mt at 1.17% Cu for 640,000 tonnes of contained copper

Post Period End:

- Disposal of non-core Kerboulé Gold Project in Burkina Faso for nominal consideration in July 2018
- In August 2018, agreement reached to redeem certain outstanding convertible loan notes on a staged basis and £2.4m (gross) fundraise via accelerated exercise of certain outstanding warrants and a subscription and debt rescheduling completed to provide additional working capital headroom
- SP Angel Corporate Finance LLP appointed as broker to the Company
- Appointment of Roy Pitchford as Non-Executive Chairman and Michael Golding as a Non-Executive Director on 5 September 2018
- Joint Venture signed with Indiana Resources Ltd to advance the Kossanto West Gold Project in western Mali
- Two prospecting licences to the north of Mowana renewed with a potential total of 36km strike potential across the existing mining and renewed prospecting licences combined

Kevin van Wouw, CEO of Cradle Arc, commented:

"During this reporting period, the Company has undertaken a number of important and necessary activities to ensure that the Company is best positioned to deliver on its strategy of future growth.

"Following the enlarged group's admission to trading on AIM, an in depth review of all mining activities was implemented leading to a revised mine and accelerated development plan with a strategic objective to progress to higher grade and increased levels of production.

"In spite of continued sporadic interruptions being experienced at the processing plant, we have made good progress with our open pit mining activities with a large amount of waste stripping completed and are focussed on getting Mowana on a sound and sustainable footing."

For further information on the Company, please visit www.cradlearc.com or contact:

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

CHIEF EXECUTIVE OFFICER'S STATEMENT

The admission of the Company's shares to trading on AIM on 24 January 2018 represented the culmination of a significant body of work for Cradle Arc and the start of life as a publicly quoted company.

The Company's focus since then has been on bringing the Mowana mine in Botswana ("Mowana"), in which the Company has a 60 per cent. ownership interest, into full production as we seek to progress through the ramp-up phase and move towards sustainable, cash positive, production levels.

We re-started production in April 2018 following the raising of US$10m via a secured loan note issuance and delivery of a mining fleet of 25 vehicles, including trucks, excavators, loaders and support equipment. Pursuant to the Company's Accelerated Development Plan, by the end of May 2018, two mining units were operating full time in the open pit accessing transitional ores as expected. A third mining unit was brought on-line in June 2018. In spite of early delays in drilling and delivery of some of the mining equipment, we have now completed a significant amount of waste stripping exposing approximately 2 million tonnes of accessible transitional and supergene ore within the Mowana North pit and North Rim Extension. Such material is anticipated to deliver improved recoveries at a reduced production cost over the remainder of the year and into 2019.

In late May 2018, we announced a maiden independent JORC (2012) Ore Reserve Estimate (Proved and Probable) for Mowana of 31.8 million tonnes ("Mt") at 1.17% Cu for 370,000 tonnes of contained copper based on our DMS mine plan. This formed part of a wider update of Mowana's JORC (2012) Mineral Resource Estimate, which now comprises Measured and Indicated Resources of 55.0Mt at 1.17% Cu for 640,000 tonnes of contained copper, representing an increase of 37% from the original maiden JORC (2012) Mineral Resource

Estimate published in April 2018, and an Inferred resource estimate of 20.0Mt at 1.08% for 220,000 tonnes of contained copper.

1 June 2018 has been designated as start of commercial production for accounting purposes. However, revenue and administration costs are recorded in the statement of comprehensive income for the period as a whole, and thereafter, in line with the Company's accounting policy, an adjustment is made to cost of sales so that the margin on revenue prior to 1 June 2018 is recorded as a contribution to capitalised development costs.

Whilst the ramp-up of processing operations towards design capacity initially progressed to plan, with operational cash flow break even at the project level achieved in June 2018, subsequent production performance in Q3 2018 to date has been adversely impacted by numerous processing plant interruptions due to sporadic and intermittent equipment breakdowns and outages leading to inefficiencies with respect to recovery rates. In addition, the global copper price, along with other commodities, has shown weakness recently due, *inter alia*, to speculation on how trade tariffs may affect prices on various goods. This has consequently had a negative effect on revenue from Mowana. In light of these issues, the project is not currently breaking even in terms of operational cash flow and management is currently working hard to improve overall recoveries and throughput in the near term. Production guidance for the remainder of the year is currently under review and will be dependent on achieving higher plant availability for processing operations with higher grade ores and recoveries currently anticipated in Q4 2018.

Accordingly, whilst the Company continues to seek financing for its proposed Dense Media Separation (DMS) upgrade project, in light of the abovementioned processing plant interruptions, the Board has decided to focus in the near term on securing the requisite funding to improve and rehabilitate the current processing facilities and establish an inventory of certain key spare parts, to seek to mitigate the occurrences of further processing plant breakdowns, which are a pre-requisite to installation of the potential DMS upgrades.

Shareholders' attention is brought to the going-concern disclosures in note 2.4 of the consolidated condensed financial statements.

Lastly, I would like to take this opportunity to thank Toby Howell, for his valuable support as Non-Executive Chairman, who stepped down from the board in September 2018, and I wish him well in his future endeavours. The Company consequently made two key appointments to the Board in September 2018. Firstly, as Non-Executive Chairman, Roy Pitchford, who has over 25 years of senior management and executive experience in the mining sector across Southern Africa. Secondly, Michael Golding, was appointed as a Non-Executive Director. Michael, has over 20 years of corporate and project experience, during which time he has advised on over 50 transactions in the mining industry.

We thank all of our stakeholders for their patience and support during the critical ramp-up phase at Mowana, and look forward to providing further updates on the Company's operations and activities in the coming months.

Kevin van Wouw
Chief Executive Officer
27 September 2018

CONDENSED CONSOLIDATED FINANCIAL POSITION
As at 30 June 2018

		Group	
		Unaudited	Audited
	Note	**30 Jun 2018**	31 Dec 2017
		£	£
Non-Current Assets			
Property, plant and equipment	3	**51,973,056**	50,303,915
Intangible assets		**33,308,143**	33,199,593
		85,281,199	83,503,508
Current Assets			
Trade and other receivables		**1,366,336**	870,433
Cash and cash equivalents		**250,410**	80,334
Inventories		**1,672,612**	1,755,527
		3,289,358	2,706,294
Total Assets		**88,570,557**	86,209,802
Equity attributable to the Owners of Parent Company			
Share capital	4	**4,680,667**	4,666,699
Share premium	4	**29,757,734**	16,545,545
Other reserve	4	**6,863,570**	4,355,131
Share option reserve		**200,410**	63,166
Translation reserve		**1,132,382**	1,511,818
Retained losses		**(23,419,820)**	(19,753,634)
Non-controlling interest		**7,118,053**	8,937,641
Total Equity		**26,332,996**	16,326,366
Current Liabilities			
Trade and other payables		**7,504,039**	6,529,005
Borrowings and finance leases	5	**17,241,479**	14,221,544
Contingent share consideration on acquisition	4	**-**	7,500,000
		24,745,518	28,250,549
Non-current liabilities			
Other payables (deferred consideration)		**-**	500,000
Borrowings and finance leases	5	**27,228,504**	30,712,298
Deferred income tax liabilities		**4,391,013**	4,256,943
Restoration provision		**5,872,526**	6,163,646
		37,492,043	41,632,887
Total Liabilities		**62,237,561**	69,883,436
Total Equity and Liabilities		**88,570,557**	86,209,802

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2018

		Group	
		Unaudited	Unaudited
	Note	**30 June 2018**	30 June 2017
		£	£
Revenue		**1,488,795**	276,698
Cost of sales		**(2,001,453)**	-
Gross profit / (loss)		**(512,658)**	276,698
Other administration expenses		**(2,279,691)**	(809,820)
Other net gains/(losses)	**6**	**(1,821,525)**	(1,934)
Operating (loss)/profit		**(4,613,874)**	(535,056)
Finance income		**-**	196
Finance costs		**(871,900)**	(200,000)
Loss before income tax		**(5,485,774)**	(734,860)
Income tax		**-**	-
Loss after income tax		**(5,485,774)**	(734,860)
Attributable to owners of the Parent		**(3,666,186)**	(734,860)
Attributable to non-controlling interest		**(1,819,588)**	-
		(5,485,774)	(734,860)
Loss per share attributable to owners of the Parent during the six months			
Basic loss per share (pence)			
From continuing operations		**(1.76p)**	(3.90p)
From loss for the six months		**(1.76p)**	(3.90p)
Diluted loss per share (pence)			
From continuing operations		**(1.76p)**	(3.90p)
From loss for the six months		**(1.76p)**	(3.90p)

*Comparative loss per share is presented adjusted for the effect of the share consolidation in the prior year.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2018

		Group	
		Unaudited	Unaudited
	Note	**30 June 2018**	30 June 2017
		£	£
Loss for the six months		**(5,485,774)**	(734,860)
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(379,436)**	(451,843)
Change in fair value of available for sale investment		**-**	38,125
Total Comprehensive Income		**(5,865,210)**	(1,148,578)
Total Comprehensive Income Attributable to non-controlling interest, net of tax		**(1,639,369)**	-
Total Comprehensive Income Attributable to Owners of the Parent, net of tax		**(4,225,841)**	(1,148,578)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2018

	Attributable to owners of the Parent								
	Share capital	**Share premium**	**Other reserve**	**Share option reserve**	**Available for sale asset reserve**	**Translation reserve**	**Retained losses**	**Non-controlling interest**	**Total equity**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Balance as at 1 January 2017	**4,624,021**	**14,752,068**	**-**	**88,829**	**(17,500)**	**1,831,203**	**(8,452,065)**	**-**	**12,826,556**
Profit/Loss for the year	-	-	-	-	-	-	(11,363,629)	569,795	(10,793,834)
Other comprehensive income									
Currency translation differences	-	-	-	-	-	(319,385)	-	-	(319,385)
Recycling of available-for-sale financial asset reserve	-	-	-	-	17,500	-	-	-	17,500
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**17,500**	**(319,385)**	**(11,363,629)**	569,795	**(11,095,719)**

Issue of shares	38,423	1,557,445	-	-	-	-	-	-	1,595,868
Loan note conversion	118	236,032	-	-	-	-	-	-	236,150
Shares issued upon acquisition (CAI and Matala)	4,137	-	4,355,131	-	-	-	-	-	4,359,268
Grant of options & warrants	-	-	-	36,397	-	-	-	-	36,397
Expiry of options & warrants	-	-	-	(62,060)	-	-	62,060	-	-
Non-Controlling interest arising from business combination	-	-	-	-	-	-	-	8,367,846	8,367,846
Transactions with owners, recognised directly in equity	**42,678**	**1,793,477**	**4,355,131**	**(25,663)**	**-**	**-**	**62,060**	**8,367,846**	**14,595,529**
Balance as at 1 January 2018	**4,666,699**	**16,545,545**	**4,355,131**	**63,166**	**-**	**1,511,818**	**(19,753,634)**	**8,937,641**	**16,326,366**
Profit/Loss for the six months	-	-	-	-	-	-	(3,666,186)	(1,819,588)	(5,485,774)
Other comprehensive income									
Currency translation differences	-	-	-	-	-	(379,436)	-	-	(379,436)

Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(379,436)**	**(3,666,186)**	**(1,819,588)**	**(5,865,210)**
Issue of shares	13,968	13,580,522	-	-	-	-	-	-	13,594,490
Grant of options & warrants		(368,333)	368,333	137,244					137,244
Grant of warrants on loan notes			2,140,106						2,140,106
Transactions with owners, recognised directly in equity	**13,968**	**13,212,189**	**2,508,439**	**137,244**	**-**	**-**	**-**	**-**	**15,871,840**
Balance as at 30 June 2018	**4,680,667**	**29,757,734**	**6,863,570**	**200,410**	**-**	**1,132,382**	**(23,419,820)**	**7,118,053**	**26,332,996**

	Group	
	Unaudited	Unaudited
CONSOLIDATED STATEMENT OF CASH FLOWS **For the six months ended 30 June 2018**	**30 June 2018**	30 June 2017
	£	£
Cash flows from operating activities		
Loss after taxation	**(5,485,774)**	(734,860)
Adjustments for:		
Depreciation	**450,548**	25,405
Finance income	**-**	(196)
Finance expense	**871,900**	200,000
Share options expense	**137,244**	32,508
Increase in trade and other receivables	**(495,903)**	(283,888)
Increase in trade and other payables	**475,034**	168,875
Net cash used in operating activities	**(4,046,951)**	(592,156)
Cash flows from investing activities		
Other loans granted	**-**	(964,017)
Purchase of intangible assets – exploration	-	(162,751)
Purchase of property, plant and equipment	**(4,131,493)**	(2,915)
Net cash used in investing activities	**(4,131,493)**	(1,129,683)
Cash flows from financing activities		
Proceeds from issue of share capital	**2,400,000**	-
Issue costs	**(203,010)**	-
Cost of borrowings	**(648,580)**	197
Proceeds from Loan Note borrowings	**6,800,110**	-
Proceeds from other borrowings	**-**	1,607,233
Net cash generated from financing activities	**8,348,520**	1,607,430
Net increase/(decrease) in cash and cash equivalents	**170,076**	(114,409)
Cash and cash equivalents at beginning of the period	**80,334**	277,132
Exchange gains on cash and cash equivalents	**-**	1,384
Cash and cash equivalents at end of the period	**250,410**	164,107

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2018

1 General information

The principal activity of Cradle Arc plc ("Cradle Arc" or the "Company") and its subsidiaries (together the "Group") is the mining of, and exploration for, minerals. The Company's shares are quoted on the AIM market of the London Stock Exchange plc. The Company is incorporated and domiciled in the UK. The address of its registered office is 27-28 Eastcastle Street, London, United Kingdom, W1W 8DH.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

The interim consolidated financial statements of Cradle Arc and its subsidiaries (the "Group") for the six months ended 30 June 2018, have been prepared on a basis consistent with the accounting policies set out in the Group's consolidated annual financial statements for the year ended 31 December 2017 (the "2017 annual report and accounts"). The interim consolidated financial statements have not been audited, do not include all the information required for full annual financial statements, and should be read in conjunction with the 2017 annual report and accounts. As permitted, the Group has chosen not to adopt IAS34, "Interim Financial Reporting".

The 2017 annual report and accounts, which received an unqualified opinion from the auditors, did not draw any attention to any matters by way of emphasis, except for going concern related emphasis, and have been filed with the Registrar of Companies.

The financial statements are presented in UK Pounds Sterling rounded to the nearest pound.

2.2 Basis of Consolidation

The interim consolidated financial statements consolidate the financial statements of the Company and the results of all of its subsidiary undertakings for the six months ended 30 June 2018.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interests existing in the acquired entity at acquisition are recorded at either fair value or at the non-controlling interest's proportionate share of the fair value of identifiable assets and liabilities, elected on a transaction by transaction basis.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the non-controlling shareholder's share of changes in equity.

The non-controlling interests' share of losses, where applicable, are attributed to the non-controlling interests irrespective of whether the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses. On acquisition of a non-controlling interest the relevant non-controlling interest's share of equity is extinguished and the difference between the fair value of consideration paid and the relevant carrying value of the non-controlling interest is recorded in retained earnings.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Contingent consideration settled in a variable number of shares is classified as a fair value liability and transferred to equity on settlement of shares.

Investments in subsidiaries are accounted for at cost less impairment. Advances to subsidiaries are initially recorded at fair value based on a market rate of interest and subsequently at amortised cost. The difference between funds advanced and fair value is recorded in investments.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

2.3 Pre-commissioning costs and revenues

Revenue and cost of sales generated / incurred prior to the commencement of commercial production (1 June 2018) have been capitalised to property, plant and equipment. Other administration expenses are however accounted for in the income statement for the full six months ended 30 June 2018 and have not been capitalised as part of pre-commissioning expenses.

2.4 Going Concern

The Board has reviewed cash flow forecasts for a period of 12 months from the date of the interim consolidated financial statements. In preparing the forecasts, significant judgment was required in respect of key assumptions such as copper prices (which have been forecast at US$2.70/lb), production tonnages, grade and plant recovery rates as well as future costs and the timing of supplier payments. In particular, the forecasts assume significant growth in production volumes (tonnages, grade and recovery) associated with the build up in mine production envisaged in the latest approved mine plan.

The Board recognises that there is inherent risk associated with the forecasts, particularly during the transition to sustained commercial production levels, and, whilst the Board considers the mine plan will deliver significant long term value, and considers the forecasts for the next 12 months to be achievable, there can be no guarantee that the forecasts will be achieved and that the group can meet its working capital requirements without additional funding. In order to provide for this possibility, the Board are in discussions to secure additional working capital.

In addition, the Group has £1.275m principal amount of convertible loan notes which mature in December 2018, and a US$10m loan note which matures in April 2019. The ability to meet these repayments is dependent upon, *inter alia*, a) securing sufficient short-term working capital as detailed above; and b) refinancing the aforementioned US$10m loan note to provide for, *inter alia*, a longer repayment period.

These circumstances and considerations indicate the existence of material uncertainties which may cast doubt on the Group's ability to continue as a going concern. The interim financial statements do not however include any adjustments that may be required if the Group was unable to continue as a going concern.

2.5 New and Amended Standards

(a) New and amended standards mandatory for the first time for financial periods beginning on or after 1 January 2018

There are no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2018 that had a material impact on the Group or Company.
The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Customers' in the six month period ending 30 June 2018, following the standards becoming effective for periods commencing on or after 1 January 2018.

IFRS 9 'Financial instruments' addresses the classification and measurement of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. The adoption of IFRS 9 did not result in any material change to the consolidated results of the Group.

IFRS 15 introduced a single framework for revenue recognition and clarified principles of revenue recognition. This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of IFRS 15 did not result in any material change to the Group's revenue recognition following analysis of the copper sales contracts held by its mining operations.

(b) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

Standard	**Impact on initial application**	**Effective date**
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income tax treatments	*1 January 2019
IFRS 9 (Amendments)	Prepayment features with negative compensation	*1 January 2019
IAS 28 (Amendments)	Long term interests in associates and joint ventures	*1 January 2019

* Subject to EU endorsement

The Group is evaluating the impact of the new and amended standards above.

IFRS 16 Leases

The new standard was issued in January 2016 replacing the previous standard, IAS 17 Leases, and related Interpretations. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases for the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as either operating or finance as is required by IAS 17 and, instead, introduces a single lessee accounting model requiring a lessee to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is twelve months or less. This new standard applies to annual reporting periods beginning on or after 1 January 2019. The Group has a number of finance leases acquired as part of its acquisition of Cradle Arc Investments (Pty) Limited, together with service agreements which are being assessed to determine the extent to which they may be impacted by IFRS 16.

3 Property, plant and equipment

Costs of £4.5m were capitalised as pre-commissioning costs of the Mowana Mine during the five month period ended 31 May 2018, with the balance of the movement of property, plant and equipment attributable to mining equipment purchased at a cost of £82,478, partly offset by foreign currency re-translation movements. Depreciation of £450,548 has been provided for the month of June 2018 following the determination that the mine had reached commercial production on 1 June 2018.

4. Share Capital and Share Premium

	Number of shares	Share capital £	Share premium £	Other reserve £	Total £
Issued and fully paid					
As at 31 December 2016	**5,272,314,850**	**4,624,021**	**14,752,068**	**-**	**19,376,089**
Issue of new shares – 17 January 2017	376,933,696	37,693	212,307	-	**250,000**
Share consolidation – 31 July 2017	(5,630,417,717)	-	-	-	**-**
Issue of new shares – 23 August 2017	1,389,936	139	276,111	-	**276,250**
Conversion of loan to shares – 23 August 2017	1,188,181	118	236,032	-	**236,150**
Issue of new shares – 23 August 2017	854,166	86	-	307,414	**307,500**
Issue of new shares – 23 August 2017	510,080	51	107,066	-	**107,117**
Issue of new shares – 20 October 2017	176,101	18	34,982	-	**35,000**
Issue of new shares – 9 November 2017	4,062,500	406	812,094	-	**812,500**
Acquisition of subsidiary – 13 November 2017	40,517,689	4,052	-	4,047,717	**4,051,769**
Issue of new shares – 30 November 2017	1,150,000	115	114,885	-	**115,000**
As at 31 December 2017	**68,679,482**	**4,666,699**	**16,545,545**	**4,355,131**	**25,567,375**
Issue of new shares – 24 January 2018	100,150,000	10,015	9,809,474	-	**9,819,489**
Conversion of loan notes to new shares – 24 January 2018	32,500,000	3,250	3,246,750	-	**3,250,000**
Issue of 22 465 140 warrants – 24 January 2018 at valuation	-	-	(368,333)	368,333	**-**
Conversion of loan notes to new shares – 26 January 2018	3,260,869	326	299,674	-	**300,000**
Conversion of loan notes to new shares – 6 February 2018	1,275,510	128	99,872	-	**100,000**

Conversion of loan notes to new shares – 14 February 2018	1,403,509	140	74,860	-	**75,000**
Conversion of loan notes to new shares – 1 March 2018	1,088,436	109	49,892	-	**50,000**
Issue of 71 336 852 warrants – 3 April 2018 at valuation	-	-	-	2,140,106	**2,140,106**
As at 30 June 2018	**208,357,806**	**4,680,667**	**29,757,734**	**6,863,570**	**41,301,971**

The contingent share consideration liability at 31 December 2017 of £7.5m for consideration shares to be issued in connection with the acquisition of Cradle Arc Investments (Pty) Ltd was settled by the issue of 75,000,000 new shares on 24 January 2018 at a price of 10 pence per share.

5. Borrowings

	Group	
	30 Jun 2018	31 Dec 2017
	£	£
Convertible loan note – current	**1,591,200**	5,652,326
Secured Non-Convertible loan note – current	**5,290,262**	-
Warrants to be issued – current	**-**	291,657
Finance lease liabilities – current	**2,870,129**	3,049,718
Other borrowings – current	**7,489,888**	5,227,843
Current portion	**17,241,479**	**14,221,544**
Finance lease liabilities – non- current	**1,706,165**	2,188,977
Other borrowings – non-current	**25,522,339**	28,523,321
Non-current portion	**27,228,504**	30,712,298
Total	**44,469,983**	44,933,842

Convertible loan notes and warrants

- On 24 January 2018, Loan Notes to the principal value of £3,250,000 were converted into 32,500,000 new ordinary shares at 10 pence per share.
- On 26 January 2018, Loan Notes to the principal value of £300,000 were converted into 3,260,869 new ordinary shares at 9.2 pence per share.
- On 6 February 2018, Loan Notes to the principal value of £100,000 were converted into 1,275,510 new ordinary shares at 7.84 pence per share.
- On 14 February 2018, Loan Notes to the principal value of £75,000 were converted into 1,403,609 new ordinary shares at 5.33 pence per share.

- On 1 March 2018, Loan Notes to the principal value of £50,000 were converted into 1,088,436 new ordinary shares at 4.59 pence per share.

The remaining loan notes issued on 17 January 2018 and 7 June 2017 are fair valued at £1,591,200 with a maturity date of 31 December 2018.

Secured Non-Convertible loan notes

Secured Non-Convertible loan notes to the value of £7.1m (US$10m) were issued on 3 April 2018. The Loan Notes are redeemable within 12 months from the date of issue and are secured by way of a pledge over the entire issued share capital of Leboam Holdings (Pty) Ltd's direct holding company, Cradle Arc Investments (Pty) Limited. Interest is payable at 18% per annum payable quarterly in arrears.

The holders of the loan notes were granted 71,336,852 warrants, in aggregate, at an exercise price of 5 pence per share for a period of 12 months from the date of issue of the warrant instrument. The fair value of the warrants was determined using the Black Scholes valuation model, and amounted to £2,140,106. The fair value of the warrants has been recorded in other reserves and as a deduction against the loan note liability which is amortised over the loan term.

Other borrowings comprise the following:

- £15.9m (US$21.0m) payable to ZCI Limited by Leboam Holdings (Pty) Limited, a subsidiary of the Group, as part of the acquisition of the Mowana Copper Mine. As at 30 June 2018, the loan bears interest at LIBOR. The loan is subordinated and is repayable out of free cash flow after the deduction of outstanding liabilities and cash flow requirements. The loan is secured by all of the assets of Leboam Holdings (Pty) Ltd, has no fixed repayment terms, and has a maximum term of ten years.

- £7.6m (US$10.0m) payable to the Liquidators of Messina Copper (Botswana) (Pty) Limited by Leboam Holdings (Pty) Limited, a subsidiary of the Group, as part of the acquisition of the Mowana Copper Mine. The loan is unsecured and bears interest at 13.5%, which is paid monthly. The principal is repayable in equal monthly instalments over 18 months beginning January 2019.

- £7.6m (US$10.0m) payable to ZCI Limited by Leboam Holdings (Pty) Limited, a subsidiary of the Group, as part of the acquisition of the Mowana Copper Mine. The loan is secured over the assets of Mowana and bears interest at 13.5%, payable monthly. The principal is repayable in equal monthly instalments over 28 months beginning January 2019.

- £1.9m (US$2.5m) payable to Fujax Minerals and Energy Limited. The loan bears interest at 13.5 per cent, and is repayable in copper concentrate to the value of the loan granted plus accumulated interest.

Finance Lease Liabilities

Finance lease liabilities, in the amount of £4,576,294 are secured over mining equipment with a carrying value of £6,077,446, repayable over various periods with the last instalment payable in December 2019.

6. Revenue, expenses and net other gains/losses

Revenue in the period refers to copper concentrate sales during the test production and commercial production (one month) phases. In the prior period, revenue referred to management fees. Cost of sales includes one month of commercial production, with the balance of the costs to commencement of commercial production being capitalised as pre-commissioning costs. Administration expenses for the Group are accounted for in the income statement for the full six months and are not capitalised as part of pre-commissioning expenses.

Other net gains/losses comprise realised and unrealised foreign exchange losses incurred during the period in converting US Dollar and Botswana Pula amounts to Pound Sterling.

7. **Loss per share**

The calculation of basic loss per share of 1.76 pence (2017: 3.90 pence loss per share) is calculated by dividing the loss attributable to shareholders of £3,666,186 (2017: loss of £734,860) by the weighted average number of Ordinary Shares of 208,357,806 (2017: 18,830,828 as adjusted for the 300:1 consolidation in July 2017) in issue during the period. The diluted loss per share of 1.76 pence is the same as the basic loss per share as the effect of additional potential shares is anti-dilutive.

8. **Post Balance Sheet events**

8.1 Disposal of Société Miniére de Kerboulé SARL ("SMK")
SMK, a wholly owned subsidiary, which held the exploration licences of Arae and Gassel-Manere in Burkina Faso (together, comprising the Kerboulé Gold Project), was disposed for a notional consideration of USD 1 together with a contractual undertaking that the purchaser will assume responsibility for all ongoing operating costs and liabilities in consideration for the Group providing a one-off payment of 10 million francs CFA (approximately £13,600), to the acquirer.

8.2 Equity funding
In August 2018, equity funding of, in aggregate, £1.9 million (gross) was raised through the accelerated exercise of 41.2 million warrants and related par value subscription for Ordinary Shares. A further £0.5 million (gross) was raised from certain new investors subscribing for 10.0 million new Ordinary Shares at a price of 5.0 pence per share.

8.3 Joint Venture with Indiana Resources Ltd for advancement of Kossanto West Gold Project
In September 2018, the Company announced that its wholly owned subsidiary, Caracal Gold Mali SARL, had entered into a joint venture agreement with Mukuyu Resources (Mali) Limited ("Mukuyu") for the exploration and development of the Company's 137km^2 Kossanto West Gold Project in western Mali. Mukuyu is a wholly owned subsidiary of ASX quoted Indiana Resources Limited engaged in the exploration for base and precious metals.

8.4 Prospecting Rights Renewal
In September 2018, further to the application made to the Ministry of Minerals, Energy and Water Resources, the Company was granted two renewed Prospecting Licences to the north of the Mowana Copper Mine in Botswana, along the same Bushman Lineament that hosts the current JORC compliant resource estimate for Mowana.