

30 June 2020

Power Metal Resources plc / EPIC: POW / Market: AIM

Power Metal Resources plc ("POW" or the "Company")

Interim Results

Power Metal Resources plc the AIM listed metals exploration and development company is pleased to announce its unaudited interim results for the six months period ended 31 March 2020.

Operational Highlights

In the Half Year to 31 March 2020:

- POW confirmed its election to earn-in to a 40% project interest at the Molopo Farms Complex project ("MFC Project") in Botswana, with various operational updates and notably the confirmation of high profile nickel sulphide targets for a 2020 drilling programme;
- POW and its Joint Venture ("JV") partner Katoro Gold Plc ("Katoro Gold") (LON:KAT) released an update demonstrating nickel sulphide & laterite, platinum group metals, gold, lithium and rare earth exploration potential at the Haneti Polymetallic Project in Tanzania where POW holds a 25% interest and can acquire a further 10% interest by paying Katoro Gold a further £25,000 by 31 August 2020;
- The Company commenced a pitting and mapping exploration programme at its 70% owned Kisinka copper-cobalt project in The Democratic Republic of the Congo ("DRC") following the identification of a 6.8KM copper anomaly in the Company's licence in 2019;
- A conditional transaction was announced to acquire an earn-in right over the Alamo gold project in Arizona, USA, subject to completion of due diligence;
- A financing was undertaken in December 2019 raising £700,000 for the Company;
- POW directors acquired a further 16,850,000 POW shares investing through participation in the December 2019 POW financing and through the purchase of shares on market at a total cost of £69,488.

After 31 March 2020:

- In April 2020, POW announced the conditional acquisition of a 51% interest in the Ditau project held by Kavango Resources plc (LON:KAV) for £150,000 payable solely through the issue of POW new ordinary shares and subject to satisfactory due diligence;
- POW provided an update on the MFC Project in Botswana including, reflecting the scale of the project and the larger than expected number of high-profile targets, the creation of four target groups *Chipo - Northern Targets, Tshupo - Central Targets, Galaletsang - Southern Targets and Tshenolo - Western Magnetic Targets*;

- With the agreement of all parties and due to Covid-19 disruption the due diligence period at the Alamo gold project in Arizona, USA was extended to 30 June 2020;
- In April 2020 POW announced the creation of a new gold exploration Joint Venture (“JV”) focused on the highly sought-after Victoria Goldfields in Australia and the acquisition of a 49.9% stake in the JV Australian operating company Red Rock Australasia Pty Limited;
- Further project expansion updates were made covering the Australian gold JV and, by June 2020, the JV company had a land package comprising of exploration licence applications covering 1,835 sq km, one of the largest in the Victoria Goldfields area;
- In May 2020 the JV partners POW and Katoro Gold announced commercial updates in respect of the Haneti Polymetallic project in Tanzania confirming expressions of interest from third parties with a view to earn-in, JV or similar. The JV partners are continuing to assess optimisation of the ownership structure for Haneti to reflect third party negotiations;
- POW confirmed safe and successful completion of the Kisinka field programme in the DRC in May 2020 and, subject to Covid-19 restrictions, the advancement to XRF and assay testing of samples to assess copper and cobalt mineralisation;
- The Company released its accounts for the year ended 30 September 2020 in May 2020 with an extension granted by Companies House and the London Stock Exchange due to Covid-19 and related challenges experienced by the Company’s auditors;
- In May 2020 POW released a new corporate presentation and in June 2020 the Company completed and announced a corporate website update and noted its first broker reports with an Initiation Broker Research Note issued by First Equity Limited and a Broker Note covering the Victoria Goldfields by SI Capital Limited;
- Paul Johnson, POW CEO, acquired a further 5,500,000 POW shares through the purchase of shares on market at a total cost of £22,050.

Financial Highlights for the Half Year Ended 31 March 2020:

- Loss for the period, attributable to owners of the parent of £0.24 million (2019: £0.32 million), resulting in a loss per share of 0.05 pence (2019: 0.17 pence); and
- Net assets of £2.0 million at the period end (30 September 2019: £1.6 million).

Statement by Paul Johnson, Chief Executive Officer:

“POW now has a diverse business model, with a new and developing gold joint venture interest in Australia and base metal interests in Africa. As a Company we are targeting large scale metal discoveries and in the Board’s opinion each project interest we hold has the potential to deliver a large-scale discovery or discoveries.

From a corporate perspective POW is still undertaking due diligence on new project opportunities albeit the emphasis now is the operational and corporate development of existing portfolio interests.

For those projects we choose to continue to operate, this will be through active exploration programmes. For those projects where we see corporate development as the best option, this will entail commercialisation transactions to further bolster our financial strength.

Our aim is to have exploration-driven high impact project interests that deliver a consistent flow of news to the market. Underpinning those exploration projects, we want to develop a 'balance sheet' of substance, with a key objective of financial self-sufficiency, so we are not reliant on the market for financings through equity placings. We are making progress on both counts though there is plenty more ongoing work to do.

At this point I would like to thank all POW shareholders for your support. Our sector is generally high risk and our objective of seeking large scale metal discoveries is acutely challenging. However, it is also true that should POW be fortunate enough to make a large-scale metal discovery, as is our objective, we could materially change the lives of our shareholders. To that end, it is a venture worth pursuing and I respect and appreciate all shareholders, large and small, who have placed their trust in POW and are engaged with our developing story."

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

For further information please visit POW <https://www.powermetalresources.com/> or contact:

Power Metal Resources plc

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Notes to Editors:

Power Metal Resources plc (LON:POW) is an AIM listed metals exploration and development company seeking a large scale discovery of precious or base metals.

The Company has a portfolio including key interests in Australia, Botswana, Cameroon, The DRC and Tanzania. The interests represent large scale exploration projects targeting mainly cobalt, copper, gold, nickel and platinum group metals. Project interests range from early stage greenfield exploration to later stage drill ready prospects.

The Board and its team of advisors have expertise in project generation, exploration and development and have identified an opportunity to utilise the Company's position to become a leader in the London market for investors wishing to gain exposure to proactive metals exploration.

POWER METAL RESOURCES PLC
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2020

Note	6 months ended 31-Mar-20 (unaudited) £'000	6 months ended 31-Mar-19 (unaudited) £'000	Year ended 30-Sep-19 (audited) £'000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Operating expenses	(316)	(335)	(668)
Impairment	-	-	(954)
Fair value gains through profit or loss	60	-	36
Loss from operating activities	(256)	(335)	(1,586)
Finance expense	-	-	-
Loss before taxation	(256)	(335)	(1,586)
Taxation	-	-	-
Loss for the period from continuing operations	(256)	(335)	(1,586)
Items that will or may be reclassified to profit or loss			
Exchange translation	(13)	(30)	63
Total other comprehensive expense	(13)	(30)	63
Total other comprehensive expense for the period	(269)	(365)	(1,523)
Loss for the period attributable to:			
Owners of the parent	(246)	(324)	(1,539)
Non-controlling interests	(10)	(11)	(47)
	(256)	(335)	(1,586)
Total comprehensive expense attributable to:			
Owners of the parent	(260)	(354)	(1,466)
Non-controlling interests	(9)	(11)	(57)
	(269)	(365)	(1,523)

Loss per share from continuing operations attributable to the ordinary equity holder of the parent:

Basic and diluted (pence)	4	(0.05)	(0.17)	(0.55)
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**POWER METAL RESOURCES PLC
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	31-Mar-20 (unaudited) £'000	31-Mar-19 (unaudited) £'000	30-Sep-19 (audited) £'000
Assets				
Intangible assets		1,126	2,082	1,126
Financial assets		388	27	309
Non-current assets		1,514	2,109	1,435
Trade and other receivables		282	96	32
Cash and cash equivalents		289	689	171
Current assets		571	785	203
Total assets		2,085	2,894	1,638
Equity				
Share capital	5	7,023	6,833	6,843
Share premium		13,705	13,275	13,228
Capital redemption reserve		5	5	5
Share based payments reserve		1,197	1,192	1,195
Foreign exchange reserve		25	(64)	39
Accumulated losses		(19,776)	(18,315)	(19,530)
		2,179	2,926	1,780
Non-controlling interests		(217)	(162)	(208)
Total equity		1,962	2,764	1,572
Liabilities				
Trade and other payables		123	130	66
Current liabilities		123	130	66

Total liabilities

123

130

66

Total equity and liabilities

2,085

2,894

1,638

POWER METAL RESOURCES PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2020

	Share capita l £'000	Share premi um £'000	Capital redemp tion reserve £'000	Share based payme nt reserv e £'000	Excha nge reserv e £'000	Accumu lated losses £'000	Total £'000	Non- control ling interes ts £'000	Total Equity £'000
Balance at 1 October 2019 (audited)	6,843	13,228	5	1,195	39	(19,530)	1,780	(208)	1,572
Loss for the period	-	-	-	-	-	(246)	(246)	(10)	(256)
Total other comprehensive expense	-	-	-	-	(14)	-	(14)	1	(13)
Total comprehensive expense for the period	-	-	-	-	(14)	(246)	(260)	(9)	(269)
Issue of ordinary shares	180	582	-	-	-	-	762	-	762
Cost of share issues	-	(105)	-	-	-	-	(105)	-	(105)
Share-based payments	-	-	-	2	-	-	2	-	2
	180	477	-	2	-	-	659	-	659
Balance at 31 March 2020 (unaudited)	7,023	13,705	5	1,197	25	(19,776)	2,179	(217)	1,962

POWER METAL RESOURCES PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2019

Balance at 1 October 2018 (audited)	6,606	12,453	5	1,086	(34)	(17,991)	2,125	(151)	1,974
Loss for the year	-	-	-	-	-	(1,539)	(1,539)	(146)	(6,640)
Total other comprehensive expense	-	-	-	-	73	-	73	(5)	(39)
Total comprehensive expense for the period	-	-	-	-	73	(1,539)	(1,466)	(151)	(7,210)
Issue of ordinary shares	237	950	-	-	-	-	1,187	-	1,187
Cost of share issues	-	(93)	-	-	-	-	(93)	-	(93)
Share-based payments	-	(82)	-	109	-	-	27	-	27
	237	775	-	109	-	-	1,121	-	1,121
Balance at 30 September 2019 (audited)	6,843	13,228	5	1,195	39	(19,530)	1,780	(208)	1,572

POWER METAL RESOURCES PLC
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2020

	6 months ended 31-Mar-20 (unaudited) £'000	6 months ended 31-Mar-19 (unaudited) £'000	Year ended 30-Sep-19 (audited) £'000
Cash flows from operating activities			
Loss for the period	(256)	(335)	(1,586)
Adjustments for:			
- Fair value adjustment	(60)	-	(36)
- Expenses financed by shares	147	132	186
- Share based payment expense	2	106	27
- Foreign exchange differences	(14)	-	65
- Impairment of intangible assets	-	-	954
	(181)	(97)	(390)
Changes in working capital:			
- Trade and other receivables	(253)	(57)	8
- Trade and other payables	61	(149)	(209)
Net cash used in operating activities	(373)	(303)	(591)
Cash flows from investing activities			
Purchase of intangibles	-	(15)	(15)
Investment in financial assets at fair value through profit or loss	(19)	(27)	(273)
Net cash used in investing activities	(19)	(42)	(288)
Cash flows from financing activities			
Proceeds from issue of share capital	615	1,001	1,000
Issue costs	(105)	(84)	(93)
Net cash flows from financing activities	510	917	907
Net increase in cash and cash equivalents	118	572	28
Cash and cash equivalents at beginning of period	171	147	147
Exchange loss on cash and cash equivalents	-	(30)	(4)
Cash and cash equivalents at end of period	289	689	171

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

1. Reporting entity

Power Metal Resources plc is a company domiciled in the United Kingdom. The unaudited consolidated interim financial report of the Group as at and for the period ended 31 March 2020 comprises the results of the Company and its subsidiaries. The Group primarily is involved in the exploration and exploitation of mineral resources in Australia, Botswana, Cameroon, the DRC and Tanzania.

2. Basis of preparation

(a) Statement of compliance

As permitted, IAS 34, 'Interim Financial Reporting' has not been applied in this interim report.

The financial information presented in this interim report has been prepared using accounting policies that are expected to be applied in the preparation of the financial statements for the year ending 30 September 2020.

These policies are in accordance with the recognition and measurement principles of International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board as endorsed for use in the European Union, and these principles are disclosed in the Financial Statements for the year ended 30 September 2019.

The interim results have been prepared on a going concern basis. The financial information in this interim report does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The 2020 interim financial report has not been audited.

The Annual Report and Financial Statements for 2019 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2019 was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The interim results were approved by the Board of Directors on 30 June 2020.

(b) Judgements and estimates

Preparing the interim financial report requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2019.

(c) Going concern

The interim financial report has been prepared on a going concern basis. Although the Group's assets are not generating revenues, an operating loss has been reported for the reporting period and an operating loss is expected to be incurred in the 12 months subsequent to the date of this report, the Directors believe, having considered all available information, including the Company's proven ability to raise further equity funds from its supportive shareholder base, that the Group will have sufficient funds to meet its expected committed and contractual expenditure for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the interim financial report for the period ended 31 March 2020.

3. Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2019, except for the adoption of IFRS 16 Leases ("IFRS 16"), adopted on 1 October 2019.

The impact of IFRS 16 has had no material effect on the Group at this stage of the Group's operations.

4. Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary shareholders of the parent of £246,000 (2019: £324,000), and a weighted average number of ordinary shares in issue of 482,714,754 (2019: 191,327,463).

5. Issues of Equity

On 3 December 2019, the Company issued 4,852,125 new ordinary shares of 0.1 pence each to the Vendors of the Alamo Project to enable a 45-day due diligence period.

On 10 December 2019, the Company announced it had raised £700,000 (before costs) through a placing and subscription at a price of 0.40 pence per share through the issue of 175,000,000 new ordinary shares of 0.1 pence each.

As at the period end and at the date of this interim report, the Company had 552,690,226 Ordinary Shares in issue.

****Ends****