African Battery Metals plc / EPIC: ABM / Market: AIM

20 June 2018

African Battery Metals plc ("ABM" or the "Company")
Interim Results

AIM listed African Battery Metals plc is pleased to announce its unaudited interim results for the six months period ended 31 March 2018.

Overview

- Appointed team with proven expertise in African exploration, mining and project generation;
- Positioned to become a primary vehicle on the London market for investors to gain exposure to battery metal commodities, particularly cobalt, lithium, copper and nickel;
- Current focus is on cobalt, with the initial portfolio targeting the Democratic Republic of Congo; and
- Actively evaluating multiple opportunities across Africa to rapidly build portfolio.

FINANCIAL HIGHLIGHTS FOR THE PERIOD

- Loss for the period, attributable to owners of the parent of £0.79 million (2017: £0.78 million loss), resulting in a loss per share of 0.01 pence (2017: 0.04 pence); and
- Net assets of £6.09 million at the period end (30 September 2017: £7.15 million).

CHIEF EXECUTIVE OFFICER'S STATEMENT

Introduction

This has been a very busy period for the Company as we look to become a significant explorer, developer and ultimately producer of battery metals, specifically cobalt, lithium, copper and nickel. The Board, which has proven expertise in African exploration, mining and project generation, recognised the potential for a dedicated London listed vehicle, which could utilise its listing to become a significant participant in the battery metal arena through targeted project generation. The Company was renamed African Battery Metals Plc in January 2018.

Since then, we have been identifying and assessing prospective opportunities in proven jurisdictions to acquire or farm into projects that, with investment and development, have the potential to re-rate quickly and increase shareholder value. As part of this process, we have developed a team and strategic network to facilitate our strategy. This includes Madini Minerals, a shareholder and highly experienced African mining investment and project developer, and Serge Ngandu, a Democratic Republic of the Congo (“DRC”) national and highly qualified and experienced metallurgist. Serge is President of our 70% owned subsidiary in the DRC, ABM Kobald SAS, Serge is also a partner of Madini Minerals. The Company currently has two cobalt projects in the DRC, Kisinka and Sakania, as well as the Ferensola Gold Project in Sierra Leone.

Cobalt in DRC

The Company's current focus is Kisinka, a 53km^2 exploration licence 35-40km east of Lubumbashi, the second-largest city in the DRC. The Board believes it is located on the relevant geology to host cobalt, with seven producing cobalt/copper mines within 30km of the licence; including Ruashi, Etoile, Karakuruku and Luswishi. The Kisinka licence is covered by soil and there is sparse outcrop which means indirect exploration techniques, notably soil sampling (which includes augering) and geophysics are the first exploration tool being utilised by the Company. The Company has acquired 70% of the Kisinka licence through the payment of $100,000, payable in two tranches, the first $50,000 was paid in January 2018 and the second payment is now being initiated. This represents the first of several potential acquisitions, with the objective being to assemble an extensive portfolio of projects at various stages of development.

Exploration work at Kisinka has commenced: a camp has been established and the ground has been surveyed with local geologists, supervised by John Gould, a Madini Minerals geologist. Two auger lines across the licence area have been drilled, one in the south-east of the licence and the second towards to the north-west. Samples from the auger drilling programmes have been dispatched for laboratory analysis and, when the results of the analysis have been received by the Company, we will ascertain the next steps including the potential for a targeted drill programme. Looking ahead, the plan is to conduct a licence wide soil sampling programme on a 100m x 100m grid whilst at the same time collecting magnetic data on the same grid. We then propose to test any anomalies and follow them up with more detailed work, including geophysics and drilling.

The Sakania licence is over 200km to the south-east of Lubumbashi and further from the traditional cobalt copper mining areas of Katanga within the DRC. It was identified because it is currently being targeted by artisanal miners who very frequently provide the first evidence of mineralisation. Sakania represents a low-cost option to be a first mover in a new prospective area.

The DRC is the world's premier cobalt jurisdiction and we are delighted to be building a position in country. Companies currently operating mines in the country include Glencore, China Molybdenum, Zheijiang Huayou Cobalt, Jinchuan, Shalina, ENRC and many others. The largest mines are Glencore's, Mutanda Mining (23,900tpa cobalt[1]), and China Molybdenum's Tenke Fungurume (16,800tpa cobalt[1]). There is currently no other AIM listed cobalt explorer operating in the DRC, which makes ABM a unique investment proposition. As we write this report, we see that Glencore has reached resolution of its dispute with the DRC state miner Gecamines, which is a welcome development in our view.

Gold in Sierra Leone

In Sierra Leone, we continue to look at the optimal path for the development of the Ferensola Gold Project on the back of encouraging, high-grade gold intersections over several targets. Analysis and structural interpretation work based on the data captured from our 9,000m of drilling and the soil sampling programme completed in July 2017, has allowed us to further understand the deposit's potential. We have been examining various options, which have included soliciting expressions of interest for a joint venture or farm-out as the Board is of the view that this will provide a cost-effective means to prove-up the potential inherent value that we believe this project contains.

Outlook

On a wider project generation level, we continue to evaluate multiple projects across Africa to rapidly build our portfolio, capitalise on the battery metal demand fundamentals and deliver value for shareholders. Although our primary focus is cobalt, the Board continues to assess additional exploration projects within the wider battery metal arena.

During the period we undertook several corporate initiatives including a restructuring of the Board. We also raised additional capital to implement our strategy and I would like to take this opportunity to thank investors for their support and endorsement of what we believe to be an exciting strategy.

With an established team of international and African based personnel, I believe the Company now possesses the right ingredients to leverage and create a successful investment grade vehicle and I look forward to updating the market on progress moving forward. I would like to thank all our employees for their hard work and commitment as we enter the next stage in our development.

Roger Murphy
Chief Executive Officer

20 June 2018

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 https://www.abmplc.com/ or contact:

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[1] Source: Darton Commodities Ltd Cobalt Market Review 2017-18, 2017 production estimates

AFRICAN BATTERY METALS PLC
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 March 2018

	Note	6 months ended 31-Mar-18 (unaudited) £'000	6 months ended 31-Mar-17 (unaudited) £'000	Year ended 30-Sep-17 (audited) £'000
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administrative expenses		(881)	(780)	(3,312)
Results from operating activities		(881)	(780)	(3,312)
Finance costs		(5)	-	(633)
Loss before taxation		(886)	(780)	(3,945)
Taxation		-	-	-
Loss for the period		(886)	(780)	(3,945)
Other comprehensive (loss)/Income				
Exchange translation		(81)	82	(41)
Total other comprehensive loss for the period		(967)	(698)	(3,986)
Loss for the period attributable to:				
Owners of the parent		(790)	(780)	(3,945)
Non-controlling interests		(96)	-	-
		(886)	(780)	(3,945)
Total comprehensive loss attributable to:				
Owners of the parent		(863)	(698)	(3,986)
Non-controlling interests		(104)	-	-
		(967)	(698)	(3,986)
Loss per share attributable to the ordinary equity holder of the parent:				
Basic and diluted (pence)	**5**	(0.01)	(0.04)	(0.18)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2018

	Notes	31-Mar-18 (unaudited) £'000	31-Mar-17 (unaudited) £'000	30-Sep-17 (audited) £'000
Assets				
Property, plant and equipment		98	206	141
Intangible assets		5,578	6,155	5,661
Non-current assets		5,676	6,361	5,802
Trade and other receivables		69	66	111
Cash and cash equivalents		601	923	180
Current assets		670	989	291
Total assets		6,346	7,350	6,093
Equity				
Share capital	**6**	6,534	5,426	6,330
Share premium		10,399	8,521	9,049
Warrant reserve		437	197	365
Share based payments reserve		648	648	648
Foreign exchange reserve		458	654	531
Capital redemption reserve		5	-	-
Retained deficit		(12,287)	(8,292)	(11,497)
		6,194	7,154	5,426
Non-controlling interests		(104)	-	-
		6,090	7,154	5,426
Liabilities				
Trade and other payables		220	183	519
Deferred Consideration		36	-	-
Short term borrowings		-	13	15
Derivative financial liability		-	-	133
Current liabilities		256	196	667
Total liabilities		256	196	667
Total equity and liabilities		6,346	7,350	6,093

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 March 2018

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Warrant reserve £'000	Share based payment reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total £'000	Non-controlling interests £'000	Total Equity £'000
Balance at 1 October 2017 (audited)	6,330	9,049	-	365	648	531	(11,497)	5,426	-	5,426
Loss for the period	-	-	-	-	-	-	(790)	(790)	(96)	(886)
Total other comprehensive income	-	-	-	-	-	(73)	-	(73)	(8)	(81)
Total comprehensive income / (expense) for the period	-	-	-	-	-	(73)	(790)	(863)	(104)	(967)
Issue of ordinary shares	209	1,741	-	72	-	-	-	2,022	-	2,022
Cost of share issues	-	(130)	-	-	-	-	-	(130)	-	(130)
Cancellation of shares	(5)	(261)	5	-	-	-	-	(261)	-	(261)
	204	1,350	5	72	-	-	-	1,631	-	1,631
Balance at 31 March 2018 (unaudited)	6,534	10,399	5	437	648	458	(12,287)	6,194	(104)	6,090

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Warrant reserve £'000	Share based payment reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total Equity £'000
Balance at 1 October 2016 (audited)	4,114	7,422	152	197	648	572	(7,552)	5,553
Loss for the period	-	-	-	-	-	-	(780)	(780)
Total other comprehensive income	-	-	-	-	-	82	-	82
Total comprehensive income / (expense) for the period	-	-	-	-	-	82	(780)	(698)
Issue of ordinary shares	1,312	1,270	(152)	-	-	-	-	2,430
Cost of share issues	-	(171)	-	-	-	-	-	(171)
Share-based payments	-	-	-	-	-	-	40	40
	1,312	1,099	(152)	-	-	-	40	2,299
Balance at 31 March 2017 (unaudited)	5,426	8,521	-	197	648	654	(8,292)	7,154

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 September 2017

	Share capital £'000	**Share premium £'000**	**Shares to be issued £'000**	**Warrant reserve £'000**	**Share based payment reserve £'000**	**Exchange reserve £'000**	**Retained deficit £'000**	**Total Equity £'000**
Balance at 1 October 2016 (audited)	4,114	7,422	152	197	648	572	(7,552)	5,553
Loss for the period	-	-	-	-	-	-	(3,945)	(3,945)
Total other comprehensive income	-	-	-	-	-	(41)	-	(41)
Total comprehensive income / (expense) for the period	-	-	-	-	-	(41)	(3,945)	(3,986)
Issue of ordinary shares	2,064	1,882	-	168	-	-	-	4,114
Issue of shares held for issue	152	-	(152)	-	-	-	-	-
Cost of share issues	-	(255)	-	-	-	-	-	(255)
	2,216	1,627	(152)	168	-	-	-	3,859
Balance at 30 September 2017 (audited)	6,330	9,049	-	365	648	531	(11,497)	5,426

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 March 2018

	6 months ended 31-Mar-18 (unaudited) £'000	6 months ended 31-Mar-17 (unaudited) £'000	Year ended 30-Sep-17 (audited) £'000
Cash flows from operating activities			
Results from operating activities:	(886)	(780)	(3,945)
- Depreciation	38	53	90
- Expenses financed by shares	259	87	175
- Share based payment transaction	-	40	-
- Impairment of fixed assets	-	-	15
- Foreign exchange differences	1	(4)	13
- Loss on derivative	-	-	633
	(588)	(604)	(3,019)
Changes in:			
- trade and other receivables	40	(6)	(55)
- trade and other payables	(268)	(287)	55
Net cash from operating activities	(816)	(897)	(3,019)
Cash flows from investing activities			
Acquisition of property, plant and equipment	-	(72)	(70)
Purchase of intangibles	-	(355)	-
Net cash used in investing activities	-	(427)	(70)
Cash flows from financing activities			
Proceeds from issue of share capital	1,500	2,335	3,939
Issue costs	(130)	(171)	(255)
Funds applied to short term loans	-	(18)	(16)
Loan under equity agreement	(133)	-	(500)
Net cash flows from financing activities	1,237	2,146	3,168
Net increase in cash and cash equivalents	421	822	79
Cash and cash equivalents at beginning of period	180	101	101
Cash and cash equivalents at end of period	601	923	180

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

1. Reporting entity

African Battery Metals plc (the "Company") is a company domiciled in the United Kingdom. The unaudited condensed consolidated interim financial report of the Company as at and for the period ended 31 March 2018 comprises the results of the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the exploration and exploitation of mineral resources in the Democratic Republic of the Congo ("DRC") and in Sierra Leone.

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 2018.

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 2017.

The interim financial report has 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 2018 interim financial report has not been audited or reviewed.

The Annual Report and Financial Statements for 2017 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2016 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

This condensed consolidated interim financial report was approved by the Board of Directors on 19 June 2018.

(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 condensed 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 2017.

(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 2018.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed 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 2017.

4. Dividends

No dividends were declared or paid during the period (2017: £nil).

5. 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 £0.79 million (2017: £0.78 million) and a weighted average number of ordinary shares in issue of 5,817,108,493 (2017: 1,858,339,160).

6. Issues of Equity

In October 2017, the Company issued 152,977,298 new ordinary shares to Equity Drilling Ltd, based upon a price of 0.1p each. This was in final settlement for completion of the Phase 3 drilling as part of the Ferensola gold project.

In December 2017, the Company completed, subject to shareholder approval, a placing of 3,000,000,000 new Ordinary Shares, and a subscription of 500,000,000 new Ordinary Shares at a price of 0.05p. The net proceeds were used to capitalise a new subsidiary, ABM Kobald SAS, in the DRC, 70% owned by ABM and 30% by the vendor holding the DRC cobalt licence ("Cobalt Licence"); to provide working capital to commence systematic geological exploration work under the Cobalt Licence; to buy back 532,438,356 of its shares; to provide working capital to Blue Horizon, its wholly owned subsidiary in Sierra Leone; to assess other cobalt-copper opportunities in DRC; and for general working capital purposes.

In December 2017, the Company purchased 532,438,356 of its own ordinary shares of 0.001p each, having received approval from its shareholders at a general meeting, at a price of 0.05p. These shares were subsequently cancelled in January 2018.

In May 2018, the Company issued 5,000,000 new ordinary shares in settlement of an invoice to a consultant to the value of £2,500.

As at the period end, the Company had 6,450,536,315 Ordinary Shares in issue. At the date of this interim report, the Company has 6,455,536,315 Ordinary Shares in issue.

****Ends****