26 August 2020

Kropz Plc
(“Kropz” or the “Company”)

Unaudited Half Year Results for the Six Months ended 30 June 2020

Kropz plc (AIM: KRPZ), an emerging African explorer and developer of plant nutrient feed minerals, and its subsidiaries (the “Group”) announces its unaudited results for the six months ended 30 June 2020.

The financial report is available online at the Company's website **www.kropz.com**.

Key financial indicators

- Cash at 30 June 2020 of US$ 21 million (as at 31 December 2019 US$ 16 million);
- trade and other payables at 30 June 2020 of US$ 2 million (as at 31 December 2019 US$ 2 million); and
- property, plant, equipment and exploration assets of US$ 125 million as at 30 June 2020 (as at 31 December 2019 US$ 145 million). Value for the period to 30 June 2020 decreased by US$ 20 million predominantly due to translation and devaluation of ZAR against the US$.

Key corporate and operational developments during the period

Corporate

- Completion of an equity placing to an existing investor and two directors for GBP 304,092 (before expenses) (approximately US$ 353,595) (“the Placing”) on 1 June 2020;
- completion of an open offer to existing shareholders to raise up to a further US$ 4 million (before expenses) (“Open Offer”). The Open Offer closed on 26 June 2020 and raised GBP 1,744,870 (before expenses) (approximately US$ 2,163,639); and
- first drawdown under the ARC Fund (“ARC”) convertible loan facility of US$ 10 million was settled by way of issue of 130,199,604 new ordinary shares. US$ 30 million of the convertible loan facility remains to be drawn down.

Elandsfontein

- Kropz secured the convertible loan facility of up to US$ 40 million (not exceeding a maximum of ZAR 680 million) from ARC, Kropz’s major shareholder in June 2020 for the development of Elandsfontein. The first drawdown on the convertible loan facility occurred on 26 June 2020 for US$ 10 million;
- Kropz Elandsfontein (Pty) Ltd (“Kropz Elandsfontein”) renegotiated and amended the BNP Paribas SA (“BNP”) US$ 30 million project finance facility in June 2020, extending the first capital repayment to 31 December 2022, and quarterly thereafter to 30 September 2024. The amended agreement caters for an interest rate of 6.5% plus US LIBOR, up to project completion (expected to be December 2022) and 4.5% plus US LIBOR thereafter, payable quarterly. The BNP facility remains fully drawn;
- on-going test work results have been used to finalise detailed design inputs for the Elandsfontein Optimisation Project (the “Project”);
- an engineering, procurement, and construction management contract for the Project has been awarded to DRA Projects SA (Pty) Ltd; and
- orders have been placed for several long lead items, including stacked screens and flotation cells.

Hinda

- Kropz concluded a competitive tender for the updating of the Hinda feasibility study;
- Republic of Congo (“RoC”) Government approval of the new terms of reference for the updated Environmental and Social Impact Assessment; and

- advancement of the port occupation agreement with the Port Authority of Pointe-Noire.

Aflao

- Kropz decided to divest its interests in Aflao and is currently in consultation with the project's other shareholders regarding the implementation of this decision, which may include other shareholders taking up the Company's interest; and
- the Company will not be providing any further funding towards Aflao.

Key corporate and operational developments post period end

Corporate

- Mark Summers appointed as the Company's Chief Executive Officer ("CEO"); and
- conditional share awards granted over ordinary shares in the Company to key members of the executive management team, including certain Persons Discharging Managerial Responsibilities ("PDMRs").

Elandsfontein

- The Project is advancing according to schedule; despite on-going national lockdown as a result of COVID-19; and
- Kropz Elandsfontein was notified that the Water Tribunal ("Tribunal") hearing against Elandsfontein's valid integrated water use licence was set for 3 to 5 September 2020 for three days. The Tribunal will be resumed following a postponement, ordered by the Chairperson of the Tribunal, following COVID-19 concerns. Subsequent South African government guidelines prohibited the Tribunal from reconvening since March 2020.

Hinda

- Hatch, a leading global engineering and construction firm, was appointed to conduct a focussed assessment on the export logistics capacity for the Hinda project, at the proposed port site in Pointe-Noire; and
- results of the logistics study will enable Kropz to determine the capacity for the first phase of the mining and beneficiation plant at Hinda.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) no 596/2014.

For further information visit www.kropz.com **or contact:**

Kropz Plc	
Mark Summers (CEO)	+27 (0)79744 8708
Grant Thornton UK LLP	**Nominated Adviser**
Samantha Harrison	+44 (0) 20 7383 5100
Niall McDonald	
Hannam & Partners	**Joint Broker**
Andrew Chubb	+44 (0)20 7907 8500
Ernest Bell	
Mirabaud Securities Ltd	**Joint Broker**
Rory Scott	+44 (0)20 3167 7220

Edward Haig-Thomas +44 (0)20 3167 7222

Tavistock **Financial PR & IR (UK)**
Emily Moss +44 (0) 207 920 3150
Jos Simson kropz@tavistock.co.uk
Oliver Lamb

R&A Strategic Communications PR (South Africa)
James Duncan +27 (0)11 880 3924
james@rasc.co.za

About Kropz plc

Kropz is an emerging African explorer and developer of plant nutrient feed minerals with phosphate projects in South Africa and the RoC. The vision of the Group is to become a leading independent phosphate rock producer and to develop into an integrated, mine-to-market plant nutrient company focusing on sub-Saharan Africa.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	30 June 2020 Unaudited US$'000	31 December 2019 Audited US$'000
Non-current assets			
Property, plant, equipment and mine development	7	86,004	105,224
Exploration assets	8	39,442	40,192
Right-of-use assets		57	37
Other financial assets		1,249	1,534
		126,752	146,987
Current assets			
Inventories		706	875
Trade and other receivables		411	329
Cash and cash equivalents		20,999	15,530
		22,116	16,734
TOTAL ASSETS		**148,868**	**163,721**
Current liabilities			
Trade and other payables		2,364	1,536
Lease liabilities		36	19
Other financial liabilities	12	395	29,982
Current taxation		634	174
Other tax liabilities		-	451
		3,429	32,162
Non-current liabilities			
Shareholder loans	11	15,511	14,701
Lease liabilities		24	21
Other financial liabilities	12	30,114	-
Provisions		3,128	3,702
		48,777	18,424

TOTAL LIABILITIES		**52,206**	**50,586**
NET ASSETS		**96,662**	**113,135**
Shareholders' equity			
Share capital	9	548	363
Share premium	9	159,341	147,339
Merger reserve		(20,523)	(20,523)
Foreign exchange translation reserve		(10,441)	53
Share-based payment reserve		162	167
Accumulated losses		(23,467)	(12,536)
Total equity attributable to the owners of the Company		105,620	114,863
Non-controlling interests		(8,958)	(1,728)
		96,662	**113,135**

The accompanying notes form part of the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	**Six months ended 30 June 2020 Unaudited US$'000**	**Six months ended 30 June 2019 Unaudited US$'000**
Revenue		-	-
Other income		19	3
Operating expenses		(3,257)	(4,475)
Operating loss		**(3,238)**	**(4,472)**
Finance income	13	770	882
Finance expense	14	(11,670)	(2,186)
Impairment losses	15	-	(48,900)
Loss before taxation		**(14,138)**	**(54,676)**
Taxation	16	(583)	(246)
Loss after taxation		**(14,721)**	**(54,922)**
Loss attributable to:			
Owners of the Company		(10,931)	(40,573)
Non-controlling interests		(3,790)	(14,349)
		(14,721)	**(54,922)**
Loss for the period		(14,721)	(54,922)
Other comprehensive income:			

	Note		
Items that may be subsequently reclassified to profit or loss			
- Exchange differences on translation of parent company financial statements from functional to presentation currency		140	70
- Exchange differences on translating foreign operations		(14,074)	1,268
Total comprehensive loss		**(28,655)**	**(53,584)**
Attributable to:			
Owners of the Company		(21,425)	(39,527)
Non-controlling interests		(7,230)	(14,057)
		(28,655)	**(53,584)**
Loss per share attributable to owners of the Company:			
Basic and diluted (US cents)	17	(3.80)	(15.39)

The accompanying notes form part of the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Foreign currency translation reserve US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total attributable to owners US$'000	Non-controlling interest US$'000	Total equity US$'000
Unaudited – six months ended 30 June 2020									
Balance at 1 January 2020	**363**	**147,339**	**(20,523)**	**53**	**167**	**(12,536)**	**114,863**	**(1,728)**	**113,135**
Total comprehensive loss for the period	-	-	-	(10,494)	-	(10,931)	(21,425)	(7,230)	(28,655)
Issue of shares	185	12,332	-	-	-	-	12,517	-	12,517
Cost of issuing shares	-	(320)	-	-	-	-	(320)	-	(320)
Issue of warrants	-	(10)	-	-	10	-	-	-	-
Share based payment charges	-	-	-	-	(15)	-	(15)	-	(15)
Transactions with owners	**185**	**12,002**	**-**	**-**	**(5)**	**-**	**12,182**	**-**	**12,182**
Balance at 30 June 2020	**548**	**159,341**	**(20,523)**	**(10,441)**	**162**	**(23,467)**	**105,620**	**(8,958)**	**96,662**
Unaudited – six months ended 30 June 2019									
Balance at 1 January 2019	**335**	**142,026**	**(20,523)**	**(1,226)**	**-**	**(6,255)**	**114,357**	**1,138**	**115,495**
Total comprehensive	-	-	-	1,046	-	(40,573)	(39,527)	(14,057)	(53,584)

profit / (loss) for the period									
Issue of shares	28	1,101	-	-	-	-	1,129	-	1,129
Acquisition of non-controlling interests	-	-	-	-	-	9	9	(425)	(416)
Transactions with owners	**28**	**1,101**	**-**	**-**	**-**	**9**	**1,138**	**(425)**	**713**
Balance at 30 June 2019	**363**	**143,127**	**(20,523)**	**(180)**	**-**	**(46,819)**	**75,968**	**(13,344)**	**62,624**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June 2020 Unaudited US$'000	**Six months ended 30 June 2019 Unaudited US$'000**
Cash flows from operating activities		
Loss before taxation	(14,138)	(54,676)
Adjustments for:		
Depreciation of property, plant and equipment	401	463
Amortisation of right-of-use assets	8	-
Impairment losses	-	48,900
Share-based payment credit	(15)	-
Finance income	(770)	(214)
Finance costs	1,528	2,186
Debt modification loss	938	-
Foreign currency exchange differences	8,869	24
Fair value loss on game animals	36	-
Operating cash flows before working capital changes	(3,143)	(3,341)
Decrease / (increase) in trade and other receivables	1,402	(814)
(Increase) / decrease in inventories	(6)	1
(Increase / (decrease) in payables	468	(8,386)
(Decrease) / increase in other tax liabilities	(338)	-
Decrease in amounts due from related parties	-	5
(Decrease) in provisions	(453)	-
	(2,070)	(12,511)
Income taxes paid	(86)	(17)
Net cash flows used in operating activities	**(2,156)**	**(12,528)**
Cash flows used in investing activities		
Purchase of property, plant and equipment	(1,132)	(5)
Exploration and evaluation expenditure	(127)	(49)
Finance income received	770	214
Net cash flows (used by) / from investing activities	**(489)**	**160**
Cash flows from financing activities		
Finance costs paid	(1,088)	(2,186)
Repayment of lease liabilities	(8)	-
Other financial liabilities received / (repaid)	34	(708)
Issue of ordinary share capital	12,517	710
Costs of share issues	(320)	-

Net cash flows from / (used in) financing activities	**11,135**	**(2,184)**
Net increase / (decrease) in cash and cash equivalents	**8,490**	**(14,552)**
Cash and cash equivalents at beginning of the period	15,530	30,457
Foreign currency exchange (losses) / gains on cash	(3,021)	656
Cash and cash equivalents at end of the period	**20,999**	**16,561**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. General information

Kropz plc and its subsidiaries is an emerging African explorer and developer of plant nutrient feed phosphate projects in South Africa and the RoC. The principal activity of the Company is that of a holding company for the Group, as well as performing all administrative, corporate finance, strategic and governance functions of the Group.

The Company was incorporated on 10 January 2018 and is a public limited company, with its ordinary shares admitted to the AIM Market of the London Stock Exchange on 30 November 2018 trading under the symbol, "KRPZ". The Company is domiciled in England and incorporated and registered in England and Wales. The address of its registered office is 35 Verulam Road, Hitchin, SG5 1QE. The registered number of the Company is 11143400.

The Company entered into a number of agreements during 2018 to acquire phosphate assets and in turn become the holding company of the Group with interests in Ghana, South Africa and the RoC.

2. Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and in accordance with the accounting policies of the consolidated financial statements for the year ended 31 December 2019. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 annual report. The statutory financial statements for the year ended 31 December 2019 were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), taking account of interpretations by the International Financial Reporting Interpretations Committee ("IFRIC") as applicable in the European Union and in accordance with the requirements of the Companies Act 2006. They have been filed with the Registrar of Companies. The auditors reported on those financial statements; their Audit Report was unqualified but included a material uncertainty related to going concern.

The interim consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in the accounting policies. They are presented in United States Dollars, the presentation currency of the Group and figures have been rounded to the nearest thousand.

The interim financial information is unaudited and does not constitute statutory accounts as defined in the Companies Act 2006.

The interim financial information was approved and authorised for issue by the Board of Directors on 25 August 2020.

3. Significant events

The World Health Organization declared coronavirus and COVID-19 a global health emergency on 30 January 2020 which is having a markedly negative impact on global stock markets, currencies and general business activity. The Kropz Elandsfontein project is advancing according to schedule, despite an on-going national lockdown as a result of COVID-19. The directors have considered the impact of COVID-19 on the Group and do not believe that it has had a material impact on carry values and results.

4. Going concern

Cash and cash equivalents totalled US$ 21.0 million as at 30 June 2020. The Group has no current source of operating revenue and is therefore dependent on existing cash resources and future fundraisings to meet overheads and future exploration requirements as they fall due.

In May 2020, Kropz entered into a convertible loan facility of up to US$ 40 million (not exceeding a maximum of ZAR 680 million) with ARC, the Company's major shareholder. This convertible loan facility is expected to bring the Company's Elandsfontein project, into production in Q4 2021. The equity facility is ringfenced in Kropz Elandsfontein and the Kropz group does not have access to the US$ 40 million and ZAR 200 million currently locked up by BNP in the accounts of Kropz Elandsfontein. As of 30 June, ARC Fund had provided a ZAR equivalent of US$ 10 million. In due course, the ZAR 200 million ringfenced by BNP will be released and utilised towards funding the construction and completion of Elandsfontein.

Kropz Elandsfontein renegotiated and amended the BNP US$ 30 million project finance facility in June 2020, extending the first capital repayment to 31 December 2022, and quarterly thereafter to 30 September 2024. Entering into and closing the amended facility agreement with BNP removed the technical default announced to shareholders in February 2020.

The directors have reviewed the overall position and outlook in respect of the matters identified above and have prepared a cash flow forecast for the Company and Group which indicates that the Company will need to raise further funds in the second half of 2021 for working capital purposes and to progress the Hinda project. Management has been successful in raising funds in the past and the directors consider it to be appropriate to prepare the Company and Group financial statements on a going concern basis. However, there is no certainty that adequate funds will be available when needed and the COVID-19 pandemic may adversely impact on the ability of the Group to raise the necessary funding. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

5. Significant accounting policies

The Company has applied the same accounting policies, presentation, methods of computation, significant judgements and the key sources of estimation of uncertainties in its interim consolidated financial statements as in its audited financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

New standards, interpretations and amendments adopted by the Group

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

6. Segment information

Operating segments
Up to the date of approval of the financial information for the period ended 30 June 2020, the Board of Directors considered that the Group had one operating segment, being that of phosphate mining and exploration. Accordingly, all revenues, operating results, assets and liabilities are allocated to this activity.

Geographical segments
Since the acquisition of the interest in Kropz SA (Pty) Limited ("Kropz SA"), Kropz Elandsfontein, Elandsfontein Land Holdings (Pty) Ltd ("Elandsfontein Land Holdings"), all based in South Africa, and Cominco Resources Limited ("Cominco Resources") and its subsidiaries, with assets predominantly in the RoC, in November 2018, the Group operates in two principal geographical areas – South Africa and the RoC.

The Group's non-current assets by location of assets are detailed below.

30 June 2020	South Africa US$'000	RoC US$'000	Group US$'000
Total non-current assets	87,335	39,417	**126,752**

31 December 2019	South Africa US$'000	RoC US$'000	Group US$'000
Total non-current assets	106,851	40,136	**146,987**

7. Tangible assets – Property, plant, equipment and mine development

	30 June 2020 US$'000	31 December 2019 US$'000
Buildings and infrastructure		
Land		
Cost	1,750	2,159
Accumulated depreciation and impairment	-	-
Carrying value	1,750	2,159
Buildings		
Cost	9,311	11,489
Accumulated depreciation and impairment	(9)	(9)
Carrying value	9,302	11,480
Capitalised road costs		
Cost	7,467	9,214
Accumulated depreciation and impairment	(1,991)	(2,150)
Carrying value	5,476	7,064
Capitalised electrical sub-station costs		
Cost	3,240	3,998
Accumulated depreciation and impairment	(792)	(844)
Carrying value	2,448	3,154
Machinery, plant and equipment		
Critical spare parts		
Cost	983	1,213
Accumulated depreciation and impairment	-	-
Carrying value	983	1,213

Plant and machinery		
Cost	46,287	56,357
Accumulated depreciation and impairment	(63)	(73)
Carrying value	46,224	56,284
Furniture & fittings		
Cost	36	45
Accumulated depreciation and impairment	(34)	(42)
Carrying value	2	3
Geological equipment		
Cost	40	49
Accumulated depreciation and impairment	(40)	(49)
Carrying value	-	-
Office equipment		
Cost	29	36
Accumulated depreciation and impairment	(12)	(12)
Carrying value	17	24
Other fixed assets		
Cost	1	1
Accumulated depreciation and impairment	(1)	(1)
Carrying value	-	-
Motor vehicles		
Cost	108	133
Accumulated depreciation and impairment	(107)	(127)
Carrying value	1	6
Computer equipment		
Cost	36	44
Accumulated depreciation and impairment	(34)	(39)
Carrying value	2	5
Mine development		
Cost	17,014	20,354
Accumulated depreciation and impairment	-	-
Carrying value	17,014	20,354
Stripping activity costs		
Cost	2,646	3,265
Accumulated depreciation and impairment	-	-
Carrying value	2,646	3,265
Game animals		
Cost	139	213
Accumulated depreciation and impairment	-	-
Carrying value	139	213
Total	**86,004**	**105,224**

Reconciliation of property, plant, equipment and mine development – Period ended 30 June 2020

	Opening Balance US$'000	Additions US$'000	Fair value loss US$'000	Depreciation charge US$'000	Foreign exchange gain/loss US$'000	Closing balance US$'000
Buildings and infrastructure						
Land	2,159	-	-	-	(409)	**1,750**
Buildings	11,480	-	-	(1)	(2,177)	**9,302**
Capitalised road costs	7,064	-	-	(265)	(1,323)	**5,476**
Capitalised electrical sub-station costs	3,154	-	-	(116)	(590)	**2,448**
Machinery, plant and equipment						
Critical spare parts	1,213	-	-	-	(230)	**983**
Plant and machinery	56,284	613	-	(9)	(10,664)	**46,224**
Furniture & fittings	3	-	-	(1)	-	**2**
Geological equipment	-	-	-	-	-	**-**
Office equipment	24	-	-	(3)	(4)	**17**
Motor vehicles	6	-	-	(4)	(1)	**1**
Computer equipment	5	-	-	(2)	(1)	**2**
Mine development	20,354	519	-	-	(3,859)	**17,014**
Stripping activity costs	3,265	-	-	-	(619)	**2,646**
Game animals	213	-	(36)	-	(38)	**139**
Total	**105,224**	**1,132**	**(36)**	**(401)**	**(19,915)**	**86,004**

Reconciliation of property, plant, equipment and mine development – Year ended 31 December 2019

	Opening Balance US$'000	Additions US$'000	Fair value loss US$'000	Depreciation charge US$'000	Foreign exchange gain/loss US$'000	Closing balance US$'000
Buildings and infrastructure						
Land	2,108	-	-	-	51	**2,159**
Buildings	11,210	-	-	(3)	273	**11,480**
Capitalised road costs	7,497	-	-	(597)	164	**7,064**
Capitalised electrical sub-station costs	3,339	-	-	(259)	74	**3,154**
Machinery, plant and equipment						
Critical spare parts	1,185	-	-	-	28	**1,213**
Plant and machinery	54,262	713	-	(5)	1,314	**56,284**

Furniture & fittings	4	-	-	(1)	-	**3**
Geological equipment	1	-	-	(1)	-	**-**
Office equipment	27	-	-	(4)	1	**24**
Other fixed assets	1	-	-	-	(1)	**-**
Motor vehicles	24	-	-	(18)	-	**6**
Computer equipment	5	5	-	(6)	1	**5**
Mine development	18,724	1,177	-	-	453	**20,354**
Stripping activity costs	3,188	-	-	-	77	**3,265**
Game animals	251	-	(44)	-	6	**213**
Total	**101,826**	**1,895**	**(44)**	**(894)**	**2,441**	**105,224**

Kropz Elandsfontein has a fully drawn down project financing facility with BNP for US$ 30 million. BNP has an extensive security package over all the assets of Kropz Elandsfontein and Elandsfontein Land Holdings as well as the share investments in those respective companies owned by Kropz SA.

8. Intangible assets - exploration and evaluation costs

	30 June 2020 US$'000	31 December 2019 US$'000
Capitalised exploration costs		
Cost	39,442	40,192
Amortisation and impairment	-	-
Carry value	**39,442**	**40,192**

Reconciliation of exploration assets

	Opening Balance US$'000	Additions US$'000	Foreign exchange loss US$'000	Closing balance US$'000
Period ended 30 June 2020				
Capitalised exploration costs	40,192	127	(877)	**39,442**

Reconciliation of exploration assets

	Opening Balance US$'000	Additions US$'000	Foreign exchange loss US$'000	Closing balance US$'000
Year ended 31 December 2019				
Capitalised exploration costs	40,772	289	(869)	**40,192**

The costs of mineral resources acquired and associated exploration and evaluation costs are not subject to amortisation until they are included in the life-of-the-mine plan and production has commenced.

Where assets are dedicated to a mine, the useful lives are subject to the lesser of the asset category's useful life and the life of the mine, unless those assets are readily transferable to another productive mine. In accordance with the requirements of IFRS 6, the directors assessed whether there were any indicators of impairment. No indicators were identified.

9. Share capital

Shares were issued during the period as set out below:

	Number of shares	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Total US$'000
For the six months ended 30 June 2020					
At 31 December 2019	**283,406,307**	**363**	**147,339**	**(20,523)**	**127,179**
Placing of shares	4,505,060	5	350	-	355
Convertible loan – issue of shares	130,199,604	148	9,852	-	10,000
Open offer – issue of shares	25,849,920	32	2,130	-	2,162
Cost of issuing shares	-	-	(320)	-	(320)
Issue of warrants	-	-	(10)	-	(10)
As at 30 June 2020	**443,960,891**	**548**	**159,341**	**(20,523)**	**139,366**
For the year ended 31 December 2019					
At 31 December 2018	**261,881,253**	**335**	**142,026**	**(20,523)**	**121,838**
Issue of shares to advisers	1,357,080	2	708	-	710
Issue of shares on compulsory redemption of Cominco Resources minorities	803,315	1	418	-	419
Placing of shares	19,364,659	25	4,248	-	4,273
Warrants issued	-	-	(30)	-	(30)
Cost of issuing shares	-	-	(31)	-	(31)
As at 31 December 2019	**283,406,307**	**363**	**147,339**	**(20,523)**	**127,179**

The changes to the issued share capital of the Company which occurred between 1 January 2020 and 30 June 2020 were as follows:

Placing of shares

On 1 June 2020, the Company placed a total of 4,505,060 shares to an existing investor and two directors (300,000 shares were placed with Lord Robin Renwick and 30,000 with Mark Summers) at a price of 6.75 pence per ordinary share for a total cash consideration of GBP 304,092 (before expenses) (equal to approximately US$ 353,595).

Open offer shares

In terms of an Open Offer, the Company issued a total of 25,849,920 shares on 26 June 2020 at 6.75 pence per ordinary share for a total cash consideration of GBP 1,744,870 (before expenses) (equal to approximately US$ 2,163,639).

ARC subscribed for 25,481,482 Open Offer Shares on the same terms (equal to approximately US$ 2,132,801). Mark Summers subscribed for 50,000 Open Offer shares.

Convertible loan facility

In addition to the Placing and Open Offer, the Group secured a convertible loan facility from ARC, Kropz's major shareholder, in June 2020 for the development of Elandsfontein. The first drawdown on the convertible loan facility occurred on 26 June 2020 for US$ 10 million. Under the terms of the convertible loan facility, ARC committed to provide up to a ZAR equivalent of US$ 40 million (ZAR 680 million) to the Company which will be converted into new ordinary shares. The convertible loan facility will be used exclusively for Kropz Elandsfontein's purposes.

In June 2020, the Company made its first quarterly drawdown request in terms of the convertible loan facility. The first drawdown which was for US$ 10 million was paid by way of issue of 130,199,604 new ordinary shares at the issue price of 6.75 pence per ordinary share to ARC on 26 June 2020. The next drawdown of the convertible loan facility is expected to be made on 10 September 2020 and quarterly thereafter, in line with the terms of the convertible loan facility.

Share-based payment arrangements

Employee Share Option Plan and Long-Term Incentive Plan

The Company issued a total of 8,190,355 share options during the period ended 31 December 2018. Ian Harebottle resigned on 29 February 2020 and the 3,362,909 executive share option plan ("ESOP") options awarded to him lapsed and expired on that date. Accordingly, a total of 4,827,746 options were outstanding as at 30 June 2020.

The charge to profit and loss was US$ 39,000 (31 December 2019: US$ 137,000) and US$ 54,000 previously charged to profit and loss was reversed on the lapse of options.

Equity warrants

As part of the convertible loan facility and fundraising described above, Kropz granted 121,837 warrants over the ordinary shares of 0.1 pence each in the Company, exercisable at 6.75 pence apiece for a period of two years from 31 July 2020. The warrants were valued at the year-end using a Black-Scholes valuation model. The charge to the share premium account during the year was US$ 10,000 (31 December 2019: US$ 30,000).

As at 30 June 2020, 1,321,837 equity warrants were in place (31 December 2019: 1,200,000 equity warrants).

10. Key management personnel remuneration

The remuneration for each Director and Key Management Personnel of the Group during the period was as follows:

		Short-Term Benefits		
Period ended 30 June 2020	**Base Salary US$**	**Bonus US$**	**Options US$**	**Total US$**
Executive directors				
Ian Harebottle	197,432	-	(54,322)[(i)]	143,110
Mark Summers	123,915	-	27,161	151,076
	321,347	**-**	**(27,161)**	**294,186**
Non-executive directors				
Lord Robin Renwick	24,656	-	-	24,656
Linda Beal	23,063	-	-	23,063
Mike Daigle	18,492	-	-	18,492
Machiel Reyneke	-	-	-	-
Michael Nunn	-	-	-	-
	66,211	**-**	**-**	**66,211**
Total directors' remuneration	**387,558**	**-**	**(27,161)**	**360,397**
Executives				
Jan Steenkamp	33,190	-	-	33,190
Michelle Lawrence	84,093	-	11,835	95,928
	117,283	**-**	**11,835**	**129,118**

(i) Ian Harebottle resigned on 29 February 2020 and the ESOP options awarded to him lapsed and expired. The option expense previously recognised to profit and loss was accordingly reversed.

		Short-Term Benefits		
Period ended 30 June 2019	**Base Salary US$**	**Bonus US$**	**Options US$**	**Total US$**
Executive directors				
Ian Harebottle	205,326	-	-	205,326
Mark Summers	139,011	-	-	139,011

	344,337	**-**	**-**	**344,337**
Non-executive directors				
Lord Robin Renwick	29,649	-	-	29,649
Linda Beal	24,121	-	-	24,121
Mike Daigle	31,677	-	-	31,677
Machiel Reyneke	-	-	-	-
Michael Nunn	-	-	-	-
	85,447	**-**	**-**	**85,447**
Total directors' remuneration	**429,784**	**-**	**-**	**429,784**
Executives				
Michelle Lawrence	83,749	-	-	83,749
	83,749	**-**	**-**	**83,749**

The following ESOP options, which were issued at the time of admission to AIM as share-based payment arrangements, were outstanding at the period ended 30 June 2020:

Name	**Expiry Date**	**Exercise Price (pence)**	**Number of Options**
Mark Summers	28 November 2028	0.1	3,362,609
Michelle Lawrence	28 November 2028	0.1	1,465,137
			4,827,746

11. Shareholder loans payable

	30 June 2020 US$'000	**31 December 2019 US$'000**
ARC	**15,511**	**14,701**

The loans: (i) are US$ denominated but any payments will be made in ZAR at the then-current exchange rate; (ii) carry interest at monthly US LIBOR plus 3 per cent; and (iii) are repayable by no later than 1 January 2035 (or such earlier date as agreed between the parties to the shareholder agreements).

12. Other financial liabilities

	30 June 2020 US$'000	**31 December 2019 US$'000**
BNP	30,114	29,537
Greenheart Foundation	395	445
Total	**30,519**	**29,982**
Non-current financial liabilities	30,114	-
Current financial liabilities	395	29,982
Total	**30,519**	**29,982**

BNP

A US$ 30,000,000 facility was made available by BNP to Kropz Elandsfontein in September 2016. Interest was charged at three months US LIBOR plus 4.5 per cent. and was initially repayable quarterly over two years. The first capital repayment was due on 31 March 2018.

The Group was unable to fund the instalment payments on the loan as they fell due in early 2018 and consequently, under the terms of the facility agreement, was in default from 1 April 2018. On 20 September 2018, the Group and BNP conditionally agreed a waiver of the breach and restructure of the facility under which the first capital repayment was deferred to 30 September 2020. In addition, BNP provided the necessary consents required to facilitate all the contemplated transactions leading up to the admission of Kropz plc to AIM. In June 2019 management determined that the completion of the project was likely to be delayed and the anticipated cost of the project might increase by up to US$ 20 million. These developments meant that Kropz Elandsfontein was not in full compliance with the terms of the facility agreement and a standstill arrangement was put in place whilst a plan for the recommissioning of the project was agreed with BNP. In accordance with IFRS, the non-compliance with the facility agreement terms has required the loan to be classified as a current liability at 31 December 2019. Even though there is no requirement to report the 30 June 2019 comparative statement of financial position, if it were to be included, there would be a reclassification of the BNP loan as at 30 June 2019 to current liabilities. The facility has been fully drawn down.

During January 2020, given the delays in agreeing the recommissioning plan of Elandsfontein, Kropz Elandsfontein was once again placed into default by BNP. In May 2020, Kropz Elandsfontein and BNP agreed to amend and restate the term loan facility agreement entered into in September 2016 (as amended from time to time). The BNP facility amendment agreement extends *inter alia* the final capital repayment date to Q3 2024, with eight equal capital repayments to commence in Q4 2022 and an interest rate of 6.5 per cent. plus US LIBOR, up to project completion and 4.5 per cent. plus US LIBOR thereafter. Financial closure of the facility amendment agreement occurred on 25 June 2020.

In accordance with IFRS 9, the Group has recognised a loss of US$ 938,000 in profit and loss arising from the modification of the loan.

13. Finance income

	Six months ended 30 June 2020 US$'000	Six months ended 30 June 2019 US$'000
Interest income	770	214
Foreign exchange gains	-	668
Total	**770**	**882**

14. Finance expense

	Six months ended 30 June 2020 US$'000	Six months ended 30 June 2019 US$'000
Shareholder loans	363	395
Foreign exchange losses	9,204	-
Bank debt	1,027	1,791

BNP – debt modification loss (Note 12)	938	-
Finance leases	1	-
Other	137	-
Total	**11,670**	**2,186**

15. Impairment loss

As announced on 12 September 2019 in an Elandsfontein update, test work confirmed that a reverse flotation modification to the current circuit would produce a saleable product at a lower grade than originally targeted. At that time, as a direct consequence of the prevailing depressed phosphate rock prices, an alternate process modification was being considered to deliver the required process efficiencies at viable economic returns and further test work was required to at least the end of 2019 to confirm this.

As a result of the above delay in recommissioning and current depressed phosphate rock prices, an impairment of US$ 49 million was made to the carrying value of property, plant, equipment, mine development costs and exploration assets in Kropz Elandsfontein as at 30 June 2019.

The impairment was allocated as follows:

	US$'000
Property, plant, equipment and mine development assets	47,497
Exploration assets	1,403
Total	**48,900**

Subsequently, test work confirmed that the modified metallurgical configuration for the flotation circuit can produce higher concentrate grade product and there was an increase in projected future phosphate rock prices. The positive test work results and increased phosphate rock market price projections incorporated in the year-end impairment review enabled the impairment provision recognised at 30 June 2019 to be reversed in the full-year financial statements ended 31 December 2019 as the recoverable amount of assets significantly exceeded its carry amount. Those same assumptions apply at 30 June 2020 and no impairment is thus necessary for the period ended 30 June 2020.

16. Taxation

Major components of tax charge	**Six months ended 30 June 2020 US$'000**	**Six months ended 30 June 2019 US$'000**
Deferred		
Originating and reversing temporary differences	-	-
Current tax		
UK tax in respect of current period	583*	246
Total	**583**	**246**

* Given current COVID-19 volatility seen in the market, the tax charge arose predominantly due to the devaluation of GBP against US$ and the recorded unrealised foreign exchange gains being taxable in the UK.

The Group had losses for tax purposes of approximately US$ 42.2 million (US$ 37.6 million as at 31 December 2019) which, subject to agreement with taxation authorities, are available to carry forward against future profits. A net deferred tax asset arising from these losses has not been established as the Directors have assessed the likelihood of future profits being available to offset such deferred tax assets is uncertain.

17. Earnings per share

The calculations of basic and diluted earnings per share have been based on the following loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

	Six months ended 30 June 2020 US$'000	**Six months ended 30 June 2019 US$'000**
Loss attributable to ordinary shareholders	(10,931)	(40,573)
Weighted average number of ordinary shares in Kropz plc	288,009,877	263,591,748
Basic and diluted loss per share (US cents)	(3.80)	(15.39)

The diluted loss per share and the basic loss per share are recorded as the same amount, as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

18. Related party transactions

Details of share issues, Key Management Personnel remuneration and shareholder loans are explained in Notes 9, 10 and 11. In addition, the following transactions were carried out with related parties:

Related party balances
Loan accounts – Owed to related parties

	30 June 2020 US$'000	**31 December 2019 US$'000**
ARC	15,511	14,701
Total	**15,511**	**14,701**

Related party balances
Interest paid to related parties

	Six months ended 30 June 2020 US$'000	**Six months ended 30 June 2019 US$'000**
ARC	363	395
Total	**363**	**395**

19. Seasonality of the Group’s business

There are no seasonal factors which materially affect the operations of any company in the Group.

20. Events after the reporting period

On 4 August 2020, the Company granted conditional share awards over ordinary shares in the Company to key members of the executive management team, including certain PDMRs, including Mark Summers and Chief Operating Officer Michelle Lawrence, under its Long Term Incentive Plan (“LTIP Awards”). These LTIP Awards have performance conditions aligned to the implementing the Group's strategic plans, including appropriate weightings on the successful commissioning of the Elandsfontein mine and completion of an updated feasibility study on the Hinda project.

The LTIP Awards are nil priced options over a total of 6,700,000 ordinary shares representing 1.5 per cent. of the Company's issued share capital. Following the grant of the LTIP Awards, together with the existing 4,827,746 awards currently under option under the ESOP (“ESOP Awards”), the ESOP Awards and LTIP Awards represent 2.6 per cent. of the Company's issued share capital.

Of this total, 2,350,000 LTIP Awards have been granted to each of Mark Summers and Michelle Lawrence. The LTIP Awards will vest on 31 December 2021, subject to the terms of the LTIP Plan Rules (as set out in the Company's Admission Document), including financial and non-financial performance conditions and, in respect of Mark Summers and Michelle Lawrence, continued employment by the Group.

Company information

Directors
Lord Robin William Renwick of Clifton, Non-executive Chairman
Mark Robert Summers, Chief Executive Officer and Chief Financial Officer
Michael (Mike) John Nunn, Non-executive Director
Machiel Johannes Reyneke, Non-executive Director
Michael (Mike) Albert Daigle, Independent Non-executive Director
Linda Janice Beal, Independent Non-executive Director

Company secretary
Mark Robert Summers

Company number
11143400

Registered address
35 Verulam Road
Hitchin
SG5 1QE

Independent auditors
BDO LLP
55 Baker Street
London W1U 7EU

Nominated adviser
Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Joint broker
H&P Advisory Limited
2 Park Street
Mayfair
London W1K 2HX

Joint broker
Mirabaud Securities Limited
5th Floor
10 Bressenden Place
London SW1E 5DH

Legal advisers as to English Law
Memery Crystal LLP
165 Fleet Street
London EC4A 2DY

Legal advisers as to South African Law
Werksmans Attorneys
The Central, 96 Rivonia Road
Sandton 2196
Johannesburg
South Africa

Bowman Gilfillan
22 Bree Street
Cape Town 8000
South Africa

Legal advisers as to the laws of Republic of Congo
PricewaterhouseCoopers Tax & Legal
88 Avenue du General de Gaulle
B.P. 1306
Pointe-Noire
Congo

Legal advisers as to the laws of the British Virgin Islands
Harney Westwood & Riegels LP
Craigmuir Chambers
PO Box 71,
Road Town
Tortola VG1110
British Virgin Islands

Registrars
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Principal bankers
Barclays
One Churchill Place
London E14 5HP

BNP Paribas
11 Crescent Place
Melrose Arch
Johannesburg 2196
South Africa

Financial PR
Tavistock Communications Limited
1 Cornhill
London EC3V 3ND

Market consultant
CRU Consulting
Chancery House
53-64 Chancery Lane
London WC2A 1QS

Company's website: www.kropz.com