

## MANAGING DIRECTOR'S STATEMENT

Dear Shareholder,

I am pleased to present the unaudited financial results for ("Tectonic Gold" and/or "the Company") and its controlled entities (the Group) for the half year ended 31 December 2019.

During the period, management's focus was on progressing the South African projects and finding a partner to commercialise the diamond mining contract. The Company also investigated heavy mineral sands coincident with the alluvial diamond ores and submitted an application for a mining tenement to extract and process heavy mineral sands. The diamond project attracted investor interest and is now being funded into production by London listed specialist resources investment company, Kazera Global Investments Plc. Tectonic has retained a non-diluting 10% interest in the diamond mining subsidiary, Deep Blue Minerals Pty Ltd, as announced on 4 June 2020.

Tectonic Gold's Australian subsidiary, Signature Gold Pty Ltd, has submitted an application for Queensland State Government funding assistance for a drilling program at the company's Mount Cassidy project. A decision on this is expected by the end of July 2020 and if successful it is intended to undertake drilling in the October quarter.

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The Company has several assets where the value may be impacted by COVID-19. At the date these financial statements were approved by the Directors the extent of the impact COVID-19 on the Company's assets cannot be reasonably estimated at this time.

The pandemic has impacted the Company's operations with Government mandated bans on mass gatherings and social distancing measures resulting in disruption to the Company's operations, this disruption is expected to negatively impact the ability for the Company to conduct drilling and its parent entity's ability to raise capital, refer Going Concern Note 2.

The Directors and management are continually monitoring and managing the Company's operations closely in response to COVID-19 however the extent of the impact COVID-19 may have on the Company's future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated at the date these financial statements were issued.

## RESULTS AND COMPARITIVE INFORMATION

The Group incurred a profit after tax for the reporting period of £23,569 (31 Dec 2018: £102,888 profit as restated).

During the reporting period Signature Gold received a Research and Development (R&D) Tax Incentive Rebate of approximately £152,163 (2018: £\$ 330,248) for the financial year ended 30 June 2019.

The R&D Tax Incentive Rebate is an Australian Government program under which eligible companies receive cash refunds of up to 45% of eligible expenditure on research and development.

### Comparative period adjustments

The 2018 balances were restated in the 2019 financial statements as the Company's auditor, PKF Littlejohn LLP found an error in the accounting treatment for the reverse acquisition during the 2019 audit. The 2018 balances were also restated to account for certain costs amounting to £45,250 that were not accrued for at the time and the fair value of options that were issued on 25 June 2018 which amount to £68,900. Accordingly, comparative information for the reporting period ended 31 December 2018 in this report has been re-stated.

For and on behalf of the Board.



Brett Boynton  
Director

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

		6 MONTHS TO 31 DEC 2019 UNAUDITED	6 MONTHS TO 31 DEC 2018 UNAUDITED <i>Restated</i>	12 MONTHS TO 30 JUNE 2019 AUDITED
	NOTE	GBP	GBP	GBP
Revenue from continuing operations		47,513	-	31,862
Expenses from continuing operations:				
Accounting and audit fees		(12,629)	(37,567)	(88,673)
Administration and office costs		(9,656)	(20,314)	(27,077)
Corporate costs		(33,564)	(52,541)	(115,806)
Amortisation and depreciation		(882)	(588)	(1,338)
Employee benefits, management fees and on costs		(22,824)	(59,995)	(89,777)
Exploration and tenement costs		(25,922)	(18,629)	(36,388)
Insurance		-	(7,796)	(17,233)
Legal expenses		-	400	-
Options fee and associated costs		-	-	396
Impairment of exploration costs		-	-	(703,936)
Business Development costs		(9,257)	-	-
Bad debt expense		-	-	(64,173)
Other expenses		(61,373)	(30,330)	(38,945)
<b>(Loss) from continuing operations before income tax</b>		<b>(128,594)</b>	<b>(227,360)</b>	<b>(1,151,088)</b>
Income tax benefit		152,163	330,248	326,214
<b>Net profit/(loss) for the reporting period</b>		<b>23,569</b>	<b>102,888</b>	<b>(824,874)</b>
Other comprehensive income, net of tax		(46,344)	(23,837)	(34,430)
<b>Total comprehensive (loss)/income for the year</b>		<b>22,775</b>	<b>79,051</b>	<b>(859,304)</b>

## Earnings per share attributable to owners of the company

### Basic and diluted (pence per share)

From continuing operations	5	0.003	0.015	(0.120)
----------------------------	---	-------	-------	---------

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		31 DEC 2019	31 DEC 2018	30-JUN-19
		GROUP UNAUDITED	GROUP UNAUDITED <i>Restated</i>	GROUP AUDITED
	NOTE	GBP	GBP	GBP
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Plant and equipment		5,504	7,398	6,603
Exploration and evaluation expenditure		2,604,751	3,285,833	2,663,707
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,610,255</b>	<b>3,293,231</b>	<b>2,670,310</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		130,224	177,009	34,875
Trade and other receivables		105	14,142	7,913
Investments		-	40,122	40,122
Other assets	6	339,485	358,498	360,412
<b>TOTAL CURRENT ASSETS</b>		<b>469,814</b>	<b>589,771</b>	<b>443,322</b>
<b>TOTAL ASSETS</b>		<b>3,080,069</b>	<b>3,883,002</b>	<b>3,113,632</b>
<b>EQUITY</b>				
Share capital		6,100,615	6,099,615	6,100,615
Warrant reserves		60,146,216	60,117,216	60,146,216
RTO Reserve		(57,976,182)	(57,976,182)	(57,976,182)
Warrant Reserves		95,098	95,098	95,098
Foreign exchange translation reserves		(139,025)	(82,088)	(92,681)
Accumulated losses		(5,739,788)	(4,835,595)	(5,763,357)
<b>TOTAL EQUITY</b>		<b>2,486,934</b>	<b>3,418,064</b>	<b>2,509,709</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	NOTE	31 DEC 2019 GROUP UNAUDITED GBP	31 DEC 2018 GROUP UNAUDITED <i>Restated</i> GBP	30-JUN-19 GROUP AUDITED GBP
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables		15,358	-	15,913
Borrowings		228,664	166,741	236,793
Employee benefits		-	10,713	11,363
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>244,022</b>	<b>177,454</b>	<b>264,069</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		249,113	272,218	275,680
Borrowings		100,000	-	50,000
Employee benefits		-	15,266	14,174
<b>TOTAL CURRENT LIABILITIES</b>		<b>349,113</b>	<b>287,484</b>	<b>339,853</b>
<b>TOTAL LIABILITIES</b>		<b>593,135</b>	<b>464,938</b>	<b>603,923</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,080,069</b>	<b>3,883,002</b>	<b>3,113,632</b>

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 30 June 2020.

Signed on behalf of the Board by:



Brett Boynton  
Managing Director  
Company number: 05173250

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

GROUP - UNAUDITED 31 DEC 2019	ISSUED CAPITAL GBP	SHARE PREMIUM GBP	WARRANT RESERVE GBP	RTO RESERVE GBP	FOREIGN CURRENCY RESERVE GBP	ACCUMULATE D LOSSES GBP	TOTAL GBP
<b>Balance at 1 July 2019</b>	<b>6,100,615</b>	<b>60,146,216</b>	<b>95,098</b>	<b>(57,976,182)</b>	<b>(92,681)</b>	<b>(5,763,357)</b>	<b>2,509,709</b>
Total comprehensive loss for the period					(46,344)	23,569	(22,775)
Transactions with owners, recorded directly in equity:							
Shares Issued	-	-	-	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>6,100,615</b>	<b>60,146,216</b>	<b>95,098</b>	<b>(57,976,182)</b>	<b>(139,025)</b>	<b>(5,739,788)</b>	<b>2,486,934</b>

GROUP - UNAUDITED 31 DEC 2018	ISSUED CAPITAL GBP	SHARE PREMIUM GBP	WARRANT RESERVE GBP	RTO RESERVE GBP	FOREIGN CURRENCY RESERVE GBP	ACCUMULATE D LOSSES GBP	TOTAL GBP
<b>Balance at 1 July 2018</b>	<b>8,266,848</b>	-	-	-	<b>(58,251)</b>	<b>(4,824,334)</b>	<b>3,384,263</b>
Prior year adjustment	(2,167,233)	60,117,216	95,098	(57,976,182)	-	(114,149)	(45,250)
<b>Balance at 1 July 2018 (restated)</b>	<b>6,099,615</b>	<b>60,117,216</b>	<b>95,098</b>	<b>(57,976,182)</b>	<b>(58,251)</b>	<b>(4,938,483)</b>	<b>3,339,013</b>
Total comprehensive loss for the period					(23,837)	102,888	79,051
Transactions with owners, recorded directly in equity:							
Shares Issued	-	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>6,100,615</b>	<b>60,146,216</b>	<b>95,098</b>	<b>(57,976,182)</b>	<b>(82,088)</b>	<b>(4,835,595)</b>	<b>3,418,064</b>

GROUP - AUDITED 30 JUNE 2019	ISSUED CAPITAL GBP	SHARE PREMIUM GBP	WARRANT RESERVE GBP	RTO RESERVE GBP	FOREIGN CURRENCY RESERVE GBP	ACCUMULATE D LOSSES GBP	TOTAL GBP
<b>Balance at 1 July 2018</b>	<b>8,266,848</b>	-	-	-	<b>(58,251)</b>	<b>(4,824,334)</b>	<b>3,384,263</b>
Prior year adjustment	(2,167,233)	60,117,216	95,098	(57,976,182)	-	(114,149)	(45,250)
<b>Balance at 1 July 2018 (restated)</b>	<b>6,099,615</b>	<b>60,117,216</b>	<b>95,098</b>	<b>(57,976,182)</b>	<b>(58,251)</b>	<b>(4,938,483)</b>	<b>3,339,013</b>
Total comprehensive loss for the period					(34,430)	(824,874)	(859,304)
Transactions with owners, recorded directly in equity:							
Shares Issued – 1 June 2019	1,000	29,000	-	-	-	-	30,000
<b>Balance as at 30 June 2019</b>	<b>6,100,615</b>	<b>60,146,216</b>	<b>95,098</b>	<b>(57,976,182)</b>	<b>(92,681)</b>	<b>(5,763,357)</b>	<b>2,509,709</b>

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	6 MONTHS TO 31 DEC 2019 UNAUDITED GBP	6 MONTHS TO 31 DEC 2018 UNAUDITED GBP	12 MONTHS TO 30 JUNE 2019 AUDITED GBP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations	-	38,301	62,832
Cash payments in the course of operations	(131,029)	(402,490)	(586,464)
Research and Development Tax Incentive Claim	152,163	330,249	326,214
Interest received	761	-	-
<b>Net cash used in operating activities</b>	<b>21,895</b>	<b>(33,940)</b>	<b>(197,418)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation expenditure	(63,341)	(212,352)	(279,351)
Payments for property, plant and equipment	-	(5,456)	(6,911)
Payment for security deposit	(272)	-	(276)
Proceeds from refund of security deposits	2,720	-	-
Proceeds from sale of investment	86,844	-	-
<b>Net cash used in investing activities</b>	<b>25,951</b>	<b>(217,808)</b>	<b>(286,538)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	-	280,000	280,000
Proceeds from borrowings	50,000	-	89,418
Repayment of borrowings	-	-	-
<b>Net cash provided by financing activities</b>	<b>50,000</b>	<b>280,000</b>	<b>369,418</b>
Net (decrease)/increase in cash held and cash equivalents	97,846	28,252	(114,539)
Cash and cash equivalents at the beginning of the period	34,875	149,397	149,397
Effects of exchange rate changes on cash and cash equivalents	(2,497)	(640)	17
<b>Cash and cash equivalents at the end of the period</b>	<b>130,224</b>	<b>177,009</b>	<b>34,875</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

### 1. GENERAL INFORMATION

Tectonic Gold Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The consolidated entity (the "Group") consists of Tectonic Gold Plc (the "Company") and the entities it controlled at the end of, or during, the six months ended 31 December 2019. The principal activity of the Group during the financial period was mineral exploration.

### 2. BASIS OF PREPARATION

These condensed interim consolidated financial statements ("the interim financial statements") of the Group are for the six months ended 31 December 2019 and are presented in Sterling which is the Company's presentational currency. These interim financial statements have not been reviewed or audited.

The interim financial statements have been prepared in accordance with the recognition and measurement principles of IFRS as adopted by the European Union (EU) and on the same basis and using the same accounting policies as applied in the Company's 2019 Annual Report and statutory accounts for the year ended 30 June 2019.

The statutory accounts for the year ended 30 June 2019 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial statements have been prepared on a going concern basis under the historical cost convention. The Directors believe that the going concern basis is appropriate for the preparation of these interim financial statements as the Company is in a position to meet all its liabilities as they fall due.

The interim financial statements for the six months ended 31 December 2019 were approved by the Board on 30 June 2019.

### 3. DIVIDEND

The Board is not recommending the payment of an interim dividend for the period ended 31 December 2019.

### 4. PRIOR YEAR ADJUSTMENT

The consolidated statement of profit and loss and other comprehensive income as at 31 December 2018 has been restated to account for certain costs amounting to £45,250 that were not accrued for on completion of the reverse takeover by Signature Gold Pty Ltd on 25 June 2018 and the fair value of options that were issued on 25 June 2018 which amount to £68,900. Details are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (extract)	Note	Signed 31 Dec 2018 accounts GBP	2018 Loss Decrease GBP	Restated for 31 Dec 2018 GBP
Expenses from continuing operations:				
Administration and office costs	(i)	(34,064)	13,750	(20,314)
Corporate costs	(i)	(84,041)	31,500	(52,541)
Fair value of warrants issued and vested	(ii)	(68,900)	68,900	-
		<b>(118,105)</b>	<b>114,150</b>	<b>(72,855)</b>

- (i) The prior year adjustments are comprised of printing costs amounting to £13,750 and consulting fees of £31,500 that were incurred in connection with the reverse takeover by Signature Gold Pty Ltd.
- (ii) The prior year adjustment of £68,900 represents the fair value of options that were issued on 25 June 2018 and not recorded as at 30 June 2018.

Basic and diluted earnings per share for the prior year have also been restated. Refer to Note 5.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

### 4. PRIOR YEAR ADJUSTMENT (CONTINUED)

GROUP STATEMENT OF FINANCIAL POSITION		Signed accounts at 31 Dec 2018 GBP	Adjustments GBP	Restated as at 31 Dec 2018 GBP
	Note			
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Plant and equipment		7,398	-	7,398
Exploration and evaluation expenditure		3,285,833	-	3,285,833
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,293,231</b>	<b>-</b>	<b>3,293,231</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		177,009	-	177,009
Trade and other receivables		14,142	-	14,142
Investments		40,122	-	40,122
Other assets		3,584,988	-	3,584,988
<b>TOTAL CURRENT ASSETS</b>		<b>3,816,261</b>	<b>-</b>	<b>3,816,261</b>
<b>TOTAL ASSETS</b>		<b>7,109,492</b>	<b>-</b>	<b>7,109,492</b>
<b>EQUITY</b>				
Share capital	(i)	8,266,848	(2,167,233)	6,099,615
Share premium	(i)	-	60,117,216	60,117,216
RTO reserve	(i)	-	(57,976,182)	(57,976,182)
Warrant reserve	(ii)	68,900	26,198	95,098
Foreign exchange translation reserves		(82,088)	-	(82,088)
Accumulated losses		(4,835,596)	-	(4,835,596)
<b>TOTAL EQUITY</b>		<b>3,418,064</b>	<b>-</b>	<b>3,418,064</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Borrowings		166,741	-	166,741
Employee benefits		10,713	-	10,713
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>177,454</b>	<b>-</b>	<b>177,454</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		272,218	-	272,218
Employee benefits		15,266	-	15,266
<b>TOTAL CURRENT LIABILITIES</b>		<b>287,484</b>	<b>-</b>	<b>287,484</b>
<b>TOTAL LIABILITIES</b>		<b>464,938</b>	<b>-</b>	<b>464,938</b>
<b>TOTAL EQUITY LIABILITIES</b>		<b>3,883,002</b>	<b>-</b>	<b>3,883,002</b>

- (i) The 2018 balances have been restated in the 2019 financial statements due to an error in the accounting treatment for the reverse acquisition identified during the 2019 audit.
- (ii) The prior period adjustment to warrant reserves of £26,198 is the recycling of the share-based payment expense in respect of warrants and share options that had either lapsed or been exercised prior to completion of the reverse takeover on 25 June 2018.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

#### 5. EARNINGS PER SHARE

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the reporting period. The weighted average number of ordinary shares for the reporting period assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	6 MONTHS TO 31 DEC 2019 UNAUDITED GBP	6 MONTHS TO 31 DEC 2018 UNAUDITED <i>Restated</i> GBP	12 MONTHS TO 30 JUNE 2019 AUDITED GBP
Profit/(Loss) for the year attributable to owners of the Company	23,569	102,888	(824,874)
Weighted average number of ordinary shares in issue for basic earnings*	656,562,746	687,562,746	688,357,267
Weighted average number of ordinary shares in issue for fully diluted earnings*	710,562,746	700,562,746	688,357,267
(Loss)/gain per share (pence per share)			
Basic	0.003	0.015	(0.12)
Diluted	0.003	0.015	(0.12)

#### 6. OTHER ASSETS

	31 DEC 2019 UNAUDITED GBP	31 DEC 2018 UNAUDITED GBP	30 JUNE 2019 AUDITED GBP
Prepayments <sup>(i)</sup>	333,956	347,902	346,151
Other prepayments	2,325	3,014	6,440
Security deposits	3,204	7,582	7,821
	<b>339,485</b>	<b>358,498</b>	<b>360,412</b>

(i) In June 2018, the Company paid Titeline Drilling Pty Ltd ACN 096 640 201 (Titeline) for future drilling services in accordance with the heads of agreement dated 28 March 2018 between Titeline, Signature and StratMin.

Titeline has been engaged to complete 10,000 metres of diamond drilling on a 50:50 cash and equity basis to produce core samples for analysis, assay and metallogenic studies from the Company's Queensland Project sites. A review to be completed after 2,500 metres of drilling has been completed and the remaining 7,500 metres is in planning for the second half of 2019. The cash component of the drilling contract is expected to be met from revenues generated by the diamond mining joint venture with VAST Mineral Sands Pty Ltd announced on February 18, 2019.

As at 30 June 2018, the prepayment of GBP 633,825 (A\$1,125,000) to Titeline was comprised of:

- GBP 126,765 (A\$225,000 excluding GST) paid in cash; and
- pre-paid technical services amounting to GBP 507,060 (A\$90,000) settled with the issue of 5,544,484 fully paid ordinary shares issued in the Company at an issue price of A\$0.162 per share.

As at 31 December 2019, GBP 333,956 (A\$625,386) remains prepaid to Titeline

#### 7. EVENTS AFTER THE REPORTING PERIOD

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

On 11 March 2020, the World Health Organisation (“WHO”) declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The Company has several assets where the value may be impacted by COVID-19. At the date that these financial statements were approved by the Directors the extent of the impact COVID-19 on the Company’s assets cannot be reasonably estimated at this time.

The pandemic has impacted the Company’s operations with Government mandated bans on mass gatherings and social distancing measures resulting in disruption to the Company’s operations, this disruption is expected to negatively impact the ability for the Company to conduct drilling and its parent entity’s ability to raise capital, refer Going Concern Note 2 of the Company 2019 annual report.

The Directors and management are continually monitoring and managing the Company’s operations closely in response to COVID-19 however the extent of the impact COVID-19 may have on the Company’s future liquidity, financial performance and position and operations is uncertain and cannot be reasonably estimated at the date these financial statements were issued.

Other than as stated elsewhere in this report, Directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Company in subsequent financial years.

#### **8. DISTRIBUTION**

Copies of these interim financial statements are available on the Aquis Exchange website, the Company website ([www.tectonicgold.com](http://www.tectonicgold.com)) or directly from the Company at its registered address.