

TECTONIC GOLD PLC

Company Registration No. 05173250

Interim Financial Report

for the six months ended 31 December 2021

MANAGING DIRECTOR'S STATEMENT

Dear Shareholder,

During the half year to December 2021, the Company ran a significant field campaign on the lead gold exploration project at Specimen Hill. Our partnership with London listed Kazera Global Investments Plc ("Kazera") (LSE:KZG) also delivered the further production of diamonds from the Alexkor site in South Africa.

With further support from shareholders who converted their warrants and profit from the divestment of a part of our holding in Kazera, we funded follow up drilling at Specimen Hill, testing copper and gold follow on targets from the 2020 campaign. During this time, we hosted a number of potential farm-in investors on site and identified additional extensions to mineralised zones for exploration.

Drilling along strike from Main Lodes again returned positive intersections, however, the unexpected onset of early monsoonal rains and accompanying electrical storms forced us to suspend drilling before we could complete the campaign. Australia's east coast has had an unusually wet summer with localised flooding in the region, so we have not been able to access site again at the time of this report, but we are planning to remobilise as soon as possible and complete the campaign. This will involve diamond core drilling below the historic high-grade Goldsmith's Reef mine. This is fully funded with current cash reserves. This sheeted vein system at Goldsmith's Reef was mined until World War One to a depth of some thirty meters. Our geophysics reconnaissance shows the system steeply plunging to well over one hundred meters and the drilling will target the same high grade surface veins down to that depth and beyond.

Our joint venture with Kazera in Heavy Mineral Sands in South Africa is waiting on the award of a mining license which was significantly delayed by COVID. We are hopeful this will be in hand in the next quarter, and we will be able to announce the development plans for the project.

Despite weather and COVID related delays, we are well funded, with a number of opportunities to drive shareholder value in the pipeline and look forward to the run to year end.

RESULTS AND COMPARITIVE INFORMATION

The Group incurred a loss after tax for the reporting period of £198,977 (31 Dec 2020: £60,084 (loss)).

For and on behalf of the Board.



Brett Boynton, CFA
Managing Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	6 MONTHS TO 31 DEC 2021 UNAUDITED	6 MONTHS TO 31 DEC 2020 UNAUDITED	12 MONTHS TO 30 JUNE 21 AUDITED
	£	£	£
Revenue from continuing operations	-	-	25,162
Expenses from continuing operations:			
Accounting and audit fees	(25,478)	(15,388)	(65,483)
Administration and office costs	(3,495)	(6,377)	(3,600)
Corporate costs	(72,671)	(33,999)	(117,087)
Amortisation and depreciation	(507)	(788)	(1,578)
Employee benefits, management fees and on costs	(143,333)	(500)	(139,962)
Exploration and tenement costs	(5,588)	(4,034)	(1,451)
Insurance	(7,440)	(11,133)	(13,013)
Legal expenses	-	-	12,511
Share based payments	(30,000)	(139,462)	-
Net fair value gain on disposal of financial assets at fair value through profit and loss	165,594	-	-
Net fair value loss on disposal of financial assets at fair value through profit and loss	(81,246)	-	(80,327)
Net fair value gain on financial assets at fair value through profit and loss	25,000	129,667	200,000
Other expenses	(19,813)	21,929	(46,736)
Loss from continuing operations before income tax	(198,977)	(60,084)	(231,564)
Income tax benefit	-	-	-
Loss for the reporting period from continuing operations	(198,977)	(60,084)	(231,564)
Other comprehensive income:			
Items that may be subsequently reclassified to profit and loss:			
Exchange differences on translation of foreign subsidiaries	(12,549)	16,433	(37,150)
Total comprehensive loss for the reporting period	(211,526)	(43,651)	(268,714)
Earnings per share attributable to owners of the company			
Basic and diluted (pence per share)			
From continuing operations	4 (0.021)	(0.007)	(0.03)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTE	31 DEC 2021 GROUP UNAUDITED £	31 DEC 2020 GROUP UNAUDITED £	30-JUN-21 GROUP AUDITED £
ASSETS				
NON-CURRENT ASSETS				
Plant and equipment		1,753	4,335	2,282
Exploration and evaluation expenditure		3,179,584	2,921,388	3,016,512
Financial assets at fair value through profit and loss		125,003	454,074	346,040
TOTAL NON-CURRENT ASSETS		3,306,340	3,379,797	3,364,834
CURRENT ASSETS				
Cash and cash equivalents		396,453	192,709	541,835
Trade and other receivables		12,694	21,265	47,411
Other assets	5	360,222	362,374	363,375
TOTAL CURRENT ASSETS		769,369	576,348	952,621
TOTAL ASSETS		4,075,709	3,956,145	4,317,455
EQUITY				
Share capital		6,125,163	6,115,444	6,124,902
Share premium account		61,186,874	60,497,749	61,157,135
RTO Reserve		(57,976,182)	(57,976,182)	(57,976,182)
Warrant Reserves		588,554	260,925	588,554
Foreign exchange translation reserves		(124,964)	(58,832)	(112,415)
Accumulated losses		(6,265,144)	(5,540,694)	(6,066,167)
TOTAL EQUITY		3,534,301	3,298,410	3,715,827
LIABILITIES				
NON-CURRENT LIABILITIES				
Trade and other payables		-	16,263	15,607
Borrowings		170,125	172,387	322,124
TOTAL NON-CURRENT LIABILITIES		170,125	188,650	337,731
CURRENT LIABILITIES				
Trade and other payables		371,283	312,399	263,897
Borrowings		-	156,685	-
TOTAL CURRENT LIABILITIES		371,283	469,085	263,897
TOTAL LIABILITIES		541,408	657,735	601,628
TOTAL EQUITY AND LIABILITIES		4,075,709	3,956,145	4,317,455

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 31 March 2022.

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 2021

GROUP - UNAUDITED 31 DEC 2021	ISSUED CAPITAL	SHARE PREMIUM	WARRANT RESERVE	RTO RESERVE	FOREIGN CURRENCY RESERVE	ACCUMULATED LOSSES	TOTAL
	£	£	£	£	£	£	£
Balance at 1 July 2021	6,124,902	61,157,135	588,554	(57,976,182)	(112,415)	(6,066,167)	3,715,827
Total comprehensive loss for the period						(198,977)	(198,977)
Transactions with owners, recorded directly in equity:							
Foreign Currency Translation Reserve	-	-	-	-	(12,549)		(12,549)
Shares Issued	261	29,739	-	-	-	-	30,000
Share issue costs	-	-	-	-	-	-	-
Warrants issued	-	-	-	-	-	-	-
Balance as at 31 December 2021	6,125,163	61,186,874	588,554	(57,976,182)	(124,964)	(6,265,144)	3,534,301

GROUP - UNAUDITED 31 DEC 2020	ISSUED CAPITAL	SHARE PREMIUM	WARRANT RESERVE	RTO RESERVE	FOREIGN CURRENCY RESERVE	ACCUMULATED LOSSES	TOTAL
	£	£	£	£	£	£	£
Balance at 1 July 2019	6,100,615	60,146,216	95,098	(57,976,182)	(75,265)	(5,480,609)	2,809,873
Total comprehensive loss for the period						(60,084)	(60,084)
Transactions with owners, recorded directly in equity:							
Foreign Currency Translation Reserve	-	-	-	-	16,433		16,433
Shares Issued	14,829	400,698	-	-	-	-	415,527
Share issue costs	-	(49,165)	-	-	-	-	(49,165)
Warrants issued	-	-	165,827	-	-	-	165,827
Balance as at 31 December 2020	6,115,444	60,497,749	260,925	(57,976,182)	(58,832)	(5,540,694)	3,298,410

GROUP - AUDITED 30 JUNE 2021	ISSUED CAPITAL	SHARE PREMIUM	WARRANT RESERVE	RTO RESERVE	FOREIGN CURRENCY RESERVE	ACCUMULATED LOSSES	TOTAL
	£	£	£	£	£	£	£
Balance at 1 July 2020	6,100,615	60,146,216	95,098	(57,976,182)	(75,265)	(5,480,609)	2,809,873
Total comprehensive income for the period	-	-	-	-	-	(231,564)	(231,564)
Transactions with owners, recorded directly in equity:							
Issue of shares	24,287	1,036,219	-	-	-	-	1,060,506
Share issue costs	-	(25,300)	-	-	-	-	(25,300)
Foreign Currency Translation Reserve	-	-	-	-	(37,150)	-	(37,150)
Fair value of warrants issued	-	-	493,456	-	-	(353,994)	139,462
Balance at 30 June 2021	6,124,902	61,157,135	588,554	(57,976,182)	(112,415)	(6,066,167)	3,715,827

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	6 MONTHS TO 31 DEC 2021 UNAUDITED	6 MONTHS TO 31 DEC 2020 UNAUDITED	12 MONTHS TO 30 JUNE 2021 AUDITED
	£	£	£
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in the course of operations	(122,821)	(141,122)	(210,063)
Net cash used in operating activities	(122,821)	(141,122)	(210,063)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure	(201,709)	(113,470)	(401,113)
Payment for shares acquired in Kazera Global Plc	(100,000)	-	-
Proceeds from sale of financial asset at fair value through profit and loss	280,657	-	123,201
Net cash used in investing activities	(21,052)	(113,470)	(277,912)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	-	402,800	380,000
Proceeds from exercise of options	-	12,727	599,669
Payments for share issue costs	-	(22,800)	-
Net cash provided by financing activities	-	392,727	979,669
Net (decrease)/increase in cash held and cash equivalents	(143,873)	138,135	491,694
Cash and cash equivalents at the beginning of the period	541,835	52,734	52,734
Effects of exchange rate changes on cash and cash equivalents	(1,509)	1,840	(2,593)
Cash and cash equivalents at the end of the period	396,453	192,709	541,835

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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 (Tectonic and or the "Company") and the entities it controlled at the end of, or during, the six months ended 31 December 2021. 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 2021 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 2021 Annual Report and statutory accounts for the year ended 30 June 2021.

The statutory accounts for the year ended 30 June 2021 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 2021 were approved by the Board on 31 March 2022.

3. DIVIDEND

The Board is not recommending the payment of an interim dividend for the period ended 31 December 2021.

4. 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 2021 UNAUDITED	6 MONTHS TO 31 DEC 2020 UNAUDITED	12 MONTHS TO 30 JUNE 2021 AUDITED
	£	£	£
Profit/(Loss) for the year attributable to owners of the Company	(197,177)	(60,084)	(231,564)
Weighted average number of ordinary shares in issue for basic earnings*	941,850,465	788,632,702	834,566,389
Weighted average number of ordinary shares in issue for fully diluted earnings*	941,850,465	788,632,702	834,566,389
(Loss)/gain per share (pence per share)			
Basic	(0.021)	(0.007)	(0.03)
Diluted	(0.021)	(0.007)	(0.03)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

5. OTHER ASSETS

	31 DEC 2021 UNAUDITED	31 DEC 2020 UNAUDITED	30 JUNE 2021 AUDITED
	£	£	£
Prepayments ⁽ⁱ⁾	336,208	353,780	339,522
Other prepayments	20,789	5,200	20,596
Security deposits	3,225	3,394	3,257
	360,222	362,734	363,375

(i) In 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 Gold and Tectonic Gold.

(ii) Titeline has been engaged to complete 10,000 meters of diamond drilling to produce core samples for analysis, assay and metallogenic studies from the Company's Biloela Project site. A review to be completed after 2,500 metres of drilling has been completed and the completion program for the remaining 7,500 metres to be mutually agreed.

As at 31 December 2021 £336,208 (A\$625,386), (2020: £353,780 or A\$625,386) remains prepaid to Titeline

As at 30 June 2021, the balance of the prepayment to Titeline is £339,522 (A\$625,386).

6. EVENTS AFTER THE REPORTING PERIOD

On 10 February 2022, the Company issued 10,521,707 to Directors in total in lieu of cash payments for fees for the period 30 June 2019 to 30 June 2021. For further detail, refer to the Company's announcement released on 4 February 2022.

On 2 March 2022, Signature Gold Pty Ltd, a wholly owned subsidiary company of Tectonic, received A\$289,019 research and development (R&D) tax incentive rebate related to the company's Australian R&D expenses from the 2021 financial year. The tax refund is for eligible R&D activities related to the Company's Intrusive Related Gold Research Program.

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.

7. DISTRIBUTION

Copies of these interim financial statements is available on the Company's website (www.tectonicgold.com) or directly from the Company at its registered address.