13 September 2023

KAVANGO RESOURCES PLC (“KAVANGO” OR “THE COMPANY”)

Interim Results

Kavango Resources plc, an exploration company targeting the discovery of world class mineral deposits in Botswana and Zimbabwe, is pleased to announce its unaudited financial results for the six months ended 30 June 2023.

SUMMARY

- Successfully completed a placing raising gross proceeds of £1,400,000 (US$1,773,000);
- Expenditure in Botswana on exploration of US$1,162,000;
- Loss for the period of US$1,417,000 (June 2022 – US$883,000);

The Interim Management Report and financial results are set out in the following pages.

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INTERIM MANAGEMENT REPORT 30 JUNE 2023

Kavango continued to make good progress through the first half of 2023, with significant funding achieved in a challenging market, an expansion announced into Zimbabwe, and significant work programmes on all three of our Botswana projects.

Financing

Kavango successfully raised £1,400,000 by the issue of 140,000,000 New Ordinary Shares in the capital of the Company ("New Ordinary Shares") at a price per share of 1 penny to Purebond Limited ("Purebond").

A second stage of this financing comprises the conditional issue of 460,000,000 new ordinary shares of £0.001 each (the "Stage 2 Subscription Shares") at the Subscription Price per share (the "Stage 2 Subscription"). Stage 2 is subject to the approval by the Financial Conduct Authority of a prospectus and the approval by independent shareholders of a waiver in accordance with Rule 9 of the Takeover Code (Whitewash) (among other conditions).

This £6.0 million equity investment demonstrates significant confidence in the Company by Purebond, in what is a challenging market for junior exploration companies. If the second stage is approved this will enable the Company to accelerate its exploration programs, in particular in Zimbabwe and at Karakubis on the Kalahari Copper Belt (KCB).

Project status – KSZ, Botswana

On the Kalahari Suture Zone (KSZ), where the Company is exploring for nickel-copper-PGE mineralisation, drillhole KSZDD003 was drilled. This completed just after the period end, and was successfully drilled to a depth of 606.00 m to test the remodelled B1 Conductor. As in hole KSZDD002, the hole passed through a sedimentary sequence and two intrusive bodies, thought to be of Karoo age. No sulphide was intersected that is considered to explain the 28,700 Siemens response. While we are disappointed that B1 has not turned out to be significant nickel or copper sulphide, we believe we have an answer on this target. It appears that thicker carbonaceous material (when compared with KSZDD002), containing coincident graphite and pyrite rich bands, with minor pyrrhotite veining, is the most probable conductive source. A downhole electromagnetic (DHEM) survey was carried out and remodelled to further investigate the B1 Conductor. Preliminary modelling of this confirms that the hole successfully penetrated the conductor and that this has therefore been adequately tested.

Kavango acquired one additional licence on the KSZ in the period, and is presently reviewing options to develop the portfolio in future.

Project status – Ditau, Botswana

Kavango has interests in four licences at Ditau. These have been explored for rare earth elements and are presently being explored for banded iron formation vein gold style mineralisation.

Work in the period included a review of two drillholes completed by a third party. These holes were logged and assayed by Kavango. Hole X077 confirmed at least 470m of geological strike of the Banded Iron Formation host rock identified in DITDD004. Pyrite was observed, plus (at 147m) blebs of chalcopyrite were seen. Hole X08, a further 3.4km away, was weathered and contains extensive relict textures after pyrite, and iron oxides in veins, with clear signs of locally intense hydrothermal activity.

Anomalous results were received as below, and are similar to those previously seen in DITDD004.

Hole ID	From m	To m	Width m*	Cu %	Au ppm
X077	146.93	147.10	0.17	1.77	0.014
X077	154.50	155.50	1.00	2.48	0.061
X081	117.00	118.00	1.00	0.03	0.167
X081	118.00	119.00	1.00	0.06	0.134

**All widths are apparent thicknesses*

A review of the mineral exploration potential of the Ditau Project, Botswana, was carried out for Kavango by Dr. Hamid Mumin, Professor and Former Chair of the Department of Geology at Brandon University, Manitoba, Canada. The review identified a possible high potential Banded Iron Formation hosted Lode Gold model at the Ditau Project. Further work remains ongoing by Dr Mumin, including Scanning Electron Microscopy on samples from DITDD004.

Project status – Ditau, Botswana (continued)

Kavango acquired an additional two new licences at Ditau in the period, applications for which were submitted based on the new potential identified.

Kavango and its consultants have carried out a review of the geological model of, and potential at, Ditau, and have proposed an exploration program that builds on the above data. This is being evaluated against the potential of Kavango's other projects as part of a Stage Gated review, so that funding is directed to where Kavango considers it may best deliver exploration success.

Project status – KCB, Botswana

Kavango has interests in 12 prospecting licences, totalling over 5,000 km^2 in the KCB, where it is targeting copper-silver mineralisation.

Work in the period initially focussed on PL082 in the east of the KCB, where between October 2022 and February 2023 Kavango drilled a total of 1,885.59m across seven holes using a combination of Reverse Circulation ("RC") and diamond drilling.

Drilling was targeted by Controlled-Source Audio Magnetotelluric ("CSAMT") survey data and soil sampling data. The program confirmed two out of three technical objectives and has made significant progress on the third.

1) Anticlines and synclines were correctly identified by CSAMT on PL082. This agrees with the interpretation of PL082 by expert KCB consultant Dave Catterall of Tulia Blueclay Limited. Mr Catterall has been consulting to Kavango since October 2022.

2) Zones of structural disturbance, brecciation and alteration were clearly interpreted via CSAMT and then confirmed in drill core, in particular in KCBRD005. Kavango's geologists observed evidence of fluid flow, with consequent alteration.

3) The final test was to intersect the interpreted Ngwako Pan / D'Kar contact. A massive sandstone unit was intersected from 540.10m to end of hole in KCBRD007. Although the contact was not intercepted, the massive sandstone unit matches the resistive signature on the CSAMT inversion.

Kavango has concluded that in PL082 the D'Kar/Ngwako Pan contact lies at a greater depth than interpreted from CSAMT data, and that the CSAMT is successfully identifying stratigraphic boundaries.

Kavango's attention then moved to its Karakubis KCB licences further to the west, where interpretation of wider sedimentary geology in the KCB indicates that the D'Kar/Ngwako Pan contact lies closer to the surface. Kavango's technical team have carried out an intensive review of this area, including geological mapping, additional soil sampling with pXRF analysis, and integration of Airborne Electromagnetic ("AEM") and CSAMT survey data. Preparation is now underway for an Induced Polarisation ("IP") survey, a method which is often used to specifically target sulphides. These methods together are aimed at delivering relatively shallow higher confidence drill targets.

Project status – Nara, Zimbabwe

Kavango announced in June 2023 that it had signed an exclusive 2-year Option to acquire a producing gold exploration project in Matabeleland, southern Zimbabwe.

The Nara Project comprises 45 contiguous gold claims. Kavango believes the Nara Project has potential to host a bulk mineable gold deposit.

The Nara Project area has supported historic high-grade underground mining and continuous surface small-scale mining and custom milling over the last 30 years. This has generated approximately 150,000 to 250,000 tonnes of tailings, which present a separate opportunity for potential near-term revenue generation.

Under the terms of the Option, Kavango has full access to the Nara Project area to conduct field due diligence, through a comprehensive exploration program. This program is planned to include (but not be limited to) surface mapping and geochemistry, geophysics, surface drill testing, underground sampling, underground drill testing and assessing the commercial potential for processing the Tailings.

Work has now commenced, and preparations are underway for a forthcoming drill program.

Principal risks and uncertainties

The principal risks and uncertainties facing our business are monitored on an ongoing basis. The board of directors have reviewed the principal risks and uncertainties disclosed in the 2022 annual report and concluded that they remain applicable for the second half of the financial year. A detailed description of these risks and uncertainties is set out on pages 10 to 13 of the 2022 annual report.

Closing comments

I would like to thank Ben Turney, Hillary Gumbo, Brett Grist, Peter Wynter Bee, and Jeremy Brett for their input over the last six months, along with the operations team in Botswana, and our new colleagues in Zimbabwe. Ben's work has been instrumental both in the recent financing and in the bringing on board of the new Zimbabwe assets. Peter Wynter Bee joined the Board in January, bringing to Kavango significant industry experience, which has added greatly to the Board's capabilities. Jeremy Brett also joined the Board in January, having worked extensively with the Company on its geophysics programs, and brings in additional geophysical expertise.

I am also grateful for the continued support of our shareholders. The sector has seen continued challenging times, and Kavango has been no exception to this, with a fall in our share price in recent months. The continued support of Purebond however offers a renewed opportunity for Kavango to focus an intensive level of exploration on those projects which in our opinion are most likely to provide exploration success in the short to medium term. As a result, we have an excellent opportunity to rapidly deliver meaningful results that have the potential to add value for all shareholders.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as endorsed for use in the United Kingdom;
- Give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- The Interim Management Report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The Interim Management Report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

The Interim Management Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by

David Smith, Chairman
13 September 2023

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Total Comprehensive Income
For the Interim Period Ended 30 June 2023

		Six months to 30 June 2023 (Unaudited) US$'000	Six months to 30 June 2022 (Unaudited) US$'000
Continuing operations			
Administrative expenses	4	(1,043)	(794)
Pre-licence exploration costs		(249)	-
Other losses – loss on fair value of financial assets		(125)	(89)
Loss before taxation		(1,417)	(883)
Taxation		-	-
Loss for the period attributable to owners of the parent		(1,417)	(883)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		627	(451)
Other comprehensive income, net of tax		(790)	(1,334)
Total comprehensive loss for the period attributable to owners of the parent		(790)	(1,334)
Earnings per share from continuing operations attributable to owners of the parent:			
Basic and diluted loss per share (cents)	5	(0.20)	(0.21)

Condensed Consolidated Statement of Financial Position
For the Interim Period Ended 30 June 2023

	Notes	30 June 2023 (Unaudited) US$'000	31 Dec 2022 (Audited) US$'000
Assets			
Non-current assets			
Property, plant, and equipment		129	172
Intangible assets	6	11,530	9,679
Total non-current assets		11,659	9,851
Current assets			
Trade and other receivables	7	1,047	1,151
Financial assets at fair value through profit or loss	8	226	-
Cash and cash equivalents		1,515	2,265
Total current assets		2,788	3,416
Total assets		14,447	13,267
Liabilities			
Current liabilities			
Trade and other payables		492	571
Total current liabilities		492	571
Total liabilities		492	571
Net assets		13,955	12,696
Equity			
Share capital	9	1,081	904
Share premium	9	20,873	19,296
Shares to be issued		-	7
Share option reserve		1,215	913
Warrant reserve		328	650
Foreign exchange reserve		(392)	(1,019)
Reorganisation reserve		(1,591)	(1,591)
Retained losses		(7,559)	(6,464)
Total equity attributable to owners of the parent		13,955	12,696

Condensed Consolidated Statement of Changes in Equity
For the Interim Period Ended 30 June 2023

	Share Capital	Share Premium	Reorganisation Reserve	Share Option Reserve	Warrant Reserve	Foreign Exchange Reserve	Retained deficit	Shares to be issued	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 1 January 2022	544	10,985	(1,591)	457	1,764	(474)	(4,258)	363	7,790
Loss for the period	-	-	-	-	-	-	(883)	-	(883)
Other comprehensive loss:									
Foreign currency exchange difference	-	-	-	-	-	(451)	-	-	(451)
Total comprehensive loss for the period	-	-	-	-	-	(451)	(883)	-	(1,334)
Warrants issued	-	-	-	-	204	-	-	-	204
Issue of ordinary shares	37	884	-	-	(9)	-	9	-	921
Costs of share issues	-	(49)	-	-	-	-	-	-	(49)
Share-based payments – expensed	-	-	-	197	-	-	-	-	197
Share-based payments – capitalised	-	-	-	-	48	-	-	463	511
Total transactions with owners	37	835	-	197	243	-	9	463	1,784
As at 30 June 2022	**581**	**11,820**	**(1,591)**	**654**	**2,007**	**(925)**	**(5,132)**	**826**	**8,240**
As at 1 January 2023	904	19,296	(1,591)	913	650	(1,019)	(6,464)	7	12,696
Loss for the period	-	-	-	-	-	-	(1,417)	-	(1,417)
Other comprehensive income:									
Foreign currency exchange difference	-	-	-	-	-	627	-	-	627
Total comprehensive loss for the period	-	-	-	-	-	627	(1,417)	-	(790)
Warrants issued	-	-	-	-	(322)	-	322	-	-
Issue of ordinary shares	177	1,596	-	-	-	-	-	-	1,773
Costs of share issues	-	(19)	-	-	-	-	-	-	(19)
Share-based payments – expensed	-	-	-	302	-	-	-	-	302
Share-based payments – capitalised	-	-	-	-	-	-	-	(7)	(7)
Total transactions with owners	177	1,577	-	302	(322)	-	322	(7)	2,049
As at 30 June 2023	**1,081**	**20,873**	**(1,591)**	**1,215**	**328**	**(392)**	**(7,559)**	**-**	**13,955**

Condensed Consolidated Statement of Cash Flows
For the Interim Period Ended 30 June 2023

	Notes	Six months to 30 June 2023 (Unaudited) US$'000	Six months to 30 June 2022 (Unaudited) US$'000
Cash flows from operating activities			
Loss before taxation		(1,417)	(883)
Adjustments for:			
Share option expense		295	204
Directors' fees settled in shares		-	20
Fair value adjustments		125	83
Net cash used in operating activities before changes in working capital		(997)	(576)
Decrease / (increase) in trade and other receivables		120	(436)
Decrease in trade and other payables		(79)	(11)
Net cash used in operating activities		(956)	(1,023)
Investing activities			
Payments for property, plant and equipment		(6)	(57)
Payments for financial assets at fair value through profit or loss		(344)	-
Payments for intangible assets		(1,162)	(961)
Net cash used in investing activities		(1,512)	(1,018)
Financing activities			
Proceeds from issue of share capital and warrants	9	1,773	1,080
Cost of share issue	9	(19)	(16)
Net cash generated from financing activities		1,754	1,064
Net decrease in cash and cash equivalents		(714)	(977)
Cash and cash equivalents at beginning of period		2,265	2,308
Effects of exchange rates on cash and cash equivalents		(36)	(205)
Cash and cash equivalents at end of the period		1,515	1,126

NOTES TO THE INTERIM REPORT FOR SIX MONTHS ENDED 30 JUNE 2023

1. Basis of preparation

These condensed consolidated interim financial statements include results of Kavango Resources Plc ("the Company") and its subsidiaries ("the Group") and have been prepared under the historical cost convention except for revaluation of certain financial instruments and on a going concern basis and in accordance with UK-adopted International Accounting Standards.

In the opinion of the directors, the condensed consolidated interim financial statements for this period fairly presents the financial position, results of operations and cash flows for this period.

The board of directors approved these condensed consolidated interim financial statements on 13 September 2023.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. They do not constitute statutory accounts as defined in s434 of the Companies Act 2006.

The condensed consolidated financial statements should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with UK-adopted International Accounting Standards.

The condensed consolidated financial information for the year ended 31 December 2022 does not constitute the Company's statutory accounts for that year, but is derived from those accounts. Statutory accounts for the year ended 31 December 2022 have been delivered to the Registrar of Companies. The auditors reported on those accounts and their report was unqualified and did not contain a statement under s498(2) or (3) of the Companies Act 2006, but it did draw attention to material uncertainty regarding going concern and an outstanding balance of share placing proceeds (detailed in note 9).

The condensed consolidated interim financial statements for the period ended 30 June 2023 have not been audited or reviewed in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board.

Accounting policies

The condensed consolidated interim financial statements have been prepared using applicable accounting policies and practices consistent with those adopted in the statutory audited consolidated annual financial statements for the year ended 31 December 2022. A number of amendments to accounting standards have became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Critical accounting judgements and estimates

The preparation of the condensed consolidated interim financial statements requires directors 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 judgements and estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended 31 December 2022.

Going Concern

The condensed consolidated interim financial statements have been prepared on a going concern basis. Although the Group's assets are not generating revenue and an operating loss has been reported, the directors have concluded that, subject to successful completion of the second share placing with Purebond Limited for £4,600,000, the Group will have sufficient funds to meet its working capital requirements and planned exploration expenditure for at least 12 months from the date of approval of these interim financial statements.

2. Financial risk management and financial instruments

Risks and uncertainties

The Board continually assesses and monitors the key financial risks of the business. The key financial risks that could affect the Group's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2022 Annual Report and Financial Statements, a copy of which is available from the Group's website: www.kavangoresources.com. The key financial risks are market risk (including currency risk), credit risk and liquidity.

3. Segmental disclosures

The Group has two reportable segments, Exploration and Corporate, which are the Group's strategic divisions, for each of the strategic divisions, the Board reviews internal management reports on a regular basis. The Group's reportable segments are:

Exploration: the exploration operating segment is presented as an aggregate of all licences in which the Group has economic interest as well as pre-licence expenditure. Expenditure on exploration activities for each licence is used to measure agreed upon expenditure targets for each licence to ensure the licence clauses are met.

Corporate: the corporate segment includes the holding and intermediate holding companies' costs in respect of managing the Group.

Loss after tax for each segment is detailed below:

	Six months to 30 June 2023 (Unaudited) US$'000	**Six months to 30 June 2022 (Unaudited) US$'000**
Continuing operations		
Corporate (London and Mauritius)	(1,168)	(883)
Exploration (Zimbabwe)	(249)	-
Loss before tax	(1,417)	(883)
Taxation	-	-
Loss after tax	(1,417)	(883)

Segmental assets and liabilities are detailed below:

	Non-current assets		**Non-current liabilities**	
	30 June 2023 (Unaudited) US$'000	**31 Dec 2022 (Audited) US$'000**	**30 June 2023 (Unaudited) US$'000**	**31 Dec 2022 (Audited) US$'000**
Exploration - intangible assets and equipment (Botswana)	11,659	9,851	-	-
Corporate (London)	-	-	-	-
Total of all segments	11,659	9,851	-	-

	Total assets		**Total liabilities**	
	30 June 2023 US$'000	**31 Dec 2022 US$'000**	**30 June 2023 US$'000**	**31 Dec 2022 US$'000**
Exploration (Botswana)	12,086	10,112	155	106
Corporate (London)	2,361	3,155	337	465
Total of all segments	14,447	13,267	492	571

4. Administrative expenses

Administrative expenses for the period ended 30 June 2023 of US$ 1,043,000 (June 2022: US$ 794,000) include a share-based payment charge of US$ 295,000 (June 2022: US$ 197,000) in relation to the Company's share options (note 10).

NOTES TO THE INTERIM REPORT FOR SIX MONTHS ENDED 30 JUNE 2023 (continued)

5. Loss per share

The calculation of earnings per share is based on the loss attributable to equity holders divided by the weighted average number of shares in issue during the period.

	Six months to 30 June 2023 (Unaudited) US$'000	**Six months to 30 June 2022 (Unaudited) US$'000**
Loss for the period from continuing operations	1,417	883

	Six months to 30 June 2023 (Unaudited) Number	**Six months to 30 June 2022 (Unaudited) Number**
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	717,945,005	424,158,024

	Six months to 30 June 2023 (Unaudited) US Cents	**Six months to 30 June 2022 (Unaudited) US Cents**
Basic and diluted loss per share	0.20	0.21

6. Intangible assets

Intangible assets comprise entirely of exploration and evaluation assets.

	Six months to 30 June 2023 (Unaudited) US$'000	**12 months to 31 Dec 2022 (Audited) US$'000**
At 1 January	9,679	5,075
Additions	1,203	3,594
Acquisition of Kanye JV	-	1,530
Translation differences	648	(520)
At period end	11,530	9,679

During the period ended 30 June 2023, the additions balance relates to the Group's exploration activity in Botswana. Details on the exploration activity can be found in the Interim Management Report.

Impairment review

The directors have undertaken a review to assess whether the following impairment indicators existed as at 30 June 2023 or subsequently prior to the approval of these condensed consolidated interim financial statements:

1. Licences to explore specific areas have expired or will expire in the near future and are not expected to be renewed;

2. No further substantive exploration expenditure is planned for a specific licence;

3. Exploration and evaluation activity in a specific licence area have not led to the discovery of commercially viable quantities of mineral resources and the Board has decided to discontinue such activities in the specific area; and

4. Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full of successful development or by sale.

6. Intangible assets (continued)

Following their assessment, the directors concluded that no impairment indicators exist and thus no impairment charge is necessary.

7. Trade and other receivables

	30 June 2023 (Unaudited) US$'000	31 Dec 2022 (Audited) US$'000
Amounts due from shareholders	635	693
VAT recoverable	126	335
Other receivables and prepayments	286	123
	1,047	1,151

Further details on the amounts due from shareholders are included in note 9.

8. Financial assets at fair value through profit or loss

	30 June 2023 (Unaudited) US$'000	31 Dec 2022 (Audited) US$'000
Listed securities	101	-
Convertible loan notes	125	-
	226	-

Listed securities

In January 2023 the Company acquired 11,000,000 shares in Power Metal Resources, an AIM-listed metal exploration company, for a total consideration of US$ 194,000. The fair value of the shares is based on their unadjusted quoted market price, which represents a Level 1 input within the fair value hierarchy of IFRS 13 *Fair value measurement* ("IFRS 13"). The fair value of the shares declined to US$ 101,000 as at 30 June 2023 with a loss of US$ 94,000 recognised in profit or loss.

Convertible loan notes

During the period ended 30 June 2023, the Company subscribed to a convertible loan notes ("CLNs") issued by an exploration company listed on the TSX Venture Exchange, for a total cash consideration of US$ 150,000. The CLNs carry no interest but are redeemable in October 2023 with a redemption premium of US$ 50,000. The redemption will be in company's shares (together with potential warrants) at a set conversion price subject to adjustments in the event of a fundraise.

The CLNs are derivative financial assets measured at fair value through profit or loss. The fair value of the instruments was estimated using a Monte Carlo simulation as at subscription dates and 30 June 2023. The estimation of fair values required a significant use of unobservable inputs, such as the expected conversion price and share price on redemption, which represent Level 3 inputs within the fair value hierarchy of IFRS 13. In the period ended 30 June 2023, a net loss of US$ 31,000 was recognised in profit or loss with respect to the CLN.

9. Share capital and share premium

	Ordinary shares No.	Share capital US$'000	Share premium US$'000	Total US$'000
At 1 January 2023	705,569,314	904	19,296	20,200
Share placing	140,000,000	177	1,596	1,773
Issue costs	-	-	(19)	(19)
At 30 June 2023	845,569,314	1,081	20,873	21,954

On 14 June 2023, the Company successfully raised £1,400,000 (US$ 1,773,000) gross proceeds by placing 140,000,000 new ordinary shares at 1p.

In November 2022 the Company raised US$ 4,164,000 through the issue of 194,444,437 shares and 194,444,437 3p warrants. Of this amount, as at 30 June 2023 and the date of approval of these condensed consolidated interim financial statements, £500,000 (June 2023: US$ 635,000; December 2022: US$ 605,000) remain outstanding from one subscriber, Arigo Capital, and are included within the trade and other receivables balance (note 7). The directors are in continued discussions with Arigo Capital on arranging a settlement solution and expect this to be resolved in the second half of 2023. However, should the funds ultimately not be received, the directors have the ability to issue the shares to a new subscriber for a similar premium or may cancel the shares. Therefore, no expected credit loss provision has been recognised as at 30 June 2023 (December 2022: US$ nil).

10. Share-based payments

On 3 February 2023, the Company granted 32,820,000 of new options to the Group's directors, employees and contractors. The Company also amended the vesting conditions and exercise price of 10,000,000 existing share options to align them with the new grant.

The directors have elected to account for the amendment as a cancelation of the existing options, leading to an accelerated recognition of the remaining option charge of US$ 200,000 in the period ended 30 June 2023, and treating the replacement options as a new grant.

Of the 42,820,000 new and amended options granted, 37,820,000 are subject the following vesting conditions:

(i) a minimum service period, ranging between 6 and 18 months; and
(ii) the Company share price closing at 6p or above on any 5 trading days; or
(iii) the Company share price closing at 7.5p or above on any 5 trading days; or
(iv) change of control of the Company.

The exercise of the options is subject to continuous employment or commercial engagement with the Group on the day of exercise, unless terminated by the Group or the usual 'good leaver provisions' apply.

The vesting period of the options is therefore variable and linked to market-based performance conditions. A Monte Carlo model was used to calculate the fair value of the options at the date of grant and to estimate their most likely vesting periods.

The options are valid for 7 years from the date of grant (or 7 years from the date of original grant for the amended options) with the exercise price of 5p.

The remaining 5,000,000 options were granted to the Company CEO on the same terms as above except there is no continuous employment requirements. Therefore in accordance with applicable accounting standard their fair value was recognised in full on the date of grant.

For the period ended 30 June 2023 a total charge of US$ 302,000 (June 2022: US$ 197,000) was recognised in profit or loss in relation the Company's share options.

Movements in the Company's share options during the period ended 30 June 2023 are detailed below:

	Number of options US$'000	Average exercise price US$'000
At 1 January 2023	45,475,000	4.24
Cancelled	(10,000,000)	5.00
Granted	42,820,000	3.00
At 30 June 2023	78,295,000	3.46
Exercisable at 30 June 2023	22,225,000	2.60

11. Significant events after the reporting date

On 25 July 2023, the Company signed an exclusive 6-month option to acquire two gold exploration projects in Matabeleland, southern Zimbabwe. The Company can exercise the exclusive options at its sole discretion. The option period will allow Kavango to perform an appropriate exploration program to assess the potential of the Hillside and Leopard Projects.

On 5 August 2023, 39,890,911 warrants issued by the Company in connection with its share placing in July 2021 lapsed unexercised.

12. Other matters

A copy of the Interim Management Report and the condensed consolidated interim financial statements is available on Kavango's website: www.kavangoresources.com