

**Half Year Report
for the Period Ended 30 June 2020**

23 October 2020

To the shareholders of Papillon Holdings plc

Chairman's Report

Papillon Holdings PLC (the 'Company' or 'Papillon') is an investment company incorporated on 19 October 2015, with the original primary objective of undertaking a single acquisition of a target company, business or asset in the industrial or service sector.

On 3 September 2020 the directors of Papillon were delighted to announce that it had signed a binding Heads of Agreement (the 'Agreement') with Mayflower Capital Investments Pty Limited ('Mayflower') to acquire certain contractual production and exploration rights held by Mayflower in gold assets located in Kenya and an option over exploration rights in Congo Brazzaville being:

- 100% interest in the Kilimapesa Gold Mine in the Republic of Kenya, a current producing gold mine with an existing 671,446 oz JORC resource and with further exploration potential ('Kilimapesa'); and
- an option to acquire a 70% interest in the Kakamoeka Gold Project, which includes four exploration licences, covering over 3,000km² of the Mayombe Greenstone Belt located in Congo Brazzaville ('Kakamoeka') (together, the 'Acquisitions')

The Acquisitions are expected to provide the Company with near term gold production and considerable value upside potential from resource expansion and mine optimisation at Kilimapesa, in addition to uplift through the delivery of exploration and development milestones at Kakamoeka, and are intended to be the first phase of a strategy to establish a strategic portfolio of African gold producing assets focussing on known and geologically proven gold projects.

The directors believe that securing a near-term gold asset, which requires limited capex to bring to fruition, and which is partnered with significant upside from resource expansion and mine optimisation activities, is a remarkable find for our investors. We believe we have a truly exceptional and largely de-risked opportunity for shareholders to gain exposure to the junior gold mining industry.

Mayflower is a global natural resources investment group. It originates, structures and provides principal investment and management services in order to sufficiently de-risk investments and pave the way for other investors. With offices in Perth, Johannesburg and London, Mayflower has a truly global reach to good quality natural resources assets.

Under the Agreement, Papillon has agreed to acquire the contractual rights from Mayflower to acquire a 100% interest in Kilimapesa Gold Pty Limited ('KPG'). KPG is a Kenyan incorporated company which holds a 100% interest in Kilimapesa and the associated mining and exploration licences.

Kilimapesa is an established gold mine offering immediate value to the Company. Kilimapesa is located approximately 230km west of Nairobi in the historically productive Migori Archaean Greenstone Belt, Kenya. Kilimapesa has a current mineral resource of 8,715,291 tonnes at 2.40 g/t Au for 671,446 oz Au at a cut-off of 1 g/t. Production commenced in 2012 with the mine having an established infrastructure including a processing plant commissioned in 2016 with design capacity of 200 tonnes per day. Kilimapesa was put on care and maintenance in 2019, primarily due to insufficient funding.

Mayflower's technical management team is currently on site at Kilimapesa overseeing and implementing plans for the immediate recommencement of gold production using the established processing plant. Further mine and process plant optimisation studies are underway and are to be implemented upon completion of the Acquisitions to further increase annual gold production to an initial rate of 25,000 oz.

The Company has further agreed to acquire the contractual rights from Mayflower via an option to acquire a 70% interest in Congo Gold SARL ('CGS'). CGS is a company incorporated in Congo-Brazzaville which holds a 100% interest in Kakamoeka which includes four exclusive exploration permits that cover over 3,000km² and extend over 50km of strike length of the Mayombe Greenstone Gold belt from the Angolan border in the south-east to the Gabon border in the north-east.

Gold production on the Kakamoeka license areas dates back to the 1940s and small-scale artisanal mining continues to this day. Modern exploration and development commenced only in 2011, with mapping, soil geochemistry, trenching, and multiple RAB and core drilling completed over multiple gold centres identified at Kakamoeka.

Kakamoeka is considered by the Company as an advanced and highly attractive gold exploration project. Previous drilling has already defined two advanced gold projects, 15km of strike and several zones of near surface gold mineralisation through laboratory assay. These results include 3m at 7.19g/t Au from 7m, 3m at 5.54g/t Au from 1m, 3m at 6.49g/t from 3m, 3m at 4.90g/t from 6m and 3m at 6.95g/t from 4m. In addition, visible gold was recorded in a number of samples from the drill holes.

The Company will complete further drilling in 2020 to define a maiden JORC compliant resource at Kakamoeka with seven drill ready targets already identified and numerous additional targets ready for the Company's earlier stage exploration work to commence.

Going forward, the Company's strategy is to establish a strategic portfolio of gold producing and development assets focussing on existing gold resources and assets in proven and well-established

gold mining regions in Africa. The Company is actively working with Mayflower in the identification and further potential acquisition of gold projects which meet these criteria.

The Acquisitions are subject, inter alia, to the completion of due diligence, documentation and compliance with all regulatory requirements, including the Listing and Prospectus Rules and, as required, the Takeover Code. The Acquisitions, if they proceed, will constitute a Reverse Takeover under the Listing Rules and therefore the listing in the Company's ordinary shares will remain suspended pending the re-admission of the Ordinary Shares to the Standard Listing Segment of the London Stock Exchange. The Company is working on the preparation of a prospectus in relation to the Acquisitions which will, in due course, be submitted to UKLA for approval and making application for the enlarged Company to have its Ordinary Shares re-admitted to the Standard Listing segment of the London Stock Exchange.

Certain new directors will be joining the Board including Jason Brewer, who will join as an Executive Director together with Dr Elena Clarici and Gerard Kisby-Green who will both join as Non-Executive Directors. Lord Monson, currently a Non-Executive Director of the Company, will become Non-Executive Chairman, replacing James Longley, who will remain as CFO. The new appointments will be subject to the standard director checks and the completion of the Transaction and re-listing of Papillon.

Mayflower will continue to serve the Board in an advisory capacity focussing on identifying and negotiating the potential acquisitions of advanced and producing gold projects in East Africa as part of the Company's growth and gold production strategy.

Furthermore, as a part of due diligence and testing the state of operations, Kilimapesa successfully recommenced gold production with the first smelt taking place on Monday 14 September 2020 yielding a 3,377g (87oz) gold bar, and with the intention to continue gold production at the mine. Further to this, Mayflower has confirmed that a further gold pour was completed at Kilimapesa on Monday 5 October 2020, the second gold pour since Mayflower recommenced processing operations last month, with almost twice the gold ore produced from the first gold pour on 14 September 2020.

Additionally, an updated Competent Person Report (CPR) has been successfully completed and will be released as a part of re-admission documentation. Dr. Cedric Simonet from Akili Mineral Services Ltd is acting as Competent Person.

The Parties are pleased to confirm that additional funding of approximately US\$500,000 from European-based investors has been obtained, of which US\$165,000 was advanced to Goldplat PLC on 9 October 2020. This additional funding takes the total amount advanced towards securing Kilimapesa to US\$300,000, and satisfies the minimum expenditure requirements, which was one of the key terms of Mayflower's proposed acquisition of Kilimapesa from AIM-listed Goldplat PLC. The balance of

monies will be used to fund the continued operation and other onsite activities at the Kilimapesa Gold Mine in Kenya through to completion of the Transaction.

Furthermore, Mayflower has agreed an extension with Goldplat PLC for completion of the acquisition of Kilimapesa, to allow for the Company to complete the Transaction and reverse takeover ('RTO') with Mayflower, as announced by Goldplat PLC on 1 October 2020.

The Parties are pleased to confirm that all key consultants for the Transaction have now been appointed and work regarding finalising the Prospectus for the RTO is well underway. The Parties, along with key creditors, are working on a capital reorganisation and funding plan for Papillon, to better position the Company to progress its new African gold mining and production strategy. This draft restructuring plan has also been provided to Goldplat PLC as part of the terms of Mayflower's acquisition of Kilimapesa.

Update on Pace Cloud Limited

On 18 May 2018, the Company reached an agreement via a non-binding head of terms to make an investment in 50% of the issued share capital of a fintech company, Pace Cloud Limited ('Pace Cloud'). Papillon had fulfilled the terms of its investment of GBP550k to achieve a 50% equity interest in Pace Cloud, the prospectus was approved by UKLA and the company brokers were ready to proceed with the placing. However, the directors and shareholders of Pace Cloud informed us they no longer wished to proceed with the transaction. Papillon is yet to receive a realistic proposal from Pace Cloud directors and shareholders as to how they intend to fulfil their legal obligations regarding the substantial transaction costs and substantial loan advances to them to date. Furthermore, the Papillon Board of directors has determined that, in the current circumstances, 60% of the assets and benefits arising from the terminated relationship with Pace Cloud will be spun off into a separate private entity owned by the existing shareholder base, contemporaneously with the transaction contemplated above, with the balance being retained in Papillon together with a receivable from the spun-off company of £480,000 payable when the spun off company realises its investment in Pace Cloud Limited. The shareholding and receivable to be retained by Papillon is to compensate the incoming shareholders of Papillon for the debts incurred pursuing the Pace Cloud transaction

Results for the period

For the period from 1 January 2020 to 30 June 2020, the Company's results included the ongoing running costs of the Company including listing fees on the London Stock Exchange and other advisory costs.

Risks and uncertainties

The Company is a relatively new entity, with only a brief operating history, and therefore, investors have no basis on which to evaluate the Company's ability to achieve its objective of identifying, acquiring and operating one or more companies or businesses.

Whilst the company has executed an agreement to acquire certain contractual production and exploration rights held by Mayflower in gold assets located in Kenya and an option over exploration

rights in Congo Brazzaville the directors are unable to offer assurance that the relisting of Papillon will complete and /or that we will be able to raise the necessary funds via debt a placing upon re-listing to enable the combined group to fulfil its short term plans.

Going Concern

As stated in Note 1 to the condensed financial statements, the directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Responsibility Statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Cautionary statement

This Interim Management Report (IMR) has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

James Longley
Director

	Period ended 30 June 2020 GBP ('000) (unaudited)	Period ended 30 June 2019 GBP ('000) (unaudited)	Year ended 31 December 2019 GBP ('000) (audited)
Continuing operations		-	
Administrative expenses	(74)	(154)	(434)
Finance costs	(91)	(42)	(122)
Listing costs	(12)	(17)	(33)
Other income: interest received	12	15	7
Loss before taxation	(165)	(198)	(582)
Taxation	-	-	-
Loss for the period	(165)	(198)	(582)
Loss per share - basic and diluted (pence)	(0.125p)	(0.150p)	(0.440p)

PAPILLON HOLDINGS PLC
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital GBP (‘000)	Share premium GBP (‘000)	Loan Note Equity Reserve GBP (‘000)	Retained earnings GBP (‘000)	Total GBP (‘000)
Equity at 31 December 2018	132	602	6	(961)	(221)
Loss for the Period				(198)	(198)
Equity element of 10% convertible loan notes			7		
Equity at 30 June 2019	132	602	13	(1,159)	(412)
Loss for period				(294)	(294)
Equity element of 10% convertible loan notes			9		9
Equity at 31 December 2019	132	602	22	(1,453)	(697)

Loss for period			(165)	(165)
Equity element of 10% convertible loan notes		(22)		(22)
Equity at 30 June 2020	<u>132</u>	<u>602</u>	<u>-</u>	<u>(1,618)</u>
	<u><u>132</u></u>	<u><u>602</u></u>	<u><u>-</u></u>	<u><u>(1,618)</u></u>

PAPILLON HOLDINGS PLC
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2020 GBP ('000) (unaudited)	As at 30 June 2019 GBP ('000) (unaudited)	As at 31 December 2019 GBP ('000) (audited)
Assets				
Current assets				
Prepayments & other receivables	3	542	407	480
Cash and cash equivalents		10	3	-
Total Assets		<u>552</u>	<u>410</u>	<u>480</u>
Equity and Liabilities				
Share capital		132	132	132
Share premium		602	602	602
Loan Note reserve		-	13	22
Retained earnings		(1,618)	(1,159)	(1,453)
Total Equity		<u>(884)</u>	<u>(412)</u>	<u>(697)</u>
Current Liabilities				
Trade and other payables		936	335	699
Convertible loan notes		500	487	478
Total Liabilities		<u>1,436</u>	<u>822</u>	<u>1,177</u>
Total Equity and Liabilities		<u><u>552</u></u>	<u><u>410</u></u>	<u><u>480</u></u>

PAPILLON HOLDINGS PLC
INTERIM CONDENSED CASH FLOW STATEMENT

	Period ended 30 June 2020 GBP ('000)	Period ended 30 June 2019 GBP ('000)	Year ended 31 December 2019 GBP ('000)
--	---	---	---

	(unaudited)	(unaudited)	(audited)
Cash flows from operating activities			
Operating loss	(165)	(198)	(582)
(Increase)/decrease in trade and other receivables	(62)	(238)	(311)
Increase/decrease in trade and other payables	237	108	562
	<hr/>	<hr/>	<hr/>
Net cash flows from operating activities	10	(328)	(331)
Net cash flows from financing activities			
Issue of 10% Convertible Loan Notes	-	300	300
	<hr/>	<hr/>	<hr/>
Net increase in cash and cash equivalents	10	(28)	(31)
Cash and cash equivalents at the beginning of the period	-	31	31
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	10	3	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED INTERIM CONDENSED REPORT

1. General Information

Papillon Holdings Plc ('the company') is an investment company incorporated in the United Kingdom. The address of the registered office is 27-28 Eastcastle Street London W1E 8DN. The Company was incorporated and registered in England and Wales on 19 October 2015 as a private limited company and re-registered on 24 June 2016 as a public limited company.

2. Basis of preparation

This announcement was approved and authorised to issue by the Board of directors on 23 October 2020.

The financial information in this interim report has been prepared in accordance with the International Financial Reporting Standards. IFRS comprises standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

There are no IFRS, or IFRIC interpretations that are effective for the first time in this period that would be expected to have a material impact on the company.

The financial information has been prepared under the historical cost convention, as modified by the accounting standard for financial instruments at fair value.

The Directors are of the opinion that the financial information should be prepared on a going concern basis, in the light of the Company's financial resources.

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those applied by the Company in its audited financial statements for the period ended 31 December 2019 except as detailed below.

These condensed interim financial statements for the six months ended 30 June 2020 and 30 June 2019 have been prepared in accordance with International Accounting Standard No. 34, 'Interim Financial Reporting', are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 December 2019 are extracted from the 2019 audited financial statements. The independent auditor's report on the 2019 financial statements was not qualified.

No taxation charge has arisen for the period and the Directors have not declared an interim dividend.

Copies of the interim report can be found on the Company's website at www.papillonholdingsplc.com.

Going concern

The directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

3. Prepayments and other receivables

	Period ended 30 June 2020 GBP('000) (unaudited)	Period ended 30 June 2019 GBP ('000) (unaudited)	Year ended 31 December 2019 GBP ('000) (audited)
Prepayments and other receivables	32	59	23
Other receivables - Pace Cloud Limited	510	348	457

542	407	480
-----	-----	-----

4. Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The calculation of basic and diluted earnings per share is based on the following figures:-

	Period ended 30 June 2020 GBP (unaudited)	Period ended 30 June 2019 GBP (unaudited)	Year ended 31 December 2019 GBP (audited)
Loss for the period	(164,927)	(198,460)	(582,404)
Weighted average number of shares - basic and diluted	132,400,000	132,400,000	132,400,000
Basic earnings per share	(0.149p)	(0.150p)	(0.440p)
Diluted earnings per share	(0.125p)	(0.150p)	(0.440p)

The basic and diluted earnings per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation.

5. Share Capital

	As at 30 June 2020 GBP ('000) (unaudited)	As at 30 June 2019 GBP ('000) (unaudited)	As at 31 December 2019 GBP ('000) (audited)
132,400,000 Ordinary shares of £0.001 each	(132)	(132)	(132)

6. Convertible loan notes

On 26 October 2018 the Company issued £100,000 convertible loan notes, repayable on 25 October 2019 if not converted into shares prior to that date, and bearing interest at 10% p.a, payable quarterly

in arrears. On 28 November 2018 the Company also issued £100,000 convertible loan notes, repayable on 27 November 2019 if not converted into shares prior to that date, and bearing interest at 10% p.a, payable quarterly in arrears. On 16th May 2019 the Company also issued £300,000 convertible loan notes, repayable on 15th May 2020 if not converted into shares prior to that date, and bearing interest at 10% p.a, payable quarterly in arrears.

The net proceeds from the three separate issues of the loan notes have previously been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company.

The Directors have determined the fair value of the liability component of the loan notes at 30 June 2020 to be £500,000. As the conversion date has passed on the loan notes no discounting of future cashflows have been calculated and therefore the loan notes are shown at par value. Comparative calculations of fair value were calculated by discounting the future cash flows at the deemed market rate of 12%.

7. Reports

A copy of this announcement will be mailed to shareholders and copies will be available for members of the public at the Company's Registered Office 27-28 Eastcastle Street London W1E 8DN