Galileo Resources PLC
("Galileo" or "the Company" or "the Group")

Unaudited interim results for the six months ended 30 September 2021

Galileo (AIM: GLR), the exploration and development mining company, announces its unaudited interim results for the six-month period ended 30 September 2021. A copy of the interim results is available on the Company's website, www.galileoresources.com.

Operational Highlights

BOTSWANA – Kalahari Copperbelt

Period under review

On 2 August 2021 the Company announced that had it entered into a variation agreement dated 30 July 2021 (the "**First Variation Agreement**") with ASX listed Sandfire Resources Limited (ASX:SFR) ("Sandfire") in relation to its conditional licence sale agreement (the "**Licence Sale Agreement**") with Sandfire.
The Parties entered into the First Variation Agreement to facilitate the continuity of exploration expenditure on the Included Licences and to amend the list of Included Licences and Excluded Licences. The key commercial terms of the First Variation Agreement were to make the following variations to the Licence Sale Agreement:

- Change the long stop date for the meeting of the conditions from 31 July 2021 to 31 August 2021;
- Sandfire to at completion of the Licence Sale Agreement, reimburse Galileo up to US$500,000 of exploration expenditure incurred by Galileo in relation to licence obligations of certain Included Licences being transferred to Sandfire (the "Reimbursed Exploration Expenditure");
- Sandfire's US$4,000,000 Exploration Commitment under the Licence Sale Agreement to be reduced by the amount of the Reimbursed Exploration Expenditure;
- PL 368/2018 which was due to expire on 30 September 2021 to be removed from the list of Included Licences to be transferred to Sandfire as this licence is, with the agreement of Sandfire, being relinquished; and
- Removing the option for Sandfire to elect to pay the Success Payment under the Licence Sale Agreement by issuing Sandfire shares to Galileo which means the Success Payment if due will be paid in cash.

On 1 September 2021, the Company announced that it had entered into a second variation agreement (the Second Variation Agreement) with Sandfire in relation to the Licence Sale Agreement to extend the long stop date to 15 September 2021 to facilitate the completion of the processes to obtain Ministerial Consent.

The Licence Sale Agreement transaction was completed on 22 September 2021.

Post period under review

On 8 November 2021 the Company provided an update on progress of a drilling campaign on the Kalahari Copper Belt licences, with more than 5,000 metres (m) of mixed core and reverse circulation drilling ('RC') completed on five of the Kalahari Copper Belt exploration licences. This included work on both the Company's retained licences and the Sandfire Agreement Licences (see RNS dated 16 September 2021), with the agreement of Sandfire Resources. Amongst the results reported were:

- Drilling on the Sandfire Agreement Licences intersected visible copper mineralisation at 242.7m in core hole BDDD004 on PL366/2018 in the form of vein-hosted chalcopyrite.
- Galileo drilled in two of its retained licences, PL40/2018 and PL253/2018, with most holes intersecting the target D'kar/Ngwako Pan Fm. One hole intersected a 6.32m interval of 2-5% fine-grained disseminated pyrite at the target horizon level which it was considered might represent a hydrothermal mineral system lateral to a copper occurrence.
- RC drilling was ongoing on PL253/2018 and diamond drilling had commenced on PL39/2018 with the aim of testing an extensive airborne EM target on this property, focussed on the margins of a regional scale dome feature.

ZAMBIA

Kashitu

Period under review

The Company has continued to make plans for a drilling programme at the Kashitu zinc project. Site visits were undertaken to establish the suitability of several potential drill sites, with the focus on initial testing of a high-grade willemite zinc silicate vein zone which has been partially mined previously in a small open pit.

The aim is to undertake the programme, subject to access constraints during the rainy season.

Star Zinc

Period under review

The Company received an amount of US$50K from Siege Mining Limited under the agreement signed on 4 March 2021 in relation to the ceding of ownership and operation of the Star Zinc Project.

Shinganda Project

Post period under review

On 7 December 2021 the Company announced that it had entered into an Option and Joint Venture agreement with Garbo Resource Solutions Ltd ("Garbo"), a private special purpose UK company established to hold the Shinganda copper-gold property located in Central Zambia. The property is held as a large-scale exploration licence No. 22990-HQ-LEL, covering an area of 186.76km^2, by Garbo Resource Zambia Ltd., which is 99.4% owned by Garbo. The principal terms of the agreement are as follows:

- The option agreement gives Galileo the right to earn an initial 51% interest in the Shinganda copper-gold project in central Zambia, subject to any necessary Zambian regulatory approval, by spending US$0.5m on exploration and evaluation over two years.
- The Company can subsequently increase its interest through entering into a Joint Venture to develop a mining operation, ranging from 65% interest for a large deposit of greater than 1Mt of contained copper equivalent, up to an 85% interest in a smaller deposit of less than 200,000 tonnes of contained copper equivalent.

The project area covers part of a major 10km structural trend with two previously developed small-scale open pit copper-gold mines. Very limited historic drilling on the property is reported to have intersected

1.07% Cu over a true width of 28.3m at shallow depth within supergene copper oxides. Drilling on the structure off-property to the west by Vale S.A. recorded 2m @ 3.93% Cu, 1.72 g/t Au.

Galileo plans to review past exploration data followed by a drilling programme focussed on testing the tenor and extent of the shallow copper/gold mineralisation indicated by previous drilling and nearby mining. Historic grab sampling in an exploration pit towards the south of the Project area by Vale S.A., with reported assay values of 10.45% Cu, 11g/t Au, will also be followed up in the field by Galileo for confirmation purposes.

Luansobe Copper Project

Post period under review

On 30 December 2021, the Company announced that it had entered into a Joint Venture Agreement (the "**JV Agreement**") on 29 December 2021 with Statunga Investments Limited (the "**Vendor**"), a private Zambian company owns the Luansobe Project comprising small-scale exploration licence No. 28340–HQ-SEL, covering an area of 918 Hectares granted on 16 February 2021 and with its initial 4-year term expiring on 15 February 2025.

The Luansobe area is situated some 15km to the northwest of Mufulira Mine in the Zambian Copperbelt which produced well over 9Mt of copper metal during its operation. It forms part of the northwestern limb of the northwest - southeast trending Mufulira syncline and is essentially a strike continuation of Mufulira, with copper mineralisation hosted in the same stratigraphic horizons. At the Luansobe prospect mineralisation occurs over two contiguous zones, dipping at 20-30 degrees to the northeast, over a strike length of about 3km and to a vertical depth of at least 1,250m.

The JV Agreement provides Galileo the right to earn an initial 75% interest in a special purpose joint venture company (the "**JV Company**") to be established under Zambia law to, with Ministerial Consent, acquire the Licence, and the technical information and other information and assets related to the Luansobe Project by making an initial payment of US$200,000 and a second payment of US$200,000 in the initial period from the date of the JV Agreement by 20 February 2022 (the "**Initial JV Period**") and issuing 5,000,000 Galileo shares to the Vendor. Based on the closing price share price of 0.98 pence on 29 December 2021 the last practicable date prior to this issue of this announcement, the aggregate consideration will be approximately £350,000.

During the Initial JV Period the Company will conduct further due diligence in relation to the Luansobe Project and may at its sole discretion at any time prior to the end of the Initial JV Period give notice to the Vendor that it has decided not to proceed with the Joint Venture.

The Company has undertaken to commence raw data investigation of the technical information available in relation to the Project and devise an exploration programme for the Luansobe Project, which in their opinion maximise the value of the Luansobe Project with a view to completing a Project Feasibility Study within 18 months of 20 February 2022.

SOUTH AFRICA

Glenover Phosphate Project ("Glenover")

Period under review

The Company continued to support Glenover in its application for a mining licence. Golder Associates completed a revised waste management facility design for environmental authorisation for the project which was submitted to the South African Department of Water and Sanitation. A Record of Decision was awaited in order to finalise Glenover's mining right.

Post period under review

The Company announced on 9 December 2021 that;

- Glenover in which Galileo has a 29% direct shareholding and a 4.99% indirect shareholding held via Galagen Proprietary Limited who are the BEE partner of Galileo entered into an Asset sale agreement with JSE Limited listed Afrimat Limited (JSE: AFT) ("**Afrimat**") for ZAR 250M (approx. £11.64m) of certain deposits of phosphate rock located at the Glenover Mine and mining rights to mine the Vermiculite Deposit at the Glenover Mine (the "**Asset Sale Agreement**").
    - ZAR 215.1M (approx. £10m) of the Asset Sale Agreement consideration is unconditional and is anticipated to result in a dividend of ZAR42M (approx. approx. £1.97M) being paid to Galileo by 28 February 2022 in respect of its 29% direct shareholding in Glenover; and
    - ZAR34.9M (approx. £1.64m) of the Asset Sale Agreement consideration is conditional on the issue of a vermiculite mining licence to Glenover and is anticipated to result in a dividend to Galileo of Afrimat Shares worth approximately ZAR10M (approx.£0.47K) in Q3 2022 in respect of its 29% direct shareholding in Glenover.
    -
- Glenover also entered into a conditional sale of shares agreement between Afrimat, Glenover and the shareholders of Glenover including Galileo Resources SA (Pty) Ltd the Company's wholly owned South African subsidiary under which Glenover has the option to acquire the sale of shares in and shareholders loans made to Glenover for ZAR300M (approx. £14m) which is expected to complete by 15 June 2023 if the option is exercised ("**Conditional Share Sale Agreement**"). Galileo's 29% share of the gross Conditional Share Sale Agreement consideration in respect of its 29% direct shareholding in Glenover is ZAR87M (approx. £4.1m)

NEVADA

Ferber gold-copper project

Post period under review

Galileo initiated a project review aimed at identifying drill targets to test both skarn-type gold-copper occurrences and small-scale workings and Carlin-type gold occurrences on the 100% held property. Several priority drill sites were highlighted, with drill testing now planned for early in 2022.

FUNDRAISING

Period under review

- The Company issued 133 666 664 new ordinary shares to raise £ 2 million before expenses

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Statement of Responsibility for the six months ended 30 September 2021

The directors are responsible for preparing the consolidated interim financial statements for the six months ended 30 September 2021 and they acknowledge, to the best of their knowledge and belief, that:

- the consolidated interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the EU;
- based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated interim financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss;
- the going concern basis has been adopted in preparing the consolidated interim financial statements and the directors of Galileo have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources;
- these consolidated interim financial statements support the viability of the Company; and
- having reviewed the Group's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements they are satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

C Bird Chairman and Chief Executive Officer

31 December 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**Six months ended 30 September 2021**	Six months ended 30 September 2020	Year ended 31 March 2021
	(Unaudited) £s	(Unaudited) £s	(Audited) £s
ASSETS			
Intangible assets	**2,854,706**	3,610,194	2,114,817
Investment in joint ventures	**1,990,053**	1,867,227	1,979,640
Loans to joint ventures and associates	**364,644**	339,420	345,684
Other financial assets	**1,440,148**	351,881	373,521
Non-current assets	**6,649,551**	6,168,722	4,813,662
Trade and other receivables	**49,796**	5,452	1,359
Other financial assets	**6,930**	-	-

Cash and cash equivalents	**3,523,794**	1,054,247	1,392,955
Current assets	**3,580,520**	1,059,699	1,394,314
Non-current assets held for sale	**1,574,160**	-	3,952,786
Total Assets	**11,804,231**	7,228,421	10,160,763
EQUITY AND LIABILITIES			
Share capital and share premium	**31,636,356**	27,774,345	29,705,244
Reserves	**887,304**	749,594	837,700
Accumulated loss	**(21,687,406)**	(21,589,733)	(21,134,916)
Equity	**10,836,254**	6,934,206	9,408,028
Liabilities			
Other financial liabilities	**6**	5	5
Deferred taxation	**425,813**	-	425,813
Non-current liabilities	**425,819**	5	425,818
Trade and other payables	**542,158**	294,210	326,916
Total liabilities	**967,977**	294,215	752,735
Total Equity and liabilities	**11,804,231**	7,228,421	10,160,763

Joel Silberstein
31 December 2021
Company number: 05679987

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021	**Six months ended 30 September 2021 (Unaudited) £s**	Six months ended 30 September 2020 (Unaudited) £s
Revenue	-	-
Operating expenses	**(556,524)**	(360,390)
Operating loss	**(556,524)**	(360,390)
Investment revenue	**-**	-
Gain on bargain purchase through business combinations	**-**	
Share of loss from equity accounted investments	**4,031**	(6,555)
Loss for the period	**(552,493)**	(366,945)
Other comprehensive loss:		
Exchange differences on translating foreign operations	**41,091**	(119,646)
Total comprehensive loss	**(511,402)**	(486,591)
Total comprehensive loss attributable to:		
Owners of the parent	**(511,402)**	(486,591)
Weighted average number of shares in issue	**919,808,258**	600,066,170
Basic loss per share - pence	**(0.06)**	(0.06)

STATEMENTS OF CHANGES IN EQUITY as at 30 September 2021

	Share capital	Share premium	Total capital	Foreign currency translation reserve	Convertible instruments	Share based payment reserve	Total reserves	Accumulated loss	Total equity
Figures in Pound Sterling									
Balance at 1 April 2020	6,168,446	20,300,873	26,469,319	(709 982)	1,047,821	283,292	621,131	(21 222 788)	5,867,662
Loss for the year	-	-	-	-	-	-	-	87,877	87,877
Other comprehensive income	-	-	-	(66,513)	-	-	(66,513)	-	(66,513)
Total comprehensive income for the year	-	-	-	(66,513)	-	-	(66,513)	87,877	21,364
Issue of warrants	-	(150,544)	(150,544)	-	-	150,544	150,544	-	-
Options granted	-	-	-	-	-	270,595	270,595	-	270,595
Warrants exercised	-	138,057	138,057	-	-	(138,057)	(138,057)	-	-
Issue of shares	354,163	2,894,249	3,248,412	-	-	-	-	-	3,248,412
Total contributions by and distributions to owners of company recognised directly in equity	354,163	2,881,762	3,235,925	-	-	283,082	283,082	-	3,519,007
Balance at 1 April 2021	6,522,609	23,182,635	29,705,244	(776,495)	1,047,821	566,374	837,700	(21,134,913)	9,408,031
Loss for the 6 months	-	-	-	-	-	-	-	(552,493)	(552,493)
Other comprehensive income	-	-	-	41,091	-	-	41,091		41,091
Total comprehensive income for the 6 months	-	-	-	41,091			41,091	(552,493)	(511,402)
Warrants issued	-	-	-	-	-	8,513	8,513	-	8,513
Warrants exercised	-	-	-	-	-	-	-	-	-
Issue of shares	95,567	1,835,545	1,931,112	-	-	-	-	-	1,931,112
Total contributions by and distributions to owners of company recognised directly in equity	95,567	1,835,545	1,931,112	-	-	8,513	8,513	-	1,939,625
Balance at 30 September 2021	6,618,176	25,018,180	31,636,356	(735,404)	1,047,821	574,887	887,304	(21,687,406)	10,836,2

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021	**Six months ended 30 September 2021 (Unaudited) £s**	Six months ended 30 September 2020 (Unaudited) £s	Year ended 31 March 2021 (Audited) £s
Cash used in operations	**(175,946)**	(315 552)	(1,186,567)
Interest income	**-**	-	-
Net cash from operating activities	**(175,946)**	(315 552)	(1,186,567)
Investment in intangible assets	**(700,753)**	(167 738)	(453,724)
Proceeds on sale of non-current assets held for sale	**1,095,385**	-	-
Loans advanced	**(18,960)**	(45 848)	(84,239)
Net cash from investing activities	**375,672**	(213 586)	(537,963)
Proceeds on share issue	**1,931,113**	1 226 900	2,761,000
Net cash flows from financing activities	**1,931,113**	1 226 900	2,761,000
Total cash movement for the period	**2,130,839**	697 762	1,036,470
Cash at the beginning of the period	**1,392,955**	356 485	356,485
Total cash at end of the period	**3,523,794**	1 054 247	1,392,955

Notes to the Financial Statements

1. Status of interim report

The Group unaudited condensed interim results for the 6 months ended 30 September 2021 have been prepared using the accounting policies applied by the Company in its 31 March 2021 annual report, which are in accordance with International Financial Reporting Standards (IFRS and IFRC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU ("IFRS"), including the SAICA financial reporting guides as issued by the Accounting Practices Committee, IAS 34 – Interim Financial Reporting, , the AIM rules of the London Stock Exchange and the Companies Act 2006 (UK). This condensed consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2021 and any public announcements by Galileo Resources Plc. All monetary information is presented in the presentation currency of the Company being Great British Pound. The Group's principal accounting policies and assumptions have been applied consistently over the current and prior comparative financial period. The financial information for the year ended 31 March 2021 contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

2. Basis of preparation

The consolidated annual financial statements incorporate the annual financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest. Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

3. Segmental analysis

Business segments

The Company's investments in subsidiaries and associates, that were operational during the period, operate in four geographical locations being South Africa, Zambia, Botswana and USA, and are organised into one business unit, namely Mineral Assets, from which the Group's expenses are incurred and future revenues are expected to be earned. This being the exploration for and extraction of its mineral assets through direct and indirect holdings. The reporting on these investments to the board focuses on the use of funds towards the respective projects and the forecasted profit earnings potential of the projects. An analysis of the loss on ordinary activities before taxation is given below:

	Six months ended 30 September 2021 (Unaudited) £s	Six months ended 30 September 2020 (Unaudited) £s	Year ended 31 March 2021 (Audited) £s
Loss on ordinary activities before taxation:			
Rare earths, aggregates and iron ore and manganese	**4,031**	**(6,555)**	(9,088)
Gold, Copper - USA	**(2 288)**	**-**	-
Copper Botswana	**(110 638)**	**-**	1,569,776
Corporate costs	**(443,598)**	**(360,390)**	(1,472,816)
	(552,493)	**(366,945)**	87,872

4. Financial review

The Group reported a net loss of £ 552 493 (2020: £ 366,945) before and after taxation. Basic loss reported is 0.06 pence (2020: 0.06 pence) per share. Loss per share is based on a weighted average number of ordinary shares of 919 808 258 (2020: 600 066 170).

5. Share Capital

During the period under review the Company issued a total of 138 066 664 bringing the total number of shares in issue at the period end to 1 050 042 981 ordinary shares. During the period under review the Company issued 133 666 664 ordinary shares for cash to raise £ 2.0 million before expenses and 4 400 000 ordinary shares through the exercise of warrants with total proceeds of £ 0.03 million. Post the period under review the Company issued a total of 41 903 863 ordinary shares bringing the total shares in issue at the date of this report to 1 091 946 844 ordinary shares.

During the period under review the Company issued new ordinary shares as follows:

Date	Number of ordinary shares
Opening balance	**911 976 317**
Warrants exercised	4 400 000
Placing for cash	133 666 664
Closing balance	**1 050 042 981**

Post the period under review the Company issued new ordinary shares as follows:

Date	Number of ordinary shares
Opening balance	**1 050 042 981**
Warrants exercised	23 312 500
Shares in lieu of director remuneration	16 425 032
Shares issued in lieu of consultant fees	2 166 331
Closing balance	**1 091 946 844**

The Company had the following warrants outstanding at the period end:

Issue date	Number of warrants	Issue price (pence)	Expiry date
01-Nov-19	24 125 000	0.60	2021/10/18
12-Jun-20	27 281 250	1.25	2021/12/12
24-Jun-20	5 625 000	0.80	2021/12/24
24-Jun-20	12 943 750	1.25	2021/12/24
15-Sep-20	10 000 000	2.00	2022/10/15
01-Jun-21	3 341 666	2.25	2023/06/01
01-Jun-21	66 833 332	2.25	2023/06/01
	150 149 998		

The Company had the following warrants outstanding at the date of this report:

Issue date	Number of warrants	Issue price (pence)	Expiry date
15-Sep-20	10 000 000	2.00	2022/10/15
01-Jun-21	3 341 666	2.25	2023/06/01
01-Jun-21	66 833 332	2.25	2023/06/01
	80 174 998		

6. Intangible assets

Reconciliation of Intangible assets:

Group as at 30 September 2021

	Asset currency	Opening balance	Disposal as part of assets held for sale	Additions	Foreign exchange movements	Closing balance
Exploration and evaluation asset – Botswana [1]	BWP	2,796,950	(2,378,626)	605,575	391	1,024,290
Exploration and evaluation asset – U.S.A.	US$	1,696,493	-	95,178	38,744	1,830,415
Total intangible assets		4,493,443	(2,378,626)	700,753	39,135	2,854,705
Exploration and evaluation asset – Zambia held for sale[2]	ZMW	1,574,160	-	-	-	1,574,160
		6,067,603	(2,378,626)	700,753	39,135	4 428 865

Botswana

1. **Sale of 9 licenses held in the Kalahari Copper Belt**

Further to announcements in May 2020 and October 2020, Sandfire and Galileo entered into a variation agreement on 30 July2021. The key commercial terms of the Variation Agreement were to make the following variations to the Licence Sale Agreement:

- Change the long stop date for the meeting of the conditions from 31 July 2021 to 31 August 2021;
- Sandfire to at completion of the Licence Sale Agreement, reimburse Galileo up to US$500,000 of exploration expenditure incurred by Galileo in relation to licence obligations of certain Included Licences being transferred to Sandfire (the "Reimbursed Exploration Expenditure");

- Sandfire's US$4,000,000 Exploration Commitment under the Licence Sale Agreement to be reduced by the amount of the Reimbursed Exploration Expenditure;
- PL 368/2018 which was due to expire on 30 September 2021 to be removed from the list of Included Licences to be transferred to Sandfire as this licence is, with the agreement of Sandfire, being relinquished; and
- Removing the option for Sandfire to elect to pay the Success Payment under the Licence Sale Agreement by issuing Sandfire shares to Galileo which means the Success Payment if due will be paid in cash. Note: given the limited exploration conducted on the Included Licences to date and the many years that it could take to establish an Ore Reserve, there can be no guarantee that any such Success Payment will be forthcoming.

Included Licences to be assigned to Sandfire at completion:

Licence ID	**Title Holder**	**Beneficial Interest**
PL 250/2018	Crocus-Serv Resources Pty Ltd	100%
PL 251/2018	Crocus-Serv Resources Pty Ltd	100%
PL 366/2018	Africibum Co Pty Ltd	100%
PL 367/2018	Africibum Co Pty Ltd	100%
PL 122/2020	Africibum Co Pty Ltd	100%
PL 154/2020	Africibum Co Pty Ltd	100%
PL 044/2018	Virgo Business Solutions Pty Ltd	100%
PL 045/2018	Virgo Business Solutions Pty Ltd	100%

On 16 September 2021, the Company reported that all the conditions precedent had been met in relation to its conditional licence sale agreement with Sandfire entered into in January 2021.

2. **Star Zinc**

Assets of £1,574,460 are included as held for sale in the balance sheet as at 30 September 2021.

On 4 March 2021, the Company entered into a conditional agreement with Siege Mining Limited ("Siege") in relation to the ceding of ownership and operation of the Star Zinc Project (the "Star Zinc Project") for US$750,000 (being US$200,000 in relation to the large-scale exploration license 19653-HQ-LEL (the "Star Zinc Project License") (the "License Consideration") and US$550,000 for the Company ceding its participation in the Star Zinc Project and all exploration information which it has in relation to the Star Zinc Project (the "Project Assets") (the "Project Consideration"). The Company will also be paid a royalty (proportion share) based on future sales of zinc from the Star Zinc Project for Galileo allowing Siege to use Galileo's information, know-how and commercial experience in relation to the Star Zinc Project (the "Agreement").

Royalties payable under the Agreement are dependent upon the zinc concentrate in ore sold, future price of Zinc and ore produced at the Star Zinc project. The Company had previously announced that following a second phase of drilling the tonnage target was between 600,000 to 900,000 tonnes with an estimated average grade of 10-12% zinc at above 3% cut off grade.

The Company entered into the Agreement following a period in which it reviewed the options for putting the Star Zinc Project into operation taking into consideration operational, community and regulatory issues associated with mining a project that is in the outskirts of Lusaka and allowing ownership and operational responsibilities to be assumed by a Zambian mining company, whilst the Company can still participate in the future success of the Star Zinc Project.

The royalty will vary based on the contained zinc percentage of the ore sold (the "Contained Zinc Percentage") and the LME Zinc price at which the ore is sold (the "LME Zinc Price") The base royalty rate is 3% and will increase by 1% for each US$250 increase in the Zinc sale price over US$2,500 per tonne up to a maximum of 10% (the "Royalty Rate") The royalty will be calculated by multiplying the Contained Zinc Percentage * the LME Zinc price * Royalty Rate.

Group as at 30 September 2020

	Asset currency	Opening balance	Additions	Foreign exchange movements	Closing balance
Exploration and evaluation asset – Botswana	BWP	-	229,323	67,368	296,691
Exploration and evaluation asset – U.S.A.	US$	1,773,859	101,439	(135,956)	1,739,342
Exploration and evaluation asset – Zambia	ZMW	1,574,160	-	-	1,574,160
		3,348,019	330,762	(68,588)	3,610,193

Group as at 31 March 2021

	Asset currency	Opening	Additions	Additions through business combinations	Foreign exchange movements	Reclassify as non-current assets held for sale	Total
2021							
Exploration and evaluation asset - Botswana	BWP	-	342,946	2,531,022	(77,018)	(2,378,626)	418,324
Exploration and evaluation asset - U.S.A.	US$	1,773,859	110,778	-	(188,144)	-	1,696,493
Exploration and evaluation asset - Zambia	ZMW	1,574,160	-	-	-	(1,574,160)	-
		3,348,019	453,724	2,531,022	(265,162)	(3,952,786)	2,114,817

7. Going concern

The Group has sufficient financial resources to enable it to continue in operational existence for the foreseeable future, to continue the current development programme and meet its liabilities as they fall due. During the period under review the Group raised £2 million before expenses and the Company has no external debt or overdrafts. The Company also received proceeds on the exercise of warrants in an amount of £ 0.2 million.

The directors have further reviewed the Group's cash flow forecast, and in light of this review and the financial position at the date of this report, they are satisfied that the Company and Group have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going-concern basis in preparing these financial statements. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

8. Post balance sheet events

8.1. Issue of equity

On 30 November 2021 the Company issued a total of 18,591,363 shares, which included 17,358,363 shares ("Fee Shares") which was approved by shareholders at the last AGM, to settle contractually accrued but unpaid fees due to directors and consultants in respect of the period from October 2018 to March 2021, amounting to £118,750 (the "Accrued Fees") as well as 1,233,000 shares ("Consultant Fee Shares") issued at an issue price of 2.68p per share, to a consultant of the Company in relation to fees amounting to £22,030.

The Accrued Fees includes accrued fees owed to directors totalling £106,250 (£ 65,000 owed to Mr Bird and £41,250 to Mr Wollenberg). Following the issue of the Fee Shares, Mr Bird was issued 10,570,862 Ordinary Shares and Mr Wollenberg 5,854,170 Ordinary Shares, following which Mr Bird is interested in a total of 78,605,862 Ordinary Shares representing 7.22% and Mr Wollenberg a total of 13,575,511 Ordinary Shares representing 1.25% of the Company's enlarged issued share capital.

On 23 December 2021 the Company announced that it had issued 2,812,500 fully paid ordinary shares in the Company at a price of 0.8p per share pursuant to the exercise of warrants in terms of the Placing Agreement dated 30 May 2020 (RNS announced 1 June 2020).

8.2. Option and Joint Venture Agreement over Shinganda Copper-Gold Project, Zambia

On entered into an Option and Joint Venture agreement with Garbo Resource Solutions Ltd ("Garbo"), a private special purpose UK company established to hold the Shinganda copper-gold property located in Central Zambia. The property is held as a large-scale exploration licence No. 22990-HQ-LEL, covering an area of 186.76km2, by Garbo Resource Zambia Ltd., which is 99.4% owned by Garbo.

Project Licence

Licence No. 22990-HQ-LEL is in its initial 4-year term which expires on 22 August 2022. An exploration licence is valid for a period of four years. It may be renewed for two further periods not exceeding three years each but the maximum period from the initial grant of the licence shall not exceed 10 years. A holder of an exploration licence shall relinquish 50% of the licence at each renewal.

Summary of Option Terms

An Option and Joint Venture Agreement has been signed with Garbo on the following summary terms:

i. Galileo may earn an initial 51% interest in the Project by spending US$500,000 on exploration, including drilling and evaluation studies, over a two-year period, subject to any necessary Zambian regulatory approval.

ii. Galileo may withdraw without penalty at any stage during the Option period.

iii. At any time during the Option period Galileo may elect to move forward to a Joint Venture to more fully evaluate and, if warranted, develop the Project.

iv. Should the parties decide to advance the Project to feasibility study, then Galileo will pay the cost of such a study.

v. Galileo's share of profits from a mining operation will vary, depending on the projected size of the deposit, ranging from 85% if the project has the potential of greater than 50,000 but up to 200,000 tonnes of contained copper equivalent, to 65% if the project has the potential for more than 1,000,000 tonnes of contained copper equivalent.

vi. On decision to mine, each party will be responsible for funding of the development pro-rata to its equity holding in the Joint Venture.

vii. Should Garbo fail to finance its share in the development of the Project, 100% ownership of the Project will revert to Galileo and Garbo will be granted a 2% net smelter royalty on commercial production.

8.3 Glenover

On 9 December2021 Galileo announced a transaction in relation to its investment in Glenover Phosphate Proprietary Limited ("Glenover") as follows:

a. Glenover in which Galileo has a 29% direct shareholding and a 4.99% indirect shareholding held via Galagen Proprietary Limited who are the BEE partner of Galileo entered into an Asset sale agreement with JSE Limited listed Afrimat Limited (JSE: AFT) ("**Afrimat**") for ZAR 250M (approx. £11.64m) of certain deposits of phosphate rock located at the Glenover Mine and mining rights to mine the Vermiculite Deposit at the Glenover Mine (the "**Asset Sale Agreement**").

    o ZAR 215.1M (approx. £10m) of the Asset Sale Agreement consideration is unconditional and is anticipated to result in a dividend of ZAR42M (approx. approx. £1.97M) being paid to Galileo by 28 February 2022 in respect of its 29% shareholding in Glenover; and
    o ZAR34.9M (approx. £1.64m) of the Asset Sale Agreement consideration is conditional on the issue of a vermiculite mining licence to Glenover and is anticipated to result in a dividend to Galileo of Afrimat Shares worth approximately ZAR10M (approx.£470K) in Q3 2022 in relation to Galileo's 29% shareholding in Glenover.

b. Glenover also entered into a conditional sale of shares agreement between Afrimat, Glenover and the shareholders of Glenover including Galileo Resources SA (Pty) Ltd the Company's wholly owned South African subsidiary under which Glenover has the option to acquire the sale of shares in and shareholders loans made to Glenover for ZAR300M (approx. £14m) which is expected to complete by 15 June 2023 if the option is exercised ("**Conditional Share Sale Agreement**"). Galileo's 29% share of the gross Conditional Share Sale Agreement consideration is ZAR87M (approx. £4.1m)

8.4 Joint Venture Agreement over Luansobe Copper Project, Zambia

On 30 December 2021, the Company announced that it had entered into a Joint Venture Agreement (the "**JV Agreement**") on 29 December 2021 with Statunga Investments Limited (the "**Vendor**"), a private Zambian company owns the Luansobe Project comprising small-scale exploration licence No. 28340–

HQ-SEL, covering an area of 918 Hectares granted on 16 February 2021 and with its initial 4-year term expiring on 15 February 2025.

Summary of JV Agreement Terms

1) Parties		Statunga Investments Limited (hereinafter referred to as "Vendor") and Galileo Resources Plc entered into the JV Agreement on 29 December 2021
2) Luansobe Project		The Luansobe Project's location in Zambia relative to the Mufulira Copper Mine in Zambia is situated approximately 15 kilometres to the North West of Mufulira Mine site as per a 27 February 2008 report ("2008 Report") provided by the Vendor. The western limit is bounded by the international border with the Democratic Republic of the Congo (DRC). The Luansobe Project forms part of the western limb of the northwest - southeast trending Mufulira syncline and has an estimated non-JORC compliant mineral resource totalling 5.5 million tonnes at 1.6%TCu, 0.5%ASCu and covers the full area of the shallow oxide zone, down-dip to include the mixed oxide-sulphide zone and the deeper sulphide zones as delineated by drilling in 2006-07 and reported in the 2008 Report. The Luansobe (Insato, Kasaria) Technical report also provided by the Vendor refers to an Indicated Mineral Resource of 14.2 million tonnes at 2% Cu and the project being 10 kilometres north-west of Mufulira in the Copperbelt Province and contained within ZCCM's Licence "Mufulira ML 15)
3) Initial JV period	(a)	The parties agreed on an exclusive basis to enter into a joint venture in relation to the Luansobe Project. The initial period is from the date of the JV Agreement to 20 February 2022 (the "**Initial JV Period**").
	(b)	During the Initial Period Galileo will conduct due diligence in relation to the Luansobe Project and may at its sole discretion at any time prior to the end of the Initial Period give notice to the Vendor that it has decided not to proceed with the Joint Venture ("Notice Not To Proceed"). In the event of Galileo giving Notice Not To Proceed (i) Galileo will not be liable to pay the Second JV Payment (ii) Galileo will only be entitled to a refund of the Initial JV Payment in the event of a title defect of the Licence or material misrepresentation under the Vendor's warranties ("**Refund Entitlement**") ; and (iii) The JV Agreement will be terminated and the parties will have no further obligations or liabilities under this agreement save if Galileo is due a Refund Entitlement.
4) Payments by Galileo	(a)	Galileo has to pay the initial payment of US$200,000 by 31 December 2021 (the "Initial JV Payment").
	(b)	Galileo has to pay the second payment of US$200,000 by no later than 20 February 2022 but may elect to make the payment early (the "Second JV Payment").
5) Issue of Galileo	(c)	Upon payment of the Second JV Payment Galileo is to issue 5,000,000 Galileo Resources PLC shares to the Vendor which shall be subject to

	Shares & lock up		a three month lock up arrangement and thereafter a further three months orderly market arrangement. Under the orderly market arrangement the shares can be sold via Galileo's broker at a price determined by the Vendor (the "**Nominated Sale Price**") which shall not be less than the lower of i) 10 day VWAP and ii) Galileo closing bid price on the day before the fixing of the Nominated Sale Price and Galileo's broker will have 10 business days to sell the shares at the Nominated Sale Price.
6)	**Joint Venture**	(d)	The JV Agreement established a joint venture in relation to the Luansobe Project (the "**Joint Venture**") and once Galileo has paid the Second JV Payment (referred to above); Galileo or its nominee will be issued 75% of the shares in a to be established Zambian joint venture company (the "**JV Company**") to own the Licence, technical information and other information and assets related to the Luansobe Project and the Vendor will be issued 25% of the shares in the JV Company
7)	**Technical management of JV**	(a)	Galileo is to undertake to commence a raw data investigation of the technical information available in relation to the Project and devise an exploration programme for the Luansobe Project, which in Galileo's opinion will maximise the value of the Luansobe Project and conduct a feasibility study, which in their opinion will identify the most economic and practical way of advancing the project.
		(b)	The parties have agreed that a benchmark expenditure for the raw data investigation and exploration to complete a project feasibility study (the "**Project Feasibility Study Work**") is US$4,000,000 (the "**Benchmark Expenditure**"). In the event that the actual expenditure incurred on the Project Feasibility Study Work prior to a sale is; 1. less than the Benchmark Expenditure then the shortfall (the "**Benchmark Expenditure Shortfall**") shall be added to the Vendor's share of the gross sale proceeds; and 2. more than the Benchmark Expenditure then the excess (the "**Excess Benchmark Expenditure**") shall be deducted from the Vendor's share of the gross sale proceeds.
		(c)	**The Project Feasibility Study i**s to be concluded within 18 months from 20th February, 2022 and may be extended by a further 6 months if during the initial 18 months there is a JORC resource for the Project (the "**Feasibility Study Period**") .
8)	**Decision to Mine and funding**	(a)	If a decision to mine is made by Galileo (a "**Decision to Mine**"), then the parties will be entitled to fund pro rata to their beneficial interest in the JV Company and will seek funding for a mine.
		(b)	Should the Vendor elect not to fund their 25%, then their interest will be assumed on a carried basis ("**Vendor Funding**") to be borne by a specific purpose vehicle to be formed to raise the funding amount as debt for the project construction ("**SPV FundingCo**") and the SPV FundingCo will recover the Vendor Funding from future cashflows on terms and conditions to be agreed upon by the parties to the Vendor Funding.
		(c)	The Vendor is not obligated to obtain the Vendor Funding from the SPV FundingCo and is at liberty to engage and obtain funding from a

	commercial lending institution creating security only to the extent of the Vendor's interest in the JV company (d) In the event that Galileo makes a decision not to mine, the parties agree to seek to sell the Project on the terms of point 8 below and /or obtain a new investor.
9) No commitment to Mine	Galileo makes no representation or commitment to develop a mine and will only progress to the development of a mine if in their opinion the in-situ or primary material fulfil their requirements for investment.
10) Distribution of cashflows	Upon commercial production the agreed and disclosed debt (indicative of the principal sum, interest per annum, instalments and duration/period) shall be deducted out of the daily of cashflow for debt servicing. The remaining amount available shall be paid 75% to Galileo and 25% to the Vendor net of operational costs.
11) Consequence of sale	In the event of a third party sale of the Luansobe project and / or the JV Company after the Second JV payment the gross sale proceeds will be distributed as follows; (a) **First Priority:** The Vendor will be entitled to US$6,000,000 (the "**Base Vendor Sale Consideration**") plus the Benchmark Expenditure Shortfall less the Excess Benchmark Expenditure (the "**Vendor's Priority Return**"). By way of example in the event that prior to a sale no money has been spent by Galileo on the Project Feasibility Study Work then the Vendor's Priority Return would equal U$10,000,000 (US$6,000,000 of Base Vendor Sale Consideration + US$4,000,000 of Benchmark Expenditure Shortfall); and (b) **Second Priority:** After the Vendor has been paid the Vendor's Priority Return the balance of the sale proceeds shall be paid 75% to Galileo and 25% to the Vendor. The Vendor will have come along rights so Galileo cannot sell without giving the Vendor the opportunity to sell on the same terms on a pro rata basis.
12) Maintenance of Licence	Vendor to assist on an ongoing basis in maintaining the Licence in good standing with government agencies and local communities.
13) JV Committee	A joint venture committee shall be formed, comprising three representatives from Galileo and two from the Vendor. The chairman shall be a representative and appointee of Galileo.
14) JV Agreement on establishment of JV Company	It is agreed by the parties that upon establishment of the JV Company the parties will enter into a joint venture agreement in relation to the JV Company which shall encompass all of the commercial terms contained in the JV Agreement (the "**JV Company Agreement**"). The JV Company Agreement matters will consist of the following, but not be limited to the commercial terms outlined in the JV Agreement, grievance procedures, arbitration procedures, notices, joint venture committee functions, licence maintenance, SPV construction.

15) Termination	This agreement will only be terminated if; (a) The parties jointly agree in writing to terminate the agreement; or (b) If Galileo has given Notice Not to Proceed; or (c) If Galileo fails to meet any conditions precedent.