THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF REGULATION 11 OF THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2019/310. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

28 January 2021

Zoetic International plc

("**Zoetic**" or the "**Company**" or the "**Group**")

Interim Results

Zoetic, the London-listed vertically integrated CBD company, is pleased to announce its interim results for the six months ended 30 September 2020 (the "**Period**").

Highlights

- Transition from legacy natural resources business to vertically integrated CBD company substantially complete
- Board changes, including the appointment of Trevor Taylor and Antonio Russo as Co-CEOs, to reflect the change in strategic focus of the Group
- First and second international distribution agreements signed
- Seed testing partnership with GVB Biopharma
- Initial online only sales of CBD products achieved in the Period of £54k with significant roll out commencing post period end
- Operating expenses reduced by approximately 65% as compared to the same period during 2019, following the Group's restructuring
- Loss for the Period reduced to £1.13 million (H1 2019/20: loss of £4.04 million)
- Significant further progress with distribution and sale of CBD products post period end, including landmark distribution agreement with American Trade Associations Council ("AATAC")

Trevor Taylor, Co-CEO of Zoetic, said:

"The six months ended 30 September 2020 was hugely significant for the Group as we transitioned to focus purely on CBD. The Period only saw limited initial sales of our CBD products as we were selling online only, and the physical store roll out had not yet begun. However, post Period end we have enjoyed significant traction, particularly through the AATAC distribution agreement.

"As we look to the remainder of 2021, our corporate strategy is very much geared towards growth. With the restructuring complete, we now seek to further extend our international footprint, widen our market share, and broaden the availability of our products across both physical and e-commerce outlets. There is much in store for Zoetic in the coming months, and we look forward to providing further regular updates."

Enquiries

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Co-Chief Executive Officer's statement

The six months leading up to 30 September 2020 have been hugely significant for the Group, with the groundwork being laid for a bright future as an industry disruptor.

Since the announcement of our results for the year ended 31 March 2020 in September 2020, we have sown the seeds for radical progress and success for the current period and beyond. At a time of uncertainty given the geopolitical implications of the COVID-19 pandemic, we have continued to sharpen Zoetic's model to ensure that it is equipped to survive and thrive, whatever the future may hold. As we move forward, the Group is now leaner and more agile than at any point in its history - enabling us to keep pace with the markets and seize opportunities as they arise.

Looking back on the past year, Zoetic has come a long way from its origins as a start-up subsidiary of Highlands Natural Resources, with clear achievements across all areas of the Group's operational model - most notably:

- Operating expenses reduced by approximately 65% as compared to the same period during 2019, following the Group's restructuring.

- Critical acclaim for the Group's Chill and Zoetic CBD products from the likes of GQ and the Global Green Beauty Awards.

- The formation of game-changing distribution partnerships that will take our products directly into tens of thousands of convenience stores across numerous regions.

With the expansion of the Group's international footprint, acclaim for its products, and the establishment of key strategic partnerships, 2020 was a year of positive growth for Zoetic - and that trajectory only looks set to continue.

Securing the Global Market

The latter half of 2020, particularly post Period end, has been overwhelmingly positive for the Group, with the inking of contracts with major research, cultivation, and distribution partners across Europe and the US. As we branch out across these primary regions, discussions are now underway with potential distributors in every populated continent. During the Period and the subsequent months, we have seen unprecedented growth in the Group's retail footprint and look forward to seeing this preliminary work translate into sales.

This year has also seen a considerable uptick in the success of our digital distribution channels, particularly post-Period, with online sales in the tens of thousands, and an increase in revenue from calendar Q3 to Q4 of over 90%. This is of particular significance given that the bulk of tobacco product sales have historically been confined to over-the-counter transactions, and so it seems that through online sales, Zoetic's tobacco alternative products are set to disrupt the established norm in more ways than one.

US CBD Retail

In the Group's most significant deal to date, a ground-breaking agreement was reached with the Asian American Trade Associations Council (the "**AATAC**"), paving the way for the Group's Chill brand of tobacco-substitute CBD products to be sold in tens of thousands of retail stores across the US. Coupled with a rollout of striking new point of sale display stands, the potential for our products to hit the market across the AATAC's 88,000 partner stores represents a real milestone in the development of the Chill brand - which is now set to capture a substantial part of a multibillion-dollar market.

The past year also saw a number of other deals struck across the US, and an initial rollout brought with its considerable success, again primarily post-Period, in the form of a 190% uplift in online retail orders of Chill products between September and October 2020. This commercial success goes some way to validating our marketing and distribution strategies, with the next step being an acceleration into the rollout of our products across what will soon be part of the Zoetic network.

UK CBD Retail

Similar progress has been made in the UK, with the establishment of a new joint venture with a respected cultivation partner. We are also close to reaching an agreement with a prominent retail distribution partner and with the potential for a large scale rollout across some of the UK's most well recognised high street businesses, this is an exciting time in a market where the Group's products already have an established foothold and growing popularity.

There can be little doubt that these figures have been aided by the inclusion of our products in GQ's 2021 Grooming Awards and similar honours such as the Pure Beauty Awards and the Global Green Beauty Awards 2020. We are extremely grateful that our products have been given the recognition that they deserve and look forward to contending for future accolades with both the Chill and Zoetic product lines.

International CBD Retail

Crucially, the latter half of 2020 has seen the Group's CBD retail footprint expand across Europe at pace. In Summer, an agreement was reached with an eminent international distributor to secure Chill's entry into the markets across the Czech Republic and Slovakia, where products are set to become available in filling stations and convenience stores.

Further international expansion has been born out of an agreement with another major international partner who will facilitate the distribution of our Chill range of tobacco alternative CBD products across a multitude of European markets and thousands of stores. In a promising development, our new partner is also the operator of a sizable and well-established e-commerce site that will further extend our online presence.

Research, Development, and Production

Since Zoetic was established, science has been at the heart of all that we do. Early studies have linked CBD to many benefits, including the cessation of tobacco use, and it is on this ground that we continue to build the business.

During the Period, Zoetic has grown out from its roots in the former Highlands Resources Corporation office and its operations now stretch far beyond Colorado's borders. As previously reported, the Group has closed its Colorado-based hemp cultivation and CBD production centre resulting in a significant monthly saving of some US$80,000. This saving has been further compounded through the continuation of commercial hemp growth under the expert gaze of the Group's US and UK agronomy research partners - negating the need for significant in-house investment whilst ensuring that our base biological assets benefit from cutting edge scientific knowledge and infrastructure.

We have also used this past year to reaffirm our commitment to developing and producing products of world-beating quality. The Period saw the Group enter into a partnership with cannabinoid research experts GVB Biopharma ("**GVB**") who continue to gather valuable data from the cultivation of 40,000 feminised hemp seeds whilst simultaneously producing high-calibre CBD isolate. This formal collaboration represents a continuation of our seed testing programme with a number of US universities, and we eagerly await the commercial intelligence output of these studies that will no doubt further inform the Group's future strategy.

In making these moves, we are excited to have involved some of this sector's foremost scientific minds in the Group's growth and production activities. We look forward to seeing a continuation in the ever-improving quality and efficacy of our products and are unwavering in our commitment to pursuing a course that is grounded in scientific fact.

Asset Protection

In connection with the Group's scientific efforts, we are acutely aware of the growing value that our research, process, and product development outputs have. It is for this reason that we have taken active steps to secure formal recognition and legal protection for those assets that underpin Zoetic's business model.

Significantly, 2020 saw the Group file US patent applications for its method of manufacturing its Chill brand of THC-free, smokable CBD products. This was complemented by the filing of an additional non-provisional patent related to drug compositions containing certain cannabinoids. In filing these patents, Management recognises that CBD regulation is a double-edged sword and whilst we can react to the continual development and codification of the rules by international authorities, it is also our intention for the Group to establish itself as a frontrunner in influencing and shaping the law of this area.

In addition to the above, the months since the end of the reporting period have seen the Group make improvements to its popular Chill brand CBD Gummies in preparation for the filing of a novel foods application with the UK's Food Standards Agency (the "**FSA**"). The Group continues to make good progress towards meeting its regulatory obligations, and we look forward to providing a further update on the progress of the application in due course.

Natural Resources Divestment

The Period has seen a continuation of the concerted efforts of the Board to dispose of the Group's remaining legacy natural resource assets and a resultant drop in ongoing operational costs. As discussed in the 2020 annual report, any remaining book value of the Group's residual legacy assets was reduced to zero as of March 31, 2020. There are no revenues being generated from any of these assets and, moving forward, the Company intends to report on these assets only in the event of a material development.

As announced in September 2020, the Company reached an agreement to sell its working interest in the East Denver assets to True Oil LLC, the operator of those assets. This transaction has since closed with an effective date of 1 April 2020. After settling secured loans and other obligations associated with the transaction, the Company received a net settlement of less than US$20,000. In conjunction with this sale, the Company closed its Denver-based natural resources office. Management estimates that the closing of this business will result in savings of approximately US$1 million in annual operating expenses.

As previously announced, the intended sale of the Company's 75% interest in the DT Ultravert technology to Path Investments has not yet been achieved. The Company remains in discussions with Path. Further to this, the sale of the Kansas nitrogen assets to Path Investments also was not achieved. The Company remains in discussions with parties concerning the divestiture of both the Kansas and Montana assets. If a transaction is not achieved, then these assets will likely be permanently abandoned during the 2021 calendar year.

Financial Review

Zoetic maintains a strong financial position, reflected by the Company's positive working capital balance in excess of £1.6 million at the end of the Period. As a result of the dramatic corporate restructuring, the Company has reduced its operating expenses and is well-positioned for free cash flow generation in 2021. Following is a summary of the pertinent financial indicators for the Period.

Revenues/Gross Margin. Revenues for the Period were derived 100% from product sales via the online stores. It is important to highlight that the effective date of the East Denver assets divestiture was April 1, 2020, and there were no revenue contributions from natural resources during the period.

Subsequent to the Period end, online sales for both the Chill and Zoetic product stores have realised an increase of over 90%. In addition to this increase in online sales, Zoetic also received and fulfilled its first order under a new wholesale contract in October 2020. Revenue generated from this single invoice exceeded 50% of the Company's total revenues for the Period.

Gross margins for the Period were approximately 30%. Embedded in these margins were start-up costs and promotions associated with the launch of the Chill and Zoetic online stores. Management anticipates the gross margins will trend towards the previously announced levels of approximately 50%.

Operating expenses. Operating expenses for the Period decreased by approximately 65% as compared to the six months ended 30 September 2019, as a result of the Company's dramatic restructuring. There were several non-recurring expenses during the Period associated with the termination of leases and employment. As such, management anticipates the near-term expense run rate to be below the absolute levels experienced in this reporting period.

Liquidity. The Company retains strong liquidity as evidenced by its cash position in excess of £450,000 at the end of the Period. In addition to cash, a significant portion of the trade receivables represents a note receivable that will be paid in cash to the Company. With a positive net cash position and pending receivables, the Company is well-positioned to retain its financial flexibility as it embarks on the pending growth leg from its initial CBD business operations.

Other Matters

Outside of business operations, the Period has also seen significant developments in the field of investor relations. In 2019's equivalent interim report, we acknowledged that Zoetic had begun trading on the OTC in New York. As recently announced, the Company has now upgraded to the OTCQX® Best Market under the ticker symbol ZOEIF. In addition, the Company has further expanded its investment profile in the US through its inclusion in the MSCI Microcap Index.

Finally, we are delighted to have further extended our own holdings in the Company with the purchase of 500,000 ordinary shares each on 28 October 2020. We are hugely grateful to be on this journey with the shareholders and partners that have made the Group's transformation possible and look forward to all that the future holds.

Outlook

The six months to 30 September 2020 have been characterised by intense activity designed to accelerate the Group's growth and expand its CBD retail operations. The Group's annual report for the year ended 31 March 2020 referred to the "*establishment of a growing global brand*" and that same sentiment rings true today. Our international aspirations have been cemented by the formation of strategic partnerships across key markets in Europe and the United States, and we are now able to bring our acclaimed products to a wider segment of the market than ever before.

The aforementioned 2020 annual report also referred to the Group's 'four-pronged strategy', and these core pillars remain very much at the heart of our business. In all endeavours and opportunities, we seek to create products that the market truly wants, to find reliable and secure distribution channels, and to prove that our operations can be scaled up in line with our aspirations to make the Group's CBD products available across the world. Taking each of these points in turn, we can now say we are one step closer to successfully executing that strategy. Our products are backed by science and have won numerous awards that are reflective of their popularity. In the AATAC and others we have forged quality partnerships that facilitate the mass distribution of those lines. We are also in a much leaner position than at any time in the Group's history, and by running such an agile model we are well placed to scale with demand.

Combined, those steps paint a picture of a fast-growing business that has been careful to avoid the pitfalls that some competitors have succumbed to. As we now look to the next six months and the possibility of launching our products in exciting markets across the world, investors can take heart from the fact that we have followed the process and taken every precaution to ensure that these opportunities are not wasted. For the first time, we are now in a position where our true focus need not be on the divestment of the Group's cash-absorbing legacy assets, but on the growth and upward trajectory of its cash-generative CBD business.

With a clear pathway to mass market, early consumer adopters offering rave reviews, and credence given by official awards from respected bodies, we have arrived at a point where our Chill and Zoetic products can enter the mass market not as an outlier, but as high-quality consumer favourites that have proven themselves time and time again.

Despite our optimism, now is not the time for complacency, and we recognise the challenges that are facing businesses and individuals around the world. Among its many other consequences, the COVID-19 pandemic has had a dual effect on the Group's customer base - the world is now a far more health-conscious place, but it is also one where many people cannot afford quality healthcare or indeed make it to physical sales outlets. It remains our goal to bring Zoetic's products to the mass market and to help consumers to move away from the harmful effects of tobacco that have been further brought into our collective consciousness by the pandemic. There is more demand for CBD products now than ever before, but we know the challenges we face and have every confidence that the Group will rise to meet them.

We are now moving towards a point where the Group's products will be available in more outlets and across more territories than could possibly have been fathomed at the launch of a start-up CBD venture under the auspices of Highlands Natural Resources Plc, and we can say with genuine certainty that we're just getting started. It's for this reason that we have reaffirmed our own financial commitment to what we firmly believe is the huge potential of this business, market, and movement. The months since the end of the reporting period have been marked out by growing sales figures and the striking of key strategic partnerships, and we look forward to sharing the fruit they bear in the months and years to come.

As we look to the remainder of 2021, our corporate strategy is very much geared towards growth. With the restructuring complete, we now seek to further extend our international footprint, widen our market share, and broaden the availability of our products across both physical and e-commerce outlets. There is much in store for Zoetic in the coming months, and we look forward to providing further regular updates.

Trevor Taylor
Antonio Russo
Co-CEOs
28 January 2021

ZOETIC INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited six months ended September 30, 2020 £	Unaudited six months ended September 30, 2019 £	Audited year ended March 31, 2020 £
Revenue	**54,554**	1,159,975	92,606
Cost of sales	**(37,976)**	-	(56,684)
Gross profit	**16,578**	1,159,975	35,922
Administrative expenses	**(1,000,042)**	(2,885,870)	(1,884,955)
Operating Loss	**(983,464)**	(1,725,895)	(1,849,033)
Fair value provision against exploration assets	**-**	(2,313,913)	-
Loss for the period from discontinued activities	**(146,120)**	-	(5,231,384)
Finance income	**1,755**	1,043	1,904
Loss on ordinary activities before taxation	**(1,127,829)**	(4,038,765)	(7,078,513)
Taxation on loss on ordinary activities	**-**	-	-
Loss for the period	**(1,127,829)**	(4,038,765)	(7,078,513)
Items that may be re-classified subsequently to profit or loss:			
Foreign exchange adjustment on consolidation	**32,117**	162,167	723,568
Total comprehensive loss for the period attributable to the equity holders	**(1,095,712)**	(3,876,598)	(6,354,945)
Loss per share (basic and diluted) attributable to the equity holders (pence)	**(0.01)**	(2.86)	(4.87)

ZOETIC INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 SEPTEMBER 2020

	Unaudited six months ended September 30, 2020 £	Unaudited six months ended September 30, 2019 £	Audited year ended March 31, 2020 £
Non-Current Assets			
Tangible assets	**69,529**	1,534,966	83,002
Intangible assets	**1,892**	1,198,237	-
Total Noncurrent Assets	**71,421**	2,733,203	83,002
Current Assets			
Inventory	**1,302,620**	474,342	1,167,736
Trade and other receivables	**717,068**	1,752,056	1,739,023
Cash and cash equivalents	**451,886**	1,076,810	349,006
Total Current Assets	**2,471,574**	3,303,208	3,255,765
Total Assets	**2,542,995**	6,036,411	3,338,767
Current Liabilities			
Trade and other payables	**778,395**	2,724,080	1,227,385
Loans - current portion	**7,617**	-	-
Total Current Liabilities	**786,012**	2,724,080	1,227,385
Non-Current Liabilities			
Loans, net of current portion	**262,313**	-	-
Net Assets	**1,494,670**	3,312,331	2,111,382
Equity			
Share capital	**1,945,700**	1,478,700	1,729,200
Share premium account	**3,283,116**	2,018,616	3,020,616
Share based payments reserve	**4,803**	674,383	54,171
Foreign currency translation reserve	**333,119**	(260,399)	301,002
Retained profit/(loss)	**(4,072,068)**	(598,969)	(2,993,607)
Total Equity	**1,494,670**	3,312,331	2,111,382

ZOETIC INTERNATIONAL PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Share Capital £	Share Premium Account £	Share Based Payment Reserve £	Foreign Currency Translation Reserve £	Retained Loss £	Total £
At March 31, 2019	1,364,831	1,276,611	793,128	(422,566)	3,305,124	6,317,128
Comprehensive income for the period						
Loss for the period	-	-	-	-	(4,038,765)	(4,038,765)
Other comprehensive income	-	-	-	-	-	-
Translation adjustment	-	-	-	162,167	-	162,167
Total comprehensive loss for the period attributable to the equity holders	-	-	-	162,167	(4,038,765)	(3,876,598)
Issue of warrant and options	-	-	15,927	-	-	15,927
Exercise of warrants	50,000	375,000	(15,927)	-	15,927	425,000
Lapse of warrants	-	-	(118,745)	-	118,745	-
Shares issued in the period	63,869	390,130	-	-	-	453,999
Cost relating to share issues	-	(23,125)	-	-	-	(23,125)
At September 31, 2019	1,478,700	2,018,616	674,383	(260,399)	(598,969)	3,312,331
Comprehensive income for the period						
Loss for the period	-	-	-	-	(3,039,748)	(3,039,748)
Other comprehensive income	-	-	-	-	-	-
Translation adjustment	-	-	-	561,401	-	561,401
Total comprehensive loss for the period attributable to the equity holders	-	-	-	561,401	(3,039,748)	(2,478,347)
Issue of warrant and options	-	-	24,898	-	-	24,898
Exercise of warrants	250,500	1,002,000	(516,030)	-	516,030	1,252,500
Lapse of warrants	-	-	(129,080)	-	129,080	-
Shares issued in the period	-	-	-	-	-	-
Cost relating to share issues	-	-	-	-	-	-
At March 31, 2020	1,729,200	3,020,616	54,171	301,002	(2,993,607)	2,111,382
Comprehensive income for the period						

Loss for the period	-	-	-	-	(1,127,829)	(1,127,829)
Other comprehensive income	-	-	-	-	-	-
Translation adjustment	-	-	-	32,117	-	32,117
Total comprehensive loss for the period attributable to the equity holders	-	-	-	32,117	(1,127,829)	(1,095,712)
Issue of warrant and options	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-
Lapse of warrants	-	-	(49,368)	-	49,368	-
Shares issued in the period	216,500	262,500	-	-	-	479,000
Cost relating to share issues	-	-	-	-	-	-
At September 30, 2020	1,945,700	3,283,116	4,803	333,119	(4,072,068)	1,494,670

ZOETIC INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited six months ended Sep 30, 2020 £	Unaudited six months ended Sep 30, 2019 £	Audited year ended March 31, 2020 £
Cash Flows From Operating Activities			
Loss for the period	**(1,127,829)**	(4,038,765)	(7,078,513)
Adjustments for:			
Depreciation and amortization charges	**10,675**	236,393	330,315
Impairment provision	**-**	-	4,401,185
Charge in respect of grant of options	**-**	-	40,826
Loss on disposal of intangible assets	**-**	-	194,625
Fair value adjustment on unproved assets	**-**	2,313,913	-
Charge for the period in respect of share based payments	**-**	15,927	-
Net foreign exchange adjustments	**18,680**	(63,992)	500,680
Cost settled by issue of shares	**-**	17,700	-
Operating cash flow before working capital movements	**(1,098,474)**	(1,518,824)	(1,610,882)
(Increase)/decrease in inventories	**(134,884)**	(474,342)	(1,167,376)
(Increase)/decrease in trade and other receivables	**1,021,955**	(708,316)	940,182
Increase/(decrease) in trade and other payables	**(448,990)**	1,552,784	(416,985)
Net Cash Used by Operating Activities	**(660,393)**	(1,148,698)	(2,255,061)
Cash Flows From Investing Activities			
Purchase of tangible fixed assets	**-**	(147,957)	(162,625)
Investment in intangible assets	**(1,892)**	(4,047)	-
Net Cash Used by Investing Activities	**(1,892)**	(152,004)	(162,625)
Cash Flows From Financing Activities			
Net proceeds from issue of shares	**479,000**	855,874	2,108,374
Long-term borrowings	**269,930**	-	-
Loans made by the Group	**-**	-	(1,190,500)
Convertible loan notes issued by the Group	**-**	-	330,000
Net Cash Generated by Financing Activities	**748,930**	855,874	1,247,874
Net increase in cash and cash equivalents			
As above	**86,645**	(444,828)	(1,169,812)
Cash and cash equivalents at beginning of period	**349,006**	1,508,649	1,508,649
Foreign exchange adjustment on opening balances	**16,235**	12,989	10,169
Cash and cash equivalents at end of period	**451,886**	1,076,810	349,006

1. GENERAL INFORMATION

Zoetic International plc ("Zoetic" or "the Company") and its subsidiaries (together "the Group") are involved in the development, production and distribution of premium cannabidiol (CBD) products. Zoetic, a public limited company incorporated and domiciled in England and Wales, is the Group's ultimate parent company. The Company was incorporated on November 13, 2014 with Company Registration Number 09309241 and its registered office and principal place of business is 27/28 Eastcastle Street, London W1W 8DH.

2. ACCOUNTING POLICIES

Basis of preparation

The interim condensed unaudited consolidated financial statements for the period ended September 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The comparative figures for March 31, 2020 are extracted from the Group's audited accounts to that date. The comparative figures for the period ended September 30, 2019 are unaudited.

The condensed unaudited consolidated interim financial statements of the Group have been prepared on the basis of the accounting policies, presentation, methods of computation and estimation techniques used in the preparation of the audited accounts for the period ended March 31, 2020 and expected to be adopted in the financial information by the Group in preparing its annual report for the year ending March 31, 2021.

The financial information in this statement relating to the six months ended September 30, 2020 and the six months ended September 30, 2019 has neither been audited nor reviewed by the auditors pursuant to guidance issued by the Auditing Practices Board. The financial information presented for the year ended March 31, 2020 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended March 31, 2020 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for the year ended March 31, 2020 included a qualified opinion because the auditors were unable to observe the counting of physical inventories held in the United Kingdom at the end of the year due to the COVID-19 global pandemic.

The financial information of the Group is presented in British Pounds Sterling ("£").

3. EXITING FROM OIL AND GAS

In September 2020, the Group reached an agreement regarding the disposal of its East Denver oil and gas assets to the operator of those facilities, True Oil LLC. The proceeds of sale from the East Denver assets was agreed at US $376,000, although the Group had a loan secured on the assets of US $276,574 from ANB Bank. Following the execution of this agreement, the ANB Bank loan has been settled in full. In the same month the Group finalized the closure of the legacy Highlands Natural

Resources Corporation office in Denver, Colorado, along with the termination of a number of employment and consultancy contracts for personnel concerned with the management of the Group's former natural resources assets. The Group's Colorado-based hemp cultivation and CBD production centre has also been closed, generating a saving of some $80,000 per month. Growing operations continue with research partners and will also recommence on a commercial level in the UK.

In May 2020, an asset purchase agreement was reached between the Company and Path Investments plc ("Path"), the latter of which will acquire the Group's 75% interest in the patented hydrocarbon well stimulation and protection technology, DT Ultravert ("DTU"). Several revisions have been made to the agreement, see Note 9 regarding the final agreement which was reached on November 5, 2020 and subsequent long-stop date for completion of the revised agreement which was not achieved.

4. INCOME TAX EXPENSE

No tax is applicable to the Group for the period ended September 30, 2020. No deferred income tax asset has been recognized in respect of the tax losses carried forward, due to the uncertainty as to whether the Group will generate sufficient profits in the foreseeable future to prudently justify this.

5. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are currently no dilutive potential ordinary shares.

	Earnings £	**Weighted average number of shares**	**Loss per share (pence)**
Loss per share attributed to ordinary shareholders	(1,127,829)	191,346,264	(0.01)

6. INVENTORIES

Inventories comprise finished products either grown and developed by the Group or bought in from third parties. All inventory items are stated at their cost of production or acquisition, or at net realizable value if this is lower. There are no biological assets being grown for the six-month period ended September 30, 2020. For the period ended September 30, 2020, the Group had no impairments on inventory.

7. LOANS

In the weeks following March 31, 2020, the Group successfully applied for loans under both the U.S. and UK COVID-19 aid arrangements in the amount of £269,930. The majority of this funding will meet the requirements necessary for the borrowing to be forgiven, whilst any residual sum related to funding received in the U.S. shall be repayable over a period of two years with an annual interest rate of 1%.

8. SHARE CAPITAL & RESERVES

Allotted, called up and fully paid Ordinary shares of £0.01 each:

	Number of Shares	Share Capital £	Share Premium £
Balance at March 31, 2020	172,920,034	1,729,200	3,020,616
April 3, 2020 – issuance of shares	12,900,000	129,000	-
June 6, 2020 – issuance of shares	8,750,000	87,500	262,500
Balance at September 30, 2020	194,570,034	1,945,700	3,283,116

The Company has only one class of share and all shares rank *pari passu* in every respect.

9. SUBSEQUENT EVENTS

The Group was informed on October 20, 2020 that John Story's interest in the voting rights of the Group had changed. John Story's interest is a combination of ordinary shares of 1 pence each ("Ordinary Shares") and a financial instrument (as defined in the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority). As a result of this transaction, John Story had 1.33% of voting rights attached to shares and 4.93% of voting rights through financial instruments for a total of 6.26%.

On October 28, 2020, the Group announced that they issued 1,000,000 ordinary shares of 1 pence each ("Ordinary Shares") following the exercise of options under the Group's share option scheme (as announced on October 8, 2019), at an exercise price of 10 pence per Ordinary Share (the "Option Shares").

On November 5, 2020, the Group's two directors, Trevor Taylor and Antonio Russo purchased 500,000 ordinary shares of 1 pence each in the capital of the from an existing shareholder at a price of US $0.51 (approximately 39p) per Ordinary Share.

On November 5, 2020, the Group reached a revised agreement to sell its 75 percent interest in DTU to Path, as previously announced on May 27, July 8 and August 3, 2020 (the "Transaction"). The primary revisions to the terms of the Transaction were as follows:

- The issue by Path to the Group of 30,000,000 new ordinary shares of 0.1 pence each in Path ("Path Shares") on the re-admission of Path Shares to the standard segment of the Official List maintained by the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange;
- Path will pay £42,000 plus Value Added Tax (VAT) in cash to the Group on completion towards its professional and technical costs; and
- The long-stop date for completion of the transaction was set at December 31, 2020.

In addition to the consideration elements set out above, Path was to issue to the Group 15,000,000 warrants to subscribe for Path Shares at any time from the first to the third anniversaries following completion at an exercise price of 1.5 pence per Path Share.

On December 31, 2020, the Group announced that the long-stop date for completion of the revised agreement to sell 75 percent interest in DTU was not achieved. The Group remains committed to its policy of exiting its legacy natural resources activities and the Directors will actively pursue alternative solutions in relation to the Kansas Nitrogen Assets.

****ENDS****