COMPANY REGISTRATION NUMBER: 05350512

ALTONA RARE EARTHS PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Operational Review

During this period, the Company has once again achieved all its operational targets, completing the 2022 drilling programme on 7 December. This second phase of drilling at its Monte Muambe Rare Earth Project ("Monte Muambe") in northwest Mozambique, provided sufficient data to enable the Company to deliver the project's maiden Mineral Resource Estimate ("MRE") and Scoping Study, expected to be completed in Q2 2023.

During the reported period, the Company produced a JORC Exploration Target Estimate, using data from its two main drilling zones, Targets 1 and 4.

	Tonnes (millions)		**TREO%[3]**	
Cut-off grade TREO%	0.5% Grade Shell	1.0% Grade Shell	0.5% Grade Shell	1.0% Grade Shell
1.0 %	**56.6**	**21.7**	**1.65**	**1.78**
2.0 %	**11.5**	**6.5**	**2.41**	**2.47**

The above estimates were calculated using ordinary kriging for Target 1 and inverse distance to the power of 3 for Target 4, using grade shells based on a 0.5% TREO% cut-off and a 1.0% TREO% cut-off to constrain the block model estimations.

Drilling done after the cutoff date for the JORC Exploration Target Estimate published on 9 August 2022 focused on the down-dip extensions of the high-grade zone at Target 1 and confirmed its continuity at deeper levels and along strike. The Mineral Resource Estimate currently being prepared is therefore expected to exceed the Exploration Target Estimate in terms of tonnage, in particular for the high-grade ore.

Drilling done during the reporting period continued to outline well-defined and consistent orebodies, the geometry and the relationship with topography of which is favorable to low-strip ratio open-pit mining.

The Company announced that it had conditionally raised £1.1 million at 8p per share through a Placing, on 19 August, but, owing to the Company's proposed admission to the London Stock Exchange ("Admission") being delayed beyond the Placing's long-stop date, the fund raise did not proceed and no funds were taken by the Company.

The Company entered into a short-term loan facility with Catalyse Capital Ltd (formerly Align Research Investments Ltd) for £150,000 to be repaid by 31 January 2023 or at Admission. The loan carried an interest rate of 15% and warrants were attached to the facility at 150% of the loan's value. The facility was extended on 31 January 2023, to the earlier of 30 April 2023 or Admission, with an additional charge of 10% interest and an increase in the warrant level to 250% of the original loan's value.

The Company's shares were withdrawn from trading on the Aquis Stock Exchange ("AQSE") on 17 March 2023, ahead of the proposed Admission. On 10 March 2023, the Company announced that, it had, subject to Admission, raised, £2 million, before expenses at a price of 5 pence per share inter alia to progress the Monte Muamba Rare Earths mining project ("Fundraise"). As announced on 17 March 2023, the Company continues to work with its advisers towards Admission. As at the date hereof, there is no certainty that Admission will take place and therefore that the Fundraise will complete.

Board Appointments and Changes
Simon Tucker, a Non-Executive Director of the Company, resigned on 2 August 2022.

Financial Review
The financial loss of the Group for the six months ended 31 December 2022 was £412,000 (H1 2021: £418,000) and the Net Assets decreased from £1,050,000 to £682,000. This decrease was mainly due to the increase in creditors over the period due to the later than anticipated raise and costs related to Admission. The cash balance reduced from £283,000 at 30 June 2022 to £45,000 at the period end. Total Non-Current Assets increased from £1,039,000 to £1,309,000 due to the continuing capitalisation of exploration expenditure at Monte Muambe.

Outlook
In 2023, the Company plans to progressthe development of the Monte Muambe Project (“Project”), including the completion of the maiden JORC Mineral Resource Estimate and Scoping Study, the increase of the Company’s project holding from 20% to 51%, lodging a Mining Concession application, and starting PreFeasibility Study activities.

As the Company looks ahead to 2023 it is well-positioned to take advantage of the global demand for critical Rare Earths and to become a significant participant in Africa.

As stated above, the Company continues to work with its advisers towards Admission. At the date hereof, there is no certainty that Admission will take place, and therefore the Fundraise will complete.

Interim Financial Report
This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements for the year ended 30 June 2022, and any public announcements made by Altona Rare Earths Plc during and subsequent to the interim reporting period.

Altona Rare Earths Plc, (the “Company”) is a company registered in England and Wales. Its registered offices is at Eccleston Yards, 25 Eccleston Place, London SW1W 9NF.

Principal Risks
The principal risks and uncertainties for the remaining six months of the financial year remain the same as those contained within the annual report and accounts as at 30 June 2022.

Related- party transactions
See note 15 for a list of the related party transactions that have taken place in the first six months of the current financial year. There have been no changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Statement of directors’ responsibilities
The directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

By order of the board

Christian Taylor-Wilkinson
Chief Executive

18 April 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Continuing operations:	Notes	Unaudited Half-year ended 31 Dec 2022 £'000	Unaudited Half-year ended 31 Dec 2021 £'000
Administrative expenses	4	(387)	(418)
Operating loss		**(387)**	**(418)**
Finance costs		(25)	-
Loss before taxation		**(412)**	**(418)**
Income tax expense		-	-
Loss for the period		**(412)**	**(418)**
Total loss is attributable to:			
Owners of Altona Rare Earths Plc		(369)	(406)
Non-controlling interests		(43)	(12)
		(412)	(418)
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		16	1
Total comprehensive loss for the period		**(396)**	**(417)**
Total comprehensive loss is attributable to:			
Owners of Altona Rare Earths Plc		(354)	(405)
Non-controlling interests		(42)	(12)
		(396)	(417)
Earnings per share (expressed in pence per share)			
- Basic and diluted	5	**(1.40p)**	**(1.55p)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Unaudited 31 Dec 2022 £'000	Audited 30 June 2022 £'000
ASSETS			
Non-current assets			
Intangible assets	6	1,136	866
Property, plant and equipment	7	173	173
Total non-current assets		**1,309**	1,039
Current assets			
Trade and other receivables	8	245	119
Cash and cash equivalents		45	283
Total current assets		**290**	402
Total assets		**1,599**	1,441
LIABILITIES			
Current liabilities			
Trade and other payables	9	(667)	(314)
Borrowings	10	(173)	-
Deferred tax liabilities		(77)	(77)
Total current liabilities		**(917)**	(391)
Total liabilities		**(917)**	(391)
NET ASSETS		**682**	1,050
EQUITY			
Share capital	12	1,790	1,790
Share premium	12	21,404	21,404
Share-based payment reserve		26	14
Foreign exchange reserve		17	1
Retained losses		(22,508)	(22,139)
Capital and reserves attributable to the owners of Altona Rare Earths plc		**729**	1,070
Non-controlling interests		(47)	(20)
TOTAL EQUITY		**682**	1,050

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

		Unaudited Half-year ended 31 Dec 2022 £'000	Unaudited Half-year ended 31 Dec 2021 £'000
Cash flow from operating activities			
Loss for the period before taxation		(412)	(418)
Adjusted for:			
Depreciation		9	-
Finance costs		25	-
Share-based payments		12	-
Foreign exchange movements		33	1
		(333)	(417)
Increase in receivables		(127)	(163)
Increase in payables and provisions		353	63
Shares issued for services/fees		-	10
Net cash outflow used in operating activities		**(107)**	(507)
Cash flows from investing activities			
Expenditure on intangible assets	6	(270)	(316)
Expenditure on tangible assets	7	(9)	(49)
Acquisition of subsidiaries		-	(40)
Net cash outflow from investing activities		**(279)**	(405)
Cash flows from financing activities			
Proceeds from/(Repayment of) loans		150	(2)
Repayment of Directors Loans		-	(31)
Proceeds from issue of shares		-	1,188
Costs of share issue		-	(48)
Finance costs		(2)	-
Net cash inflow from financing activities		**148**	1,107
(Decrease)/increase in cash and cash equivalents in period		**(238)**	195
Cash and cash equivalents at beginning of period		283	436
Cash and cash equivalents at end of period	**11**	**45**	631

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Foreign exchange reserve £'000	Retained losses £'000	NCI £'000	Total shareholders' equity £'000
Balance at 30 June 2021	**1,632**	**19,869**	**-**	**-**	**(21,365)**	**-**	**136**
Comprehensive income							
Loss for the period	-	-	-	-	(418)	-	(418)
Foreign exchange movement	-	-	-	1	-	-	1
Total comprehensive loss for the period	***-***	***-***	***-***	***1***	***(418)***	***-***	***(417)***
Transactions with owners recognised directly in equity							
Issue of share capital	85	1,112	-	-	-	-	1,197
Share issue costs	-	(48)	-	-	-	-	(48)
Total transactions with owners recognised directly in equity	***85***	***1,064***	***-***	-	-	***-***	***1,149***
Balance at 31 December 2021	**1,717**	**20,933**	**-**	**1**	**(21,783)**	**-**	**868**
Comprehensive income							
Loss for the period	-	-	-	-	(356)	(27)	(383)
Foreign exchange movement	-	-	-	1	-	-	1
NCI share in FX	-	-	-	(1)	-	1	-
Total comprehensive loss for the period	***-***	***-***	***-***	***-***	***(356)***	***(26)***	***(382)***
Transactions with owners recognised directly in equity							
Issue of share capital	73	515	-	-	-	-	588
Share issue costs	-	(44)	14	-	-	-	(30)
Additional transactions with NCI	-	-	-	-	-	6	6
Total transactions with owners recognised directly in equity	***73***	***471***	***14***	***-***	***-***	***6***	***564***
Balance at 30 June 2022	**1,790**	**21,404**	**14**	**1**	**(22,139)**	**(20)**	**1,050**
Comprehensive income							
Loss for the period	-	-	-	-	(369)	(43)	(412)
Foreign exchange movement	-	-	-	16	-	-	16
NCI share in FX	-	-	-	-	-	16	16
Total comprehensive loss for the period	***-***	***-***	***-***	***16***	***(369)***	***(27)***	***(380)***
Transactions with owners recognised directly in equity							
Share-based payment	-	-	12	-	-	-	12
Total transactions with owners recognised directly in equity	***-***	***-***	***12***	***-***	***-***	***-***	***12***
Balance at 31 December 2022	**1,790**	**21,404**	**26**	**17**	**(22,508)**	**(47)**	**682**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDING 31 DECEMBER 2022

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HALF YEAR REPORT

(a) General Information

Altona Rare Earths Plc, (the "Company") is a company registered in England and Wales. The Company changed its name from Altona Energy Plc on 27 February 2021. Its registered offices is at Eccleston Yards, 25 Eccleston Place, London SW1W 9NF.

The principal activity of the Company and its subsidiaries (the "Group") is in Rare Earths exploration and the development of appropriate exploration projects, focusing on opportunities in Africa.

These condensed interim financial statements were approved for issue on 18 April 2023.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2022 were approved by the board of directors on 14 December 2022 and delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified but did include a reference to the material uncertainty surrounding going concern, to which the auditors drew attention by way of emphasis of matter and did not contain a statement under s498 (2) – (3) of Companies Act 2006.

The Company's auditors have not reviewed these condensed interim financial statements.

(b) Basis of Preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements for the year ended 30 June 2022, which has been prepared in accordance with both "International Accounting Standards in conformity with the requirements of the Companies Act 2006" and "International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union", and any public announcements made by Altona Rare Earths Plc during the interim reporting period.

The financial statements have been prepared on a going concern basis. The Group's assets are not currently generating revenues, an operating loss has been reported and an operating loss is expected in the 12 months subsequent to the date of these financial statements. As stated above, on 17 March 2023 the Company announced the Fundraise, conditional upon Admission, which will provide the Group with the necessary working capital for at least the next 12 months. There is no certainty the Fundraise will complete. The Company would look to raise further funds in 12-18 months to complete Phase 3 of its project at Monte Muambe. The directors remain confident of making further cost savings and/or raising finance when required and, therefore, the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as shown below. There were no new or amended accounting standards that required the Group to change its accounting policies. The directors also considered the impact of standards issued but not yet applied by the Group and do not consider that there will be a material impact of transition on the financial statements.

Additional accounting policy – Borrowings
Borrowings are initially recongised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowing costs are expenses in the period in which they are incurred.

The accountancy policies adopted are consistent with those used in the preparation of its financial statements for the year ended 30 June 2022.

2. CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2022.

3. SEGMENT INFORMATION

For the purpose of IFRS 8, the Chief Operating Decision Maker “CODM” takes the form of the board of directors. The directors are of the opinion that the business of the Group focused on two reportable segments as follows:

- Head office, corporate and administrative, including parent company activities of raising finance and seeking new investment and exploration opportunities, all based in the UK and
- Mineral exploration, all based in Mozambique.

The geographical information is the same as the operational segmental information shown below.

Half year ending 31 December 2022	**Corporate and Administrative (UK) £’000**	**Mineral exploration (Mozambique) £’000**	**Total £’000**
Operating loss before and after taxation	358	54	412
Segment total assets (net of investments in subsidiaries)	171	1,428	1,599
Segment liabilities	(829)	(89)	(917)

Half year ending 31 December 2021	**Corporate and Administrative (UK)**	**Mineral exploration (Mozambique)**	**Total**

	£'000	£'000	£'000
Operating loss before and after taxation	412	6	**418**
Segment total assets (net of investments in subsidiaries)	756	481	**1,237**
Segment liabilities	(312)	(57)	**(369)**

4. ADMINISTRATIVE EXPENSES

	Unaudited Half year ended 31 Dec 2022 £'000	Unaudited Half year ended 31 Dec 2021 £'000
Fees payable to the Company's Auditors for other non audit services	5	5
Legal and professional	83	118
Regulatory fees	6	25
Directors' remuneration	207	166
New project due diligence	-	42
Share-based payments	12	-
Depreciation	9	-
Other	65	62
	387	418

5. LOSS PER SHARE

The basic loss per share is derived by dividing the loss for the period attributable to ordinary shareholders by the weighted average number of shares in issue.

	Unaudited Half year ended 31 Dec 2022	Unaudited Half year ended 31 Dec 2021
Loss for the period (£'000)	**(412)**	(418)
Weighted average number of shares – expressed in thousands	**29,465**	26,884
Basic loss per share – expressed in pence	**(1.40p)**	(1.55p)

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive and, as such, the diluted loss per share calculation is the same as the basic loss per share.

6. INTANGIBLE ASSETS

	Exploration and evaluation assets £'000
Cost and carrying amount	
At 1 January 2021	374

Exploration and evaluation assets acquired at fair value	191
Additions to exploration assets	301
At 30 June 2022	**866**
Additions to exploration assets	270
At 31 December 2022	**1,136**

7. TANGIBLE FIXED ASSETS

	Buildings	**Heavy machinery**	**Precision machinery and office equipment**	**Vehicles**	**Total assets**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 July 2022	32	107	15	24	178
Additions	1	4	3	1	9
At 31 December 2022	33	111	18	25	187
Accumulated Depreciation					
At 1 July 2022	-	1	3	1	5
Depreciation charge for the period	1	3	4	1	9
At 31 December 2022	1	4	7	2	14
Net Book Value					
At 30 June 2022	32	106	12	23	173
At 31 December 2022	**32**	**107**	**11**	**23**	**173**

8. TRADE AND OTHER RECEIVABLES

	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000
Taxes and social security receivable	116	94
Prepayments and other receivables	129	25
	245	119

The other receivables includes an amount for £104,000 which represents an amount for deferred expenditure.

9. TRADE AND OTHER PAYABLES

	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000

Trade payables	364	115
Accruals and other payables	303	199
	667	314

10. BORROWINGS

	Unaudited 31 December 2022 £'000	Audited 30 June 2022 £'000
Borrrowings	173	-
	173	-

On 8 November 2022, the Company entered into a short-term loan facility of up to £150,000 with Catalyse Capital Limited ("CCL"). The loan carries a fixed interest rate of 15%. CCL also received 12 pence warrants equal to 150% of the loan value, with a three year expiration date from drawdown. The entirety of this loan was drawn down in November and December 2022. These warrants were subsequently amended, see note 16.

11. RECONCILIATION OF MOVEMENT IN NET DEBT

	At 30 June 2022 £'000	Cash flows £'000	Interest charged £'000	Borrowings £'000	**As at 31 December 2022 £'000**
Cash and cash equivalents					
Cash	283	(386)	(2)	150	**45**
Borrowings					
Debt due within one year	-	-	(23)	(150)	**(173)**
	283	(386)	(25)	-	**(128)**

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares - ordinary No.	**Share Capital £'000**	**Share Premium £'000**	**Total £'000**
Ordinary Shares at 0.01p				
TOTAL ORDINARY SHARES at 30 June 2022 and 31 December 2022	**37,483,999**	**375**	**21,404**	**21,779**
Deferred Shares at 0.09p				
Deferred shares at 30 June 2022 and 31 December 2022	1,411,956,853	1,271	-	1,271
Deferred Shares at 9p				
Deferred shares at 30 June 2022 and 31 December 2022	1,602,434	144	-	144

TOTAL DEFERRED SHARES at 30 June 2022 and 31 December 2022	**1,413,559,287**	1,415	-	1,415
At 31 December 2022		**1,790**	**21,404**	**23,194**

13. WARRANTS

The Company has issued the following warrants, which are still in force at the balance sheet date.

	Number of Warrants	Exercise Price	Expiry date
Placing Warrants 1	13,240,944	12p	31 March 2023*
Placing Warrants 2	3,125,000		31 March 2023**
Directors Warrants	1,100,000	12p	10 March 2024
Brokers Warrants 1	342,857	14p	6 October 2024
Brokers Warrants 2	375,000	8p	24 April 2025
Loan Warrants***	1,875,000	12p	15 November 2025 – 7 December 2025
	20,058,801		

*On 30 March 2023, the Company held a Warrantholder Meeting at which it was voted to amend the expiry date of the 12p Warrants to 31 March 2025.

**On 31 March 2023, the Board entered into a Deed Poll to amend the Warrant Instrument in relation to these Placing Warrants 2 to amend the expiry date to 31 March 2025.

The Loan Warrants were issued to CCL as part of the loan received during the year (see note 10). They have have been fair valued at £12,000 in accordance with IFRS 2 as equity settled share-based payment transaction. This has been recognised as the fair value of borrowing costs and has been expenses in the period in which they are incurred.

***On 31 March 2023, these warrants were cancelled and replaced with 7,500,000 new Loan Warrants which were were issued to CCL and the Loan Warrants were repriced at 5p, see note 16 for further details.

14. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2022 the only capital commitments of the Company relate to the Farm-Out Agreement in Mozambique. In order to earn further Farm-Out interest, the Company has committed to spending a minimum of US$700,000 in the second phase of the Farm-Out. This commitment has been met as at the date of these financial statements. The next phase of the Agreement commits the Company to a further minimum spend of US$2,000,000 from the start of April 2023 for a period of 24 months.

15. RELATED PARTY TRANSACTIONS

At 31 December 2022, outstanding salaries and fees due to Directors amounted to a total of £173,000. A balance was also outstanding to Leander PR Limited, a company wholly owned by the Director Christian Taylor-Wilkinson of £57,000 (30 June 2022: £57,000).

16. POST REPORTING DATE EVENTS

On 1 February 2023, the Company created a Convertible Loan Note in the principle amount of £300,000, of which £275,000 has been subscribed for by the Broker, Optiva Securities Limited. The Loan notes carry a rate of interest of 15% per annum, and have a maturity date of 15 months unless redeemed earlier in accordance with their terms.

On 28 January 2023, the Company amended the terms of the loan with CCL to extend the repayment date to 30 April 2023. An additional charge of 10% on the outstanding loan was made and this was added to the principal of the loan. On 31 March 2023, the Company agreed to create a new warrant instrument for warrants over 7,500,000 ordinary shares in the Company with an exercise price of 5p and an expiry date of 7 December 2025. These replaced the 1,875,000 warrants as set out in note 13 above. It was further agreed that these warrants, will be subject to a lock in period until 30 December 2023 with regards to their exercise unless the share price exceeds 11 pence per share on a VWAP basis for 10 consecutive days, at which point the lock in shall cease.