Altona Rare Earths

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Altona Rare Earths Plc

COMPANY REGISTRATION NUMBER: 05350512


ALTONA RARE EARTHS
RESOURCE EXPLORATION & DEVELOPMENT COMPANY
Focused on the evaluation, development and extraction of Rare Earth Elements in Africa.
www.altonaRE.com

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Corporate Information

DIRECTORS

Cédric Simonet	:	Director - Chief Operating Officer
Louise Adrian	:	Director – Chief Financial Officer - appointed 9 June 2023
Audrey Mothupi	:	Non - Executive Director
Simon Charles	:	Non - Executive Director – appointed on 9 June 2023
Martin Wood	:	Non- Executive Director and Chairman

COMPANY SECRETARY

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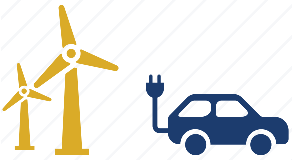
Magnet Metals – The Market

Key facts:

Over 95% Of the World's REE consumption, by value, is for the Permanent Magnets market.

Four (4) Critical "Magnet Metals": Nd, Pr, Tb and Dy.

90% Percentage represented by these elements of the value contained in the ground at Monte Muambe.



Magnet Metals are critical to the production of Wind Turbines and Electric Vehicles.

CAGR 5.2% Expected growth of Magnet Metals consumption through 2040, driven by the World's Green Energy transition.

90,000 Tonnes The current NdPr Oxide supply deficit expected to reach by 2040.

59 140.908	60 144.243	65 158.925	66 162.500
Pr	**Nd**	**Tb**	**Dy**
Praseodymium	Neodymium	Terbium	Dysprosium
[Xe] $4f^3 6s^2$	[Xe] $4f^4 6s^2$	[Xe] $4f^9 6s^2$	[Xe] $4f^{10} 6s^2$
Lanthanides	Lanthanides	Lanthanides	Lanthanides

Data source: Adamas Intelligence, "Rare Earth Magnet Market Outlook to 2040", Q2 2023.

Monte Muambe Scoping Study at a glance

Robust Scoping Study Results

NPV_8
$283.3m

IRR
25%

LoM EBITDA
$1,674m

Initial Capex
$276m

Payback
2.5years

The scoping study

- Magnet Metals Nd Pr Tb Dyt
- Open pit operation, 18 years LoM
- MREC production 15ktpa
- NdPr Oxide 1,140 tpa
- Multiple upsides identified for PFS

NPV8: Post-Tax Next Present Value at a discount rate of 8%, IRR: Internal Rate of Return, EBIDTA: Earnings Before Interest Tax Depreciation and Amortization, Payback expressed from first MREC production, LoM: Life of Mine, MREC: Mixed Rare Earths Carbonate, PFS: Prefeasibility Study.

Strategic Report

Chairman's Statement

"It has been a transformational year for Altona Rare Earths as we completed our move from Acquis to the LSE Standard list and announced an impressive maiden resource at our flag ship Monte Muambe Project."

Monte Muambe's encouraging Scoping Study, published on 18 October 2023, underpins the speed with which we are progressing and de-risking the Project, and will continue to do so as work on the Prefeasibility Study is now starting.

I am particularly pleased with the advancements we made considering the unfavourable macroeconomic conditions and general business environment we are currently navigating.

Continued global inflation and the high interest rates that the Bank of England (and other central banks) is employing to combat it has reduced the amount of disposable income, making it one of the main factors contributing to generally disappointing returns across the small cap resource sector this year.

To compound this general lethargy, rare earth spot prices sank to their lowest levels since 2020 on soft demand from green energy companies and a rising supply from China. I suspect this is driven by lower consumer demand which in turn has stemmed primarily from the aforementioned higher interest rates. Less consumer demand means lower need for inventory from green energy companies and lower internal demand in China leaves higher balances for export, depressing global spot prices.

But, the case for green metals and particularly rare earths remains structurally sound. The green revolution is a real thing and embedded in the government policies of nations as disparate as the UK, China, USA, France, Germany, Canada, Tanzania and Ecuador, with even petro economies like Saudi Arabia investing heavily in the post carbon economy.

The UK government remains at the forefront of the green revolution with its legal commitment to net zero emissions and we are seeing progressively more signs of this and other governments growing willingness to give meaningful assistance to nascent companies looking to be part of the solution.

At Altona Rare Earths we remain confident that we are putting in place the building blocks for a viable mining operation in Mozambique and we are excited about driving Monte Muambe forward while continuing our search for further high quality rare earths assets to add to our portfolio.

Martin Wood
Chairman
Altona Rare Earths Plc

CEO's Statement

"With a NPV8 of USD 283.3 million, an IRR of 25%, and a life of mine EBIDTA of USD 1.67 billion, the Scoping Study serves as an affirmative initial validation of the potential economic viability of the Monte Muambe project."

For Altona, the Financial Year 2023 ended on a positive note, with the Company completing its long-anticipated move to the Main Market of the London Stock Exchange on 9 June 2023.

The Company simultaneously raised £2 million in new funds (the "Fundraise"), to cover the completion of Monte Muambe's Phase 2 and the increase of Altona's holding in the project to 51%.

The listing process took longer than expected, and this admittedly resulted in delays in the completion of Monte Muambe's maiden mineral resource estimate ("MRE") and Scoping Study, although the Company managed to complete sufficient resource drilling at Target 1 and Target 4 by the end of November 2022 to support the MRE.

The Company, however, drawing on the experience of more advanced projects in its peer group, has developed a focused strategy to concentrate its efforts and resources plans on the areas of the deposit that have the highest likelihood to be viable, as opposed to "drilling for numbers". The continued implementation of this strategy through the Monte Muambe Prefeasibility Study and beyond is expected to offer opportunities to make up for these delays.

As funds became available in June 2023, the Company immediately engaged Snowden Optiro to rapidly process collected data and finalise the work on the MRE and the Scoping Study.

The maiden MRE published in late September 2023 reported 13.6 million tonnes at 2.42% total rare earth oxide ("TREO"), which included 0.31% NdPr Oxide (at a 1.5% TREO cut-off). Importantly, through the implementation of a well-designed drilling plan, Altona ensured that 58% of the tonnage was in the Indicated category, while the rest was in the Inferred category. This resource forms a solid base for a future ore reserve. The 2024 drilling campaign will be focused on increasing the MRE's tonnage, and degree of confidence to the measured and indicated categories. This will be achieved through down-dip drilling at Target 1 and Target 4, in-fill drilling and resource drilling on other targets at Monte Muambe.

On 18 October 2023, Altona published the Monte Muambe Scoping Study. The study covers an open pit mining operation considering Target 1 and Target 4 over an 18-year life of mine, and the extraction and processing of 750,000 tons of ore per year. A mixed rare earths carbonate ("MREC") will be produced through a two-step process involving comminution and flotation to produce a concentrate, followed by gangue leaching and caustic cracking.

CEO's Statement (continued)

With a NPV8 of USD 283.3 million, an IRR of 25%, and a life of mine EBIDTA of USD 1.67 billion, the Scoping Study serves as an affirmative initial validation of the potential economic viability of the Monte Muambe project ("the Project") and provides, together with the MRE, a solid foundation for the Project's subsequent progression. It also enables the Company to establish its presence amongst other prospective REE producers in Africa in a niche but critically important industry.

The completion of the Scoping Study also means the increase of Altona's holding in the Project to 51%. As at the date of this report, the contractual and administrative processes to effect this change have commenced, therefore further de-risking the project and increasing shareholder value.

Numerous avenues for increases of the Project's value proposition have been identified in the Scoping Study and will be developed in the Prefeasibility Study. These include:

- Increasing the resource base and the life-of-mine
- Mining, Processing, Energy Mix and Logistics optimisation
- Considering further on-site, in-country or regional separation and refining
- Responsible Sourcing systems

The market for magnet metals is projected to grow five-fold by 2040, and the existing NdPr Oxide supply deficit to grow to 90,000 tonnes by that time (1) . This growth is largely driven by the world's green energy transition, which relies on rare earths based permanent magnets as an essential component of wind turbines and electric vehicles. In addition, the current dominance of China over the rare earths supply chain is seen as a geopolitical and strategic threat by rest of the world ("RoW") and in particular Western governments. Supported by new Critical Minerals policies and legislations, RoW supply chains are rapidly developing.

The future of the rare earths and magnet metals supply chain though, is more likely to reflect an integration of China and RoW supply chains rather than a separation. A key development that the Company anticipates, however, is the increased importance of the consumers demand for products manufactured with responsibly sourced products. It is expected that sources certified and verified as responsible will have competitive advantage as opposed to other sources. The continued development of the Project will therefore encompass responsible sourcing aspects and systems at an early stage.

As Monte Muambe enters the Prefeasibility Stage, the Company will now focus on completing exploration activities on targets other than Target 1 and Target 4, to firm up the 2024 resource upgrade drilling plan, and on extensive metallurgical testing. The objective is to define, by the end of 2024, an updated MRE with an increased tonnage and level of confidence which can be converted into an ore reserves statement as part of the Prefeasibility Study.

Monte Muambe is Altona's flagship project, and the Company will therefore continue to drive its rapid development, following its strategy focussed on viability. However, the Company, taking advantage of its position, geological knowledge and networks in Africa, will continue to assess new rare earths opportunities with a view to adding more quality projects to its portfolio. This will be done with a focus on short timelines to production, as well as diversifying the Company's exposure in terms of deposit type (ionic clays) and of rare earths basket (heavy rare earths).

We are looking forward to a busy and exciting time ahead as we continue de-risking Monte Muambe with our next deliverables: the Prefeasibility Study, a Mining Concession and our holding increased to 70%.

Dr Cédric Simonet
CEO
Altona Rare Earths Plc

1. Adamas Intelligence, "Rare Earth Magnet Market Outlook to 2040", Q2 2023

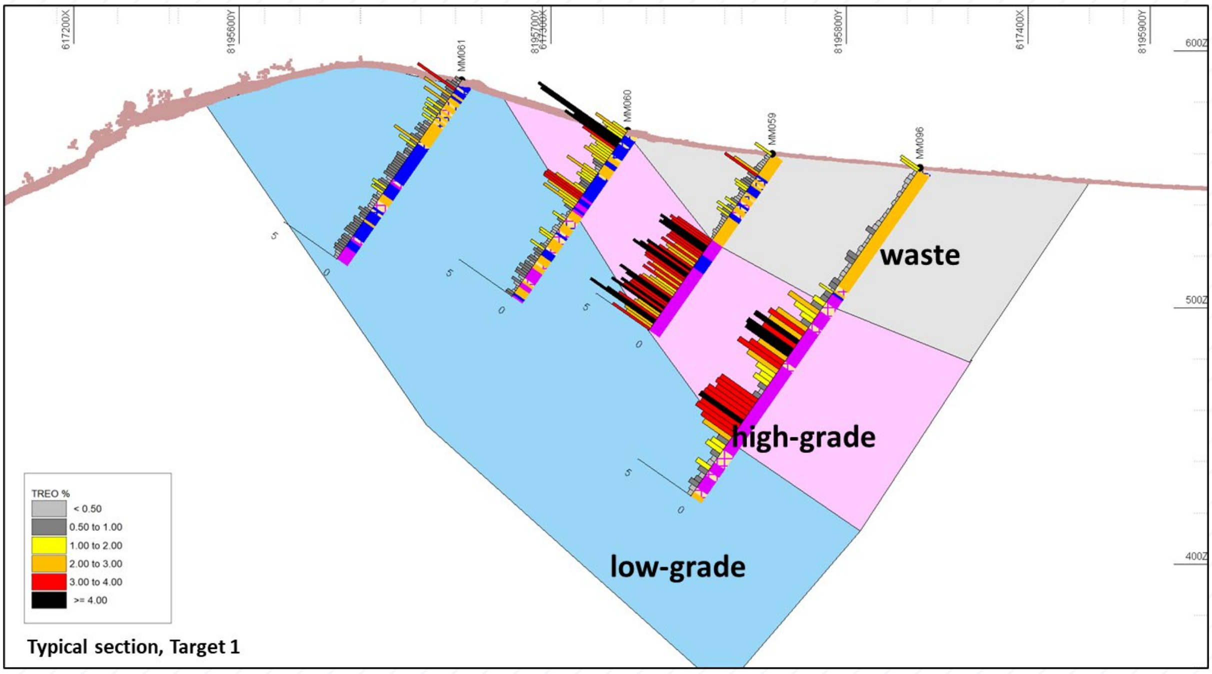
Operations Review

Pre-Financial Year activities

The 2022 field campaign started in February 2022, with a thorough soil sampling survey, and continued with Reverse Circulation drilling at Target 1 and Target 4 in May 2022.

Work done up to 30 June 2022 allowed the Company to:

- Identify 5 new drilling targets on the basis of soil sampling results (Targets 1E, 7, 8, 9 and 10)
- Confirm the shape, orientation and extent of Target 1 at target level, and plan appropriately additional drill holes.
- Confirm the validity of Target 4 for resource drilling
- Gain additional understanding on the characteristics of REE mineralisation at Monte Muambe, in particular with respect to the existence of two different types of ore: low grade ore, with 0.5 and 1% TREO and some Niobium, and high-grade ore, with 2.4 to 2.5% TREO in average and no Niobium, and to the geometry of the mineralised bodies.



The high-grade mineralisation, as can be seen on this cross section of Target 1, forms consistent and continuous zones from surface.

Financial Year 2023 activities

Monte Muambe licence successfully renewed and transferred to Monte Muambe Mining Limitada ("MMM")

On 26 October 2022, Prospecting Licence LPP7573L was renewed for a further 3-year term (up to 22 May 2025) and transferred to Monte Muambe Mining Limitada, the project's Special Purpose Vehicle.

Field activities

After a brief interruption to review drilling data, drilling activities at Monte Muambe resumed on 12 July 2022. Activities during the reporting year were focused on building the project's database to back a maiden Mineral Resource Estimate, with a focus on Target 1 and Target 4.

Drilling completed during the period totalled 2,201 meters (21 holes). This included 4 exploration holes at Target 9, while the rest was at Target 1.

Operations Review (continued)

Hole No	Target	X	Y	Z	Azimuth	Dip	Total Depth	Completion Date
MM076	T9	616,709.690	8,193,847.957	510.441	90	-55	54.8	Jul 12, 22
MM077	T9	616,770.253	8,193,844.485	539.416	90	-55	84.8	Jul 15, 22
MM078	T9	616,830.119	8,193,850.715	567.111	90	-55	84.7	Jul 16, 22
MM073	T1	617,074.876	8,195,826.149	553.284	213	-55	84.75	Jul 20, 22
MM053	T1	617,113.490	8,195,851.378	546.097	213	-55	84.87	Jul 21, 22
MM054	T1	617,168.973	8,195,792.119	562.715	213	-55	84.85	Jul 26, 22
MM074	T1	617,203.181	8,195,844.416	553.251	213	-55	150.8	Jul 27, 22
MM079	T1	617,146.434	8,195,901.754	537.240	213	-55	150.7	Jul 29, 22
MM091	T1	617,091.345	8,195,958.888	526.924	213	-55	132	Aug 4, 22
MM093	T1	617,057.290	8,195,909.039	526.968	213	-55	84.7	Aug 6, 22
MM063	T1	617,375.902	8,195,669.974	562.403	213	-55	84.8	Aug 8, 22
MM065	T1	617,483.587	8,195,688.624	548.008	213	-55	150.75	Aug 10, 22
MM066	T1	617,451.982	8,195,641.067	551.211	213	-55	84.75	Aug 13, 22
MM094	T1	616,994.254	8,195,951.692	517.843	213	-55	72.8	Aug 15, 22
MM095	T1	617,440.120	8,195,767.399	552.447	213	-55	55	Nov 9, 22
MM096	T1	617,379.712	8,195,822.855	554.475	213	-55	156	Nov 15, 22
MM100	T1	617,448.312	8,195,763.258	551.998	213	-55	36	Nov 15, 22
MM097	T1	617,293.751	8,195,839.825	555.826	213	-55	120	Nov 18, 22
MM098	T1	617,242.484	8,195,901.002	545.401	213	-55	144	Nov 22, 22
MM099	T1	617,188.363	8,195,955.179	534.597	213	-55	150	Nov 24, 22
MM101	T1	617,427.188	8,195,796.987	552.743	213	-55	150	Nov 28, 22

Collar information of holes drilled during the FY 2023

In August 2022, Altona published an updated Competent Person Report including an Exploration Target estimate based on drilling results at Target 1 and Target 4 up to 5 July 2023.

	Tonnes (millions)		TREO%	
cutoff TREO%	**0.5% Grade**	**1.0% Grade Shell**	**0.5% Grade Shell**	**1.0% Grade Shell**
1.00%	56.6	21.7	1.65	1.78
2.00%	11.5	6.5	2.41	2.47

The Exploration Target estimate:

- provided a first-pass estimation of the potential size of the deposit,
- confirmed the presence of high-grade zones in the mineralised system,
- helped review and confirm the drilling plan for the remainder of the year.

Drilling done after the publication of the Exploration Target estimate focused on the deeper parts of Target 1.

Operations Review (continued)

In November 2022, the Company commissioned a real time kinetics (RTK) system on site and undertook a complete RTK survey of all holes drilled in 2021 and 2022 as well as legacy holes.

All selected samples from the 2022 drilling campaign, as well as re-composited samples from the 2021 drilling campaign, were shipped to Intertek laboratories' facility in Johannesburg by early December 2022 for preparation, and subsequently forwarded to Intertek Perth for assay.

In addition, a batch of 20 samples was sent for mineralogical studies. XR Diffraction results for this batch were received in January 2023.

In June 2023, Altona contracted Snowden-Optiro, a reputable geological consultancy company, to prepare its maiden JORC Mineral Resource Estimate.

Post-Financial Year activities

Maiden JORC Mineral Resource Estimate

On 25 September 2023, Altona published Monte Muambe's maiden JORC Mineral Resource Estimate, reported in the Table below using a 1.5% TREO cut-off.

Target	Classification	TREO Cut-off (%)	TONNES (Mt)	TREO %	CeO_2 ppm	Pr_6O_{11} ppm	Nd_2O_3 ppm	Tb_4O_7 ppm	Dy_2O_3 ppm	NdPr Oxide (ppm)	Contained TREO (t)
1	Indicated	1.5	8.0	2.38	11,400	910	2,250	15	80	3,160	191,000
	Inferred	1.5	0.8	2.28	10,900	861	2,140	15	78	3,000	18,000
	TOTAL	**1.5**	**8.8**	**2.38**	**11,400**	**905**	**2,240**	**15**	**80**	**3,150**	**209,000**
4	Indicated	1.5									
	Inferred	1.5	4.8	2.50	11,300	872	2,190	26	143	3,060	119,000
	TOTAL	**1.5**	**4.8**	**2.50**	**11,300**	**872**	**2,190**	**26**	**143**	**3,060**	**119,000**
OVERALL	Indicated	1.5	8.0	2.38	11,400	910	2,250	15	80	3,160	191,000
	Inferred	1.5	5.6	2.47	11,200	871	2,190	24	134	3,060	137,000
	TOTAL	**1.5**	**13.6**	**2.42**	**11,400**	**894**	**2,230**	**19**	**102**	**3,120**	**329,000**

Notes:

- Million tonnes are rounded to one decimal place. Grades are rounded to two decimal places for % and whole numbers for ppm.
- The MRE has been reported in consideration of reasonable prospects for eventual economic extraction (RPEEE) using a pit shell based on a 1.5% TREO cut-off, revenue of 24.65 USD/kg TREO MREC and average total recovery to MREC of 48%.
- Mineral resources are reported as dry tonnes on an in-situ basis.
- Rare earth elements are inclusive of the TREO and not additional to it.
- "NdPr Oxide" is the sum of Nd2O3 and Pr6O11.

The MRE represents an increase in tonnage compared to the high-grade part of the Exploration Target estimate, consistent with the fact that additional drilling was done at Target 1 after the Exploration Target estimate was compiled.

Estimate	Parameters	Tonnes (millions)	Grade % TREO
Exploration Target August 2022	1% TREO grade shell and 2% TREO cut-off grade	6.5	2.47
(range)	0.5% TREO grade shell 2% TREO cut-off grade	11.5	2.41
MRE Indicated and Inferred Sept 2023	1.5% TREO cut-off Optimized pit shells Target 1 and Target 4	13.6	2.42

Reconciliation between 2022 Exploration Target and 2023 MRE

Operations Review (continued)

The MRE's tonnage and grade compares favourably to Ore Reserve Statements of more advanced carbonatite REE-projects in Monte Muambe's peer group in Africa and in Australia.

In 2024, the Company intends to increase the tonnage and the level of confidence of the existing MRE through:

- In-fill drilling at Target 1 and Target 4 (to take the MRE on these two mineralised bodies to Measured and Indicated levels);
- Down-dip drilling at Target 1 and Target 4 (to increase the tonnage);
- A re-evaluation of the potential viability of Target 6, which has known high-grade mineralisation at a depth of 30 to 50m below the surface;
- Resource drilling at Targets 3, 9 and 11 among others.

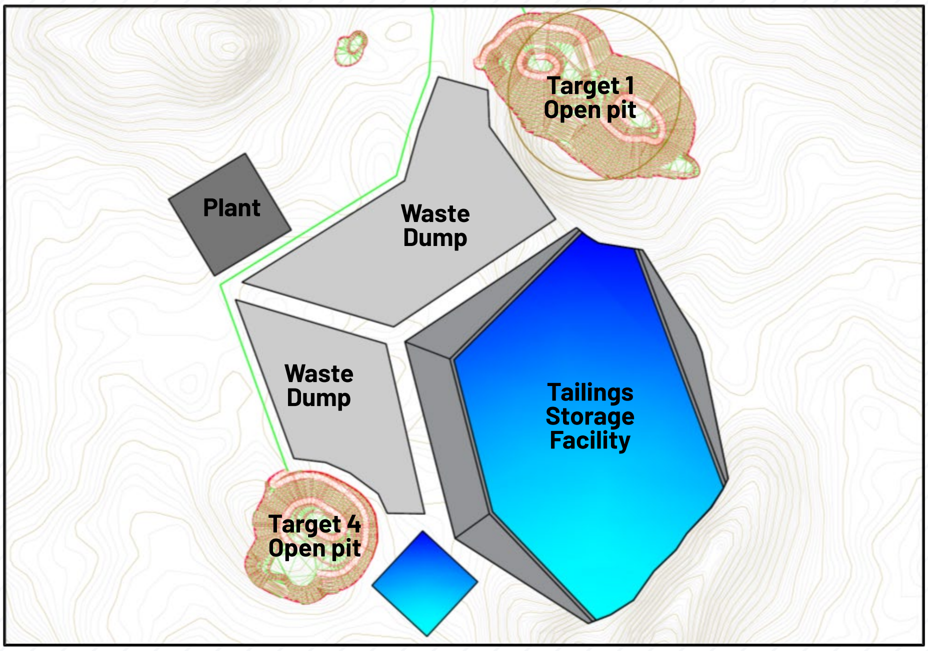
Scoping Study

On 18 October 2023, Altona published an updated CPR including a Scoping Study (the "Study") for the Monte Muambe project.

The Study was prepared by geology and mining consultancy firm Snowden-Optiro, to assess the potential viability of an open pit mining and MREC production operation, to assess project development options, and to give sufficient confidence to the Company to advance to the Prefeasibility Study stage.

The Study is preliminary in nature and includes material assumptions outlined in the CPR, including product price assumptions. Capex estimates qualify as Class 4 estimates as per the Association for the Advancement of Cost Engineering (AACE) Recommended Practice 47R-11. The accuracy of the opex and of the initial capex estimate is assessed at +35 % to –30 %. The base case includes an indicative life of mine extraction and production schedule, which is based on a Mineral Resource Estimate, 58% of which classified as Indicated and 42% as Inferred.

The Study takes into consideration open-pit mining of Target 1 and Target 4, at a Life of Mine ("LOM") strip ratio of 1.6, over a period of 18 years. An anticipated 750,000 tonnes of ore per annum will be extracted and processed through a beneficiation plant to produce a rare earths concentrate. The beneficiation process will include crushing, milling and flotation. The concentrate will then be processed through a hydrometallurgical plant to produce an average of about 15,000 tonnes of MREC per annum. The hydrometallurgical process will involve a weak acid gangue leach, followed by rare earths leaching and purification. The MREC product will be packaged and transported via existing road infrastructure to the port of Beira, in Mozambique, for export.



Schematic layout of the Monte Muambe project

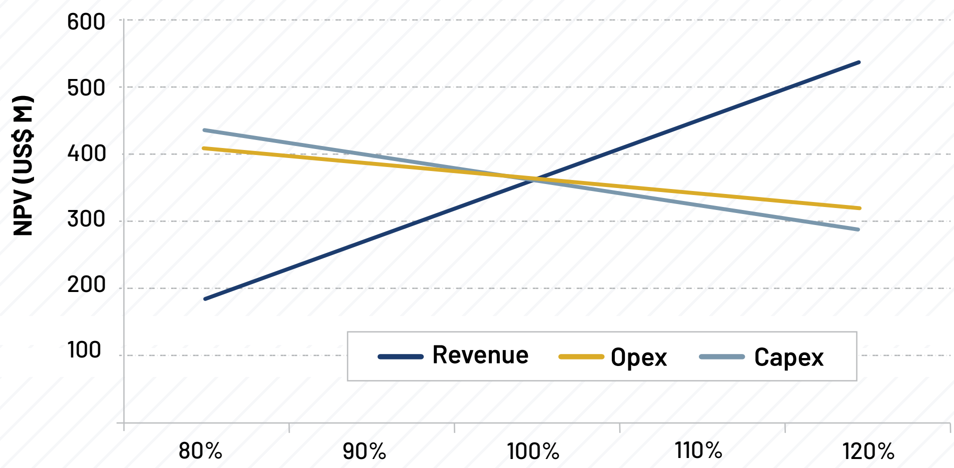
Operations Review (continued)

Base Case Technical and Economic parameters are summarised in the table below:

Parameter	Unit	Value
Ore processed	Mt	13.5
MREC produced	kt	270.7
Initial Capex	M US$	276.3
Sustaining Capex	M US$	63.0
Opex LoM	M US$	1,519
Opex per ton MREC	US$/t	5,613
Gross Revenue LoM	M US$	3,670
Net Revenue LoM	M US$	3,193
EBITDA LoM	M US$	1,674
Revenue per ton MREC	US$/t	13,558
Payback from first MREC	years	2.5
Post tax NPV 8	M US$	283.3
Post tax NPV 10	M US$	207.0
Post tax NPV 8 (Upside Scenario)	M US$	409.9
Post tax IRR	%	25%
Operating margin	%	42%

Sensitivity Analysis

Using an NPV of US$283.3 million with an applied real discount rate of 8%, the Project is most sensitive to revenue (price, recovery, grade and exchange rates), less sensitive to opex and least sensitive to capex.



Project sensitivity analysis

The Scoping Study demonstrates the potential for Monte Muambe to become a viable mining operation. Considerable upside potential has been identified in the Scoping Study and will be developed further in the Prefeasibility Study ("PFS"). This includes:

- Increase of the resource base, as well as of the LoM and/or ore extraction rate;
- Mining parameters optimisation;
- Processing and Metallurgy, both for the beneficiation and hydrometallurgical plants;

Operations Review (continued)

- Energy sources mix and logistics options;
- Evaluation of the possibility of doing further onsite, in-country or regional separation and refining;
- Setting up Responsible Sourcing systems.

Completion of Phase 2 and holding increase to 51%

On 24 October, in accordance with the Farm-Out Agreement, the Company notified the original shareholders of Monte Muambe Mining Lda of the successful completion of Phase 2 and of its intention to proceed to Phase 3.

At the date of this report the contractual and administrative processes have been initiated and completion is expected in the next few weeks.

Phase 3 activities

Progressing Monte Muambe towards PFS

As a short-term objective, the Company intends to continue de-risking the project through:

- Lodging a Mining Concession application, and an application for land-rights
- Starting the EIA Licensing process for the mining operation
- Starting Prefeasibility Study activities with a priority on:
    - ◊ Grass-root exploration activities on targets other than Target 1 and Target 4 to firm up the 2024 resource upgrade drilling plan
    - ◊ Extensive metallurgical testing and process flowsheet development
- Drilling aimed at producing an upgrade MRE, convertible into an Ore Reserves Statement, by Q1 2025.

New Projects

Target generation and business development activities will also continue, with the view of securing at least one new project during the course of the year.

Outlook

The robust financial forecasts of the Monte Muambe Scoping Study serve as an affirmative initial validation of the Project's economic viability, enabling the Company to establish its presence amongst other prospective REE producers in Africa. It provides, together with the MRE, a solid foundation for the Project's subsequent progression. As the Project moves into its PFS stage, the Company will continue to work towards de-risking Monte Muambe and, with its local partners, to optimise its technical, commercial and financial parameters. We believe the timing for this achievement is impeccable, at a time where the global rare earths supply chain is diversifying away from China's decades-long domination, and Western processing facilities are starting to come online.

The magnet metals present at Monte Muambe are critical components of the global green energy transition. The supply deficit for Neodymium and Praseodymium Oxide is forecast to grow to 90,000 tonnes per year by 2040 and, to allow the decarbonisation of energy sources, more magnet metals mines must come on stream in the following years.

Altona intends to play its part in supporting this crucial agenda, by working in a responsible manner to reduce the dependence on China for critical mineral supplies. As Monte Muambe progresses, the Company will continue to make the most of its knowledge of African geology, local networks, and presence on the ground to acquire and develop new projects. This will be done with a focus on short timelines to production, as well as diversifying the Company's exposure in terms of deposit type (ionic clays) and of rare earths basket (heavy rare earths).

Dr Cédric Simonet
CEO
Altona Rare Earths Plc

Corporate Review

Financial Review

Balance sheet –investment, capital expenditure, equity placing and asset growth

The Group's total assets have increased from £1.4m to £2.7m, largely due to the £2m fundraise which the Company completed on 9 June 2023 in conjunction with its LSE admission. These proceeds were used to fund the ongoing exploration at MMM and meet corporate debts and expenditure. Total non-current assets increased by £0.4m, to give total non-current assets at year end of £1.4m. This mainly correlates to the intangible assets, such as capitalised drilling, assay studies and licence costs in relation to MMM's LPP7573L.

The cash position increased from £0.3m to £1.1m, giving the Group sufficient funds to complete the MRE and Scoping Study at MMM, and commence Phase 3 of the Farm-Out Agreement in the final quarter of 2023.

Total liabilities increased from £0.3m to £0.8m, mainly due to convertible loan note that was entered into in February 2023 to enable the Group to continue to meet its working capital obligations.

Overall, this resulted in an increase in the Group's net assets from £1.1 million as at 30 June 2022 to £1.9m at 30 June 2023.

Income Statement

The loss for the year was £1.3m as compared with a £0.8m loss in the prior year. This increase mainly corresponds to the increase in legal and professional fees of £0.2m arising from the change in exchange (from AQSE to LSE) and the Fundraise. The Company also incurred finance costs of £0.2m which arose from the £0.2m loans and £0.3m CLNs that were arranged during the year.

The Company is focused on controlling administration costs and aims to keep these to a minimum. Management use a KPI to monitor the ratio between operating costs and corporate costs and ensure that, as far as possible, it is maximised.

Liquidity and Cash Flow

The Group monitors its cash position, cash forecasts and liquidity regularly.

Net cash used in operating activities decreased from £0.8m to £0.6m, this decrease is mainly due to the increase in creditors which were all paid down post year end. Cash used in investing activities also decreased from £0.9m to £0.5m as Phase 2 was extended whilst the Company waited for further monies to be raised at the Fundraise.

During the last quarter of 2022, the Company entered into a short term loan agreement for a £0.2m loan, and this was paid back before year end. In February 2023, it also issued £0.3m of convertible loan notes with an interest rate of 15%. These will be converted into shares or paid back in full in May 2024 and have been included in the balance sheet as a short term liability.

Warrants extension

In March 2023, the Company extended the expiry date of all existing warrants to 31 March 2025 (in prior year the Company replaced all 20 pence warrants with new warrants with an exercise price of 12 pence per Ordinary Shares). This exercise was completed to recognise the value of shareholders who had previously invested in the Company and were yet to see the expected growth.

Board appointments

On 9 June 2023:

- Cédric Simonet, the Company's Chief Operating Officer, was appointed Chief Executive Officer
- Louise Adrian, the Company's Financial Controller, was appointed Chief Financial Officer and an Executive Director
- Simon Charles was appointed as an Independent Non-Executive Director.

Christian Taylor-Wilkinson stepped down as both Chief Executive Officer and Director on 9 June 2023. He remains as an employee of the Company in a Business Development capacity.

Simon Tucker resigned as a Non-Executive Director on 2 August 2022.

Corporate Review (continued)

London Stock Exchange Listing

On 1 June 2023, the Company announced that it had raised £2.0 million via an oversubscribed placing of £1,677,300 and a subscription of £322,700 through the issue of 40 million new ordinary shares at 5 pence per share, together the "Fundraise". The Company also issued 4.9 million fee shares to various advisers and Directors.

On 9 June 2023, the Company announced the Admission of the Company's entire issued share capital to the Official List of the Financial Conduct Authority by way of a Standard Listing under Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's Main Market for listed securities ("Admission"). The Company's shares are listed under the new ticker "REE".

Post Balance Sheet Events

On 25 September 2023, the Company announced the Monte Muambe Project's maiden JORC Mineral Resource Estimate, with a total of 13.6 million tonnes at 2.42% TREO at a cut-off grade of 1.5% TREO.

On 18 October 2023, the Company announced the completion of an updated Competent Person Report for Monte Muambe, including a Scoping Study. More information is given in the Operations Review.

Louise Adrian
CFO
Altona Rare Earths Plc

Group Strategic Report

The Directors present their strategic report on the Company and its subsidiary undertakings (which together comprise the "Group") for the year ended 30 June 2023.

Principal Activity

The principal activity of the Group is the exploration, development and extraction of rare earth elements in Africa.

Review of Strategy and Business Model

The Company's strategy is to identify, acquire, explore and develop rare earths deposits on the Africa continent, with an aim at delivering value to its shareholders and to its countries and communities of operations, and to support the development of rare earth supply chains critical to the Green Energy Transition. Delivering shareholders' value may involve, depending on the project, developing it into production, entering into strategic partnerships to develop it, or selling it.

The Company has chosen Africa as its main geography of operation, due to its long mining history which provides suitable regulatory frameworks, workable infrastructures and experienced workforces. The Continent's varied geology also created a favourable environment for exploration, with different geological types of rare earths deposits being well documented, including carbonatites, alkaline complexes, ionic adsorption clay deposits, and hydrothermal veins. The Company also recognises the need, underpinned by recent policy changes in Africa, to develop value addition and economic and social beneficiation locally, and takes it into consideration in its mining projects.

Altona has, so far, made one asset acquisition (Monte Muambe), via a Farm-Out agreement, the holding of this increasedfrom 1% to 20% in the prior year and will further increase to 51% in the coming weeks. The Company's holding in Monte Muambe is expected to grow to 70% by Q3 2025.

The Company is constantly assessing new projects opportunities in various African jurisdictions, through strict due diligence with legal, technical and ESG criteria. Acquisitions may be completed through fresh prospecting licence acquisitions, agreements with existing licence or business holders, or public-private partnerships. The implementation of this strategy is done in a way to spread the risk across different jurisdictions, different geological types of deposits and different extraction technologies.

Business Review

The developments during the year are detailed in the CEO Statement and the Operations review on pages 9 to 16.

Financial Performance of the Group

The loss of the Group for the year ended 30 June 2023 before taxation amounts to £1.3m (2022: loss of £0.8m).

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the year to 30 June 2024.

The Group is committed to best practice in energy consumption, social, community and human rights issues and these are discussed further in our ESG statement below. The three main financial KPIs for the Group are as follows:

Key Performance Indicators

	2023	2022
Cash and cash equivalents	£1,130,000	£283,000
Administrative expenses as a percentage of total assets	39%	45%
Exploration costs capitalised during the year	£460,000	£617,000

These allow the Group to monitor costs and plan future exploration and development activities. Cash has been used to fund the Group's operations and facilitate its investment activities (refer to the Statement of Cash Flows on page 57).

Group Strategic Report (continued)

Administrative expenses are the expenses related to the Group's ability to run the corporate functions to ensure they can perform their operational commitments.

Exploration costs capitalised during the year consist of exploration expenditure on the Group's exploration licences, net of foreign exchange rate movements and excludes any fair value uplift of acquisitions.

Other standard industry key performance indicators that will only become relevant in the coming years and therefore are not currently considered by the Directors are:

- Production of a Pre-Feasibility Study and a Bankable Feasibility Study ("BFS")
- Adhering to strict ESG standards – as determined by the jurisdiction and nature of the mining project
- Securing off-take partners ahead of commencement of mining
- Securing mine finance ahead of commencement of mining

Gender of Directors and Employees

The Board of Directors consists of one male and one female executive and two male and one female non-executive Directors.

Principal Risks and Uncertainties

The principal risks and uncertainties lie in the commercial viability of the continuing development of the Monte Muambe Asset and whether this will add shareholder value, though the recent publication of a JORC Mineral Resource Estimate and Scoping Study reduced the Project's level of risk. The Directors also consider the key risk for the Group to be the maintenance of its reserves of cash and cash equivalents to meet this ongoing development of assets.

The Group operates in an uncertain environment and is subject to a number of risk factors.

The Directors consider the following risk factors are of particular relevance to the Group's activities and to any investment in the Group. It should be noted that the list is not exhaustive and that other risk factors not presently known or currently deemed immaterial may apply.

Group Strategic Report (continued)

The risk factors are summarised in the table below:

Description	Impact	Mitigation
Strategic risks		
• Over reliance on the outcome of a single asset and the continuing value of said asset that may not result in a commercial development and there is no certainty of success. Successful acquisition of future opportunities to build shareholder value, the generation of future income streams or net asset growth may not materialise. • Competitors with significantly greater financial and technical resources will be able to outbid the Company on future upstream opportunities. • The Company is dependent on key executives. The future success of the Company depends on partially on the expertise of the CEO, as the Company's leading geologist. The loss of his services could damage the Company's business. • Risk to strategic and business model due to political instability, expropriation, and government interference, especially when operating in one country only	**High**	• The Company is focused on acquiring majority stakes in number of mining assets in different African countries with regards to the exploration, development and extraction of rare earth metals. • The Company also seeks to mitigate the development risk through actively diversifying its portfolio, the experience and expertise of the Company's specialists and the Company's African partners in these projects. • The Company has a strong shareholder base and proved this at the recent Fundraise of £2m gross. • The CEO has a notice period of no less than three months to ensure efficient time to hand over responsibilities in the event of a departure. The Remuneration Committee regularly evaluates compensation and incentivisation schemes to ensure that the Company's package is competitive. The Company is looking to put a share option plan in place to reward executive directors for increasing shareholder value. • The Board analyses the risks and rewards of a country before any investment is made and also engages with local partners who understand the local political risk.
Financial risks		
• Difficulty raising external funding for new investment opportunities and exploration activities in volatile capital markets. The future availability of such financing is uncertain. • Cost escalation and budget overruns may lead to faster use of cash resources than originally planned. • Risk of high inflation, transfer and conversion of currency, which could significantly increase exploration and development costs and so affect valuation of future acquisitions.	**High**	• Regular review of cashflow, working capital and funding options are performed by the Board to ensure the Company remains a Going Concern. • Build strong and sustainable relationships with key shareholders. Experienced advisers have been hired to ensure the capital market is accessible to the Company. • Prudent approach to budgeting and strong financial stewardship - managing commitments and liquidity to ensure the Group has sufficient capital to meet spending commitments. • Establish local bank accounts and negotiate contracts in US dollar value where practicable.

Group Strategic Report (continued)

Environmental, social and governance risks		
• ESG is key to the company's legal and social license to operate. Non-compliances, or ESG-related social issues may prevent the development or operation of the Company's Projects. • ESG reporting is constantly evolving and is a risk for the majority of exploration and development companies. The Company must seek to improve diversity, equity and inclusion as well as be aware of the urgent priorities to address climate change. All stakeholders have increased expectations of the Company's ESG reporting and the Company must meet these demands. • Human resources and management are critical to the success of the Company as it develops its operations in Africa and lack of quality personnel available could lead to issues in completing projects in a timely and cost efficient manner.	**Medium**	• ESG is part of the Company's longer-term, more strategic view and the Board will consider ESG at each board meeting and understand how their decisions will meet the various stakeholder demands. • Policies and processes are being further enhanced to ensure there is a more rigorous reporting cycle in which requirements are identified and met before giving rise to any issues. • The Company seeks to employ local personnel where possible and has joined with local educational establishments to ensure training is of a high level.
Legal and compliance risks		

• Compliance with local laws and regulations.
• Difficulties in obtaining approvals and licences in connection with new and existing assets.
• Bribery and corruption.
• London Stock Exchange or the Financial Conduct Authority Rule breaches
	Medium	• The CEO has over 20 years' experience working on mineral and energy projects in Africa, including 10 in Mozambique.
		• The Company also ensures local legal advice is obtained when new assets are to be purchased and these professionals are retained to ensure regular compliance is adhered to.
		• The Company follows the QCA code of corporate governance and this is set out in this annual report and accounts. The Company also has the various policies in place which are overseen by the Audit Committee and reviewed on a regular basis:
		  ○ Anti Bribery and Corruption Policy
		  ○ Whistle Blowing Policy
		  ○ Anti Money Laundering Policy
		• There have been board changes in the current year and now contains Directors with professional qualifications in law and accounting. It is also able to consult with outside advisers to ensure full compliance.

The Directors regularly monitor these risks, using information obtained or developed from external and internal sources and will take actions as appropriate to mitigate them. Effective risk mitigation may be critical to the Company in achieving its strategic objectives and protecting its assets, personnel and reputation. The Company assesses its risk on an ongoing basis to ensure it identifies key business risks and takes measures to mitigate these. Other steps include regular Board review of the business, monthly management reporting, financial operating procedures and anti-bribery management systems. The Company reviews its business risks and management systems on a regular basis.

Group Strategic Report (continued)

Section 172(1) statement and stakeholder engagement

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006. The specific requirements of s172 are set out below, along with the approach adopted by the Directors to ensure they meet these requirements:

Consider the likely consequences of any decision on the long-term

The Company has had another exciting year, with a £2 million gross fund raise and its move to the Standard List of the LSE. This is in line with its clear long-term strategy to ensure that the Company continues to be well funded with a strong shareholder base to support the Company as it continues to develop its operations at MMM and acquire further exploration targets that meet its strategic objectives.

It has established a pan-African network, including wholly-owned subsidiary companies in a number of African countries, to help identify, research and secure new opportunities in the rare earths mining sector.

Consider the interests of the Company's employees

The Company currently has both permanent and temporary employees in Mozambique and only Directors and Senior Management in the UK. It is committed to the fair and ethical treatment of all of its staff and has implemented training programmes and direct relationships with local educational establishments in Mozambique to ensure it creates a local workforce for the future.

Foster the Company's business relationships with suppliers, customers and others

In order to progress its project in Mozambique, the Company is reliant on the support of its key suppliers (drilling contractors, suppliers of local equipment and materials and security). It is therefore a key part of the Company's strategy to develop these relationships to ensure the Company maintains a strong and secure relationship with these suppliers.

Consider the impact of the Company's operations on the community and the environment

The Company is aware of the potential impact that its operations may have on the environment and local community. It has been working closely with the community at Monte Muambe to establish a borehole for a local water source and build stable communication infrastructure in the area. It has also installed solar panels on site and will be engaging an environmental consultant in the next stage of the project to ensure the impact of it operations are adequately addressed and views are heard from the effected communities.

Maintain a reputation for high standards of business conduct

The Company has established a number of policies and procedures and continues to develop these as it grows. It also follows the QCA rules on corporate governance as disclosed in the Corporate Governance Report which is included in this set of report and accounts.

Act fairly between members of the Company

The Directors and Senior Management hold 7.77% of the shares of the Company with the remainder held by a range of individuals and companies. The Company extended the expiry date of various warrants in the year to ensure all shareholders were treated equitably.

Approved on behalf of the Board:

Dr Cédric Simonet
CEO
Altona Rare Earths Plc

Corporate Governance Report

Principles of corporate governance

The Board of Directors recognises the importance of sound corporate governance and applies The Quoted Company Alliance Corporate Governance Code (2018) (the 'QCA Code'), which it believes is the most appropriate recognised governance code for a Group, of its size, with a standard listing on the London Stock Exchange. The Board believes that the QCA Code provides the Group with the framework to help ensure that a strong level of governance is maintained, enabling the Group to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

The Code is based on 10 principles and a set of supporting disclosures. It sets out what the QCA considers to be appropriate arrangements for growing companies and asks companies, by means of the prescribed disclosures, to explain how they are meeting those principles through the prescribed disclosures. We have considered how we apply each principle and a full description of our compliance with the QCA code is set out below and can also be found on our website **https://www.altonaRE.com**

These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning balanced team led by the Chair;
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board; and
10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Chairman has overall responsibility for implementing an appropriate governance framework at the Group and the Board is committed to ensuring that this framework is adhered to. Below follows a short explanation of how the Board will apply each of the principles:

Principle One

Business Model and Strategy

The Group has a clearly defined strategy and business model that is designed to promote long-term value for its shareholders. This strategy is a combination of extracting value from its long-term rare earth mining assets and developing opportunities in exciting new mining sector and is set out in more detail in the Strategy Report above.

Principle Two

Understanding Shareholder Needs and Expectations

All shareholders are encouraged to attend the Company's Annual General Meetings where they can meet and directly communicate with the Board. After the close of business at the Annual General Meeting, the Executive Chairman, or one of the UK non-executive directors will open the floor to questions from shareholders.

Shareholders are also welcome to contact the Company with any specific queries.

The Company also provides regulatory news through the Regulatory News Service (RNS). In addition, other financial and business news updates are provided through various media channels such as Twitter and UK online investor platforms. Shareholders also have access to information through the Company's website, www.altonaRE.com which is updated on a regular basis. Contact details are also provided on the website.

The Company has recently started to use interactive interview platforms such as Investor Meet Company to allow a higher level of interaction with shareholders.

Corporate Governance Report (continued)

Principle Three

Considering wider stakeholder and social responsibilities

The Board takes regular account of the significance of social, environmental and ethical matters affecting the business of the Group. The Group is in the process of developing a specific written policy on Corporate Social Responsibility due to the increasing number of stakeholders that it is involved with. The Board will seek to integrate this policy into its strategy to protect the interests of the Group's stakeholders through individual policies and through ethical and transparent actions. The Company engages positively with regulatory authorities and stakeholders in its project locations and encourages feedback through this engagement. Through this process the Company identifies the key resources and fosters the relationships on which the business relies.

Principle Four

Risk Management

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Group at this stage in its development and in the foreseeable future are detailed out in the Strategic Report together with risk mitigation strategies employed by the Board.

The Group does not currently have an internal audit function due to the small size of the Group and limited resources available. The requirement for an internal audit function is kept under review.

Principle Five

A Well-Functioning Board

The Board's role is to agree the Group's long-term direction and strategy and monitor achievement of its business objectives. The Board meets for these purposes as and when required with a minimum of 12 meetings per year. The Board receives reports for consideration on all significant strategic, operational and financial matters.

The Board is supported by the Audit, Remuneration, Nominations and Compliance Committees, details of which can be found in Principle 9 below.

The Board currently comprises of the UK Non-Executive Chairman (Martin Wood), the Chief Executive (Cédric Simonet), the Chief Financial Officer (Louise Adrian), and Non-Executive Directors (Audrey Mothupi and Simon Charles), who are based in South Africa and the UK respectively.

The Board considers all the non-executive directors (NEDs) who served during the year to be independent. None of these Directors is or has been an employee, has a significant business relationship or close family ties with related parties, or represents significant shareholders, although some of them hold shares and warrants to acquire ordinary shares in the Company. The QCA Code recommends that, in the interests of maintaining their independence, NEDs should not normally participate in performance-related remuneration schemes or have a significant interest in a company share option scheme; any performance related remuneration for NEDs should be proportionate, and shareholders must be consulted and their support obtained. However, in the Company's case the shares issued and warrants granted to the NEDs have no performance conditions and vested fully on the date of grant, and it is not considered that they compromise the NEDs' independence. The Board will keep this under review on a regular basis.

As part of its annual performance evaluation process, the Board, in conjunction with the Remuneration and Nomination Committees, keeps its structure under review in order to maintain an appropriate balance of executive and non-executive experience and skills. The current year review resulted in the addition of a Chief Financial Officer and an NED with legal expertise to head up the Compliance Committee to ensure the Board has the appropriate skillset as it moved to the Standard List of the LSE.

Attendance at Board and Committee Meetings

The Board will report annually in the Directors' Report on the number of Board and committee meetings held during the year and the attendance record of individual Directors. Directors meet formally and informally both in person and by telephone. To date there have been 12 formal monthly meetings during the year ended 30 June 2023, and the volume and frequency of such meetings is expected to continue at this rate.

Corporate Governance Report (continued)

A summary of attendance at Board meetings in the year to date is set out below:

Director	Independent	Board***	Audit***	Remuneration***	Nomination***	Compliance***
Christian Taylor-Wilkinson*	NO	11/12	-	-	-	-
Cédric Simonet	NO	12/12	-	-	-	-
Louise Adrian**	NO	2/2	-	-	-	1/1
Audrey Mothupi	YES	10/12	2/2	2/2	1/1	-
Simon Charles**	YES	2/2	1/1	1/1	-	1/1
Martin Wood	YES	12/12	2/2	2/2	1/1	1/1

*Resigned 9 June 2023

**Appointed 9 June 2023

***Out of the possible number that should have been attended taking into account membership of the committee and appointment/resignation date

Three supplementary meetings were held during 2022/23 during the capital raise process and all Directors who were required to, attended these.

Principle Six

Appropriate Skills and Experience of the Directors

The skills and experience of the members of the Board are set out in their biographical details below. Since its move to the LSE the balance of the Board has grown to have more gender and ethnic diversity and the Board now meets the diversity targets as detailed out in Policy Statement PS 22/3 of the Listing Rules and DTR requirements, on gender or ethnicity. The Board believes it has achieved a good balance of experience in financial and operational matters and believes it has the skills and experience necessary to execute the Company's strategy and business plan and discharge its duties effectively.

On listing all of the Directors received training from their corporate advisers on the continuing obligations of a company admitted to the LSE (Standard Segment) and a copy of the QCA Code and the Group's Financial Position and Prospects Procedures memorandum (FPPP) which sets out the policies and procedures that the Directors are expected to follow.

All Directors have access to the Company Secretary, Orana Corporate LLP, who are responsible for ensuring that all Directors are kept informed of development in relevant legislation, regulations and best practice, with the assistance of the Company's advisers where appropriate. The CEO provides information and updates on the geology and technical matters and the CFO provides regular guidance on changes in financial reporting.

All Directors are encouraged to raise their personal development or training needs with the Chairman or through the Board evaluation process. As a Member of the European Geologist Federation, the CEO must meet annual continuous professional development (CPD) targets to maintain his EurGeol title and the CFO, as a member of the ICAEW must also meet annual CPD targets.

Board Advice During the Period

The Board did not receive any advice during the period except from its Corporate Finance Advisers, Novum, regarding the timing of the secondary raise.

Biographies of the Board are as included below.

Martin John Wood (Non-Executive Chairman)

Martin is the founder and Managing Director of Vicarage Capital Limited, an FCA registered, full-service brokerage house which provides assistance to junior and mid-cap resources companies. Martin established Vicarage Capital in 2003 and

Corporate Governance Report (continued)

has advised many companies on their AIM listings and long-term mining strategies.
Martin was the CEO of ASX listed, Kogi Iron Limited between 2017 and 2019, where he secured a community development agreement with key stakeholders, arranged indicative offers for full bank debt-based project financing, as well as completing various on-going milestones, including a Scoping Study and metallurgical test work, as part of the definitive feasibility study. Martin is a non-executive director of Toya Gold S.L.

Between 1993 and 2003, Martin worked in corporate finance at NM Rothchild & Sons, Standard Bank, London and Benfield Advisory, providing services to resources companies. Martin has an MBA from Exeter University which he gained in 1993.

Cédric Valery Gerard Simonet (Chief Executive Officer)

Cédric Simonet holds a PhD in Geology and has 25 years' experience exploring, developing and mining mineral deposits in Africa and in France. He was Head Geologist and Open Pit Manager at SOGEREM fluorspar mine (Alcan, France) and Africa Region Manager with IGE Resources AB. He was the Head of Drilling at AAA Drilling Ltd and General Manager of NuEnergy Gas Ltd during the same period between 2013 and 2014, before holding the role of General Manager at NuAfrica Gas between 2014 and 2017. He is a co-founder of Akili Minerals Services Ltd., a Nairobi based exploration services company, and has been involved in several exploration projects on REE-carbonatites in Kenya including Ruri, Homa Mountain, Buru and Mrima. He is also a former Chairman of the Kenya Chamber of Mines, and well experienced in operating in this and many other African countries.

Cédric is a member of the European Geologists Federation (Eur Geol no 739). He qualifies to act as a Competent Person (JORC) and as a Qualified Person (NI43-101) on REE-carbonatite exploration projects.

Louise Adrian (Chief Financial Officer)

Louise Adrian has worked as Altona's accountant for 3 years helping to strengthen both the accounting and corporate governance reporting. She graduated from Oxford University with an MA in Theology and is a member of the Institute of Chartered Accountants in England and Wales. She started her career at Arthur Andersen in London where she gained experience with global energy companies, auditing accounts, reviewing financial and budgetary controls, and critiquing operational strategies. Since 2020 Louise has been a consultant for Orana Corporate LLP ("Orana"), a corporate advisory and services practice, where she has worked with established and newly listed companies, creating corporate governance protocols, producing annual report and accounts, group consolidations and cash flow analysis. Louise also holds a PGCE in secondary education and is a Finance Trustee for a Multi Academy Trust where she has helped to establish a framework for good governance and risk management.

Louise joined the Board at listing to strengthen its financial reporting processes and to bring her experience of group reporting and corporate governance protocols to the Company.

Audrey Mamoshoeshoe Mothupi (Non-Executive Director)

Audrey is the chief executive officer of SystemicLogic Group, a global financial innovation and technology disruptor. Prior to her appointment at SystemicLogic Group, Audrey served as the head of inclusive banking at Standard Bank Group and prior to that, Chief Executive of Strategic Services at the Liberty Group. She has more recently been appointed as an independent non-executive director at EOH Holdings Limited, an organisation providing the technology, knowledge, skills and organisational ability critical to Africa's development and growth.
Audrey is an independent, non-executive director on the Pick 'n' Pay board, served as the chairperson of Orange Babies of South Africa, a non-profit organisation focused on the prevention of mother to child transmission of HIV/Aids and the care of Aids orphans and vulnerable children across South Africa, Namibia and Zambia, and was a Member of the Nordic Female Business Angel Network (NFBAN) Board, an organisation that advocates impact investing as a way to demonstrate measurable impact and profitable business models.

Simon Charles (Non-Executive Director)

Simon is a solicitor and is a senior partner at City solicitors Marriott Harrison LLP, having joined the firm in 2004. He specialises in company law, with a particular emphasis on acquisitions and disposals, directors' duties, equity and debt fundraises and shareholders' rights, in each case in relation to private and public companies. He has previously worked

Corporate Governance Report (continued)

at Dechert LLP and a US law firm in the City. Immediately prior to joining Marriott Harrison LLP he spent a number of years in the corporate finance department of Numis Securities Limited where he advised private and public companies on debt and equity fundraises, acquisitions and restructurings.

Simon joined the board at listing to head up the various committees and bring his legal, compliance and corporate finance experience to the Company as it starts its new life on the LSE.

Principle Seven

Evaluation of Board Performance

The ultimate measure of the effectiveness of the Board is the Company's progress against the long-term strategy and aims of the business. Appraisals have taken place in the year for the Executive Board and key corporate targets as well as personal targets appropriate to each Director have been set by the Remuneration Committee. Evaluation of the NEDs will be undertaken on an ad-hoc basis and the Board intend to set up a process for peer appraisal and introduce a board effectiveness questionnaire in the coming year.

Principle Eight

Corporate Culture

The Board recognises and strives to promote a corporate culture based on strong ethical and moral values. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Board takes account of employees' interests when making decisions, and suggestions from employees aimed at improving the Group's performance are welcomed.

Issues of bribery and corruption are taken seriously, The Group has a zero-tolerance approach to bribery and corruption and has an anti-bribery and corruption policy in place to protect the Group, its employees and those third parties to which the business engages with. The policy is provided to staff upon joining the business and training is provided to ensure that all employees within the business are aware of the importance of preventing bribery and corruption. Each employment contract specifies that the employee will comply with the policies. There are strong financial controls across the business to ensure on going monitoring and early detection.

Principle Nine

Maintenance of Governance Structures and Processes

The Board has overall responsibility for all aspects of the business. The non-Executive Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making, and that the NEDs are properly briefed on all operational and financial matters. The Executive Chairman and CEO have overall responsibility for corporate governance matters in the Group.

The CEO has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. Key operational and financial decisions are reserved for the Board on an ad hoc basis where required. The three NEDs are responsible for bringing independent and objective judgment to Board decisions. The Board has established Audit, Nomination, Remuneration and Compliance Committees with formally delegated duties and responsibilities.

Audit Committee

Simon Charles is the chair of the Audit Committee and Audrey Mothupi and Martin Wood are members of the committee.

The Audit Committee will receive and review reports from management and from the Company relating to the interim and annual accounts and to the system of internal financial control.

The Audit Committee is responsible for assisting the Board's oversight of the integrity of the financial statements and other financial reporting, the independence and performance of the Company, the regulation and risk profile of the Group and the review and approval of any related party transactions. The Audit Committee may hold private sessions with management and/or without management present. Further, the Audit Committee is responsible for making recommendations to the Board on the appointment of the Company's auditors and the audit fee, and reviews reports

Corporate Governance Report (continued)

from management on the financial accounts and internal control systems used throughout the Company and the Group. The Audit Committee will meet at least two times a year and is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. The Audit Committee is responsible for the scope and effectiveness of the external audit and compliance by the Group with statutory and other regulatory requirements. The Company Secretary will prepare the minutes and circulate agendas for meetings. The auditors will be invited to meetings when required, at least once annually ahead of the approval of the annual financial statements.

Remuneration Committee

Simon Charles is the chair of the Remuneration Committee and Audrey Mothupi is also a member of the committee.

The Remuneration Committee is responsible for considering all material elements of remuneration policy, the remuneration and incentivisation of Executive Directors and senior management (as appropriate) and to make recommendations to the Board on the framework for executive remuneration and its cost. The role of the Remuneration Committee is to keep under review the Company's remuneration policies to ensure that the Company attracts, retains and motivates the most qualified talent who will contribute to the long-term success of the Company. The Remuneration Committee also reviews the performance of the CEO and CFO and sets the scale and structure of their remuneration, including the implementation of any bonus arrangements, with due regard to the interests of shareholders.

The Remuneration Committee will also be responsible for the recommendations of the valuation of any options granted under the Company's Share Option Plan and, in particular, the price per share and the application of the performance standards which may apply to any grant, ensuring in determining such remuneration packages and arrangements, due regard is given to any relevant legal requirements, the provisions and recommendations in The QCA Corporate Governance Code 2018.

The committee will meet up to twice per annum. Appointments to the committee will be made by recommendation of the Board. No further appointments are expected until the number of NEDs on the Board increases.

Nominations Committee

Audrey Mothupi is the chair of the Nominations Committee and Simon Charles is a member of the committee.

The Nominations Committee shall be responsible for considering all criteria for new Executive and Non-Executive Director appointments, including experience of the industry in which the Group operates and professional background.

This Corporate Governance statement will be reviewed at least annually to ensure that the Company's corporate governance framework evolves in line with the Company's strategy and business plan.

Compliance Committee

Simon Charles is the chair of the Compliance Committee and Louise Adrian and Martin Wood are members of the committee. The principal purpose of the Compliance Committee is to ensure that the Company complies with its obligations under the Listing Rules for Companies of the London Stock Exchange plc (the "Listing Rules") and, in particular, makes timely and accurate disclosure of all information that is required to be disclosed to meet its disclosure obligations arising from the admission of its shares to trading on the Standard Segment of the Main Board of the LSE. The Compliance Committee will meet at least three times a year and is responsible for ensuring that the Group's compliance is proactive and properly monitored, controlled and undertaken. The Compliance Committee is responsible for the scope and effectiveness of the compliance by the Group with statutory and regulatory requirements. The Company Secretary will prepare the minutes and circulate agendas for meetings.

Principle Ten

Shareholder Communication

The Company regularly communicates with, and encourages feedback from, its shareholders who are its key stakeholder group. The Company's website is regularly updated. The Company's Business Development Officer, Christian Taylor-Wilkinson is responsible for shareholder communications and his contact details are on the website should stakeholders wish to make enquiries of management. The Group's financial reports, Notices of General Meetings and Results of Voting can all be found on the Company's website.

Corporate Governance Report (continued)

REPORT OF THE AUDIT COMMITTEE

This report is prepared in accordance with the Quoted Companies Alliance (QCA) corporate governance code for small and mid-sized quoted companies, revised in April 2018. A summary of the Committee's role and membership can be found in the Governance section of this Annual Report. Committee meetings are held at least twice a year, and the external accountant is invited to attend together with the external auditor. During the 2022/3, two meetings of the Committee were held during the year, and the following significant issues were considered:

Significant issue	Summary of significant issue	Actions and conclusion
Going Concern	Assessment of the Groups' ability to continue as a going concern as part of the preparation of the financial statements. This includes considering whether the Group has adequate resources to continue in operation for the foreseeable future from the date of anticipated signing of the financial statements. The assessment of going concern covers a period of at least 12 months from the date of signing the financial statements.	Equity raise of gross £2m was successfully completed in June 2023 with sufficient funds to complete Phase 2 of MMM, commence Phase 3 and cover ongoing group working capital requirements. Phase 3 is expected to officially commence in the 3rd quarter of 2023 and this requires a minimum spend of $2m over a period of 18 months. As a result the Group will need to raise funding to provide additional working capital within the next 12 months. The ability of the Group to meet its projected expenditure is dependent on these further equity injections and / or the raising of cash through bank loans or other debt instruments / government grants or exercise of warrants. These conditions necessarily indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business. Whilst acknowledging this material uncertainty, the Directors remain confident of raising finance, through one of the means stated above, and therefore, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.
Recoverability of investments and intragroup balances, also held as investments	The Company holds material investments as at 30 June 2023 of £208,124. There is also a material intragroup loan of £1,424,786 as the parent company funds exploration activity in Mozambique. Given that Monte Muambe Mining, LDA ("MMM") is loss making and the other subsidiaries are dormant, there is a risk that the investment in subsidiaries and intra group receivables, where intangible assets under development are the main assets of the subsidiaries, may not be fully recoverable.	The exploration programme at MMM is about to enter Phase 3 with a Budget of over £2m and the production of a PFS. For further assurance the recently published MRE and Scoping Study both indicate the value of the MMM asset to be far more significant than wither its current carrying value or intragroup balance. The Directors concluded that the investment and intragroup balances are expected to be fully recoverable. See also impairment assessment noted below.

Corporate Governance Report (continued)

Capitalisation and carrying value of Intangible Assets under IFRS 6	There is a risk that these assets have been incorrectly capitalised in accordance with IFRS 6 and that there could be indicators of impairment as at 30 June 2023. Management's assessment of impairment under IFRS 6 requires estimation and judgement, particularly in early-stage exploration projects. There is a risk that the carrying value of these intangible assets are overstated.	Management prepared an assessment of impairment indicators and considered whether there are any of the indicators of impairment in line with the criteria set out in IFRS 6. This did not highlight any impairment indicators and as such an IAS 36 impairment assessment was not required.
Warrants (disclosure and valuation)	During the year a material number of warrants were issued, most of which management considered to be investor and broker warrants. Furthermore, warrants were issued in connection with the convertible loan notes. The valuation of the warrants is a significant accounting estimate and highly judgemental in nature. There is a risk that the warrants are valued and disclosed incorrectly in the financial statements.	Management used inputs from external sources in order to appropriately calculate the value of these warrants issued and ensure that the cost of these were properly accounted for as either an expense, transaction costs or equity. Volatility was assessed from the Company's listing on AQSE rather LSE to enable a sufficient time period to be covered.
Classification of Fundraise/ Share issue costs	IAS 32.37 requires that the costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit). Raising additional equity through the offering and issuance of new shares is an equity transaction for this purpose, but the listing procedure is not. Only costs attributable to the offer of new shares are deducted from equity. Given the entity has listed on the London Stock Exchange there is a risk that share premium and administrative expenditure are materially misstated through misclassification of expenses related to the Fundraise and the fund raise.	Management based its allocation of the premise that costs that relate to both share issuance and listing should be allocated between those functions on a rational and consistent basis (IAS 32.38). In the absence of a more specific basis for apportionment, an allocation of common costs based on the proportion of new shares issued to the total number of (new and existing) shares listed was understood to be an acceptable approach. (Technical Accounting Paper by Grant Thornton July 2010). This resulted in an allocation of costs of 69% against equity and 31% expensed as reflected in the cost of a change in listing.
Carrying value and recoverability of VAT debtor	The Group has a material VAT receivable balance as at 30 June 2023. This is a long standing receivable and therefore there is a risk that the balance is no longer receivable and therefore overstated in the financial statements.	Management has engaged local tax specialists who have confirmed the high likelihood of recoverability of the majority of this balance. Therefore the Directors have confident that the majority of this balance is not impaired and have provided against 25% of the total.

External Auditor's Fees for Non-Audit Services

The external auditor is acting as the Company's Reporting Accountant. This was approved by the Board as they have concluded that it did not affect the independence or objectivity of the external auditor and is considered to be one-off non-recurring work. Fees paid during the year for audit and non-audit services may be found in note 5 to the accounts.

Objectivity and Independence

The Committee continues to monitor the Auditor's objectivity and independence and is satisfied that PKF and the Company have appropriate policies and procedures in place to ensure that these requirements are not compromised.

Corporate Governance Report (continued)

Re-appointment of External Auditor

The Committee recommends to the Board the re-appointment of PKF Littlejohn LLP as Auditor at the forthcoming 2023 Annual General Meeting (AGM), and PKF Littlejohn LLP has expressed its willingness to continue in office.

Internal controls/audit

The Directors acknowledge their responsibility for the Groups' system of internal control and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and ensure the reliability of financial information for both internal use and external publication. Whilst the Directors are aware no system can provide absolute assurance against material misstatement or loss, regular review or internal controls are undertaken to ensure that they are adequate and effective.

The Group does not currently have an internal audit function due to the small size of the Group and limited resources available. The requirement for an internal audit function is kept under review.

Whistleblowing

The Group has adopted a formal whistleblowing policy which aims to promote a very open dialogue with all its employees which gives every opportunity for employees to raise concerns about possible improprieties in financial reporting or other matters.

The Bribery Act 2010

The Board is committed to acting ethically, fairly and with integrity in all its endeavours and compliance of the code is closely monitored.

Market Abuse Regulations

The Group is required to comply with article 18(2) of the Market Abuse Regulation ("MAR") with reference to insider dealing and unlawful disclosure of inside information. The FCA requires traded companies to maintain insider lists as set out in the MAR. The Board has put in place a MAR compliance process and has established a Compliance Committee. This and the Company's regulatory announcements are overseen by the Board of Directors.

Corporate Governance Report (continued)

ENVIRONMENT, SOCIAL AND GOVERNANCE STATEMENT

Environmental	Minimise our footprint and strive to be a leader in environmental sustainability by bringing rare earths to the world in a manner that minimises or eliminates environmental impacts.
Social	Protect our workers through good health and safety and develop our people through training, inclusion and retention. Hiring and training local people were possible.
Governance	Application of sound corporate governance as set out on pages 24 to 32 of this report.

The Group strives to be a leader in environmental sustainability and believes that a successful future for our business and the customers we serve depends on the sustainability of the environment, communities and economies in which we operate. Altona undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. Altona believes that the environmental impact associated with its activities should be kept to the minimum. To ensure proper environmental stewardship on its projects, and compliance with applicable legislation, Altona conducts preliminary assessments and environmental management plans prior to starting exploration activities and ensures that areas explored are properly maintained and rehabilitated.

We are committed to minimising the impact of our operations on the environment and to demonstrating leadership by integrating environmental considerations into all our business practices.

Our employees are the driving force behind our exploration activities. We seek to treat our people fairly and with respect and ensure they have the opportunity to develop and reach their potential. We comply with the labour legislation where we work. Most of our staff is employed from the local community. Learning and training activities are central to staff engagement and we provide on-the-job training. In the FY 2023, this included equipment operation and quality management (standard operating procedures) training, as well as first-aid training for all employees.

Other local stakeholders include our contractors, suppliers, business partners, local communities and government authorities, including all individuals who live in proximity to our operations or who may be impacted by our business relationships. The Company endeavours to support and make as much us as possible of local service suppliers.

Climate-Related Financial Disclosures

The Group recognises that climate change represents one of the most significant challenges facing the world today. Under the Listing Rules compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) is required for premium and standard listed companies on a comply or disclose basis. These new listing rules came into effect on 1st January 2021 for UK premium listed companies and 1st January 2022 for those on the standard list.

TCFD Purpose

In contrast to the Streamlined Energy and Carbon Reporting (SECR) disclosures which requires listed companies to disclose their greenhouse gases emissions, CO2 and energy usage, TCFD is primarily designed to protect shareholders from the impacts of climate change by ensuring companies disclose key information within these areas and communicate how they're thinking about and assessing climate-related risks and opportunities as part of their resilience and risk assessment processes.

TCFD adherence requires disclosure of greenhouse gas (GHG) emissions as part of the Metrics and Targets section. This creates a degree of overlap with SECR requirements, however TCFD's focus is understanding how GHG emissions may expose a company to future changes in law, regulation or market dynamics which penalise higher polluting industry sectors, sub sectors or companies.

Climate Change Risks and Opportunities

The following table includes our TCFD disclosures and where necessary explanations why the Group has not fully met them and the Board's plans to implement these in future.

Corporate Governance Report (continued)

Governance, Strategy, Risk Management, Metrics and Targets

Governance	Management of climate-related risks and opportunities
Board's oversight	The Company does not currently have a climate risk committee although climate risk is discussed at board meetings when relevant. A climate risk committee will be implemented when deemed necessary, most likely once a development project reaches DFS stage, prior to financing and implementation. Since our strategy and business plan are to capitalise on climate change by providing the materials the world needs to reduce its impact, we understand that climate change opportunity is embedded in our activity and that we need to ensure that the raw materials we produce or will produce are delivered in the least damaging way.
Assessment and management	The Board have started to consider the carbon footprint of its future products at MM and ways to reduce it. This is conceptual at this stage, but it is important to start early in order to integrate low emissions and climate change reduction options in all relevant parts of the project (energy mix, procurement, carbon credits). MMM will engage environmental consultants as part of regulatory compliance for its operations: EMPs, environmental audits, EIAs. It has also engaged a consultant to do a Fatal Flaw Analysis as part of the Scoping Study.
Strategy	Approach to both the actual and potential impacts of climate-related risks and opportunities
Risks and opportunities	Climate related issues identified and discussed include: Opportunities (mostly medium-long term) • Producing rare earths to enable the world's energy transition. • Supplying products that can satisfy Responsible Sourcing demand (including certification and auditing). • Net zero objective (ambitious). Risks (some are short term) • Competition with China, which is aggressively acquiring raw material sources in Africa. • Non-Climate Change environmental and social impact that also need to be mitigated. • Availability of a suitable downstream supply chain to ensure the project's sustainability including on Climate Change matters.
Strategy	Climate Change actions are integrated in studies from an early stage.
Risk Management	How the Group identifies, assesses and manages climate-related risks.

Corporate Governance Report (continued)

Risk identification	The company has identified key climate change related risks as follows: • Competition for minerals projects. • Competition for equity capital. • Climate change physical impacts on jurisdiction and regions where metals and minerals deposits are located. • Potential for higher input costs, notably for fossil fuels and building materials such as cement and steel. • Reduced demand for metal concentrates which have been produced using higher than average GHG emissions energy such as coal fired power. • Non Climate Change environmental risks
Processes and management	The company's strategy is to acquire and develop rare earths mining projects which will enable the world's transition to renewable energy. A key part of the mine development process is the Pre-Feasibility Study (PFS), which includes investigations into mine emissions (gases and fluids) and waste (including tailings). The PFS also includes: • Investigations into the use of new technologies (especially renewable sources of energy such as solar). • Environmental baseline studies. • Water supply studies, rainfall pattern change, and regional hydro-geology. • Climate and weather patterns including average monthly temperatures. The PFS is authored by independent technical experts and managed by senior management and board members. For new project acquisitions, the company's due diligence processes include a desktop review which cover all the above potential risks and opportunities.
Metrics and Targets	**Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities**
GHG metrics	The company's GHG emissions are currently low due to the nature of operations. During the period under review the main GHG emitters were: • International/domestic travel to and from site in Mozambique and international travel for fund raising. • Employee / contractor accommodation and associated energy use. • Exploration drilling and associated logistics. As noted in the Company's SECR disclosure below, energy usage was below 40,000 kWh and as a result complete Scope 1, 2 and 3 GHG data was not collected. During 2023/4 the Group will implement improved GHG data collection methodology at the Company and subsidiary levels although it expects GHG emissions and energy usage to remain relatively low.
Climate related physical risks	The Company's exposure to physical risk relates to changes to the environment where its exploration operations are based. The Company is working to identify these physical risks and then will be able to provide metrics and targets to monitor this risk.

Corporate Governance Report (continued)

At the UK Company level, the Directors ensure that climate change risks and opportunities are embedded in strategy. The Directors are of the view that the global demand for rare earth elements will continue to rise, driven by the world's transition to renewable energies and hence its own strategy to explore for and develop these minerals is aligned to TCFD opportunities and will result in share price appreciation.

Governance will be strengthened to ensure reporting on these climate related risks is meaningful and transparent. Risk Management will include a process for identifying, assessing, and managing climate-related risks and the Group will establish various metrics and targets to assess climate-related risks and opportunities.

Streamlined Energy and Carbon Reporting (SECR)

The Group's current operations are limited to exploration activities in Mozambique and due diligence activities in various other jurisdictions where it has and will continue to assess potential development projects for investment.

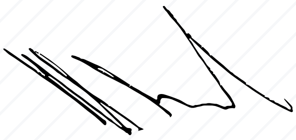
An estimation of GHG emissions is based on:

- Fuel consumption (journey distance in miles for international air travel, domestic air and land travel);
- Energy use at the camp in Mozambique can be calculated on a daily basis for when the camp is in operation, based on fuel and cooking gas consumption. Much of the energy used is already generated by solar which has zero GHG emissions. The operations here employed an average of 14 people, sharing accommodation and using one vehicle; and
- Other significant GHG emissions related to contractor drilling activity which consisted of one drill rigs operating for a combined period of 550 hours and transportation of raw materials to Australia for assay.

One of the requirements of the SECR initiative is to report energy use that is used to calculate the GHG emissions reported in the Directors' Report. This needs to be provided in kilowatt hours (kWh). However, only quoted companies and large unquoted companies that have consumed more than 40,000 kilowatt-hours (kWh) of energy in the reporting period must include energy and carbon information within their Directors' report. The Group does not currently exceed this threshold and is therefore presently exempt from the SECR reporting requirements.

The Group will work to minimise its contribution to GHG and will maintain this focus in all future operations. The Group intends to publish GHG and energy emissions data in line with the SECR regulations as the Group's projects develop. As explained in the TCFD disclosure the company will be implementing improved GHG data collection processes throughout the Group during 2023/4.

Approved on behalf of the Board of Directors.



Martin Wood
Non-Executive Chairman
Altona Rare Earths Plc

Directors' Report

The Directors present their report, together with the audited consolidated financial statements for the year ended 30 June 2023.

Company Information

Altona Rare Earths Plc (the "Company") is a publicly listed company incorporated and domiciled in England & Wales. Its registered offices are at Eccleston Yards, 25 Eccleston Place, London SW1W 9NF.

On 9 June 2023, the Company announced the admission of the Company's entire issued share capital to the Official List of the Financial Conduct Authority by way of a Standard Listing under Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's Main Market for listed securities ("Admission"). The Company's shares are listed under the new ticker "REE".

The Company's principal activity is that of being a rare earths exploration, development and extraction company focusing on opportunities in Africa.

Results and Dividends

The loss for the year before taxation amounted to £1,296,000 (2022; loss of £801,000).

The Directors do not recommend the payment of a dividend (2022: £Nil).

The nature of the Company's business means that it is unlikely that the Directors will recommend a dividend in the near future. The Directors believe the Company should seek to generate capital growth for its Shareholders. The Company may recommend distributions at some future date when it becomes commercially prudent to do so, having regard to the availability of the Company's distributable profits and the retention of funds required to finance future growth.

Financial Risk Management

Note 3 of the financial statements details the financial risk factors affecting the Group and summarises the Group's policies for mitigating such risks through holding and issuing financial instruments. These policies have been followed during the current and prior year.

Directors' and Officers' Indemnity Insurance

During the financial year, the Group maintained insurance cover for its Directors and Officers under a Directors' and Officers' liability insurance policy. The Group has not provided any qualifying indemnity cover for the Directors.

Business Review, Future Developments and Key Performance Indicators

A review of the business, future developments and key performance indicators are outlined in the Chairman's Report and the Strategic and Corporate Governance Report.

Directors and Directors' Interests

The Directors who held office during the year under review, and as at the date of this report, were as follows:

- Audrey Mothupi
- Cédric Simonet
- Christian Taylor-Wilkinson (resigned 9 June 2023)
- Louise Adrian (appointed 9 June 2023)
- Martin Wood
- Simon Charles (appointed 9 June 2023)
- Simon Tucker (resigned 1 August 2022)

The beneficial interests of the Directors who held office at 30 June 2023 and their connected parties in the share capital of the Company is included in the Remuneration Report on pages 41- 46.

Substantial Shareholders

The Company has been notified of the following interests of 3 per cent. Or more in its issued share capital as at 1 October 2023:

Directors' Report (continued)

	Number of Ordinary shares	Percentage of holding
Jubb Capital	7,974,460	9.56%
JIM Nominees Ltd	5,817,940	6.97%
John Story	5,000,000	5.99%
Christian Taylor-Wilkinson	4,862,371	5.83%
James Brearley	3,996,477	4.79%
Interactive Investor Services Nominees	3,904,402	4.68%
Optiva Securities Limited	3,785,821	4.54%
Hargreaves Landsdown Stockbrokers	2,760,655	3.30%
Heiko Thomas	2,663,365	3.19%

Directors' Remuneration
Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 41-46.

Post Reporting Date Events
Details of post reporting date events are disclosed in Note 23 of the financial statements.

Environmental and Social Governance ("ESG") and Streamlined Energy and Carbon Reporting
This is referred to in the Corporate Governance Report on pages 33 to 36.

Political and Charitable Contributions
No charitable or political donations were made in either year.

Listing
The Company's ordinary shares are listed on the LSE. Optiva Securities Limited and Allenby Capital Limited are the Company's joint brokers and Novum Securities Limited are the Company's corporate adviser.

Going Concern
The Company raises money for exploration and capital projects as and when required. There can be no assurance that the Company's projects will be fully developed in accordance with current plans or completed on time or to budget. Future work on the development of these projects, the levels of production and financial returns arising therefrom, may be adversely affected by factors outside the control of the Company.

An operating loss is expected in the 12 months subsequent to the date of these financial statements. As a result the Group will need to raise funding to provide additional working capital within the next 12 months. The ability of the Group to meet its projected expenditure is dependent on these further equity injections and / or the raising of cash through bank loans or other debt instruments/and or government grants and/or loans. These conditions necessarily indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business. Whilst acknowledging this material uncertainty, the Directors remain confident of raising finance and therefore, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Control Procedures
The Board has approved financial budgets and cash forecasts. In addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

Directors' Report (continued)

Provision of Information to Auditor

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Annual General Meeting

This report and the Financial Statements will be presented to shareholders for their approval at the Company's Annual General Meeting ("AGM"). The Notice and date of the AGM will be notified to the shareholders on the website and through an RNS.

Corporate Governance

A report on Corporate Governance can be found in the Corporate Governance Report on page 24 to 36 of these financial statements. The Corporate Governance Report forms part of this directors' report and is incorporated into it by cross reference.

Website Publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on its website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the Group profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' Report (continued)

Directors' Responsibility Statement Pursuant to Disclosure and Transparent Rules

Each of the Directors, whose names and functions are listed on page 4 confirm that, to the best of their knowledge and belief:

- The Financial Statements prepared in accordance with UK adopted international accounting standards and give a true and fair view of the assets, liabilities, financial position and loss of the Group and Company; and
- the Annual Report and Financial Statements, including the Business review, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

This report was approved and authorised for issue by the board on 24 October 2023 and signed on its behalf by:

Dr Cédric Simonet
CEO
Altona Rare Earths Plc

Remuneration Report

PART 1 – INTRODUCTION

On behalf of the Board, I am pleased to present the Company's Remuneration Committee Report, which sets out the remuneration policy and the Directors' remuneration for the year ended 30 June 2023. The Company has resolved to comply with the provisions of the Quoted Companies Alliance Corporate Governance Code (QCA Code) so far as is practicable given the Company's size, nature and stage of development and has prepared this report with regard to the QCA Remuneration & Nominations Committee Guide for small and mid-sized quoted companies, revised in 2018. A summary of the Remuneration Committee's role and membership can be found in the Governance section of this annual report.

Remuneration Policy

The Remuneration Policy is intended to fit the current size and profile of the Group, to support the achievement of the Group's operational, business, financial and strategic objectives and align the interests of the Directors with shareholders over the short and longer term. To achieve our goals, the Group seeks to provide competitive overall pay, split between fixed and performance-related elements.

The Company also intends to operate a structured long-term incentive strategy entailing awards of options granted annually subject to relative shareholder return and corporate targets.

Remuneration Committee

Remuneration Committee meetings are expected to be held at least twice during the year. Additionally, matters for its consideration were discussed at Board meetings on several occasions. On each occasion, no Director was present while matters concerning him or her were discussed, and all decisions were taken by Non-Executive Directors, in accordance with the Remuneration committee's Terms of Reference. The Remuneration Committee comprises Simon Charles (Chair) and Audrey Mothupi, both of whom have been deemed by the Board to be independent.

Context within which remuneration managed

As detailed elsewhere in this annual report, during the year the Company achieved considerable progress towards our main objectives of developing the Monte Muambe project including the publication of the MRE (in September 2023) and Scoping Study (in October 2023) and the process to increase our ownership to 51% was also initiated. The Company also successfully completed its move from AQSE to the Standard Segment of the London Stock Exchange's Main Market on 9 June 2023.

Principal actions and decisions during the year

The principal decisions in respect of remuneration taken during the year were:

- During 2022/3, owing to the restrictions on cash flow from the unexpected delay in the move to the Standard List and the related fundraise, the Company responded by agreeing with its Executive and Non-Executive Directors, with effect from 1 August 2022, that 100% of their salary would be deferred until the cash position of the Company improved. In June 2023, it was agreed that 3 months of the Executives' and Chair's salary for this period would be paid in Ordinary Shares in the Company, reducing the Company's accrued cash salary costs.
- This cash salary sacrifice scheme has continued into the coming year with the Finance Director, Chairman and Business Development Officer all agreeing to take all or part of their salaries in shares. This part of the salary will be paid by the issue of ordinary shares of the Company quarterly in arrears priced at the 10-day VWAP immediately prior to the end of the relevant quarter (being August, November, February and May) and will continue until economic conditions allow the full salary to be paid in cash.
- Reduction of Chairman's salary from £70,000 to £60,000 per annum to reflect the increased experience of the Executive Board and the expected reduced time involvement from the Chair.

PART 2 - REMUNERATION POLICY

The ongoing policy of the Remuneration Committee is to provide competitive remuneration packages to enable the Group to retain and motivate its key Executives and to cost-effectively incentivise them to deliver long-term shareholder value.

The Remuneration Committee keeps itself informed of relevant developments and best practice in the field of remuneration and seeks advice where appropriate from external advisers. It maintains oversight of the remuneration of all employees, which is the responsibility of the Chief Executive Officer.

Remuneration Report (continued)

The remuneration policy for the Non-Executive Directors is determined by the Board, considering best practice and the Articles of Association. It is the aim of the Remuneration Committee to reward key Executives for delivering value for the Group and for shareholders. The Remuneration Committee also applies the broader principle that the Company's Executive remuneration should be competitive with the remuneration of directors of comparable companies.

Components of the remuneration package:

The main components of the remuneration package for Executive Directors and Senior Management are:

- Base salary;
- Pension and other benefits;
- Performance-related annual bonus scheme; and
- Long-term incentive plan ("LTIP").

Base salary

The policy is to pay a fair and reasonable base salary, supports the recruitment and retention of Executive Directors of the calibre required to fulfil the role without paying more than necessary. Reflects skills, experience, role. The base salary is reviewed at least annually by the Remuneration Committee, having regard to the performance of the Company and economic conditions and taking note of any changes to an individual's job scope.

Pension and other benefits

The Company pays for a pension contribution of 3% of base salary for eligible Executive Directors and Senior Management.

Performance-related bonus scheme

Rewards and incentivises the achievement of annual objectives for Executive Directors and Key Senior Employees. The annual objectives are aligned with key strategic goals and supports the enhancement of shareholder value. Maximum potential values will not exceed 50% of base salary in any year. Existing arrangements are set out in the annual report section below. Pre-defined operational, financial and/ or other targets are set to be achieved by specified dates triggering the payment of specified amounts. Weighting of individual KPIs remaining at 60% and the weighting of corporate KPIs remaining at 40% of the total. Awards subject to targets may be set at any time and are not set on an annual basis.

Annual bonus is calculated based on the achievement of each objective. Bonuses are non-pensionable. Bonuses may be paid in cash or in shares at the Committee's discretion.

Long term incentive plan

Incentivises Executives and Senior employees to achieve the Company's long term strategy and create sustainable shareholder value. Aligns with shareholder interests through the potential delivery of shares. Award of options under a share award plan which vest subject to operational, financial and or share price targets to be achieved by specified dates triggering the payment of specified amounts.

Non-Executive fees

Fees for Non-Executive Directors are set at an appropriate level to recruit and retain directors of a sufficient calibre without paying more than is necessary to do so. Fees are set taking into account the following factors: the time commitment required to fulfil the role, typical practice at other companies of a similar size, and salary levels of employees throughout the Group. Fees are reviewed at appropriate intervals (normally once every year) by the Board with reference to individual experience, the external market and the expected time commitment required of the Director.

Non-Executive share awards

To help recruit, retain and motivate appropriately skilled Non-Executive Directors and align them with shareholders. The Company intends to make one-off awards of options with exercise prices above the prevailing share price at the time of the award. No performance conditions are attached and the options vest immediately and lapse three years after grant.

Description of KPIs for the year ended 30 June 2023

Due to the delay in funding and a listing on the LSE, KPIs were only set up to 30 October 2022 and although some were met, others were not feasible due to this delay. A more detailed KPI programme will be set for the coming year.

Remuneration Report (continued)

Description of KPIs for the year ending 30 June 2024

For 2024, the KPIs for the Executives and Senior Management are in the process of being reset to align with the Company's objectives for the year ended 30 June 2024 at both corporate and individual levels. The KPIs will be based on financial and work programme and cost management. They are expected to be weighted at 40% for individual performance and 60% for overall company performance.

Executive Directors' Service Contracts

Executive Director	Appointment date	Service period	Other information
Cédric Simonet	30 May 2023	90 days notice in writing	Contract updated to replace COO contract, effective 9 June 2023. Annual salary £120,000
Louise Adrian	30 May 2023	90 days notice in writing	Effective 9 June 2023. Annual salary of £24,000 to be satisfied quarterly in shares* (based on a minimum of 2 days per week). Louise also works as a consultant for Orana Corporate LLP who provide the Company with accounting and book-keeping services (see related parties note 21).

Senior Management Service Agreement

Christian Taylor-Wilkinson	30 May 2023	6 months notice in writing	Effective 9 June 2023. Annual salary of £150,000 to be satisfied £125,000 in cash and £25,000 in shares*.

No payments have been made for compensation for loss of office. The Company has not paid out any excess retirement benefits to any Directors or past Directors. The Company has not paid any compensation to past Directors.

Non-Executive Directors' Service Contracts

The Non-Executive Directors signed letters of appointment with the Company upon appointment for the provision of Non-Executive Directors' services, terminable by 3 months written notice given by either party. The appointments are all intended to be for a term of 3 years.

Non-Executive Director	Appointment date	Other information
Martin Wood	26 October 2020	Salary reduced from £70,000 to £60,000 effective 9 June 2023 to be paid quarterly in cash and/or shares*
Simon Charles	30 May 2023	Annual salary of £35,000, effective 9 June 2023, to cover chairing of 3 Committees.
Audrey Mothupi	5 February 2021	Annual salary of £24,000

*Shares are to be issued quarterly in arrears, at an issue price equal to the 10-day VWAP at the end of such quarter.

The Non-Executive Directors' remuneration (including that of the Chairman) reflects the anticipated time commitment to fulfil their duties. Non-Executive Directors do not receive benefits, a pension or compensation on termination of their appointments or bonus. In the future, they could receive a set amount of options relating to the Company's LTIP.

When recruiting a new Non-Executive Director, the Remuneration and Nominations Committee will follow the policy set out in the table above. The letters of appointment do not include any provisions for the payment of pre-determined compensation upon termination of appointment and notice may be served by either party.

Remuneration Report (continued)

All appointments are subject to the Company's Articles of Association (Articles) and re-election by shareholders in accordance with the provisions contained in the Articles. If the Board is contemplating a transaction that requires more work than would normally be expected of Non-Executive Directors, their fees may be increased by up to 100%, to a level to be determined by the Board at that time. The Directors have responsibility to review, monitor and make recommendations to the Board regarding the orientation and education of directors which includes an annual review of the Directors' compensation programme.

Payment for loss of office

The Committee will honour all Director's contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

PART 3 – REMUNERATION REPORT (AUDITED)

Directors' Remuneration

	Salary/Fees £	Bonus £	Pension £	Year ended 30 June 2023 Total £	Year ended 30 June 2022 Total £	% Change in total salary from prior year
Non-Executive Directors						
Simon Charles[1]	2,139	-	-	2,139	-	N/A
Audrey Mothupi	24,000	-	-	24,000	24,000	0%
Martin Wood	69,583	-	-	69,583	46,000	51%
Simon Tucker[2]	2,000	-	-	2,000	24,000	N/A
Hilton Banda[4]	-	-	-	-	13,000	N/A
Sub-total	97,722	-	-	97,722	107,000	-
Executive Directors						
Louise Adrian[1]	1,467	-	-	1,467	-	N/A
Cédric Simonet	120,000	12,000	-	132,000	95,000	39%
Christian Taylor-Wilkinson[3]	150,000	30,500	1,321	181,821	144,000	26%
Sub-total	271,467	42,500	1,321	315,288	239,000	-
Total	**369,189**	**42,500**	**1,321**	**413,010**	**346,000**	**-**

[1] Appointed 9 June 2023
[2] Resigned 1 August 2022
[3] Resigned 9 June 2023
[4] Resigned 24 February 2022

Remuneration Report (continued)

Directors' interests in shares

The Directors who held office at the end of the year had the following interests in the Ordinary Shares of the Company:

	30 June 2023	30 June 2022
Non-Executive Directors		
Simon Charles	-	-
Audrey Mothupi	-	-
Martin Wood	1,388,462	850,000
Sub-total	1,388,462	850,000
Executive Directors		
Louise Adrian	300,000	-
Cédric Simonet	855,711	281,511
Sub-total	1,155,711	281,511
Senior Management		
Christian Taylor-Wilkinson	3,862,371	1,912,371
Total	**6,406,544**	**3,043,882**

The Directors and Senior Management held 7.77% of the total share capital of the Company at 30 June 2023 (2022: 7.29%). The shares issued to the Directors during the year were due to both their involvement in the Placing and the issue of shares in lieu of cash payment for the equivalent of 3 months salaries.

Directors' interests in warrants

The directors who held office at the end of the year had the following interests in warrants to acquire Ordinary Shares of the Company:

	30 June 2023	30 June 2022
Non-Executive Directors		
Simon Charles	-	-
Audrey Mothupi	100,000	100,000
Martin Wood	1,250,000	250,000
Sub-total	1,350,000	350,000
Executive Directors		
Louise Adrian	600,000	-
Cédric Simonet	100,000	100,000
Sub-total	700,000	100,000
Senior Management		
Christian Taylor-Wilkinson	2,850,000	450,000
Total	**4,900,000**	**900,000**

Grant date	Expiry date	Life	Number	Exercise price £
10 March 2021	10 March 2024	3 years	900,000	£0.12
9 June 2023	9 June 2025	2 years	2,000,000	£0.10
9 June 2023	9 June 2025	2 years	2,000,000*	£0.20
			4,900,000	

*piggyback warrants – see note 18 for further details

Remuneration Report (continued)

Relative importance of spend on pay

The table below illustrates the year-on-year change in total remuneration compared to distributions to shareholders and operational cash flow for the financial periods ended 30 June 2023 and 2022:

	Distributions to shareholders £	Total directors and employee pay £	Operational cash outflow £
Year ended 30 June 2023	Nil	518,000	649,000
Year ended 30 June 2022	Nil	380,000	832,000

Total employee pay includes wages and salaries, social security costs and pension cost for employees in continuing operations. Further details on employee remuneration are provided in note 6. Operational cash outflow has been shown in the table above as cash flow monitoring and forecasting is an important consideration for the Remuneration Committee and Board of Directors when determining cash-based remuneration for directors and employees.

Historical share price performance comparison

The Directors have considered the requirement for a UK performance graph comparing the Company's relative shareholder return with that of a comparable indicator and have concluded that it would not give a meaningful comparison as the Company has only been trading on the London Stock Exchange since 9 June 2023.

Consideration of shareholder views

The Board considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's annual policy on remuneration.

Approved on behalf of the Board of Directors.
Simon Charles
Chair of the Remuneration Committee

Financial Statements

Independent Auditor's Report to the Members of Altona Rare Earths Plc

Opinion

We have audited the financial statements of Altona Rare Earths plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the Statement of Consolidated Profit or Loss and Other Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the group's current cash resources are insufficient to enable the group to meet its recurring outgoings for the twelve months from the date of approval of the financial statements. The group incurred a net loss of £1,300k during the year ended 30 June 2023 and is continuing to generate losses subsequently due to the pre revenue nature of the Group. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cashflow forecast and budgets for the period to 30 June 2025 and the corresponding assumptions used;
- Discussing with management regarding the future plans of the group;
- Challenging management's assumptions of forecast cash receipts from fundraising and cash outflows in respect of committed costs;
- Testing the arithmetical accuracy of the cashflow forecasts and
- Performing a sensitivity analysis on the key assumptions.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatements, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriate level the probability that the aggregate of uncorrected and undetected misstatements

Independent Auditor's Report to the Members of Altona Rare Earths Plc (continued)

exceeds materiality for the financial statements as a whole. When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Materiality for the group financial statements was set at £58,000 (2022: £20,000). This was calculated based on 3% of net assets. Net assets were used as the benchmark for the basis of materiality being the key area of relevance to stakeholders in assessing the financial performance of the group in its early years of exploration, as the net asset value is driven by the exploration assets which will ultimate drive future profitability of the Group. Performance materiality was set at £40,600 (2022: £15,000). In determining performance materiality of the group, we considered the risk profile of the Group, being listed and operating in the exploration sector primarily in Mozambique, including the key audit maters as described below.

We agreed with the Audit and Risk Committee that we would report to them all audit differences identified during the course of our audit in excess of £2,900 (2022: £900) for the group. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The parent company's materiality was calculated on the same basis as the group but restricted to £55,000 (2022: £18,000), to ensure that it fell at a level below that of the group. Performance materiality was set at £38,570 (2022: £13,500). This was determined in line with the reasons outlined above with regard to the group.

We agreed with the Audit and Risk Committee that we would report all individual audit differences identified during the course of our audit in excess of £2,755 (2022: £600) for the parent company, together with any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The audit of Monte Muambe Mining, Lda, the wholly owned subsidiary, was performed by a component auditor, with materiality set by us at £26,000 (2022: £12,000). Performance materiality was set at £18,200 (2022: £8,400). We agreed with the Audit and Risk Committee that we would report all individual audit differences identified during the course of our audit in excess of £1,300 (2022: £600), together with any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

The group includes the listed parent company and its subsidiary. We tailored the scope of our audit to ensure that the planned procedures allowed us to gain sufficient appropriate audit evidence to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes, and the industry in which they operate.

As part of our planning, we assessed the risk of material misstatement including those that required significant auditor consideration at the component and group level. In particular, we looked at areas of estimation, for example in respect of the carrying value of intangible assets, the carrying value and recoverability of investments in subsidiary at parent company level, the carrying value of convertible loan notes, the valuation of warrants and the consideration of future events that are inherently uncertain such as the matters set out in the material uncertainty related to going concern paragraph above. Procedures were performed to address the risks identified and for the most significant assessed risks of misstatement, the procedures performed are outlined below in the key audit matters section of this report. We re-assessed the risks throughout the audit process and concluded the scope remained the same as at planning.

Independent Auditor's Report to the Members of Altona Rare Earths Plc (continued)

An audit was performed on the financial information of the group's significant operating components which, for the period ended 30 June 2023, were located in the United Kingdom and Mozambique. The component in Mozambique was audited by a component auditor operating under our instruction who undertake a full scope audit. We communicated regularly with the component audit team during all stages of the audit and we were responsible for the scope and oversight of the audit process. This, in conjunction with additional procedures performed by us, provided sufficient appropriate audit evidence for our opinion on the group and parent company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
Recoverability of investments and intragroup balances (parent company) (Note 10)	
The parent company holds material investments as at 30 June 2023 of £208k. There is also a material intragroup loan of £1,425k as the parent company funds exploration activity in Mozambique. Given that Monte Muambe Mining, LDA ("MMM") is loss making and the other subsidiaries are dormant, there is a risk that the investment in subsidiaries and intra group receivables, where intangible assets under development are the main assets of the subsidiaries, may not be fully recoverable. We therefore consider the recoverability of investments and intragroup balances to be a key audit matter.	Our work in this area included: • Obtaining management's impairment review for all investments held and agreeing the assumptions to third party evidence in respect of the underlying exploration projects that support the carrying value on the investment and intragroup balances; • Assessing the recoverability of investments and intragroup loans by reference to underlying asset values and exploration projects in MMM; • Confirmation of ownership of investments; • Reviewing management's assessment of expected credit losses on intragroup receivables in accordance with IFRS 9 *Financial Instruments* criteria; and • Reviewing component auditor responses in relation to MMM and ensuring that no impairment indicators as listed in IAS 36 *Impairment of Assets* exist with regard to future plans. Based on the audit procedures performed, we are satisfied with management's assessment of impairment and recoverability of intragroup receivables given their assessment of the valuation of the underlying JORC resource.

Independent Auditor's Report to the Members of Altona Rare Earths Plc (continued)

Capitalisation and carrying value of Intangible Assets under IFRS 6 (Note 11)	
The group has material intangible assets of £1,290k in relation to capitalised exploration costs in respect on mining activities in Mozambique. There is a risk that these assets have been incorrectly capitalised in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources* and that there could be indicators of impairment as at 30 June 2023. Management's assessment of impairment under IFRS 6 requires estimation and judgement, particularly in early-stage exploration projects. There is a risk that the carrying value of these intangible assets are overstated. The size of the balance on the Group Statement of Financial Position and that exploration is the principal activity of the Group, it is considered to be a key audit matter.	Our audit work included: • Confirming, through the review of the component auditor's files, that the group has good title to the applicable exploration licences/ certificates; • Reviewing the terms and conditions of the operator certificate; • Reviewing the component auditor's work over capitalised costs including consideration of appropriateness for capitalisation under IFRS 6; • Assessing the progress of the project during the period and post year-end and reviewing of forward-looking exploration budgets; and • Consideration of management's indicator of impairment assessment, including agreeing to available third party reports on the potential valuation of the exploration project, including a the Competent Person's Report and Scoping study and JORC report. Based on the audit procedures performed, we are satisfied with management's assessment of impairment and valuation of intangible assets, given their assessment of the valuation of the underlying JORC reserves from the Competent Persons Report and Scoping Study.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent Auditor's Report to the Members of Altona Rare Earths Plc (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through detailed discussions with management about and potential instances of non-compliance with laws and regulations both in the UK and in overseas subsidiaries. We also selected a specific audit team based on experience with auditing entities within this industry of a similar size.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:

    ◊ Listing Rules and Disclosure Guidance and Transparency Rules listing rules
    ◊ Quoted Companies Alliance (QCA) Corporate Governance code
    ◊ Anti-Bribery and Money Laundering Regulations
    ◊ Local industry regulations in Mozambique where exploration activity took place in the year
    ◊ Local tax and employment law in the UK and Mozambique

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:

    ◊ Making enquiries of management
    ◊ Review of Board Minutes
    ◊ Review of accounting ledgers and legal correspondence
    ◊ Review of Regulatory News Services (RNS) announcements
    ◊ Discussions with the component auditor

Independent Auditor's Report to the Members of Altona Rare Earths Plc (continued)

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the recoverability of investments and intragroup balances - parent company and the capitalisation and carrying value of Intangible Assets under IFRS 6 as described in the Key Audit Matters Section above. We addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As part of the group audit, we have communicated with the component auditor the risks associated with the components of the group, including the risk of fraud as a result of management override of controls. To ensure that this has been completed, we have reviewed component auditor working papers in this area and obtained responses to our group instructions from the component auditors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the directors of Altona Rare Earths plc on 24 June 2021 to audit the financial statements for the period ending 30 June 2021 and subsequent financial periods. Our total uninterrupted period of engagement is 3 years, covering the periods ending 30 June 2021 to 30 June 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

24 October 2023

Statement of Consolidated Profit or Loss and other Comprehensive Income For the Year Ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Continuing operations:			
Administrative expenses		(1,068)	(642)
Exploration costs (not capitalised)		-	(59)
Listing costs		(48)	(100)
Operating loss	5	(1,116)	(801)
Finance costs	8	(180)	-
Loss before taxation		(1,296)	(801)
Income tax	9	-	-
Loss for the year from continuing operations		**(1,296)**	**(801)**
Total loss for the year attributable to:			
Owners of Altona Rare Earths Plc		(1,221)	(774)
Non-controlling interests		(75)	(27)
		(1,296)	**(801)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		17	2
		(1,279)	**(799)**
Total comprehensive loss attributable to:			
Owners of Altona Rare Earths Plc		(1,205)	(773)
Non-controlling interests		(74)	(26)
		(1,279)	**(799)**
Earnings per share (expressed in pence per share)			
- Total Basic and Diluted earnings per share	7	(3.23)p	(2.72)p

The accounting policies and notes on pages 61 to 85 form part of these consolidated financial statements.

Statement of Consolidated Financial Position

As at 30 June 2023

	Notes	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Intangible assets	11	1,290	866
Tangible assets	12	146	173
Total non-current assets		1,436	1,039
Current assets			
Trade and other receivables	13	168	119
Cash and cash equivalents		1,130	283
Total current assets		1,298	402
TOTAL ASSETS		**2,734**	**1,441**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	15	-	(77)
Total non-current liabilities		-	(77)
Current liabilities			
Trade and other payables	14	(593)	(314)
Convertible loan notes	14	(256)	-
Total current liabilities		(849)	(314)
TOTAL LIABILITIES		**(849)**	**(391)**
NET ASSETS		**1,885**	**1,050**
EQUITY			
Share capital	16	2,239	1,790
Share premium	16	22,950	21,404
Share-based payment reserve	18	121	14
Other equity – CLN reserve		12	-
Foreign exchange reserve		17	1
Retained deficit		(23,360)	(22,139)
		1,979	**1,070**
Non-controlling interest		(94)	(20)
TOTAL EQUITY		**1,885**	**1,050**

The financial statements were approved by the Board and authorised for issue on 24 October 2023 and signed on its behalf by:

Cédric Simonet – Chief Executive

The accounting policies and notes on pages 61 to 85 form part of these consolidated financial statements.

Parent Company Statement of Financial Position

As at 30 June 2023

COMPANY REGISTRATION NUMBER: 05350512

	Notes	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Tangible assets	12	4	7
Investment in subsidiaries	10	208	168
Capital contributions/loans to subsidiaries	10	1,425	-
Total non-current assets		1,637	175
Current assets			
Trade and other receivables	13	106	986
Cash and cash equivalents		1,109	230
Total current assets		1,215	1,216
TOTAL ASSETS		**2,852**	**1,391**
LIABILITIES			
Current liabilities			
Trade and other payables	14	(590)	(309)
Convertible loan notes	14	(256)	-
Total current liabilities		(846)	(309)
TOTAL LIABILITIES		**(846)**	**(309)**
NET ASSETS		**2,006**	**1,082**
EQUITY			
Share capital	16	2,239	1,790
Share premium	16	22,950	21,404
Share-based payment reserve		121	14
Other equity – CLN reserve		12	-
Retained deficit		(23,316)	(22,126)
TOTAL EQUITY		**2,006**	**1,082**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present its individual Company Statement of Comprehensive Income.

The Company's loss for the year from operations is £1,190,000 (2022: loss of £761,000). The financial statements were approved by the Board and authorised for issue on 24 October 2023 and signed on its behalf by:

Cédric Simonet – Chief Executive

The accounting policies and notes on pages 61 to 85 form part of these financial statements.

Statement of Consolidated Cash Flows

For the Year Ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss for the year before taxation		(1,296)	(801)
Adjustments for:			
Finance costs		65	-
Depreciation	12	24	5
Shares issued for services		306	10
Foreign exchange movements		25	2
Operating cashflows before movements in working capital		**(876)**	**(784)**
Increase in trade and other receivables		(49)	(98)
Increase in trade and other payables		277	50
		228	(48)
Net cash used in operating activities		**(648)**	**(832)**
Cash flows from investing activities			
Investment/acquisition of subsidiary, net of cash acquired	10	(40)	(80)
Purchases of property, plant and equipment	12	(3)	(178)
Purchases on intangible assets	11	(462)	(617)
Net cash used in investing activities		**(505)**	**(875)**
Cash flows from financing activities			
Proceeds from issue of shares	16	2,000	1,688
Costs of issue		(207)	(78)
Proceeds from Convertible loan notes	14	275	-
Costs of Convertible loan notes	14	(28)	-
Proceeds from loans		150	-
Repayment of loans	14	(150)	(56)
Finance costs		(40)	-
Net cash generated from financing activities		**2,000**	**1,554**
Net increase/(decrease) in cash and cash equivalents		847	(153)
Cash and cash equivalents at beginning of the year		283	436
Cash and cash equivalents at the end of the year		**1,130**	**283**

Significant non-cash transactions

The significant non-cash transactions were the issue of shares detailed in note 16.

The accounting policies and notes on pages 61 to 85 form part of these financial statements.

Parent Company Statement of Cash Flows

For the Year Ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss for the year before taxation		(1,190)	(761)
Adjustments for:			
Shares issued for services		306	10
Finance costs		65	-
Depreciation	12	2	1
Operating cashflows before movements in working capital		**(817)**	**(750)**
Increase in trade and other receivables		(75)	(10)
Increase in trade and other payables		278	45
		203	35
Net cash used in operating activities		**(614)**	**(715)**
Cash flows from investing activities			
Investment/acquisition in subsidiary	10	(40)	(80)
Loans granted to subsidiary undertakings		(468)	(958)
Receipts/(purchases) of plant, property and equipment	12	1	(7)
Net cash used in investing activities		**(507)**	**(1,045)**
Cash flows from financing activities			
Proceeds from issue of shares	16	2,000	1,688
Costs of share issue		(207)	(78)
Proceeds from Convertible loan notes	14	275	-
Costs of Convertible loan notes	14	(28)	-
Proceeds from loans	14	150	-
Repayment of loans	14	(150)	(56)
Finance costs		(40)	-
Net cash generated from financing activities		**2,000**	**1,554**
Net increase/(decrease) in cash and cash equivalents		879	(206)
Cash and cash equivalents at beginning of the year		230	436
Cash and cash equivalents at the end of the year		**1,109**	**230**

Significant non-cash transactions

The significant non-cash transactions were the issue of shares detailed in note 16.

he accounting policies and notes on pages 61 to 85 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

	Share capital £'000	Share premium £'000	Foreign ex-change reserve £'000	Share-based pay-ment reserve £'000	CLN Issue £'000	Re-tained deficit £'000	NCI £'000	Total equity £'000
Balance at 30 June 2021	**1,632**	**19,869**	**-**	**-**	**-**	**(21,365)**	**-**	**136**
Comprehensive income								
Loss for the year	-	-	-	-	-	(774)	(27)	(801)
Currency translation	-	-	2	-	-	-	-	2
NCI share in translation difference	-	-	(1)	-	-	-	1	-
Total comprehensive income	**-**	**-**	**1**	**-**	**-**	**(774)**	**(26)**	**(799)**
Transactions with owners rec-ognised directly in equity								
Issue of shares	158	1,627	-	-	-	-	-	1,785
Cost of shares issued	-	(92)	-	14	-	-	-	(78)
Additional transactions with NCI	-	-	-	-	-	-	6	6
Total transactions with owners recognised directly in equity	**158**	**1,535**	**-**	**14**	**-**	**-**	**6**	**1,713**
Balance at 30 June 2022	**1,790**	**21,404**	**1**	**14**	**-**	**(22,139)**	**(20)**	**1,050**
Comprehensive income								
Loss for the year	-	-	-	-	-	(1,221)	(75)	(1,296)
Currency translation	-	-	17	-	-	-	-	17
NCI share in translation difference	-	-	(1)	-	-	-	1	-
Total comprehensive income	**-**	**-**	**16**	**-**	**-**	**(1,221)**	**(74)**	**(1,279)**
Transactions with owners rec-ognised directly in equity								
Issue of shares	449	1,797	-	-	-	-	-	2,246
Cost of shares issued	-	(251)	-	41	-	-	-	(210)
Share-based payments	-	-	-	66	-	-	-	66
CLN Issue	-	-	-	-	12	-	-	12
Total transactions with owners recognised directly in equity	**449**	**1,546**	**-**	**107**	**12**	**-**	**-**	**2, 114**
Balance at 30 June 2023	**2,239**	**22,950**	**17**	**121**	**12**	**(23,360)**	**(94)**	**1,885**

Parent Company Statement of Changes in Equity

For the Year Ended 30 June 2023

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	CLN Reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 30 June 2021	**1,632**	**19,869**	**-**	**-**	**(21,365)**	**136**
Comprehensive income						
Loss for the year	-	-	-	-	(761)	(761)
Total comprehensive income	**-**	**-**	**-**	**-**	**(761)**	**(761)**
Transactions with owners recognised directly in equity						
Issue of shares	158	1,627	-	-	-	1,785
Cost of shares issued	-	(92)	14	-	-	(78)
Total transactions with owners recognised directly in equity	**158**	**1,535**	**14**	**-**	**-**	**1,707**
Balance at 30 June 2022	**1,790**	**21,404**	**14**	**-**	**(22,126)**	**1,082**
Comprehensive income Loss for the year	-	-	-	-	(1,190)	(1,190)
Total comprehensive income	-	-	-	-	**(1,190)**	**(1,190)**
Transactions with owners recognised directly in equity						
Issue of shares	449	1,797	-	-	-	2,246
Cost of shares issued	-	(251)	41	-	-	(210)
Share-based payments	-	-	66	-	-	66
CLN Issue	-	-	-	12	-	12
Total transactions with owners recognised directly in equity	**449**	**1,546**	**107**	**12**	**-**	**2,114**
Balance at 30 June 2023	**2,239**	**22,950**	**121**	**12**	**(23,316)**	**2,006**

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Altona Rare Earths Plc (the "Company") is incorporated and domiciled in England & Wales, with registered number 05350512. Its registered office is at Eccleston Yards, 25 Eccleston Place, London SW1W 9NF.

On 9 June 2023, the Company announced its admission to the Main Market of the London Stock Exchange under the Standard Segment of the Official List under the ticker "LSE:REE". The Company ceased trading on the AQSE Growth Market on 17 March 2023.

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. The Group is made up of the Company and the subsidiaries as set out in note 10 below.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006. The principal accounting policies are summarised below. They have been applied consistently throughout the year. The financial statements have been prepared on the historical cost basis, except for the assets acquisition which was measured at fair value.

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. The functional currency of the parent company is Pounds Sterling (£) as this is the currency that finance is raised in. The functional currency of its main subsidiary is Mozambique Meticals (MTN) as this is the currency that mainly influences labour, material and other costs of providing services. The Group has chosen to present its consolidated financial statements in Pounds Sterling (£), as the Directors believe it is the most relevant presentational currency for users of the consolidated financial statements. All values are rounded to the nearest thousand pounds (£'000) unless otherwise stated. Foreign operations are included in accordance with the policies set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 2.

GOING CONCERN

The Company raises money for exploration and capital projects as and when required. There can be no assurance that the Company's projects will be fully developed in accordance with current plans or completed on time or to budget. Future work on the development of these projects, the levels of production and financial returns arising therefrom, may be adversely affected by factors outside the control of the Company.

An operating loss is expected in the 12 months subsequent to the date of these financial statements. As a result the Group will need to raise funding to provide additional working capital within the next 12 months. The ability of the Group to meet its projected expenditure is dependent on these further equity injections and / or the raising of cash through bank loans or other debt instruments, and/or government grants, and/or loans. These conditions necessarily indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business. Whilst acknowledging this material uncertainty, the Directors remain confident of raising finance and therefore, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The Auditors have made reference to going concern by way of a material uncertainty within the financial statements.

Notes to the Consolidated Financial Statements (continued)

NEW STANDARDS AND INTERPRETATIONS

a. New standards, amendments and interpretations adopted by the Group.
There were no new or amended accounting standards that required the Group to change its accounting policies for the year ended 30 June 2023 and no new standards, amendments or interpretations were adopted by the Group

b. New standards, amendments and interpretations not yet adopted by the Group.
The standards and interpretations that are relevant to the Group, issued, but not yet effective, up to the date of the Financial Statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standard	Impact on initial application	Effective date
IFRS 10 and IAS 28 (Amendments)	Long term interests in associates and joint ventures	Unknown
Amendments to IAS 1	Classification of Liabilities as current or non- current	1 January 2023
Amendments to IAS 1	Disclosure of material rather than significant accounting policies.	1 January 2023
Amendments to IAS 8	Clarification on how companies should distinguish between changed in accounting policies and accounting estimates	1 January 2023
Amendments to IFRS 12	Deferred Tax assets and Liabilities arising from a single transaction	1 January 2023

The Directors have evaluated the impact of transition to the above standards and do not consider that there will be a material impact of transition on the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Per IFRS 10, control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

Notes to the Consolidated Financial Statements (continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.
The Group recognises any non-controlling interest in the acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Asset Acquisitions

Acquisitions of mineral exploration licences through the acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset.

Where an acquisition transaction constitutes the acquisition of an asset and not a business, the consideration paid is allocated to assets and liabilities acquired based on their relative fair values, with transaction costs capitalised. No gain or loss is recognised. Consideration paid in the form of equity instruments is measured by reference to the fair value of the asset acquired. The fair value of the assets acquired would be measured at the point control is obtained. The Group recognises the fair value of contingent consideration in respect to an asset acquisition, where it is probable that a liability has been incurred, and the amount of that liability can be reasonably estimated. Such contingent consideration is recognised at the time control of the underlying asset is obtained, and such an amount is included in the initial measurement of the cost of the acquired assets.

The Group recognises contingent consideration in the form of cash, and contingent consideration in the form of equity instruments. Contingent consideration in the form of cash is recognised as a liability, and contingent consideration in the form of equity instruments is recognised in the contingent share reserve. For contingent cash consideration milestones, the Group estimates a probability for the likelihood of completion to estimate the total liability for the expected variable payments. The probability estimated for the likelihood of completion is considered at each reporting period. Movements in the fair value of contingent cash consideration payable is capitalised as part of the asset. For contingent share consideration milestones, the Group estimates a probability for the likelihood of completion to estimate the total contingent share consideration payable. The probability estimated for the likelihood of completion is not reassessed in subsequent reporting periods.

FOREIGN CURRENCIES AND FOREIGN EXCHANGE RESERVE

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on

Notes to the Consolidated Financial Statements (continued)

those foreign currency borrowings;

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision-maker. The chief decision-maker has been identified as the Executive Board, at which level strategic decisions are made.

An operating segment is a component of the Group:

- That engages in business activities from which it may earn revenues and earn expenses,
- Whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

TAXATION

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit or loss. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The Group has losses to be carried forward on which no deferred tax asset is recognised due to the uncertainty as to the timing of profit.

INTANGIBLE ASSETS - EXPLORATION AND EVALUATION ASSETS

Mineral exploration and evaluation expenditure relates to costs incurred in the exploration and evaluation of potential mineral resources and includes exploration and mineral licences, researching and analysing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies.

Exploration and evaluation expenditure for each area of interest, other than that acquired from another entity, is charged to the consolidated statement of income as incurred except when the expenditure is expected to be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalised. Purchased exploration and evaluation assets are recognised at their fair value at acquisition. As the capitalised exploration and evaluation expenditure asset is not available for use, it is not depreciated.

Notes to the Consolidated Financial Statements (continued)

Exploration and evaluation assets have an indefinite useful life and are assessed for impairment annually or when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas. IFRS 6 permits impairments of exploration and evaluation expenditure to be reversed should the conditions which led to the impairment improve. The Group continually monitors the position of the projects capitalised and impaired.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Income Statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment are stated at cost, less accumulated depreciation, and any provision for impairment losses. The asset's residual values, useful lives and methods of depreciation /amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

Depreciation is charged on each part of an item of property, plant, and equipment to write off the cost of assets less the residual value over their estimated useful lives, using the straight-line method. Depreciation is charged to the income statement. The estimated useful lives are as follows:

Buildings/Constructions – 25 years
Heavy machinery and equipment – 8 years
Precision machinery, computer and printers – 4 years
Vehicles – 4 years

FINANCIAL INSTRUMENTS

Financial assets

Classification

The Group's financial assets consist of financial assets held at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets held at amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. The Group's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents at the year end.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets are initially measured at fair value plus transaction costs. Financial assets are de-recognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Financial assets are subsequently carried at amortised cost using the effective interest method.

Other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The other receivables in the accounts do not contain significant financing components.

Notes to the Consolidated Financial Statements (continued)

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. For trade and other receivable due within 12 months the Group applies the simplified approach permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but rather recognises a loss allowance based on the financial asset's lifetime expected credit losses at each reporting date.

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal repayments;
- The Group, for economic or legal reasons relating the borrower's financial difficulty, granting the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Financial liabilities at amortised cost

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities are initially measured at fair value. They are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are de-recognised when the Group's contractual obligations expire or are discharged or cancelled.

INVESTMENTS IN SUBSIDIARIES

The Company recognises its investments in subsidiaries at cost, less any provision for impairment. Capital contributions are measured at their value on the date on which the Company makes the contribution. The Company assesses the impairment of each subsidiary against the total cost (both acquisition costs and capital contributions) made.

BORROWINGS

The fair value of the liability portion of a convertible loan notes is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects in the Convertible loan notes reserve ("CLN Reserve").

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or

Notes to the Consolidated Financial Statements (continued)

expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of a Company after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share-based payments reserve represents equity-settled shared-based employee remuneration for the fair value of the warrants issued. It also includes the warrants issued for services rendered accounted for in accordance with IFRS 2.

The Convertible Loan Note "CLN" reserve represents the value of the conversion portion of the CLN, calculated as the proceeds, less amortised cost, less fair value.

The foreign exchange translation reserve arises from the translation of the Group's foreign operations at each year end. The assets and liabilities of these operations are translated at exchange rates prevailing on the reporting date and differences, if any, are recognised in this reserve.

Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income, less dividends paid to the owners of the Company.

The Non-Controlling Interest reserve shows the share of equity that belongs to others besides the parent company.

SHARE BASED PAYMENTS

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The equity-settled share-based payments are expensed to profit or loss or capitalised to investments or intangibles in the statement of financial position over a straight line basis over the vesting period based on the Company's estimate of shares that will eventually vest. A corresponding entry is then made in the share-based payment reserve.

The fair value of these share-based payments is determined using Black-Scholes option pricing models and the assumptions are included in note 18 to the financial statements.

The Group has two types of share-based payments other than employee compensation.

Warrants issued for services rendered which are accounted for in accordance with IFRS 2 recognising either the costs of the service if it can be reliably measured or the fair value of the warrant (using Black-Scholes option pricing models – see note 18).

Warrants issued as part of share issues have been determined as equity instruments under IAS 32. Since the fair value of the shares issued at the same time is equal to the price paid, these warrants, by deduction, are considered to have been issued at nil value.

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing;

- the profit or loss attributable to the owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year

Notes to the Consolidated Financial Statements (continued)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgement in the recoverability of exploration and evaluation assets (see note 11)

Exploration and evaluation assets include mineral rights and exploration and evaluation costs, including geophysical, topographical, geological and similar types of costs. Exploration and evaluation costs are capitalised if management concludes that future economic benefits are likely to be realised and determines that economically viable extraction operation can be established as a result of exploration activities and internal assessment of mineral resources. According to 'IFRS 6 Exploration for and evaluation of mineral resources', the potential indicators of impairment include: management's plans to discontinue the exploration activities, lack of further substantial exploration expenditure planned, expiry of exploration licences in the period or in the nearest future, or existence of other data indicating the expenditure capitalised is not recoverable. At the end of each reporting period, management assesses whether such indicators exist for the exploration and evaluation assets capitalised, which requires significant judgement. The current exploration projects are actively being progressed and therefore the Company does not believe any circumstances have arisen to indicate these assets require impairment.

b) Critical estimate in accounting for share-based payments (see note 18)

The Group has issued various warrants to its service providers. These are valued in accordance with IFRS 2 "Share-based payments". The grant date fair value of such share-based payments is calculated using a Black-Scholes model whose input assumptions are derived from market and other internal estimates. These are set out in note 18 to the accounts. Changes to these inputs may impact the related charge.

c) Consolidation of entities with less than 50% ownership (see note 10)

The directors have concluded that the Group controls Monte Muambe Mining Lda, even though it holds less than half of the voting rights of this subsidiary. This is because an agreement signed between the shareholders grants the Company the right to appoint the majority of the Board of Directors with management responsibility for directing the relevant activities over this subsidiary. Therefore the Group holds 67% of the voting rights.

d) Critical judgement in the recoverability of VAT (see note 13)

At 30 June 2023, the Group recognised an amount of £80,000 (2022: £81,000) within other receivables which relates to VAT receivable from the Mozambique government. This includes a provision for 25%. New legalisation in Mozambique has provided a path for companies operating in the mining sector to seek reimbursement of VAT prior to the production stage. Therefore, the Directors believe that this amount (including a 25% provision) will be recovered.

e) Company only - Critical judgement in the impairment assessment of investment in subsidiaries (see notes 10)

In preparing the parent company financial statements, the Directors apply their judgement to decide if any or all of the Company's investments (including capital contributions) in its subsidiaries should be impaired.

Notes to the Consolidated Financial Statements (continued)

In undertaking their review, the Directors consider the outcome of their impairment assessment of the exploration and evaluation assets as noted above.

In view of the Maiden Resource Estimate published in September 2023, which shows the existence of substantial resources at the property, the Directors do not believe an impairment is appropriate in relation to the investments in these subsidiaries.

f) Critical judgement in the apportionment of listing transaction costs (see note 5)

The Company incurred total transaction costs of £154,768 for the joint transaction of a concurrent Fundraise and change in listing from AQSE to LSE. The Directors were required to make a judgment on this apportionment of transaction costs, which related to both the share issuance and the listing. The Directors agreed to allocate this amount between expense and equity based on the proportion of new shares issued to the total number of (new and existing) shares listed. This resulted in £48,391 being recognised in the profit and loss account as an expense in the year and the remaining balance of £106,378, being set against the Share Premium account.

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The financial instruments were categorised as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets measured at amortised cost:				
Trade and other receivables (note 13)	154	119	68	986
Cash and cash equivalents	1,130	283	1,109	230
	1,327	**402**	**2,639**	**1,216**
Financial liabilities measured at amortised cost:				
Trade and other payables (note 14)	440	125	437	120
Convertible loan notes (note 14)	256	-	256	-
	696	**125**	**693**	**120**

The Group's financial instruments comprise cash and sundry receivables (all of which are carried at amortised cost) and payables that arise directly from its operations.

The main risks arising from financial instruments are credit risk, liquidity risk and currency risk. The Directors review and agree policies for managing these risks and these are summarised below. There have been no substantial changes to the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

There is no significant difference between the carrying value and fair value of receivables, cash and cash equivalents and payables.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss. The Company has adopted a policy of only dealing with creditworthy counterparties, as assessed by the Directors using relevant available information. Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. The Company's cash deposits are only held in banks and financial institutions which are independently rated with a minimum credit agency rating of B. At year end 98% of the Group's cash was held in the UK at HSBC (credit rating AA-) and 2% was held in Mozambique at the Millennium Bank (credit rating B). There were no bad debts recognised during the year and there is no provision required at the reporting date nor any linked IFRS 9 disclosures. The balances are not material at year end and therefore no sensitivity analysis has been performed.

Notes to the Consolidated Financial Statements (continued)

Liquidity risk

Liquidity risk arises from the management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Short term payables are classified as those payables that are due within 30 days. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain liquid cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. No maturity analysis has been disclosed as all liabilities are repayable within one year.

Funding risk

Funding risk is the possibility that the Group might not have access to the financing it needs. The Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. The Directors have a strong track record of raising funds as required. Controls over expenditure are carefully managed and activities planned to ensure that the Group has sufficient funding.

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group reports in Pounds Sterling, but the functional currency of its subsidiary is the Mozambique Meticals (MTN). The Group does not currently hedge its exposure to other currencies. The Group's cash and cash equivalents are held in Pounds Sterling and MTN. At 30 June 2023, only 2% (2022: 19%) of the Group's cash and cash equivalent were held in MTN. The balances are not material at year end and therefore no sensitivity analysis has been performed.

Interest rate risk

The Group finance operations through the issue of equity share capital. The Group manages the interest rate risk associated with the Group's cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group requires to the funds for working capital purposes. At the reporting date, cash at bank floating interest rate is not subject to any interest receivable. The Group has not performed a sensitivity analysis in relation to the interest rate movements on financial assets as this is not considered to be material.

Capital Management

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained losses. The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Group meets its capital needs by equity financing. The Group sets the amount of capital it requires to fund the Group's project evaluation costs and administration expenses. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group do not have any derivative instruments or hedging instruments. It has been determined that a sensitivity analysis will not be representative of the Group's position in relation to market risk and therefore, such an analysis has not been undertaken.

4. SEGMENTAL 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.

Notes to the Consolidated Financial Statements (continued)

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

Year ended 30 June 2023	Corporate and Administrative (UK) £'000	Other £'000	Mineral exploration (Mozambique) £'000	Total £'000
Operating loss before and after taxation	1,190	12	94	**1,296**
Segment total assets (net of investments in subsidiaries)	1,324	-	1,410	**2,734**
Segment liabilities	(846)	-	(3)	**(849)**

Year ended 30 June 2022	Corporate and Administrative (UK) £'000	Mineral exploration (Mozambique) £'000	Total £'000
Operating loss before and after taxation	774	27	**801**
Segment total assets (net of investments in subsidiaries)	305	1,136	**1,441**
Segment liabilities	(308)	(83)	**(391)**

5. EXPENSES BY NATURE

	2023 £'000	2022 £'000
Exploration expenditure (not capitalised)	-	59
Fees payable to the Company's Auditor and its associates in relation to the audit of the parent company and consolidated financial statements	53	30
Fees payable to the Company's Auditor and its associates in relation to the audit of the Company's subsidiaries	5	2
Fees payable to the Company's Auditor for other services: Reporting Accountant services in respect to the Fundraise	8*	22
Legal and professional fees	259	88
Depreciation	24	5
Listing costs	48	100
Wages and salaries	437	378
Insurance costs	37	15
Regulatory fees	17	31
Other	228	71
	1,116	**801**

The Company incurred total transaction costs of £154,768 and broker commission costs of £139,337 in the year for the joint transaction of a concurrent Fundraise and change in listing from AQSE to LSE. The total broker commission costs were set against equity. However, the transaction costs, which related to both the share issuance and the listing, were allocated between expense and equity based on the proportion of new shares issued to the total number of (new and existing) shares listed. This resulted in £48,391 being recognised in the profit and loss account as an expense in the year and the remaining balance of £106,378, being set against the Share Premium account (see note 16).

*Another £17,000 was charged to cost of capital as part of the above allocation.

Notes to the Consolidated Financial Statements (continued)

Exploration expenditure mainly comprises of amounts relating to pre-licence due diligence costs that have not yet resulted in the securing of licences. This is in accordance with IFRS 6 which specifically excludes expenditure incurred before the entity has obtained legal rights to explore in a specific area.

6. STAFF COSTS (INCLUDING DIRECTORS)

	2023 £'000	2022 £'000
Salaries and fees	490	412
Pensions	1	1
Social security costs	27	22
Total staff costs	**518**	**435**
Amounts capitalised in intangibles	(81)	(55)
	437	**380**

The average monthly numbers of employees (both permanent and temporary) during the year ended 30 June 2023 was 17 (2022: 14 employees) and is shown in the table below. The costs of the wages and salaries in MMM have been capitalised as part of the cost of exploration assets additions in the year.

Key management and personnel are considered to be the Directors.

	2023	2022
Management	3	3
Technical	10	2
Administration	4	9
	17	**14**

7. EARNINGS PER SHARE

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

	2023	2022
Loss for the year (£'000)	**(1,296)**	(801)
Weighted average number of shares – expressed in thousands	**40,069**	29,466
Basic earnings per share – expressed in pence	**(3.23p)**	(2.72p)

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.

On 11 July 2023 an additional 1,033,600 Ordinary Shares were issued, increasing the weighted average number of shares to 40,100,484.

Notes to the Consolidated Financial Statements (continued)

8. FINANCE COSTS

	2023 £'000	2022 £'000
Interest payable on the CLNs (note 14)	25	-
Share-based payment (warrant cost) of loans (note 18)	62	-
Shares issued for loan extension (note 14)	50	-
Interest paid on loans (note 14)	40	-
Other interest	3	-
	180	**-**

9. INCOME TAX

The income and deferred tax charge for the year was £nil (2022: £nil) due to the losses incurred.

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

GROUP	2023 £'000	2022 £'000
Loss before tax	(1,296)	(801)
Tax at the applicable rate of 24% (2022:25%)	(313)	(200)
Expenses not deductible for tax purposes	73	148
Tax losses for which no deferred tax is recognised	(1,222)	(653)
Total tax charge	**-**	**-**

The weighted average applicable tax rate of 24% (2022: 25%) used is a combination of the 19% standard rate of corporation tax in the UK and 31% Mozambique corporation tax.

The Group has total tax losses of £34,581,000 to carry forward against future profits (2022: £33,089,000 losses brought forward). No deferred tax asset on losses carried forward has been recognised on the grounds of uncertainty as to when profits will be generated against which to relieve said amount.

10. INVESTMENT IN SUBSIDIARIES

COMPANY	2023 £'000	2022 £'000
Cost and net book value		
Investments in subsidiaries at beginning of year	168	-
Incorporation of subsidiaries	-	1
Additional payments	40	167
	208	168
Loans reclassified to capital contributions (note 13)	956	-
Capital contributions in the year	469	-
	1,425	-
Investments in subsidiaries at end of year	**1,633**	**168**

OVERVIEW STRATEGIC REPORT FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements (continued)

In May 2023, the Company paid a further cash consideration of £40,000 to the other shareholders of Monte Muambe Mining Lda ("MMM"), to extend Phase 2 of the Farm-Out Agreement. This has been recognised as an additional cost of investment in the subsidiary.

During the year the following subsidiaries were incorporated/ acquired. Dates of incorporation/ acquisition and registered addresses are listed below.

Subsidiaries of Altona Rare Earths Plc	Country of Registration	Date of Incorporation/ Acquisition	Registered Address	Nature of Business and Holding	
				2022/3 %	
Altona Rare Earths (Uganda) Limited	Uganda	30 March 2021	Plot 2&4A Nakasero Road, Kampala, Uganda.	100	Mineral exploration and mining
Altona Rare Earths (Tanzania) Limited	Tanzania	5 August 2021	Plot No.466, Block 43, Mpakani A, Kinondoni, Tanzania.	100	Mineral exploration and mining
Altona Rare Earths Maurtius Ltd	Mauritius	17 February 2022	c/o Griffon Solutions Ltd, C2-410, 4th Floor, Office Block C, Grand Baie, Mauritius	100	Business activities
Monte Muambe Mining Lda	Mozambique	23 June 2021	Avenida 24 de Julho, no 851 R/C, Maputo, Mozambique.	20	Mineral exploration and mining
Altona Mozambique, Lda*	Mozambique	27 May 2022	c/o Griffon Solutions Ltd, C2-410, 4th Floor, Office Block C, Grand Baie, Mauritius	100	Mineral exploration and mining
Altona Mozambique 11, Lda*	Mozambique	27 May 2022	c/o Griffon Solutions Ltd, C2-410, 4th Floor, Office Block C, Grand Baie, Mauritius	100	Mineral exploration and mining
Altona Mozambique 111, Lda*	Mozambique	27 May 2022	c/o Griffon Solutions Ltd, C2-410, 4th Floor, Office Block C, Grand Baie, Mauritius	100	Mineral exploration and mining

*subsidiaries held indirectly through Altona Rare Earths Mauritius Ltd.

On 25 July 2023, Cedric Simonet transferred the 0.1% of the share capital of Altona Mozambique, Lda and Altona Mozambique II, Lda that he was holding on behalf of Altona Rare Earths Mauritius Limited to Altona Rare Earths Mauritius Limited, (both for nil consideration), giving it a 100% total holding of the share capital in both companies.

On the same day, Altona Rare Earths Mauritius Limited, transferred 5% of the share capital of Altona Mozambique, Lda and Altona Mozambique II Lda, (for nil consideration), to Ossanzaya Empreendimentos Lda, a company registered in Mozambique.

In prior year, on 23 June 2021, the Company acquired 1% of the issued share capital of Monte Muambe Mining Lda ("MMM"), a newly incorporated exploration company based in Mozambique, for a cash consideration of £40,000. The acquisition provides the Company with the opportunity to expand its mineral exploration programme. Altona Rare Earths Plc was deemed to have gained control over MMM on 12 August 2021, due to holding the majority of voting rights on the board of directors of MMM.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed as a result of the acquisition

Notes to the Consolidated Financial Statements (continued)

are as follows:

	Net book value of assets acquired £'000	Fair value adjustments £'000	Fair value of assets acquired £'000
Intangible assets	-	58	58
Deferred tax liability	-	(18)	(18)
Total identifiable assets acquired and liabilities assumed	-	40	40
Fair Value of Consideration Paid:			
Total cash consideration			**40**

Under IFRS 3, a business must have three elements: inputs, processes and outputs. MMM is an early stage exploration company. It has no mineral reserves and no plan to develop mines. Is has a title to mineral properties but this could not be considered an input because of its early stage of development. The company do not have processes to produce outputs and have not completed a feasibility study or a preliminary economic assessment on any of its properties and no infrastructure or assets that could produce outputs. Therefore, the Directors' conclusion is that the above transaction is an asset acquisition and not a business combination. The fair value adjustment to intangible assets of £58,000 represents the excess of the purchase consideration of £40,000 over the excess of the net assets acquired (net assets of £nil) and a deferred tax liability of £18,000.

In prior year, on 15 June 2022, the Company acquired a further 19% of the issued share capital of MMM, for a cash consideration of £40,000 and 1 million consideration shares which were fair valued at £88,000 using the market price of the Company's shares on the date of issue.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed as a result of the additional 19% acquisition are as follows:

	Net book value of assets acquired £'000	19% of NBV assets acquired £'000	Fair value adjustments £'000	Fair value of assets acquired £'000
Intangible assets	617	117	191	308
Tangible fixed assets	167	32	-	32
Financial assets	103	19	-	19
Financial liabilities	(912)	(173)	-	(173)
Deferred tax liability	-	-	(59)	(59)
Total identifiable assets acquired and liabilities assumed	**(25)**	**(5)**	**132**	**127**
Fair Value of Consideration Paid:				
Cash consideration				40
Share consideration				87
Total consideration				**127**

Notes to the Consolidated Financial Statements (continued)

Consistent with the 1% acquisition, the Directors' conclusion is that the above transaction is an asset acquisition and not a business combination for the reasons set out above that MMM does not have inputs, processes or outputs. The fair value adjustment to intangible assets of £132,000 represents the excess of the purchase consideration of £127,500 over the excess of the net assets acquired (net assets of £(5,000)) and a deferred tax liability of £59,000.

During the prior period since acquisition, MMM contributed a loss of £24,000 to the Group. If the acquisition had occurred on 1 July 2021, consolidated pro-forma loss for the year ended 30 June 2022 would have been £24,000.

11. INTANGIBLE ASSETS

The intangible assets held by the Group increased primarily as a result of the acquisition of Monte Muambe Mining Lda ("MMM") and the work carried out thereon. See note 10 for further information.

	Exploration and evaluation assets £'000
Cost and carrying amount	
At 1 July 2022	867
Exploration and evaluation assets additions (see note 10)	40
Additions to exploration assets	460
Unwinding of deferred tax liability	(77)
At 30 June 2023	**1,290**

On 25 September 2023, the Company published its Maiden Resource Estimate which reported that there is an estimated 13.6 million tons at 2.42% TREO with a cut-off grade of 1.5% TREO. The Scoping Study published on 18 October 2023 confirmed the potential viability of the project and gave the Company sufficient confidence to proceed with the Prefeasibility Study and with Phase 3 of the Farm-Out Agreement.

In accordance with IFRS 6, the Directors undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value may not be fully recovered from future development and production.

Following their assessment, and the publication of the MRE and Scoping Study, with the potential economic viability of the project established therein, the Directors concluded that no impairment charge in respect to any licences held, was necessary for the year ended 30 June 2023 (2022: £nil).

Notes to the Consolidated Financial Statements (continued)

12. TANGIBLE FIXED ASSETS

GROUP	Buildings £'000	Heavy machinery £'000	Precision machinery and office equipment £'000	Vehicles £'000	Total Assets £'000
Cost					
At 1 July 2022	32	107	15	24	178
Reclassification	-	(20)	20	-	-
Additions	-	-	3	-	3
Disposals			(1)		(1)
Foreign exchange movement	(1)	(1)	(4)	-	(6)
At 30 June 2023	**31**	**86**	**33**	**24**	**174**
Accumulated depreciation					
At 1 July 2022	-	1	3	1	5
Depreciation charge	1	11	6	6	24
Disposals	-	-	-		-
Foreign exchange movement	-	1	(2)	-	(1)
At 30 June 2023	**1**	**13**	**7**	**7**	**28**
Net book value					
At 30 June 2022	32	106	12	23	173
At 30 June 2023	**30**	**73**	**26**	**17**	**146**

COMPANY	Precision machinery and office equipment £'000
Cost	
At 1 July 2022	8
Disposals	(1)
At 30 June 2023	7
Accumulated depreciation	
At 1 July 2022	1
Depreciation charge for the year	2
At 30 June 2023	3
Net book value	
At 30 June 2022	7
At 30 June 2023	**4**

Notes to the Consolidated Financial Statements (continued)

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Receivables due from related parties	-	-	24	955
Taxes & Social security receivable	154	94	68	10
Prepayments and other receivables	14	25	14	21
	168	**119**	**106**	**986**

At 30 June 2023, the Group recognised an amount of £80,000 (2022: £81,000) within other receivables which relates to VAT receivable from the Mozambique government. This includes a provision for 25%. New legalisation in Mozambique has provided a path for companies operating in the mining sector to seek reimbursement of VAT prior to the production stage. Therefore, the Directors believe that this amount (including a 25% provision) will be recovered.

CAPITAL CONTRIBUTIONS/LOANS TO SUBSIDIARIES	Company	
	2023 £'000	**2022 £'000**
Capital contributions/Loans to related parties (see note 21)	1,425	-

A decision was taken by the Board to reclassify the loans due from MMM to the Company into Investments (capital contributions) due to the nature of the Farm-Out Agreement. Following publication of the Scoping Study, the Company has initiated the contractual and administrative process to increase its interest to a 51% holding. The Board now view this loan as a long term investment in the company rather than a non-interest bearing loan, repayable on demand.

14. TRADE CREDITORS AND OTHER PAYABLES

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Trade payables	257	115	255	112
Accruals and other payables	336	199	335	197
Convertible loan notes	256	–	256	–
	849	**314**	**846**	**309**

Trade and other payables are non-interest bearing and are normally settled on terms of 30 days from month end. The directors consider that the carrying amount of financial liabilities recorded at amortised costs in the financial statements approximate their fair value.

Notes to the Consolidated Financial Statements (continued)

CONVERTIBLE LOAN NOTES:

The Company issued 5.5 million 15% convertible loan notes ("notes") for £275,000 on 1 February 2023. The notes are convertible into ordinary shares of the entity, at the option of the holder, or repayable on or before 1 May 2025.

The conversion rate is 20 shares for every £1 note held, which is based on the Fundraise issue price per share on 9th June 2023. The convertible loan notes are presented in the balance sheet as follows:

	2023 £'000
Face value of notes issued	275
Less costs of issue	(32)
Other equity securities – value of conversion rights	(12)
	231
Interest expense*	25
Interest paid	-
Current liability	**256**

*interest expense is calculated by applying the effective interest rate of 21.64% to the liability component.

The initial fair value of the liability portion of the note was determined using a market interest rate for a short term loan at the issue date, with a similar risk profile. The liability is subsequently recognised on an amortised basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, and not subsequently remeasured.

The note holder has the option of receiving the interest in cash or the equivalent value in shares which are priced at the VWAP for the previous 3 months. On conversion of the notes the note holders are entitled to 2 warrants per share, priced at 10p and 15p. They expire 2 years after grant.

There is not a material difference between the initial fair value of the notes and their carrying amount, since the interest payable on those borrowings is close to the current market rate for such a loan.

OTHER BORROWINGS:

On 2 November 2022, the Company entered into a short-term loan facility of up to £150,000 with Catalyse Capital Limited ("CCL"), formerly Align Research Investments Ltd. The loan carried a fixed interest rate of 15%. On 28 January 2023, the Company amended the terms of the loan with CCL to extend the repayment date to the earlier of the completion of the Fundraise or 30 June 2023. An additional charge of 10% on the outstanding loan was made and this was added to the principal of the loan. (Resulting in an overall interest charge of £40,000). 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 9 June 2026. 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.

A payment of one million shares was also charged for the extension of this loan, which was paid as part of the Fee Shares at the Fundraise, equivalent to £50,000.

This loan and the related interest was fully repaid before the year end.

Notes to the Consolidated Financial Statements (continued)

15. DEFERRED TAX

	Group	
	2023 £'000	**2022 £'000**
Deferred tax liability brought forward	77	-
Unwinding of liability	(77)	-
Acquisition of subsidiary	-	77
Deferred tax liability carried forward	**-**	**77**

The deferred tax liability recognised in the prior year has been unwound in the year as the Directors do not believe it will crystallise on the fair value uplift of the assets acquired.

16. SHARE CAPITAL

	2023		2022	
Ordinary Shares	**No.**	**£'000**	**No.**	**£'000**
Ordinary shares at 1 July	37,484,999	375	21,665,990	217
Shares issued in the year (see table below)	44,918,200	449	15,819,009	158
TOTAL ORDINARY SHARES at 30 June	82,403,199	824	37,484,999	375
Deferred Shares at 0.09p				
Deferred shares at 1 July	1,411,956,853	1,271	1,411,956,853	1,271
Movement during the year	-	-	-	-
	1,411,956,853	1,271	1,411,956,853	1,271
Deferred Shares at 9p				
Deferred shares at 1 July	1,602,434	144	1,602,434	144
Movement during the year	-	-	-	-
	1,602,434	144	1,602,434	144
TOTAL DEFERRED SHARES at 30 June	1,413,559,287	1,415	1,413,559,287	1,415
TOTAL SHARES at 30 June	**1,495,962,486**	**2,239**	**1,451,044,286**	**1,790**

Ordinary Shares	**Number of shares - ordinary**	**Share Capital £'000**	**Share Premium £'000**	**Total £'000**
As at 30 June 2021	21,665,990	217	19,869	20,086
Issued 9 September 2021	83,333	1	9	10
Issued 9 September 2021	8,285,676	83	1,077	1,160
Issued 20 October 2021	200,000	2	26	28
Issued 10 May 2022	6,250,000	62	438	500
Issued 13 June 2022	1,000,000	10	77	87
Share issue costs	-	-	*(92)*	*(92)*

Notes to the Consolidated Financial Statements (continued)

Ordinary Shares	Number of Shares - ordinary	Share Capital £'000	Share Premium £'000	Total £'000
As at 30 June 2022	**37,484,999**	**375**	**21,404**	**21,779**
Issued 9 June 2023 – Placing shares	33,546,000	335	1,342	1,677
Issued 9 June 2023 – Subscription shares	6,454,000	65	258	323
Issued 9 June 2023 – Fee shares	4,918,200	49	197	246
Share issue costs	-	-	(251)	(251)
As at 30 June 2023	**82,403,199**	**824**	**22,950**	**23,774**

On 9 June 2023, the Company raised gross proceeds of £2,000,000 through the placing and subscription of 40 million ordinary shares of £0.01 each at a placing price of £0.05 per share. The Company also issued 4,918,200 ordinary shares of £0.01 each at the placing price of £0.05 to pay Directors and service providers in lieu of cash settlement.

PRIOR YEAR:
On 9 September 2021, the Company issued 83,333 ordinary shares of £0.01 each at an issue price of £0.12 to a service provider in lieu of cash settlement for services provided to the Company with a total value of £10,000.

On 9 September 2021, the Company raised gross proceeds of £1,159,995 through the placing of 8,285,676 ordinary shares at £0.14 per share.

On 20 October 2022, the Company completed the placing above and raised a further gross proceeds of £28,000 through the placing of an additional 200,000 ordinary shares at £0.14 per share.
On 10 May 2022, the Company raised gross proceeds of £500,000 through the placing of 6,250,000 ordinary shares at £0.08 per share.

On 13 June 2022, the Company issued 1,000,000 ordinary shares of £0.01 each at a deemed price of £0.0875 per share to the owners of Monte Muambe Mining Lda as part of the consideration for the acquisition of a further 19% interest of said company.

The deferred shares do not have any voting rights nor carry dividend and distribution rights, however have the right on a return of assets on liquidation not exceeding the amount paid up on the deferred shares as may be available after payment to each holder of ordinary shares the sum of £10,000 per ordinary share.

17. SHARE OPTIONS

The Company periodically grants share options to employees, consultants and Directors, as approved by the Board. At 30 June 2023, there were no share options outstanding in respect of the ordinary shares:

Year ended 30 June 2023

Grant Date	Expiry Date	Number of Options outstanding at beginning of the year	Expired	Granted/ exercised in year	Number of Options outstanding at end of the year	Exercise Price per Option
21.07.17	21.07.22	180,000	180,000	-	-	500p[3]
21.07.17	21.07.22	90,000	90,000	-	-	500p[4]
		270,000	270,000	-	-	

The highest and lowest market price of the Company's shares during the year was 8.3p and 5.1p respectively (2022: 13.8p and 8.1p). The share price at year end was 5.1p (2022: 8.1p).

Notes to the Consolidated Financial Statements (continued)

18. WARRANTS AND SHARE-BASED PAYMENTS

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

Date of Issue	Reason for issue	Number of Warrants	Exercise Price	Expiry date
Issued in 2021	Placing warrants – Share issue	8,777,866	12p	31 March 2025*
Issued 10 March 2021	Directors warrants - Investors	1,100,000	12p	31 March 2024
Issued 10 September 2021	Placing warrants – Share issue	4,463,078	12p*	31 March 2025*
Issued 11 May 2022	Broker warrants 1	342,857	14p	6 October 2024
Issued 11 May 2022	Broker warrants 2	375,000	8p	24 April 2025
Issued 18 June 2022	Placing warrants – Share issue	3,125,000	12p	31 March 2025**
Issued 9 June 2023	Admission warrants – Share issue	40,000,000	10p	9 June 2025
Issued 9 June 2023	Broker warrants 3	2,512,760	5p	9 June 2025
Issued 9 June 2023	CCL warrants	7,500,000	5p	9 June 2026
Issued 9 June 2023	CLN Broker warrants	550,000	5p	9 June 2025
		68,746,561		

*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.

In addition to the above warrants, the Company has agreed to issue 40 million piggyback warrants which are conditional on the exercise of the Admission warrants if they are exercised within 30 calendar days of the date on which the VWAP of the shares exceeds 10p. This piggyback warrant will allow the warrantholder to subscribe for one share per each piggyback warrant held.

There are also 11,000,000 warrants which the Company will grant to the holders of the CLNs on conversion of these notes. Half of which are exercisable at 10p and the balance are exercisable at 15p.

Reason for issue	Number of Warrants	Exercise Price	Expiry date
Admission piggyback warrants	40,000,000	20p	9 June 2026
CLN warrants 10p	5,500,000	10p	2 years from conversion of CLN
CLN warrants 15p	5,500,000	15p	2 years from conversion of CLN

The Placing, Directors and Admission warrants were issued to investors as part of new share placings. More details of these placings can be found in note 17 above. These investor warrants have been determined as equity instruments under IAS 32. Since the fair value of the shares issued at the same time is equal to the price paid, these warrants, by deduction, are considered to have been issued at nil value.

The Broker 3 warrants are made up of 2,012,760 warrants and 500,000 performance warrants. The performance warrants are valued at the contracted value of £25,000 and the remaining warrants have been fair valued at £16,497 in accordance with IFRS 2 as equity settled share-based payment transactions. £16,497 has been recognised as the fair value of Broker warrants issued as part of the share raise in the year. These amounts are attributable to the cost of shares issued and therefore have been accounted for in the Share Premium reserve.

The CCL warrants have been fair valued at £61,471 in accordance with IFRS 2 as equity settled share-based payment transactions. £61,471 has been recognised as the fair value of the cost of extending the CCL loan during the year.

Notes to the Consolidated Financial Statements (continued)

This amount is attributable to the cost of finance and therefore has been accounted for in the profit and loss account in the year. The CLN Broker warrants have been fair valued at £4,483 in accordance with IFRS 2 as equity settled share-based payment transactions. £4,483 has been recognised as the fair value of the cost of issue of the CLNs and has been net off the liability held in the balance sheet for these notes.

The fair value was calculated using the Black Scholes model with inputs as detailed below:

	Broker warrants 1	Broker warrants 2	Broker warrants 3	CCL warrants	CLN warrants
Number of warrants	342,857	375,000	2,012,760	7,500,000	550,000
Share price	11.5p	9p	5p	5p	6.1p
Exercise price	14p	8p	5p	5p	5p
Expected life	3 years	3 years	3 years	3 years	2 years
Volatility	31%	31%	40%	40%	40%
Risk-Free Interest rate	0.13%	0.13%	5.04%	5.04%	3.66%
Expected dividends	-	-	-	-	-
Fair Values	£5,613	£8,836	£16,497	£61,471	£4,483

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price. The fair value has been discounted by 50% to account for the early-stage development of the Company and limited liquidity due to its small capital nature.

The following table sets out the movement of warrants during the year, no warrants were exercised during either year:

	Number of warrants	Exercise price (pence)
As at 30 June 2021	**9,877,866**	**12p**
Issued in the year	8,305,935	8p to 14p
As at 30 June 2022	**18,183,801**	**8p to 14p**
Issued in the year	50,562,760	5p to 10p
As at 30 June 2023	**68,746,561**	**5p to 12p**
Granted but not issued in the year	51,000,000	10p to 15p
TOTAL	**119,746,561**	

The weighted average price of the issued warrants at the year end is 10.2p (2022: 11.8p) and weighted average life of the warrants is 1.54 years (2022: 0.88 years).

The weighted average price of the total amount of granted and issued warrants, including the piggyback and CLN warrants is 11.1p and the weighted average life of these warrants is 2.13 years.

19. RESERVES AND NCI

The following describe the nature and purpose of each reserve within owners' equity:

Reserve	Description and Purpose
Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value.
Share-based payment reserve	Reserve created to recognise share-based payments such as warrants used in lieu of cash settlement.

Notes to the Consolidated Financial Statements (continued)

Convertible loan note (CLN) reserve	The value of the conversion portion of the CLN, calculated as the proceeds, less amortised cost, less fair value.
Non-controlling Interest	Reserve created to recognise the 80% Non controlling interest at year end.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

20. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2023 the only significant capital commitments of the Group relate to the Farm-Out Agreement in Mozambique which sets out a minimum spend for each phase of the project. On 24 October 2023, the Company notified the original shareholders of Monte Muambe Mining Lda of the successful completion of Phase 2 and of its intention to proceed to Phase 3 of the Project. The committed minimum spend for this Phase is $2m over 2 years.

21. RELATED PARTY TRANSACTIONS

Transactions with group undertakings:

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Amounts owed to the parent company by subsidiaries are as follows:

	2023 £'000
Monte Muambe Mining Lda – capital contribution	1,425
Altona Rare Earths (Uganda) Limited	-
Altona Rare Earths (Tanzania) Limited	5
Altona Rare Earths Maurtius Ltd	19

Transactions with key management:

The key management personnel are considered to be the Directors. Details of their remuneration are included in the remuneration report.

On 9 June 2023, certain Directors and Senior Management participated in the Fundraise and subscribed for the following shares at the placing value of £0.05 per share:

Louise Adrian	300,000 shares	£15,000
Martin Wood	500,000 shares	£25,000
Christian Taylor-Wilkinson	1,200,000 shares	£60,000

At the year end £50,000 (2022: £57,500) is owing to Leander PR Limited, a company who Christian Taylor-Wilkinson is a director, for marketing, public and investor relations services. This debt was settled on 11 July 2023 through the issue of 1 million shares at the placing value of £0.05 per share.

In the prior year, before taking on an executive role, Cédric Simonet, was employed as a contractor through his company Akili Minerals Services Ltd. He was paid £12,813 in 2022 to act as a Consultant Geologist for the Company.

Notes to the Consolidated Financial Statements (continued)

Transactions with other related parties:

Louise Adrian also works as a consultant for Orana Corporate LLP who provide the Company with accounting and bookkeeping services and are the corporate Company Secretary for the Company. During the year these services cost the Company £48,270 (2022: £44,240).

22. CONTROLLING PARTY

The Directors consider that there is no single controlling party.

23. POST REPORTING DATE EVENTS

On 11 July 2023 an additional 1,033,600 Ordinary Shares were issued in lieu of fees of £51,680, including an amount of £50,000 to settle fees owed to Leander PR Limited, a company wholly owned by Christian Taylor-Wilkinson.

On 25 July 2023, Cedric Simonet transferred the 0.1% of the share capital of Altona Mozambique, Lda and Altona Mozambique II, Lda that he was holding on behalf of Altona Rare Earths Mauritius Limited to Altona Rare Earths Mauritius Limited, (both for nil consideration), giving it a 100% total holding of the share capital in both companies.

On the same day, Altona Rare Earths Mauritius Limited, transferred 5% of the share capital of Altona Mozambique, Lda and Altona Mozambique II Lda, (for nil consideration), to Ossanzaya Empreendimentos Lda, a company registered in Mozambique.

On 25 September 2023, the Company published its Maiden Resource Estimate which reported that there is an estimated 13.6 million tons at 2.42% TREO with a cut-off grade of 1.5% TREO. The Scoping Study published on 18 October 2023 demonstrated the potential for Monte Muambe to become a viable mining operation and provided the Company with sufficient confidence to proceed with the Prefeasibility Study and with Phase 3 of the Farm-Out Agreement.

The Company has also initiated the contractual and administrative process to increase its holding in MMM to 51% for a further consideration of £40,000 and one million shares.

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