RNS Number : 9673X
Aterian PLC
02 May 2023

Aterian Plc
("**Aterian**" or the "**Company")**

Final Results for the Year Ended 31 December 2022

Aterian Plc (LSE: ATN) is pleased to announce its audited results for the period ended 31 December 2022.

Chairman's Statement:

Dear Shareholder,

2022 marked a year of significant positive change for the Company. On 24 October 2022, we completed the acquisition of 15 copper-silver and base metal exploration projects in the Kingdom of Morocco, moved the market listing to the Main Market of the London Stock Exchange ("LSE"), and changed the name of the Company from Eastinco Mining and Exploration Plc to Aterian Plc. This transaction has transformed the Company into a multi-jurisdiction, multi-commodity, critical and strategic metals focussed exploration and development company, and we are excited to welcome Elemental Altus Royalties as a significant shareholder.

The rationale for this acquisition was to acquire exciting prospective assets that fit into our strategy of targeting critical and strategic metals to exploration. Currently, the renewable energy, automotive and electronic manufacturing sectors are driving the requirement to develop secure supply chains of critical and strategic metals. This is the energy transformation from carbon-based sources to renewable sources and storage systems. The exploration conducted on the Moroccan assets highlights the strong potential for the discovery of strategic metal deposits, in particular copper and silver. We firmly believe the market fundamentals for copper are excellent and specifically linked to the nascent growing demand for renewable energy and the related electrification of transportation globally. We are keen to invest in Morocco to demonstrate the potential of our assets there and we are keen to demonstrate the full potential of our assets in Rwanda following a very positive shift in focus from Musasa to the southern projects.

Importantly, the listing on the LSE will provide us with exposure to a broader investor profile and greater liquidity in our shares, providing a more solid platform to support the Company's continued growth.

We continue to work towards our objective of becoming an ethical, integrated exploration, development, and trading company across multiple mineral assets and jurisdictions.

Business Review and Future Developments

Morocco Acquisition - Aterian Resources Limited

On 24 October 2022, the Company completed the acquisition of 15 mineral exploration projects covering 762 km^2 in the Kingdom of Morocco from Altus Strategies PLC (now called Elemental Altus Royalties Corp). The completion of the acquisition coincided with a move to the Main Market of the LSE from the AQSE Growth Market, and a change in name from Eastinco Mining and Exploration PLC to Aterian PLC, shortly thereafter. The name change demonstrates the change taking place and pays homage to the geological potential offered by the Moroccan assets acquisition.

As consideration for the Moroccan assets held by the UK-registered company Aterian Resources Limited, the Company issued to Altus 241,173,523 ordinary shares and issued warrants representing 10% of the enlarged share capital of the Company, at the time of admission to the LSE. Warrants representing 5% of the enlarged share

capital of the Company have an exercise price of £0.01 whilst the balance of the warrants has a £0.02 exercise price. All the warrants are exercisable for a period of five years from the admission date. The amount of assets recognised on the acquisition was £3,241,000.

Aterian Resources Limited owns two Morocco registered subsidiaries which hold the title to 50 permits, over 15 separate projects with a combined land area of c.762 km^2. The licences are considered highly prospective for copper, silver, tin, and base metals.

Rwanda Exploration

The main operational focus in 2022 shifted from the Musasa project to the southern projects, where the geological team has identified 22 zones of potential tantalum, niobium, and lithium-hosting pegmatite, making this a very strong exploration play.

Work has targeted the HCK-1 prospect, where shallow exploration pitting has outlined a potential target zone of c.2,500 m in strike length.

The width of the target zone is uncertain but, in several locations, pitting intersected pegmatite over a horizontal distance of c.100 m. A further positive outcome from our work is that 800 m of the identified pegmatite target zone occurs in a "greenfield" environment to the southeast of the main ridgeline hosting HCK-1. This can be described simply as an area where there are no observed artisanal workings, pegmatite outcrop, or surface expressions, where the pegmatite remains blind to the surface, covered by soil and regolith of variable thickness up to 4.50 m. A drone survey has been flown over HCK-1, covering an area of 360 hectares, to provide detailed imagery with topographic data and a current view of the earlier artisanal workings.

A post-period event is the completion of a detailed ground-based geophysical survey over HCK-1. The multi-method survey of Induced Polarisation ("IP"), Electrical IP Tomography, and ground magnetics was designed to provide additional information allowing for a determination of the geological contacts of the main pegmatite zone with the schistose country rock, controlling geological structures and an approximation of the depth of weathering. The final report of this work is pending, and it is expected that a limited scout drilling programme will be planned based on the outcome of this work, providing an opportunity to test the fresh bedrock for the underlying lithium potential.

At the end of June 2022, we suspended operations on our Musasa Project based on the recommendation of Quiver Ltd, our processing consultants. Their assessment was to i) reconfigure the wash plant and ii) undertake additional metallurgical test work to improve overall metal recoveries. The Company's view is to refocus our activities to the southern projects and suspend further investment in production until such time as the new licence at Musasa is granted and then reassess the situation. The original application was made in May 2021. While suspending production was a disappointment, we are excited at the prospect of potentially expanding our potential exploration licence area. As a result, management made the decision to fully impair the carrying value of goodwill and property, plant and assets related to the Group's Musasa Project amounting to £2,168,000 and £877,000 respectively. Appropriately, following the decision to cease work on the Musasa Project the Eastinco Limited Managing Director and Rwandan country manager, Daniel Hogan resigned.

Fieldwork undertaken at Musasa has been limited to geological examination of the Kassava prospect. Kassava is one of five identified mineralized LCT pegmatite targets occurring on the project, where historic artisanal miners have excavated a 20 m x 30 m wide cut to a depth of c. 13 m, close to the centre of the prospect. Field observations indicate Kassava to be a lens-shaped body, with a maximum horizontal width of 80 m, with the exploration pits covering a strike length of 250 m.

Financial Review

During the year under review the Group made a loss before taxation of £4,383,0000 (2021: loss £1,351,000). The prudent impairment of both the goodwill of £2,168,00 and property, plant and equipment of £877,000 relating to the Musasa project in Rwanda accounts for the majority of the 2022 loss.The consultant's assessment was to reconfigure the wash plant and to undertake additional metallurgical test work to improve overall metal recoveries. As a result, we made write-downs to goodwill of £2,168,000 and plant and equipment of £877,000.

Administrative costs were contained during the year at £996,000 (2021: £1,02,000), largely as a result of a reduction in Directors' remuneration from £200,000 in 2021 to £55,000 in 2022 offset by increases in other operating costs.

All directors signed new service agreements (at prudent but market rates) effective from the Company's admission to the main market in October 2022. Accordingly, these savings will not be repeated in 2023.

These losses and acquisition costs were funded in the main by the placing of 85,4 million shares for a cash consideration of £854,000.

The issue of options, and warrants and options during the year resulted in a share-based payment expense of £335,000 (2012: £267,000). Warrants issued to Altus as additional consideration have also given rise to a share-based payment expense with a total of £491,000 being capitalised as part of the acquisition.

Loss per share for the year was 0.76 pence against 0.24 pence in 2021.

At the year-end, cash balances were £110,000 although the Group has the benefit of a working capital facility made available by the Chairman. The raising of new funds for developing the business is a key focus of the Board.

Director Changes

Mr. Simon Retter offered to resign as a Non-Executive Director in November 2022 following the Admission to the LSE, and Mr. Kasra Pezeshki and Mr. Alister Masterton-Hume officially joined the Board of Directors as Non-Executive Directors on the 24 of October 2022. Mr Retter formally left the Board in early 2023.

Outlook

As a Board, we believe the outlook for Aterian remains very positive. We have encouraging results coming back from preliminary work on the recently acquired Moroccan projects and have identified a new rare-metal hosting pegmatite swarm in southern Rwanda with lithium potential. We recently attended the Mining Indaba in Cape Town where we received strong trade interest that supports and vindicates our strategy to target critical and strategic metals through the expansion of our portfolio. The market fundamentals remain strong for the Group. I remain firmly optimistic about the Group's prospects going forward and am encouraged by our developing relationships. Furthermore, the launch of our trading operations will allow us to develop more important relationships to drive product trading and revenues.

On behalf of the Company, I would like to take this opportunity to once again thank my fellow Board members, our employees, and our shareholders for their continued support and patience.

Signed on behalf of the Board:

Charles Bray

Director
28 April 2023

This announcement contains information which, prior to its disclosure, was inside information as stipulated under Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310 (as amended).

For further information, please visit the Company's website: www.aterianplc.com or contact:

Aterian Plc:
Charles Bray, Executive Chairman - charles.bray@aterianplc.com
Simon Rollason, Director - simon.rollason@aterianplc.com

Financial Adviser and Broker:
Novum Securities Limited
David Coffman / George Duxberry
Colin Rowbury
Tel: +44 (0)207 399 9400

Financial PR:
Yellow Jersey PR - aterian@yellowjerseypr.com
Charles Goodwin / Bessie Elliot
Tel: +44 (0)20 3004 9512

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

		Group	
	Notes	**Year to 31-Dec-22 £'000**	Year to 31-Dec-21 £'000
Revenue		**-**	-
Administrative expenses	4	**(996)**	(1,020)
Impairment losses	5	**(3,045)**	-
Share-based payment expense	21	**(335)**	(267)
Provision for expected credit losses		**-**	(64)
		(4,376)	(1,351)
Operating loss		**(4,376)**	(1,351)
Interest payable and similar charges	6	**(7)**	(18)
Loss before tax		**(4,383)**	(1,369)
Tax expense	7	**-**	-
Loss after tax		**(4,383)**	(1,369)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Loss / (gain) on translation of foreign operations		**(50)**	28
Total comprehensive loss		**(4,433)**	(1,341)
Loss per share			
Basic and diluted loss per share (pence)	8	**(0.76)**	(0.31)

All activities relate to continuing operations.

The accompanying notes are an integral part of these financial statements

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		Group		Company	
	Notes	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		£'000	£'000	£'000	£'000
Non-current assets					
Investments	9	-	-	**3,241**	2,261
Goodwill	11	**-**	2,168	**-**	-
Exploration and evaluation assets	12	**3,241**	-	**-**	-
Trade and other receivables	14	**-**	-	**6**	-
Amounts owed by group undertakings	14	**-**	-	**-**	1,703
Property, plant and equipment	13	**421**	1,226	**6**	-
Total non-current assets		**3,662**	3,394	**3,253**	**3,964**
Current assets					
Trade and other receivables	14	**319**	188	**266**	143
Cash and cash equivalents	15	**110**	196	**41**	190
Total current assets		**429**	384	**307**	133
Total assets		**4,091**	**3,778**	**3,560**	**4,297**
Equity and liabilities					
Share capital	20	**9,647**	5,671	**9,647**	5,671
Share premium	20	**2,177**	2,144	**2,177**	2,144
Share-based compensation reserve	21	**2,441**	1,615	**2,441**	1,615
Interest in shares in EBT	21	**(839)**	(395)	**(839)**	(395)
Translation reserve		**(314)**	(263)	**-**	-
Accumulated losses		**(10,968)**	(6,629)	**(11,784)**	(6,373)
Other reserves		**-**	80	**-**	58
Merger relief reserve		**1,200**	1,200	**1,200**	1,200
Total equity		**3,345**	3,423	**2,843**	3,920
Current liabilities					
Trade and other payables	16	**395**	197	**366**	219
Deferred consideration	17	**200**	-	**200**	-

Total current liabilities		**595**	197	**566**	219
Non-current liabilities					
Borrowings	18	**151**	158	151	158
Total non-current liabilities		**151**	158	**151**	158
Total equity and liabilities		**4,091**	**3,778**	**3,560**	**4,297**

*: The correction of prior period errors is disclosed in note 2 of the notes to the financial statements.

The Company made a loss of £5,433,000 for the year 2022 (2021 - loss of £1,152,000).

These financial statements were approved by the Board and were authorised for issue on 28 April 2023 and signed on their behalf by:

Charles G Bray

Chairman

Company number: 07496976

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Share-based compensation reserve	Interest in shares in EBT	Translation reserve	Other Reserve	Merger relief reserve	Accumulated losses	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2021	4,301	2,144	1,348	(133)	(291)	80	1,200	(5,326)	3,323
Loss for the year	-	-	-	-	-	-	-	(1,369)	(1,369)
Other comprehensive loss	-	-	-	-	28	-	-		28
Transactions with owners:									
Transfer from other reserve to accumulated losses	-	-	-	-	-	-	-	66	66
Share based compensation	-	-	267	(262)	-	-	-	-	5
Issue of new shares	1,370	-	-	-	-	-	-	-	1,370
At 31 December 2021	**5,671**	**2,144**	**1,615**	**(395)**	**(263)**	**80**	**1,200**	**(6,629)**	**3,423**
Loss for the year	-	-	-	-	-	-	-	(4,383)	(4,383)
Other comprehensive loss	-	-	-	-	(50)	-	-	-	(50)
Transactions with owners:									

Discounting of loan notes	-	-	-	-	-	(36)	-	-	(36)
Transfer from other reserve to accumulated losses	-	-	-	-	-	(44)	-	44	-
Share based compensation	-	-	826	(444)	-	-	-	-	382
Issue of new shares	3,976	33	-	-	-	-	-	-	4,009
At 31 December 2022	**9,647**	**2,177**	**2,441**	**(839)**	**(313)**	**-**	**1,200**	**(10,968)**	**3,345**

Share based compensation reserve
The entry to the share based compensation reserve in the year is made up of £335,000 which was charged to the consolidated statement of comprehensive income (note 21) and £491,000 which related to warrants capitalised in connection with the Altus acquisition (note 10).

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium	Share-based compensation reserve	Interest in shares in EBT	Other Reserve	Merger relief reserve	Accumulated losses	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 January 2021	4,301	2,144	1,348	(133)	80	1,200	(5,221)	
Loss for the year	-	-	-	-	-	-	(1,152)	(
Transactions with owners:								
Other reserve movement	-	-	-	-	(22)	-	-	
Share based compensation	-	-	267	(262)	-	-	-	
Issue of new shares	1,370	-	-	-	-	-	-	
At 31 December 2021	**5,671**	**2,144**	**1,615**	**(395)**	**58**	**1,200**	**(6,373)**	
Loss for the year	-	-	-	-	-	-	(5,432)	(
Transactions with owners:								
Discounting of loan notes	-	-	-	-	(36)	-	-	
Transfer from other reserve to accumulated losses	-	-	-	-	(22)	-	22	
Share based compensation	-	-	826	(444)	-	-	-	
Issue of new shares	3,976	33	-	-	-	-	-	
At 31 December 2022	**9,647**	**2,177**	**2,441**	**(839)**	**-**	**1,200**	**(11,784)**	

Reserves	**Description and purpose**
Share capital	Nominal value of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share-based compensation reserve	Cumulative fair value of the charge/(credit) in respect of share options granted and recognised as an expense in the Income Statement.
Translation reserve	The translation reserve comprises translation differences arising from the

	translation of financial statements of the Group's foreign entities into Sterling (£).
Other reserves	The other reserve comprises differences arising from the discounting of loan notes.
Merger relief reserve	The merger relief reserve comprises differences between the fair value and at par value of shares issued for the acquisition of subsidiary
Interest in shares in Employees Benefit Trust (EBT)	The Company set up an Employees Benefit Trust on 6 March 2015 (the Equatorial EBT) for the benefit of its employees. The cost of shares held by the EBT are presented as a deduction from entity.
Accumulated losses	Accumulated losses represents total losses.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		31-Dec-22	31-Dec-21	**31-Dec-22**	31-Dec-21
		£'000	£'000	**£'000**	£'000
Cash flow from operating activities					
Loss after tax		**(4,383)**	(1,369)	**(5,433)**	(1,151)
Adjustments for:					
Depreciation		**22**	2	**-**	-
Share based expense		**335**	267	**335**	267
Costs not paid cash		**50**	-	**50**	-
Interest expense		**7**	18	**7**	18
Inter-company interest income		**-**	-	**(264)**	(224)
Provisions for expected credit losses		**-**	64	**2,444**	64
Provision for impairment of investments	9	**-**	-	**2,261**	
Provision for impairment of goodwill	11	**2,168**	-	**-**	-
Impairment of property plant and equipment	13	**877**	-	**-**	-
Foreign exchange gains		**(134)**	(28)	**-**	-
Operating loss before working capital changes		**(1,058)**	(1,046)	**(600)**	(1,027)
Changes in working capital:					
(Increase) / decrease in trade & other receivables		**81**	337	**89**	381
Increase / (decrease) in trade & other payables		**168**	(490)	**117**	(294)
Net cash outflows from operating activities		**(809)**	(1,199)	**(394)**	(940)
Cash flow from investing activities					
Purchase of plant and equipment		**(10)**	(239)	**(6)**	-
Asset acquisition including directly attributable costs	10	**(108)**	-	**(108)**	-
Funds advanced to subsidiary		**-**	-	**(482)**	-
Net cash used in investing activities		**(118)**	(239)	**(596)**	-
Cash flow from financing activities					
Net proceeds from borrowings	18	**-**	567	**-**	567
Loan received	20	**150**	495	**150**	-
Cash proceeds from issue of shares		**691**	520	**691**	520
Net cash flow from financing activities		**841**	1,582	**841**	1,086
Net (decrease) / increase in cash & cash equivalents		**(86)**	144	**(149)**	141
Cash & cash equivalents at beginning of the year		**196**	52	**190**	49
Effect of exchange rate movements on cash		**-**	-	**-**	-
Cash and cash equivalents at end of the year		**110**	196	**41**	190

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. General information

Aterian plc ("the Company") is an investment company, focussed on African mineral resource investment opportunities. The Company operates through its 100% owned subsidiary, Eastinco Limited ("EME Ltd"), a Rwandan tantalum, tin and tungsten exploration company and Aterian Resources Limited which holds copper-silver and base metal exploration projects in the Kingdom of Morocco.

On 24 October 2022, the Company completed the acquisition of 15 mineral exploration projects covering 762 km2 in the Kingdom of Morocco from Altus Strategies PLC (now called Elemental Altus Royalties Corp). The completion of the acquisition coincided with a move to the Standard Sector of the London Stock Exchange from the AQUIS Stock Exchange, and a change in name from Eastinco Mining and Exploration PLC to Aterian PLC, shortly thereafter.

The Company is incorporated and domiciled in the UK. The address of its registered office is 27-28 Eastcastle Street, London W1W 8DH.

The registered number of the company is 07496976.

2. Basis of preparation

2.1 General

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted for use in the United Kingdom ("UK adopted IFRS") and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for the valuation of assets acquired in an asset acquisition which are measured at fair value.

The financial statements have been rounded to the nearest thousand pounds.

The Company has taken the exemption under s408 Companies Act 2006 and has therefore not published its own profit and loss account in these financial statements.

During the year, the Group identified a number of presentational matters relating to the year ended 31 December 2021 which have been adjusted in the year ended 31 December 2022. On the basis that this is immaterial, and the errors relate to disclosures, a prior year adjustment was not made. In particular

- The financial statements for the year ended 31 December 2021 overstated the number (but not the value) of shares issued by 50,000,000 ordinary shares Additionally, the brought forward number of shares in issue was overstated by 510 shares. These financial statements have corrected this by way of presentation restatement in Note 20. The basic and diluted loss per share in 2021 has remained unchanged at 0.31 pence.
- The financial statements for the year ended 31 December 2021 understated the number (but not the value) of options issued by 12,346,660 and these financial statements have corrected this by way of presentation restatement in Note 21.

2.2 Functional and presentation currency

The financial statements of the Group are presented in Pounds Sterling, which is also the functional currency of the Company. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency).

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Aterian Plc and its subsidiaries as at 31 December 2022. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns
- Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all

relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full, on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

Business combinations are accounted for under the acquisition method. Under the acquisition method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Consolidated Financial Statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination, and directly expensed.

Any excess of the purchase consideration of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill, if any, is not amortised but reviewed for impairment at least annually.

Intra-group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2.4 Business combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business and is accounted for using the acquisition method. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business consists of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs, have the ability to create outputs that provide a return to the Company and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs but can be integrated with the inputs and processes of the Company to create outputs.

When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs, the Company considers other factors to determine whether the set of activities or assets is a business.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based

payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Acquisition-related costs of a business combination, other than costs to issue equity securities, are expensed as incurred.

2.5 Asset acquisitions

Asset acquisitions

Where the Company has determined that the assets acquired do not meet the definition of a business, the transaction is accounted for as an asset acquisition. In such cases, the Company identifies and recognises the individual assets acquired and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities on the basis of their fair values at the date of purchase. Such a transaction does not give rise to goodwill. At the Group level, the transaction is an acquisition of exploration and evaluation assets. At the Company level, the acquisition is treated as an investment.

When determining the initial measurement of an asset acquisition, the Company assesses both the fair value of the consideration paid as well as the fair value of each asset acquired and liability assumed. The consideration is presumed to equal to the fair value of the net assets acquired unless there is evidence to the contrary. The fair value of the consideration determines the cost to be allocated over the group of assets acquired and liabilities assumed. The fair values of the individual assets and liabilities are used to determine the proportional amount of that cost to be allocated to the identifiable assets and liabilities that make up the transaction. No provision for deferred tax is recognised on the acquisition.

Expenses incurred directly in relation to the acquisition are capitalised as part of the cost of the assets acquired.

2.6 Going concern

The financial statements have been prepared on a going concern basis. The Group has not yet earned revenues and as at 31 December 2022 was in the feasibility, optimisation and commissioning phase of its ore processing plant in Rwanda. In Morocco, each of its assets are in the early stages of exploration and feasibility assessment. Continuing operations of the Group are currently financed from funds raised from shareholders and this will likely continue to be the case until revenue is generated from mining and/or trading and subsequent ore sales. In the short term the Chairman of the Company has made available to the Company a working capital facility, but the Group will likely need to raise further funds in order to progress the Group from the exploration phase into feasibility and eventually into production of revenues.

As at 31 December 2022, the Group had cash and cash equivalents of £110,000 and a working capital facility of £500,000 of which £50,000 remains to be drawn. As at the date of this report, cash balances were approximately £218,000. The Company also hopes to raise additional equity to fund both day-to-day expenditure and potential growth although there can be no certainty that such funding will be forthcoming.

As part of their assessment, the Directors have prepared financial cash-flow forecasts on the basis that cost reduction and cost deferral measures can be implemented over the going concern period The Company's base case financial projections show that the Group will continue to operate within the available facilities throughout the next 12 months. Much of the Group's planned exploration expenditure is discretionary and, if necessary, could be scaled back to conserve cash should circumstances coincide with our expectations.

The Directors have agreed, if circumstances require, to defer payment of their fees until such time as adequate funding is received and if necessary, scale back all discretionary expenditure including exploration expenditure.

The Directors have concluded that these circumstances give rise to a material uncertainty relating to going concern, arising from events or conditions that may cast significant doubt on the entity's ability to continue as a going concern if a further fund raise was unsuccessful. However, considering recent successful fund raises the Directors are confident that they can continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any adjustment that may arise in the event that the Group is unable to raise finance, realise its assets and discharge its liabilities in the normal course of business.

2.7 Changes in accounting policies

New standards, interpretations and amendments adopted from 1 January 2022

There were no new standards or interpretations impacting the Group that will be adopted in the annual financial statements for the year ended 31 December 2022, and which have given rise to changes in the Group's accounting policies.

Standards and interpretations in issue but not yet effective or not yet relevant

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effect annual periods beginning before or after
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);	1st January 2023
IAS 8	Amendments regarding the definition of accounting estimates	1st January 2023
IAS 12	Amendments regarding deferred tax on leases and decommissioning obligations	1st January 2023
IFRS 17	Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	1st January 2023
IAS 1	Amendments to defer the effective date of January 2020 amendments regarding the disclosure of accounting policies	1st January 2023
IFRS 16	Leases (Amendment - Liability in a Sale and Leaseback)	1st January 2024
IAS 1	Presentation of Financial Statements (Amendment - classification of Liabilities as Current or Non-current)	1st January 2024
IAS 1	Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants)	1st January 2024

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Group's financial statements.

2.8 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Directors are of the opinion that the Group is engaged in a one operating segment being exploration activity in Africa.

2.9 Accounting for interest in own shares held though an Employees Benefit Trust

The funds advanced to acquire the shares have been accounted for under IFRS as a deduction from equity rather than as an asset.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of on entity and a financial liability or equity instrument of another.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit and loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(b) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, accruals and loan notes.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings, trade and other payables, and accruals.

After initial recognition, interest-bearing loans and borrowings, trade and other payables, and accruals are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to trade payables, other payables and accruals.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

2.11 Taxation

Current tax is calculated according to local tax rules, using tax rates and laws enacted or substantively enacted at the reporting date. Current and deferred tax is recognised in profit or loss unless it relates to an item recognised in other comprehensive income or equity in which case the related current tax or deferred tax is recognised in other comprehensive income or equity respectively.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, determined using tax rates and laws that are substantively enacted at the reporting date and are expected to apply as or when the temporary differences reverse. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.11 Property, plant and equipment

Property, plant, and equipment (PPE) is carried at cost less depreciation and accumulated impairment losses. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of PPE.

The Group assesses at each reporting date whether items of PPE are impaired.

Depreciation is provided on PPE, at rates calculated to write off the cost less the estimated residual value of each asset, on a straight-line basis, over their expected useful lives as follows:

Mining equipment	10 years
Mining Assets (incl exploration and evaluation expenditure)	8 years
Office equipment	4 years
Motor vehicles	5 years
Computer equipment	2 years
Land	not depreciated
Mine site	not depreciated

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

The Company capitalizes expenditures incurred in exploration and evaluation (E&E) activities as project costs, categorized as intangible assets (exploration and evaluation assets), when those costs are associated with finding specific mineral resources. Expenditure included in the initial measurement of project costs and which are classified as intangible assets relate to the acquisition of rights to explore. Capitalization of pre-production expenditure ceases when the mining property is capable of commercial production. Project costs are recorded and held at cost and no amortization is recorded prior to commencement of production. An annual review is undertaken of each area of interest to determine the appropriateness of continuing to capitalize and carry forward project costs in relation to that area of interest, in accordance with the indicators of impairment as set out in IFRS 6. An impairment provision of £877,000 has been made in the year ended 31 December 2022 (2021: nil) as more fully described in Note 13.

2.13 Intangible assets - Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to profit or loss. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date. An impairment provision of £2,168,000 has been made in the year ended 31 December 2022 (2021: nil) as more fully described in Note 11.

2.14 Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out

on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

2.15 Investment in subsidiaries

The Company, through its 100% owned Rwanda registered subsidiary, Eastinco Limited which was acquired on 15 October 2019, is actively engaged in mineral exploration and development of its portfolio of critical and strategic metals in Rwanda, with the focus on extracting and recovery of tantalum and tin.

Eastinco Limited also holds a metal trading license, issued by the authorities in Rwanda, which allows for the trading of metals from our mine supply and third-party producers and suppliers.

The Company also holds a portfolio of 15 highly prospective copper-silver and other base metal exploration projects in Morocco, acquired in October 2022 through its 100% owned Moroccan subsidiary, Aterian Resources Limited.

The Directors have reviewed evidence which might suggest whether the investments in the subsidiaries have become impaired.

In particular, the Directors reviewed whether there exist:

- significant financial difficulty in the subsidiaries;
- a breach of contract, such as a default or past-due event;
- it is becoming probable that the subsidiaries will enter bankruptcy or another financial reorganisation;
- the disappearance of any market for the debt of the subsidiaries because of financial difficulties; or
- the financial liabilities of the subsidiaries trade at a deep discount that reflects likely incurred credit losses.

As more fully described in Note 9, the Directors have considered the evidence in respect of the Company's investments in its Rwandan subsidiaries and made full impairment against such investment amounting to £2,2,61,000. The Company's subsidiaries as at 31 December 2022 were as follows:

	Shareholding	**Nature of Business**	**Country of Incorporation**
Held directly:			
Eastinco Limited	**100%**	Mining & exploration	Rwanda
Eastinco ME Ltd	**100%**	Mining & exploration	UK
Aterian Resources Ltd	**100%**	Mining & exploration	UK
Held indirectly:			
Musasa Mining Ltd	**85%**	Dormant	Rwanda
Kinunga Mining Ltd	**70%**	Mining & exploration	Rwanda
Atlantic Minerals Ltd	**100%**	Mining & exploration	Seychelles
Adrar Resources S.A.R.L.A.U.	**100%**	Mining & exploration	Morocco
Azru Resources S.A.R.L.A.U.	**100%**	Mining & exploration	Morocco
Strat Co Limited	**100%**	Dormant	Isle of Man

Notes:

(i) The registered office of each of the UK subsidiaries is: Eastcastle House, 27/28 Eastcastle Street, London, United Kingdom, W1W 8DH.

(ii) The registered office of each of the Rwandan subsidiaries is: Remera, Gasabo, Umujyi wa Kigali, Rwanda.

(iii) The registered office of each of the Morrocann subsidiaries is: 18 Rue Jabel Tazekka, 4ème Etage, Appt 9, Agdal, Rabat, Morocco.

(iv) The registered office of Strat Co Limited is: Alma House, 7 Circular Road, Douglas, Isle of Man, IM1 1AF.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions and deposits with maturities of three months or less from inception.

2.17 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into sterling at the rate of

exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation of a foreign operation, assets and liabilities are translated at the closing rate at the reporting date, income and expenses where the average rate is not materially different to the rates of exchange ruling at the dates of the transactions are translated at average exchange rates. All resulting exchange differences shall be recognised in other comprehensive income and are accumulated in a separate component of equity. On disposal of the foreign operation the accumulated gains or losses previously recognised in entity are transferred to profit or loss and are recognised as a part of the overall profit or loss on disposal of the foreign operation.

2.18 Share-based payment arrangements

Equity-settled share-based payments are measured at fair value at the date of issue.
Aterian Plc has granted both share options and warrants that will be settled through the issuance of shares of the Company. The cost of equity-settled transactions is measured by reference to the fair value at the date on which they were granted and is recognised as an expense over the vesting period, which ends on the date the recipient becomes fully entitled to the award. Fair value is determined by using the Black-Scholes option pricing model.

In valuing equity-settled transactions, no account is taken of any service and performance conditions (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for the recipients to become fully entitled to an award are considered to be non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account in determining the grant date's fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous reporting date is recognised in profit and loss, with a corresponding entry in equity.

Where the terms of the equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity-based award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of the cancellation, and the cost not yet recognised in profit and loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense.

2.19 Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group has several joint venture agreements in relation to operating at the mining sites. These are not yet operational and therefore no assets or liabilities have been consolidated into these accounts as at 31 December 2023.

2.20 Exploration, evaluation and development expenditures

Exploration expenditue

Exploration expenditures reflect the costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with the acquisition of mineral licences, prospecting, sampling, mapping, geophysical survey, laboratory work, diamond drilling and other work involved in searching for mineral deposits. All expenditures relating to exploration activities are expensed as incurred except for the costs associated with the acquisition of mineral licences which are capitalised.

Evaluation expenditure

Evaluation expenditures reflect costs incurred at projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition.

Evaluation expenditures include the cost of:

- establishing the volume (tonnage) and grade of deposits through drilling of core samples, trenching and sampling activities for an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;

- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralised material is commercially viable, including scoping, prefeasibility and final feasibility studies.

Evaluation expenditures are capitalised if management determines that there is evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when it is expected that the technical feasibility and commercial viability of extraction of the mineral resource can be demonstrated considering long-term metal prices. Therefore, prior to capitalising such costs, management determines that the following conditions have been met:

- There is a probable future benefit that will contribute to future cash inflows;
- The Group can obtain the benefit and control access to it; and
- The transaction or event giving rise to the benefit has already occurred.

The evaluation phase is complete once technical feasibility of the extraction of the mineral deposit has been determined through the preparation of a reserve and resource statement, including a mining plan as well as receipt of required permits and approval of the Board of Directors to proceed with development of the mine. On such date, capitalised evaluation costs are assessed for impairment and reclassified to development costs.

Development expenditure

Development expenditures are those that are incurred during the phase of preparing a mineral deposit for extraction and processing. These include pre-stripping costs and underground or open-pit development costs to gain access to the ore that is suitable for sustaining commercial mining, preparing land, construction of plant, equipment and buildings and costs of commissioning the mine and processing facilities. It also includes proceeds received from pre-commercial production.

Expenditures incurred on development projects continue to be capitalised until the mine and mill move into the production stage. The Group assesses each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the nature of each mine construction project, such as the complexity of a plant or its location. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moved into the production stage. The criteria considered include, but are not limited to, the following:

- the level of capital expenditures compared to construction cost estimates;
- the completion of a reasonable period of testing of mine plant and equipment;
- the ability to produce minerals in saleable form (within specification); and
- the ability to sustain ongoing production of minerals.

If the factors that impact the technical feasibility and commercial viability of a project change and no longer support the probability of generating positive economic returns in the future, expenditures will no longer be capitalised and the capitalised development costs will be assessed for impairment.

2.21 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS 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 consolidated financial statements, are disclosed below:

Key judgements:

a) Acquisition of Aterian Resources Limited

As part of its preparation of consolidated financial statements for the year ended 31 December 2022, the Company has considered relevant accounting guidance and.in particular, whether the acquisition of Aterian Resources Limited falls within IFRS3 Business Combinations. In determining whether the acquisition falls within the scope of IFRS 3 the Company has considered a number of factors outlined below.

A business combination must involve the acquisition of a business, which generally has three elements:

- Inputs - an economic resource (e.g. non-current assets, intellectual property) that creates outputs when one or more processes are applied to it
- Process - a system, standard, protocol, convention or rule that when applied to an input or inputs, creates outputs (e.g. strategic management, operational processes, resource management)
- Output - the result of inputs and processes applied to those inputs

Considering this guidance, management has determined that Aterian Resources' projects are in the exploratory phase and have not yet started revenue-generating operations. In particular, it holds research permits and a mining licence for mining projects, mainly copper, in Morocco.

In assessing whether there are inputs and substantive process, management has considered whether the business has outputs or not.

Management believes there are no such outputs present on acquisition. In these circumstances, when it does not have outputs, then inputs should include an organized workforce and other inputs that the workforce can develop or convert into outputs.

As an alternative to assessing whether the acquisition comprised inputs, substantive process and all other features of business, IFRS 3 introduced a new simplification option - The Concentration of fair value test.

Whist optional, it is relevant to the Company as the principal question in this test is:

Is substantially all of the fair value of the gross assets concentrated in a single identifiable asset or group of similar identifiable assets. The assembled workforce was small and of low value. No other assets were acquired. Management has assessed this to be the case and therefore considers the acquisition is not that of a business falling under IFRS 3, i.e. it is an asset purchase and the following accounting treatment applies:

- The total transaction price of the acquisition is allocated to individual items or group of similar items based on their relative fair values;
- No goodwill is recognised;
- Transaction costs are capitalised; and
- Contingent consideration is not recognised until it is confirmed whether or not the conditions are met. In particular, this applies to the Royalty Deeds and Musasa Royalty Deed.

In applying this test, management has judged that substantially all the fair value is concentrated in a group of assets, these being the Moroccan projects acquired. In particular, management considered:

- The Gross assets acquired (being exploration and evaluation assets) do not include cash and cash equivalents, deferred tax assets and goodwill arising from the effects of deferred tax liabilities.
- The fair value of the gross assets acquired includes any consideration transferred in excess of the fair value of net identifiable assets acquired.
- A single identifiable asset must include any asset or group of assets that would be recognised and measured as a single identifiable asset in a business combination.
- When assessing whether assets are similar, management has considered the nature of each single identifiable asset and the risks associated with managing and creating outputs from the assets (that is, the risk characteristics).

On the basis of the above, management has concluded that the acquired set of activities and assets is not a business.

Exploration and Evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalised. They are subsequently measured at cost less accumulated impairment. Once JORC-compliant (or equivalent) resources and/or reserves are established and development is sanctioned, E&E assets are to be tested for impairment and transferred to 'Mines under construction'. No amortisation is charged during the E&E phase.

Acquisition and other transaction expenses
The Company has considered how the costs of the acquisition, which involved both issuing new shares and Admission to the Official List (by way of Standard Listing) should be accounted for. In accordance with IAS 32 Financial Instruments: Presentation, the Company has allocated such costs as follows:

- Incremental costs that are directly attributable to issuing new shares should be deducted from equity where such shares are issued at a premium - in this case, all shares were issued at par so no deduction has been made and all such costs have been expensed - IAS 32.37; and
- Costs that relate to the stock market listing or are otherwise not incremental and directly attributable to issuing new shares, should be recorded as an expense in the statement of comprehensive income.
- Costs that relate to the acquisition have been capitalised.

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 may be deducted from equity.

The acquisition and listing was a combined exercise. Certain costs, such as stamp duties and broking fees, are clearly attributable to raising additional equity. Other costs, such as listing fees, relate only to the listing and have been expensed. The costs of due diligence are considered to be related to the acquisition and thus, as an asset purchase, have been capitalised.

The Company has identified the following costs to be directly related to the acquisition and Admission:

Transaction costs	**£**
Total costs capitalised as part of the acquisition	87,958
Costs expensed in profit and loss	308,440
Total fair value of assets acquired	**396,398**

b) Going concern

In their assessment of going concern, the Directors have prepared cash flow forecasts which require a number of judgments to be made including the Directors' ability to access further financing and to implement cost saving and deferral measures, where necessary.

The Directors have prepared a cash flow forecast to 30 September 2024 which assumes that the Group is not able to raise additional funds within the going concern period and if that was the case, the forecasts demonstrate that mitigating measures can be implemented, or significant project expenditure delayed to reduce the cash outflows to the minimal contracted and committed expenditure while also maintaining the Group's licences and permits.

In this going concern analysis, the base case cash flow forecast has been prepared on the following bases:

- Separate budgets have been prepared for each of the Kinunga and Musasa projects in Rwanda and the Moroccan projects, as well as the Rwanda trading operations and corporate expenditure for the 18 months to September 2024.
- Each project has an assumed sampling, mapping, drilling testing and survey exploration programme with supporting overhead functions and capital expenditure in a phased approach.
- In Morocco, exploration is planned primarily for the Agdz and Tata permits, with lower levels of expenditure for Azra, Jebilet and others.
- Trading activity commencing in Q2 with the first sales proceeds being received in July 2023.
- In particular, the Company anticipates Ore purchases that will be sold to off-takers who are currently buying at between $215 and $225/Kg of Ta205. A trading cacility is subject to financial due diligence and is expected to be concluded in May 2023. The facility will incorporate a funding schedule with funds being disbursed in tranches as agreed. Interest at 15% per annum will be payable monthly in arrears and secured by a first-ranking fixed charge over the Company's assets.
- Trade funding is provided for 100% of the commodity acquisition costs.
- Corporate expenditure is assumed to continue at current levels.
- New equity funds are not assumed although the Directors are in discussion with advisors and investors for an additional funding round. We have similarly excluded related fundraising costs.
- Inflationary assumptions have not been specifically factored as the impact is not considered material.

The significant judgements involved in this going concern assessment included consideration of a heightened inflationary environment and the availability of working capital facilities. In the Directors' judgement, many of the Group's expenditures are fixed in nature and as a consequence inflation doesn't represent a significant source of estimation uncertainty.

Based on their assessment of the financial position, the Directors have a reasonable expectation that the Group will be able to continue in operational existence for the next twelve months and continue to adopt the going concern basis of accounting in preparing these financial statements.

Key estimates:

a) Share-based payments

The Company recognises compensation expense for share-based transactions by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires making assumptions and determining the most appropriate inputs to the valuation model and estimating the number of units expected to vest. This estimate is based on a Black and Scholes model which utilises a key number of assumptions The inputs used in the valuations are presented in note 20.

The sensitivity to changes in volatility assumptions is particularly significant. An increase / decrease of 10% (from the 67% volatility rate assumed) would have the following impact on the share-based payment expense for the year and the amounts recognised within the purchase consideration of Aterian Resources, respectively:

	Expense £	Purchase consideration £
10% increase in volatility	**18,533**	**68,907**
10% decrease in volatility	**(18,807)**	**(71,790)**

b) Impairment of intangible assets

The Group tests annually for impairment or more frequently if there are indications that the Company's investments or the Group's goodwill and exploration and evaluation assets might be impaired.

IFRS requires management to test for impairment if events or changes in circumstances indicate that the carrying amount of a finite life asset may not be recoverable.

For the year ended 31 December 2022, the Group performed a review for indicators of impairment in the values of its intangibles and evaluated key assumptions. These included considering any revisions to the mine plan, including current estimates of recoverable mineral reserves and resources, recent operating results and future expected production.

Management performed a detailed impairment review of the Rwandan exploration assets. In management's opinion, the recoverable amount of the Rwandan assets do not support either the Company's investment carrying value of £2,261,000 or the Group's goodwill of £2,168,000.

Management has determined that all expenditure capitalised in relation to the Group's Musasa Project should be fully impaired on the basis that all production activity has been suspended. Accordingly, the Group's goodwill of £2,168,000 and the Company's investment in Eastinco ME Limited, amounting to £2,261,000 have been impaired.

The Company's investment in Aterian Resources Limited of £3.2m was based on the agreed transaction price with Altus Strategies Plc. The Directors have not conducted detailed impairment testing at 31 December 2022 as no impairment triggers have been identified during the period since acquisition in October 2022. The data generated since acquisition and published on the Company's website demonstrates the strong potential for economic discovery However, the Directors have given consideration to a research note from the Company's broker which was published when there were 10 projects held in Morocco by Altus. The Company acquired 15 projects and since this research, copper was identified on the Tata and Azrar projects. Tata has the potential to be large-scale and would significantly increase overall valuations. The research note prepared in 2021 assigned a $5 million valuation to the 10 projects. In the Directors' opinion, based on test results since acquisition, the carrying value of the Moroccan assets would be no less than the agreed transaction price.

3. Directors' remuneration

Director salaries	**Fees and salaries**	**Share-based payment expense**	**2022 Totals**	**2021 Totals**
	£'000	**£'000**	**£'000**	**£'000**
Executive Directors				
Charles Bray	26	3	29	-
Simon Rollason	24	-	24	200
Non-Executive Directors				
Simon Retter	-	1	1	-
Devon Marais	-	1	1	-
Alister Hume	-	-	-	-
Kasra Pezeshki	-	-	-	-
Mike Staten	-	-	-	-
	50	5	55	200

4. Administrative expenses

	2022	**2021**
	£'000	**£'000**
Directors' salaries	50	200
Staff costs	91	71
Auditor's remuneration	75	63
Travel expenses	12	1
Metallurgical tests	55	-
Legal expenses	194	129
Professional fees	216	361
Accounting fees	30	27
Depreciation	22	2
Other expenses	251	166
	996	1,020

Auditor's remuneration

	2022	2021
	£'000	£'000
Auditor's remuneration:		
- Audit fee	75	63
	75	63

Staff Costs

During the year the average number of employees (including Directors) was 22 (2021: 38).

Aggregate staff costs including directors comprise:	2022	2021
	£'000	£'000
Salaries and wages	130	65
Staff welfare	3	2
Social security and pension contributions	8	4
Share capital issued as remuneration	-	200
	141	271

Key management personnel of the Group comprised the directors.

5. Impairment losses

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. As more fully described in Notes 11 and 13, the Group has made provisions to fully impair the carrying value of goodwill and property, plant and assets related to the Group's Musasa Project as follows:

	2022	2021
	£'000	£'000
Impairment of goodwill (Note11)	2,168	-
Impairment of property, plant and equipment (Note 13)	877	-
	3,045	

6. Finance costs

	2022	2021
	£'000	£'000
Interest expense on loan notes	6	18
Interest on related party loan	1	-
	7	18

7. Taxation

	2022	2021
	£'000	£'000
Current tax:		

UK taxation	-	-
Overseas taxation	-	-
Total tax	-	-

Reconciliation of income tax

	2022	2021
	£'000	£'000
Loss before tax	(4,383)	(1,369)
UK corporation tax rate	19%	19%
Tax at expected rate of corporation tax	(833)	(260)
Effects of:		
Effect of overseas tax rates	(16)	(16)
Unutilised tax losses carried forward	849	276
Total tax	-	-

The United Kingdom has a 19% tax rate, Rwanda has a 30% tax rate and Morocco has a 31% tax rate. For the purposes of the reconciliation of tax expense, the UK rate of corporation tax 19% (2021: 19%) has been used. With effect from April 2023, the main rate of corporation tax was increased to 25%.

The Group had losses for tax purposes of approximately £6.4 million as at 31 December 2022 (£2.1 million as at 31 December 2021) which, subject to agreement with taxation authorities, are available to carry forward against future profits. Such losses have no expiry date. The tax value of such losses amounted to approximately £1.6 million (£530,000 as at 31 December 2021). A deferred tax asset has not been recognised in respect of such losses carried forward at the year end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised.

8. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	2022	2021
Earnings	**£'000**	£'000
Loss from continuing operations for the year attributable to the equity holders of the Company	**(4,383)**	(1,369)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**579,581,027**	436,493,246
Basic and diluted earnings per share (pence)	**(0.76)**	(0.31)

The potential number of shares which could be issued following the exercise of options and warrants currently outstanding amounts to 1.63 Billion. Dilutive earnings per share equals basic earnings per share as, due to the losses incurred, there is no dilutive effect from the existing share options and warrants.

9. Investments

	Investment in Subsidiaries	
	2022	**2021**
	£'000	**£'000**
Investment		
Cost:		
At the beginning of the year	2,261	2,261
Additions (Note 10)	3,241	-
At 31 December	**5,502**	**2,261**
Impairment		
At the beginning of the year	-	
Impairment provision	(2,261)	-
At 31 December	**(2,261)**	**-**
Carrying Amount		
At 31 December	**3,241**	**2,261**
Details of Subsidiaries are disclosed in Note 2.15.		

As more fully described in Note 13, mining activity at the Group's Musasa Project has been suspended until such a time as the wash plant becomes fully operational. Management concluded that the mine assets capitalised in Eastinco Limited should be fully impaired. Accordingly, management has concluded that the carrying value of the Company's investment should also be fully impaired on the basis that the carrying value represented the Company's investment cost in acquiring the Musasa Project. Accordingly, an impairment provision of the full carrying value of £2,261,000 has recognised.

10. Acquisition of Aterian Resources Limited

On 21 November 2021, the Company entered into a sale and purchase agreement with Altus Strategies Plc ("Altus'' or "HoldCo'') and Altus Exploration Management Ltd ("AEM'' or the "Seller'')) to acquire:

- the 1 Ordinary share of £0.001 Aterian Resources Ltd (AEM's 100% owned subsidiary), (the "Company Sale Share''); and
- the one ordinary share of USD$1.00 held by the Seller in Atlantic Minerals Limited (the "Seychelles Subsidiary''), constituting 50% of the entire issued share capital of the Seychelles Subsidiary, (together, the "Sale Shares'').

Completion of the acquisition took place on 24 October 2022. Aterian Resources Limited, an indirect subsidiary of Altus holds the licences for Altus's mineral projects in Morocco. These projects are all in the exploratory phase. Under the terms of the Acquisition Agreement, the total consideration to be paid by the Company to AEM was satisfied in full by:

Consideration
The aggregate price for the Sale Shares was to be satisfied in full by:

the allotment and issue of the Consideration Shares (being new Ordinary Shares representing no less than 17.5% of the Enlarged Share Capital of the Company (i.e. no less than 168,821,467 shares) to the Seller at the Issue Price of £0.01 per share) on Completion, credited as fully paid for a total consideration of £1,688,215, subject only to Completion and Admission together with the granting of the Initial Warrants (on the terms of the Warrant Deed and entering into the Royalty Deeds and the Musasa Royalty Deed; and the allotment and issue of Additional Consideration Shares at the Issue Price of £0.01 credited as fully paid, upon the later of the confirmation of the grant of the SAgsz Mining Licence and:

a) Admission, representing no less than 7.5% of the Enlarged Share Capital i.e. no less than 72,352,056 shares, of £723,520 (including the Additional Consideration Shares and the Consideration Shares), the Additional Consideration Shares being such number of shares that will ensure that if they had been in issue at Admission, when taken together with the Consideration Shares, they would in aggregate have been equal to 25.0% of the enlarged issued share capital of the Company as at Admission, i.e. 241,173,525 shares (including the Consideration Shares and the Additional Consideration Shares); and

b) the granting of Initial Warrants and Additional Warrants.

The Initial Warrants were warrants granted to the Seller by the Company upon Admission to purchase such number of Buyer Shares as to represent 5% of the Enlarged Share Capital (48,234,705 shares) exercisable for a period of five years from Admission (subject to extension as set out in the Warrant Deed), with an exercise price equal to the First Exercise Price of £0.01; and

The Company also agreed to grant Additional Warrants to the Seller to purchase such number of Buyer Shares as to represent 5% of the Enlarged Share Capital (i.e. 48,234,705 shares) exercisable for a period of five years from Admission (subject to extension as set out in the Warrant Deed), with an exercise price of a 100% premium to the First Exercise Price or £0.02p.

The Company also agreed to make the following payments to the Seller:

a) upon Completion £50,000 in cash to the Seller; and

b) four subsequent payments of £50,000 each to the Seller within 30 days of the end of each subsequent quarter following the Completion Date with the final instalment being made on or before 18 months from the Completion Date i.e. a total cash payment of £250,000 over 18 months. At 31 December 2022, £200,000 remained outstanding.

Additional undertakings

The Company also agreed to:

- subject to a minimum amount raised, allocate a sum at least equal to the Agreed Work Amount from the proceeds raised from the Placing, in connection with the development of the Projects in accordance with a budget to be approved by the Board at Completion, within 12 months of Admission;
- procure that the Moroccan Subsidiaries pursuant to the Royalty Deeds grant to Altus Royalties or its Affiliate a 2.5% net smelter royalty in respect of their interest in Projects through the Licences, which will include a right for the Company to repurchase up to 1% of the net smelter royalty for USD500,000 per 0.5%;and
- if within the 12 months after Admission the Company raises further capital, the Company will procure that no less than 50% of the net amount raised will be used to repay the Seller for any amounts outstanding in relation to the £250,000 payment plan referred to above and any remaining balance will fund Moroccan mining exploration projects within the 12 months following the capital being raised.

If within the first 3 months after Admission the Company or any of the Moroccan Subsidiaries were granted a new mining licence in Morocco (not including licences which relate to the Rwandan Projects and the Moroccan Projects), the Company would procure that Altus Royalties (or its Affiliate) is granted a 2.5% net smelter return royalty over any production from that mining licence subject to a right for the Company to repurchase up to 1% of the net smelter royalty for USD500,000 per 0.5%.

If after 3 months of Admission but before the first anniversary of Admission the Company or any of the Moroccan Subsidiaries were granted a new mining licence in Morocco (not including licences which relate to the Rwandan Projects and the Moroccan Projects), the Company would procure that the Altus Royalties (or its Affiliate) is granted a 1.5% net smelter return royalty over any production from that mining licence subject to a right for the Company to repurchase up to 1% of the net smelter royalty for USD500,000.

If Altus or its Affiliate procure that EME or an Affiliate of the Company are granted a new mining licence (not including licences which relate to the Rwandan Projects and the Moroccan Projects) within 24 months of Admission, then the Company will procure that Altus Royalties (or its nominee) are granted:

i) a 1.5% net smelter return royalty over any production from such mining licences and,

ii) grant to Altus Royalties (or its Affiliate) an additional 1.5% net smelter return royalty over any production from such mining licence (the "Additional Royalty")

with such royalties being granted on the substantially same terms as the Royalty Deed provided that EME and/or any Affiliate of the Company shall have the right to repurchase up to 1% of the net smelter royalty for USD500,000 per 0.5%.

On Admission EME entered into the Musasa Royalty Deed whereby it will grant to Altus Royalties a 0.5% net smelter royalty in respect of its interest in Musasa Project through the Rwandan Licence Application and an additional 1.5% net smelter royalty in respect of its interest in Musasa Project through the Rwandan Licence Application (Additional 1.5%) with the Additional 1.5% being conditional upon the Company, or its Affiliate, having a right to repurchase up to 1% of the net smelter royalty for USD500,000 per 0.5%.

The right to the 1.5% royalty and the right to the Additional Royalty are both conditional upon the Seller or one of its Affiliates purchasing new equity in the Company in any Qualifying Financing such that its percentage participation in the Qualifying Financing relative to the aggregate total of the capital raised in the Qualifying Financing is at least equal to 50% of the aggregate equity holding in the Company of the Seller and its Affiliates immediately prior to the Qualifying Financing Closing. In the event that this condition is not satisfied, the parties agreed that any 1.5% royalty so granted and Additional Royalty so granted shall be terminated upon the relevant Qualifying Financing Closing with no cost to the Company or any of its Subsidiaries. The parties will enter into such documentation as is reasonably required to terminate the relevant royalty deed.

In the event that the Takzim Permits in Morocco expire and the Company or any of its Affiliates obtains a new licence or permit over any of the ground that was covered by either of the Takzim Permits as at Completion (New Permit Application) then provided the Seller or its Affiliates provided all reasonable requested assistance in respect of the New Permit Application then the Buyer will procure that the Altus Royalties (or is Affiliate) is granted a 2.5% net smelter return royalty over any production from that mining licence on substantially the same terms as the Royalty Deed subject to (i) the royalty

including a right for the Company to repurchase up to 1% of the net smelter royalty for USD500,000 with such royalties being granted and (ii) the Seller procuring that any royalties granted over the ground covered as at Completion by either of the Takzim Permits will be terminated.

Allocation of Purchase Price

The total transaction price of the acquisition has been allocated to individual items or group of similar items based on their relative fair values. In this case, the 15 projects acquired are considered to constitute a group of similar items.

No fair value adjustments were deemed necessary as book values were considered to approximate their fair values.

A summary of the acquisition is set our below. The total transaction price was £3,135,279. The Company has identified the following assets acquired:

	Fair value
Transaction price	**£'000**
Fair value of Consideration and Additional Consideration Shares	2,412
Grant of Initial and Additional Warrants (Note 21)	491
Deferred consideration payable in cash	250
Expenses incurred on acquisition, capitalised	88
Total transaction price	**3,241**
Total identifiable net assets acquired:	
Exploration and evaluation assets	3,241
Total fair value of assets acquired	**3,241**

The Company considers that the fair value of the assets acquired is equal to the consideration given (comprising the issue of shares at market value, warrants granted and valued by reference to Black-Scholes methods and deferred cash payable) plus expenses incurred directly on such acquisition. Accordingly, no gain or loss has been recognised on acquisition.

The Acquisition Agreement provided for contingent consideration in the form of royalties as described above. At the acquisition date these were determined to be deferred contingent consideration and the fair value has been assessed to be immaterial but will be recognised if or when it becomes probable and reasonably estimable. Likewise contingent consideration is payable on additional capital raised. At the acquisition date, this was determined to have nil value.

Transaction costs of £87,958 have been capitalised as part of the acquisition and other transaction costs of £308,440 relating to the Admission of the Company's ordinary shares to the Official List of the London Stock Exchange have been expensed in the year ended 31 December 2022.

The total cash outflows capitalised amounted to £137,958, comprising £87,958 of expenses and £50,000 of deferred consideration.

11. Goodwill

Goodwill represents the excess consideration over the net assets on the acquisition of the Musasa Project held by Eastinco Ltd in 2019. Accordingly, the carrying value of goodwill was allocated to the Rwandan cash generating unit (CGU).

	2022 £'000	2021 £'000
Cost:		
At the beginning of the year	2,168	2,168
At 31 December	**2,168**	**2,168**
Impairment:		
At the beginning of the year	-	2,168
Impairment provision	2,168	-
At 31 December	**2,168**	**2,168**
Carrying Amount		
At 31 December	**-**	**2,168**

Goodwill is reviewed at each reporting date. If any such indication exists, an impairment loss is recognised in the profit or loss as the difference between the carrying amount and the present value of estimated future cash flows.

The Directors have undertaken an impairment assessment as more fully described above in Note 2.21. Following their assessment, the Directors concluded that an impairment charge for the entire carrying value of £2,168,000 is necessary for the year ended 31 December 2022.

12. E&E Assets

The Company acquired the assets of Aterian Resources Limited in Morocco at a total transaction price of £3,135,279 as described in Note 10 above.

	Moroccan Assets	Total
Cost	**£'000**	**£'000**
At 1 January 2022	-	-
Additions	3,241	3,241
At 31 December 2022	3,241	3,241
Amortisation		
At 1 January 2022	-	-
Charge for the year	-	-
At 31 December 2022	-	-
Net book value		
At 31 December 2022	**3,241**	**3,241**

13. Property, plant and equipment

Group

	Mine	Mining Equipment	Office Equipment	Motor vehicles	Computer Equipment	Processing Equipment	Land	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2022	571	642	7	-	1	-	30	1,251
Foreign exchange adjustment	53	29	-	-	-	-	2	84
Additions	-	-	-	6	1	3	-	10
At 31 December 2022	624	671	7	6	2	3	32	1,345
Depreciation								
At 1 January 2022	-	22	3	-	-	-	-	25
Charge for the year	-	20	1	-	1	-	-	22
Impairment provision	624	253	-	-	-	-	-	877
At 31 December 2022	624	295	4	-	1	-	-	924
Net book value								
At 31 December 2022	-	376	3	6	1	3	32	421

	Mine	Mining Equipment	Office Equipment	Motor vehicles	Computer Equipment	Processing Equipment	Land	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2021	595	428	7	-	1	-	29	1,060
Foreign exchange adjustment	(28)	(20)	-	-	-	-	-	(48)
Additions	4	234	-	-	-	-	1	239
At 31 December 2021	571	642	7	-	1	-	30	1,251

Depreciation								
At 1 January 2021	-	21	2	-	-	-	-	23
Charge for the year	-	1	1	-	-	-	-	2
At 31 December 2021	-	22	3	-	-	-	-	25
Net book value								
At 31 December 2021	571	620	4	-	1		30	1,226

The Property, Plant and Equipment held by the company is immaterial.

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

At the end of June, the Company temporarily suspended operations on our Musasa Project based on the recommendation of Quiver Ltd, an independent processing consultancy, to undertake additional metallurgical test work to improve overall metal recoveries. While suspending production was a disappointment, the Company is excited at the prospect of potentially expanding the potential exploration licence area. The Company's view is to suspend further investment in production until such time as the new licence at Musasa is granted and then reassess the situation. The original application was made in May 2021.

Mining remains suspended until such a time as the wash plant becomes fully operational. The wash plant was not operational from July 2022 based on the recommendation of Quiver Ltd to suspend operations until metallurgical test work is completed to improve recoveries significantly. Current levels of metal recovery is not economically sustainable.

On the basis that mining has been suspended and low metal recovery, management has concluded that the mine assets capitalised in Eastinco Limited should be fully impaired on the basis they related specifically to capitalised exploration costs of the Musasa mine site, which is now essentially halted. Accordingly, an impairment provision of the full PPE mine site and associated equipment value of £877,000 is necessary.

14. Trade and other receivables

	Group		**Company**	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Amounts owed by group undertakings due	**-**	-	**6**	1,703
Other debtors	**-**	128	**-**	83
Taxes receivable	**86**	-	**54**	**-**
Share subscriptions receivable	**212**	-	**212**	-
Prepayments	**21**	60	-	60
	319	188	**272**	1,846

The share subscriptions receivable comprises of monies due from four shareholders. Subsequent to the year-end £200,000 has been received.

Amounts owed by group undertakings are stated net of a provision of £2,444,000 (2021: £Nil).

15. Cash and cash equivalents

	Group		**Company**	
	2022	2021	**2022**	2021

	£'000	£'000	**£'000**	£'000
Cash at bank and in hand	**110**	196	**41**	190

16. Trade and other payables

	Group		**Company**	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Trade payables	**287**	75	**192**	30
Other payables	**33**	72	**27**	67
Amounts due by group undertakings due in less than one year	**-**	-	**72**	72
Accruals	**75**	50	**75**	50
	395	197	**366**	219

17. Deferred consideration

	Group		**Company**	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Deferred consideration - Altus	**200**	-	**200**	-
	200	-	**200**	-

Deferred consideration is payable to Altus Exploration Management Ltd in respect of the acquisition of Aterian Resources Limited as set out in Note 10 above. £50,000 was paid on 4 November 2022.

18. Borrowings

	Group		**Company**	
Non-current liabilities	**2022**	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Loan from related party	**151**	-	**151**	-
Convertible loan notes	-	158	-	158
	151	158	**151**	158

Loan from a related party

On 17 October 2022, the Company entered into a working capital facility with the trustees of the C Bray Transfer Trust pursuant to which the C Bray Transfer Trust agreed to make available to the Company a Working capital facility of up to £500,000.

Up to £150,000 can be drawn down under the facility each quarter starting at Admission (25 October 2022). The facility will be available for two years. The facility is secured by a fixed and floating charge

over all the property or undertaking of the Company.

Interest of 2% per annum accrues on undrawn amounts and interest of 9% per annum will accrue on drawn amounts. interest will roll up and is repayable with the outstanding principal on the second anniversary of Admission. An arrangement fee of £10,000 was payable and has been added to the principal outstanding. C Bray, a director, is a beneficiary of the C Bray Transfer Trust.

Convertible loan notes

Convertible loan notes with a principal sum of £850,000 which were interest-free and due for repayment on 31 December 2024, were converted into 85,000,000 Ordinary Shares of £0.01 each of the Company on 25 October 2022 as more fully described in Note 20 below.

19. Financial instruments

Categories of financial instruments	**Group**		**Company**	
	2022	2021	**2022**	2021
Financial assets measured at amortised cost	**£'000**	£'000	**£'000**	£'000
Other receivables	**319**	128	**266**	183
Cash and cash equivalents	**110**	196	**41**	190
	429	324	**307**	373
Financial liabilities measured at amortised cost				
Trade and other payables	**395**	197	**366**	219
Deferred consideration	**200**	-	**200**	-
Borrowings	**151**	-	**151**	-
Convertible loan notes	**-**	158	**-**	158
	746	355	**717**	377

Financial risk management objectives and policies

The Group is exposed through its operations to credit risk and liquidity risk. In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Group's risk management objectives and policies. Further details regarding these policies are set out below:

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of issued capital, reserves and retained earnings. The Directors review the capital structure on a semi-annual basis. As a part of this review, the Directors consider the cost of capital, the risks associated with each class of capital and overall capital structure risk management through the new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group is not subject to externally imposed capital requirements.

Market price risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The development and success of any project of the Group will be primarily dependent on the future prices of various minerals being exploited. Mineral prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company.

Future production from the projects is dependent on mineral prices that are adequate to make the projects economic. The Group reviews current and anticipated future mineral prices and adjusts the allocation of financial resources accordingly.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and cash and cash equivalents.

The Group manages its exposure to credit risk by the application of monitoring procedures on an ongoing basis. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group arise in respect of trade payables which are all payable within 12 months and borrowings which are repayable between one and two years. At 31 December 2022, total trade payables within one year were £507,000 (2021: £197,000), which is more than the Group's cash held at the year-end of £110,000. The borrowings are repayable after between one and two years. The Board monitors cash flow projections on a regular basis as well as information on cash balances, and manages such cash flows through short-term borrowings, including a working capital facility, and the raising of equity to support long-term expenditure.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Rwandan Franc ("RWF").

Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

At 31 December 2022, had the exchange rate between the Sterling and RWF increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £138k/£(113k). The Group does not hedge against foreign exchange movements.

20. Share capital

The Ordinary Shares issued by the Company have a 1p par value. The Ordinary Shares rank pari passu in all respects, including the right to attend and vote in general meetings, to receive dividends and any return of capital.

	2022			2021		
	Number of shares	Share Capital £'000	Share Premium £'000	Number of shares	Share Capital £'000	Share Premium £'000
Brought forward at 1 January	488,692,170	5,671	2,144	430,068,763	4,301	2,144
Shares issued for acquisition (a)	241,173,523	2,411	-	-	-	-
Shares issued for sterling (b)	85,405,000	854	-	25,000,000	250	-
Conversion of 2021 loan notes (c)	85,000,000	67	33	6,666,667	850	-
Conversion of loan 2019 notes (d)	20,000,000	200	-	-	-	-
Shares issued to EBT (e)	44,423,400	444	-	26,236,740	263	-
Other share issues	-	-	-	720,000	7	-
As at 31 December 2022	**964,694,093**	**9,647**	**2,177**	**488,692,170**	**5,671**	**2,144**

The Company issued the following shares in the year ended 31 December 2022:

a) On the Company's Admission to the Official List and to trading on the London Stock Exchange's Main Market for listed securities on 25 October 2022, the Company issued 241,173,523 of £0.01 each in consideration for the acquisition of Aterian Resources Limited for a total non-cash consideration of £2,411,735.
b) On the same date, the Company completed a Placing of 85,405,000 Ordinary Shares of £0.01 for consideration of £854,050 (£212,000 was outstanding as at 31.12.22 - see note 14).
c) On Admission, outstanding Convertible Loan Notes issued in 2021 totaling £850,000 were converted into 85,000,000 Ordinary Shares at £0.01 each.
d) On Admission, the Company issued 20,000,000 Ordinary Shares at £0.01 per Ordinary Share to certain CLN Holders for a total consideration of £200,000.
e) On the same date, the Company issued 44,423,400 EBT Shares at £0.01 per EBT Share for a non-cash consideration of £444,234.

21. Share-based payment arrangements

Options

Equity settled share-option plan

The Company has established a trust for the benefit of the employees and former employees of the Company's Group and their dependants. The EBT is managed by a Trustee, who exercises independent decision making with respect to any voting of shares on behalf of Summerhill Trust.

The Company issued a total of 44,490,000 EBT options in 2022 as summarised below.

	2022	2021
	Number of EBT Options	Number of EBT Options
Outstanding at beginning of year	51,907,400	13,257,400
Granted during the year	44,490.000	38,650,000
Outstanding at end of the year	**96,397,400**	**51,907,400**

EBT Options

Options issued in 2022:

A total of 44,490,000 options were issued during the year, exercisable at £0.01 per ordinary share, such awards expiring on 30 December 2030. These include 30,250,000 options which were issued to Directors of the Company and 14,240,000 options issued to a former Director. These were granted subject to Admission.

The fair values of the options granted have been calculated using Black-Scholes model assuming the inputs shown below:

Share price	£0.0100
Exercise price	£0.0100
Time to maturity	8.19 years
Risk free rate	3.74%
Volatility	67.0%
Value	£0.0071

An expense of £317,000 has been recognised in the year (2021: £267,330) in respect of a share-based payment charge for the share options issued during the accounting period under the Employee Benefit Trust and CSOP.

The weighted average remaining life of the options at the end of 2022 was 6.70 years (2021: 4.38 years).

Warrants

The following warrants were issued as part of share subscriptions:

	2022		2021	
	Average exercise price per warrant	Number of warrants	Average exercise price per warrant	Number of warrants
Outstanding at beginning of year	2.65p	190,156,935	2.7p	58,718,666
First Altus warrants (ii)	1p	48,234,705	-	-
Second Altus warrants (iii)	2p	48,234,705	-	-
Novum warrants (iv)	1.5p	2,500,000	2.5p	139,438,269
Shard warrants (v)	1.5p	405,000		
Lapsed in the year	-	-	2.79p	(8,000,000)
Outstanding at end of the year	1.752.04p	289,531,345	2.65p	190,156,935

The total expense recognised in the Statement of Comprehensive Income during the year was £18,503 (2021: £nil). In addition, a total of £491,000 has been recognised as part of the Purchase Consideration in relation to the First and Second Altus Warrants, as more fully described in Note 10. The weighted average remaining life of the warrants at the end of 2022 was 3.31 years (2021: 3.55 years)

During the year, the following changes occurred:

i. A total of 126,666,668 Warrants over Ordinary Shares with an original exercise price of £0.02 pursuant to the 2021 Warrant Instrument in connection with the issue of Pre-IPO Shares, were amended to reflect an adjusted exercise price of £0.015. These expire on 30 December 2024.

ii. First Altus Warrant Instrument: On 17 October 2022, the Company created a warrant instrument pursuant to which the Company could issue 48,234,705 warrants over Ordinary Shares at an exercise price equal to the First Exercise Price being the weighted average of the price of the price of the Pre-IPO Fundraise (being the fundraising completed by the Company on 22 November 2021 consisting of the issue of £850,000 of CLNs and £100,000 of Ordinary Shares at £0.015 per new Existing Ordinary Share raising in aggregate £950,000) and the Issue Price of £0.01. The warrants are exercisable from the date of Admission and until the fifth anniversary of such date. The exercise of warrants under this instrument is subject to the shares that are the subject of the exercise not giving the warrant holder and those persons acting in concert with them for the purposes of the Takeover Code more than 29.9% of the Company

iii. Second Altus Warrant Instrument: On 17 October 2022, the Company created a warrant instrument pursuant to which the Company could issue 48,234,705 warrants over Ordinary Shares at an exercise price equal to the Second Exercise Price being a 100% Premium to the First Exercise Price. The warrants are exercisable from the date of Admission and until the fifth anniversary of such date. The exercise of warrants under this instrument is subject to the shares that are the subject of the exercise not giving the warrant holder and those persons acting in concert with them for the purposes of the Takeover Code more than 29.9% of the Company share capital at any time.

iv. Novum Warrant Deed: On 17 October 2022, the Company entered into a warrant deed pursuant to which the Company agreed to grant to Novum Corporate Finance subject to Admission 2,500,000 warrants over Ordinary Shares exercisable at 150% (£0.015) of the Issue Price (the "Novum Warrants"). These warrants are exercisable for a period of three years from Admission.

v. Shard Warrant Deed: On 17 October 2022, the Company entered into a warrant deed pursuant to which the Company agreed to grant to Shard Capital Partners LLP subject to Admission 405,000 warrants over Ordinary Shares exercisable at 150% of the Issue Price (the "Shard Warrants"). These warrants are exercisable for a period of three years from Admission.

Fair value of share awards

The fair values for the Options and warrants granted in 2022 were calculated using the Black Scholes option pricing model. The inputs in the model were as follows:

	EBT Options	**First Altus Warrants**	**Second Altus Warrants**	**Shard warrants**	**Novum Warrants**
Share price at grant	£0.01	£0.01	£0.01	£0.01	£0.01
Average exercise price	£0.01	£0.01	£0.02	£0.015	£0.015
Expected life (years)	8.19	5	5	3	3
Risk-free interest rate	3.74%	3.74%	3.74%	3.74%	3.74%
Expected dividend yield	0%	0%	0%	0%	0%
Expected volatility	67%	67%	67%	67%	67%

The volatility was determined by reference to the historical volatility of the Company's share price at the time of grant.

The weighted average remaining life of the options at the end of 2022 was 5.68 years (2021: 3.55 years).

22. Reconciliation of liabilities from financing activities

Company and Consolidated financing cash flows	Opening balances	Cash received / (paid)	Conversion of loan notes	Release of fair value discount	Closing balance
Year ended 31 December 2022	£'000	£'000	£'000	£'000	£'000

Borrowings	158	151	(200)	42	151
Totals	**158**	**151**	**(200)**	**42**	**151**

Consolidated financing cash flows	**Opening balances**	**Conversion of loan notes**	**Issue of shares to EBT**	**Closing balances**
Year ended 31 December 2021	**£'000**	**£'000**	**£'000**	**£'000**
Borrowings	219	(61)	-	158
Totals	**219**	**(61)**	**-**	**158**

23. Related party transactions

Transactions with subsidiary companies:
Eastinco Ltd is a subsidiary and during the year, received total funds of £720,364 (2021: £210,438). Eastinco Ltd owes £2,222,815 (before impairment provisions) to Aterian PLC at the end of the year (2021: £1,502,451).

Eastinco ME Ltd is a subsidiary and is owed £17,962 by Aterian PLC at the end of the year (2021: £70,487).

Transactions with Directors

Charles Bray is a Director of the Company and during the year, Charles Bray received total fees of £26,086 (2021: £nil). Charles Bray is owed by the Company £20,514 at the end of the year (2021: £2,026 owed to the Company).

The Company has received a loan of £150,000 (2021: £nil) from IQ EQ (Jersey) Limited, trustee of Charles Bray Transfer Trust as more fully described above in Note 18.

Simon Rollason is a Director of the Company and during the year, Simon Rollason received total fees of £23,993 (2021: £200,000).

Edlin Holdings Limited is an Isle of Man company which invests and operates non-US based investments. The ultimate beneficial owners of Edlin Holdings Limited are Bray family members.

At the year end, Directors hold interests in Ordinary Shares, warrants and options as below:

Name	No. of Warrants	No. of Options	No. of Shares
Charles Bray	26,669,999	22,250,000	78,270,000
Edlin Holdings Limited*	19,333,334	-	36,000,000
Simon Rollason	-	-	20,000,000
D Marais	6,670,000	4,000,000	14,670,000

Details of Directors' remuneration during the year are given in Note 3.

24. Ultimate controlling party

The Directors consider that there is no controlling or ultimate controlling party of the Company.

25. Expenditure commitments

The Company is committed to paying deferred consideration to Altus Exploration Management Ltd, as more fully described in Note 9 amounting to four quarterly payments of £50,000 each to Altus Exploration Management Ltd, i.e. a total cash commitment of £200,000.

26. Capital commitments

As at 31 December 2022, the were no capital commitments entered into by the Group (31 December 2021: nil).

27. Contingencies

With the exception of deferred contingent consideration described in Note 10, as at 31 December 2022, the were no contingent liabilities (31 December 2021: nil).

As mentioned earlier in the report, the Managing Director of the local Rwanda subsidiary, Eastinco Limited, charged with the Musasa wash plant operations, resigned from his role in late 2022. Regretfully, Daniel Hogan initiated legal proceedings against Eastinco Limited in Rwanda for i) compensation related to salary forgone during the senior management cash preservation period that

was actioned during the COVID-19 Pandemic and ii) a related party payment for his personal vehicles being leased to the company. Despite Mr Hogan receiving share-based compensation matching that of the other senior managers over the period and his signing a waiver of claims upon resignation, and after attempts to resolve the related party matter amicably, Mr Hogan has chosen to pursue legal action against Eastinco Limited. We are confident that Eastinco Limited's position is strong, and we have retained legal counsel to defend the company. We remain committed to defending the interests of the company and will take all necessary steps, including the pursuit of legal action in both Rwanda and the United Kingdom, to protect our reputation and financial interests.

The Board of Directors determined that a restructuring of the Rwandan subsidiaries was warranted to mitigate and segregate the risk arising from exploration activities and operational activities. More specifically, a new holding company is being formed to hold the exploration project companies, while another company is being formed for the purpose of mineral trading operations. The transfer of the various assets and shares from Eastinco Limited, the existing sole holding and operating company, is pending the resolution of the Hogan dispute.

28. Events after the reporting date

There were no events that have occurred subsequent to 31 December 2022 that require disclosure in these financial statements.

29. Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

FR ILMMTMTITTTJ