15 December 2022

ALTONA RARE EARTHS PLC

("Altona" or "the Company")

FINAL RESULTS

Altona (AQSE: ANR.PL), a mining exploration company focused on the development of its flagship Monte Muambe Rare Earths mining project in Africa, is pleased to announce its final results for the year ended 30 June 2022.

HIGHLIGHTS

- Completed 2022 drilling programme (Resource) on schedule and on budget
- Raised £1.75m in capital
- Published JORC Exploration Target (August 2022) for Monte Muambe which reported
  - Estimated total tonnage up to 56.6 million tonnes
  - Total Rare Earth Oxide ("TREO") at 1.65%
  - High grade zone of 11.5 mt @ 2.41% TREO
- On track to publish maiden Resource Estimate (Q1 2023) & Scoping Study (Q2 2023)

FINANCIAL HIGHLIGHTS

- Increase in total assets to £1.4m (FY 2021: £0.46m)
- Loss per share reduced to 2.72p (FY 2021: 7.7p)
- Operating loss £0.8m (FY 2021: £0.73m)
- Cash used in operations £0.83m (FY 2021: £0.53m)

Christian Taylor-Wilkinson, Chief Executive of Altona, commented, "Rare earths are at the top of the global critical metals list due to their requirement in many key industries. The European Commission recently announced the launch of a European Critical Raw Materials Act and its president stated that '*rare earths will soon be more important that oil and gas*'.

"For the past two years Altona has been working efficiently towards delivering a resource estimate which will be the first independent evaluation of our Monte Muambe project. We believe this report will clearly demonstrate the significance and viability of the asset ahead of us commencing pre-feasibility work in 2023."

The Company's Annual General Meeting will be held at the office of Altona's Company Secretary, Orana Corporate LLP, at Eccleston Place, 25 Eccleston Yards, London, SW1W 9NF, on Wednesday 11 January 2023 at 11.00 a.m. A copy of the Annual Report and voting proxy forms have been posted on the Company's website: www.altonaRE.com/investors/documents

For more information on Altona and its current mining projects please visit: www.altonaRE.com

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Altona Rare Earths Plc

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About Altona Rare Earths Plc

Altona is a mining exploration company focused on the evaluation, development and extraction of Rare Earth Element (REE) metals in Africa. It owns a REE mining project in Mozambique; the Monte Muambe Project, a significant Light REE mining project in the northwest of the country, where exploration work commenced on 1 October 2021. Resource Drilling concluded in November 2022 and it will publish a maiden Resource Estimate in Q1 2023. The Company is in the process of investigating other Light and Heavy REE opportunities in Africa.

CHIEF EXECUTIVE'S STATEMENT

Overview of the Year

The past 12 months have been transformative for Altona and its shareholders, being the Company's first full financial year in the rare earths sector, seeing the completion of our initial exploration programme and the commencement of the second phase of resource drilling, which has already shown significant potential for the project.

We made our primary acquisition in the rare earth elements ("REE") mining sector on 25 June 2021, just before the start of the current reporting year and have made substantial operational progress at this site in the subsequent 16 months. The asset, the Monte Muambe Rare Earths Project ("Monte Muambe"), which is based in northwest Mozambique, has quickly shown its potential as a viable REE mining project, reporting a potential high tonnage of rare earth metals and crucially, higher than average grades (measured in Total Rare Earths Oxide – "TREO") at the end of Phase 1 drilling programme.

Monte Muambe is a carbonatite complex of approximately 19km^2, with a predominance of Light Rare Earth Elements ("LREE"), including high levels of critical "magnet metals", Neodymium and Praseodymium (together often reported as "NdPr"). These two metals, along with a number of other rare earth metals, particularly the Heavy Rare Earth Elements ("HREE") Terbium and Dysprosium, which have been found at potentially economic levels, are crucial in the production of permanent magnets which are necessary in the manufacture of electric vehicles ("EVs") and wind turbines, both fast growing sectors.

We commenced our initial Phase 1 drilling programme in late September 2021 and completed it on 30 November 2021 for a total meterage of 3,131m over 43 holes. Assay results, which were received in late April 2022, were significant enough for the board to increase its holding in Monte Muambe Mining Lda, the current owner of the exploration licence, to 20% (from an initial 1%) and proceed directly into Phase 2 (resource definition and scoping study).

Phase 2 Drilling concluded on 29 November 2022, resulting in a total meterage of 3,954m over 62 holes. The focus of Phase 2 was to assess the geometry and grade of identified targets to produce a maiden Resource Estimate by the end of Q1 2023 and a Scoping Study by the end of Q2 2023, in line with strategy.

Should the results of these key milestones be positive, which we expect them to be based on early exploration analysis, we will endeavour to fast-track Monte Muambe through its Feasibility Study and into production.

The Company raised a total of £1.75m during the year, undertaking two placings at 14p (September 2021) and 8p (April 2022), to provide working capital for its exploration and assay needs.

During the year under review, we also entered into two acquisition agreements to investigate potential rare earth projects in Uganda and Malawi. Both projects were subsequently disregarded at an early stage, as they did not

meet the Board's strict investment criteria. Only a minimum amount of capital and resources were spent on each.

Post Balance Sheet Events

On 8 August 2022, Altona published a JORC Exploration Target estimate, a significant milestone to help shareholders understand the future potential of Monte Muambe. The independent report highlighted a number of key elements:

- Estimated total tonnage of up to 56.6 million tonnes at 1.65% Total Rare Earths Oxides ("TREO")
- Including 11.5 million tonnes at 2.41% TREO, corresponding to a well-defined high-grade zone
- Geometry favourable to low strip ratio open pit mining
- Monte Muambe is on track to become a significant, high value rare earths project

In line with our planned Admission to the Standard segment of the London Stock Exchange, the Company carried out a Placing on 19 August 2022, raising £1.1m at a price of 8p per share, conditional on Admission to the LSE. These funds, should Altona achieve a successful LSE listing, will be used to complete the current spend commitment of the Monte Muambe Farm In Agreement to take the our holding in the asset to 51% and provide a further 12 months working capital to allow us to commence the pre-feasibility exploration phase.

Rare Earths – Rising Global Demand

In the EU's 2022 assessment for the supply risk of critical raw materials, LREE and HREE held the top two positions, due to their widening usage in green energy, defence and communication industries. Worryingly for the West, the supply risk is also due to the fact that 90% of the processing of these metals is being conducted in China, which controls the global supply chain. Currently there is no processing alternative outside China, although rare earth refineries are in the process of being built in the UK, US, Australia and Europe.

There is a current global shortage of NdPr of approximately 3,000 tonnes per year, which is predicted to rise to over 15,000 tonnes per year by 2030. Bearing in mind that most countries have now set targets to remove internal combustion engine vehicles from the production line by 2030 and switch to EV or hybrid vehicles, this burden upon the rare earth mining sector is only set to increase.

Altona believes it is able to be part of the solution to this major issue; our long-term strategy is to work with the UK, EU and North American governments, processors and manufacturers, through direct off-take agreements, ensuring a constant and sustainable flow of critical metals to those industries which would potentially fail without it.

CHIEF OPERATING OFFICER'S STATEMENT

Monte Muambe Project – Review and Future Potential

During the year ended 30 June 2022, the Company made significant strides towards turning the Monte Muambe REE Project from what were previously known to be a few isolated REE occurrences into what are now well-defined mineralised zones that support the preparation of a JORC Exploration Target based on a solid drilling data set.

When the Company acquired control of the asset Monte Muambe in August 2021, the project had mostly seen exploration for the mineral fluorspar between the 1980s and 2010s including trenching, drilling and a helicopter-borne geophysical survey. Out of 165 boreholes drilled in the course of fluorspar exploration, only about a handful had significant REE intercepts. While the intercept lengths were impressive (ranging from 30m to almost 100m, with grades well above 2% TREO), there was no indication of what the lateral extent and the size of REE mineralisation could be.

Altona's Phase 1 objectives were therefore focused on confirming known REE intercepts, testing their lateral extent, obtaining a better understanding of the geology and geometry of REE mineralisation, as well as testing a few additional targets. This was achieved by drilling 5 diamond drilling holes and 36 Reverse Circulation ("RC") holes on 6 different targets, for a total of over 3,100m. This work allowed us to confirm two previously known targets and to discover two brand new target zones.

Additionally, it was determined that REE mineralisation at Monte Muambe is primary, contained in part in bastnaesite, a mineral for which the REE extraction process is well defined, and is hosted in different types of carbonatites. Assay results showed impressive grades, with up to 7.24% TREO, 1.21% NdPr Oxide, as well as notable amounts of Dysprosium and Terbium.

In February 2022, to help define more precisely its resource drilling plan, the Company embarked on a thorough soil sampling programme over the entire carbonatite intrusion. Due to the thin nature of the soils at Monte Muambe, this geochemical method is very efficient at pinpointing primary REE mineralisation at sub-surface level. The survey allowed to delineate precisely 10 REE and Niobium target zones (including those previously discovered), and to optimise the drilling programme.

Following the success of Phase 1, Phase 2 commenced in March 2022. By 30 June 2022, 40 RC holes totalling 1,765m had been drilled, with a strong focus on Targets 1 and 4. An additional 15 holes totalling 1,378m were drilled between July and September, with a further 811m (7 holes) drilled before we concluded the drilling season on 29 November 2022.

The work done so far has shown that there are two types of REE mineralisation, one with grades ranging from 0.5 to 1% TREO and containing Niobium, and one with grades ranging from 1 to 7% TREO without Niobium. These two types of REE mineralisation zones form large, consistent bodies, dipping at an angle into the ground. The strike length of the Target 1 bodies is over 700m. The shape of the bodies is extremely favourable to low strip-ratio open-pit mining, with almost no waste interburden. The quality of the data produced has allowed the Company to define a solid JORC Exploration Target estimate which was published on 8 August 2022.

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

While the feasibility of a mining operation at Monte Muambe will ultimately rest on a large number of key parameters, including metallurgy, the results of the JORC Exploration Target show a potential resource of a size and grade that could sustain a mining operation, and which are favourable compared to Monte Muambe's peer group projects in Africa. Drawing on the mining experience of its management, the Company integrates mining parameters in its exploration programme right from the beginning, and focuses on the most favourable targets, to ensure the delivery of an actually mineable project. Monte Muambe is located in a stable part of Mozambique, in the middle of a larger regional mining hub including Zambia, Zimbabwe and Malawi which is highly populated with exploration and mining activity, qualified personnel, contractors, infrastructure and hydroelectric power.

Sustainability is very much at heart of the Company's mission and among the parameters that will be considered during technical studies are the possibility to operate on or near a carbon neutral basis, as well as to maximize in-country value addition through taking processing in Mozambique as far downstream as the economic characteristics of the project will allow.

Within a year, Altona has been able to rapidly and efficiently put itself and the Monte Muambe project on the map of possible future REE producers in Africa. This success stems in great part from the outstanding work of the team on the ground, consisting of 26 Mozambican geologists, technicians, field assistants, admin and support personnel.

The Company places a lot of emphasis on developing the capacity of its subsidiary Monte Muambe Mining Lda with equipment and training of local personnel. Key to this was the acquisition of a Hitachi X-Met8000 pXRF analyzer equipped with a 50kv anode and specific programmes to enable the detection and quantification of Neodymium, Praseodymium, Lanthanum, Cerium and Yttrium, as well as of light elements relevant to carbonatites such as Potassium, Magnesium and Silicon. Used within the framework of a specially developed QAQC system, this tool allows the analysis of soil and RC cuttings samples on site, allowing a quasi-real-time assessment of soil sampling and drilling results and a constant reorientation of the exploration plan, thus saving time and resources. Monte Muambe Mining is also equipped to carry out gamma-spectrometer geophysical surveys, as well as differential GPS (RTK) topography surveys, the accuracy of which is suitable to use produced data for resource modelling.

At the date of writing this report, the Company is assessing proposals from consultants for the Mineral Resource Estimate and Scoping Study, which will include results of mineralogical and metallurgical testing carried out in Q4 2022. Samples are being assayed at the laboratory, and others will be on the road soon as we have wrapped up this year's drilling campaign in anticipation of the rainy season. All is on track for the Company to deliver its maiden Mineral Resource Estimate by Q1 2023 and Scoping Study by Q2 2023, as planned.

CORPORATE INFORMATION

Financial Review

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

The Company acquired the asset Monte Muambe Mining Lda ("MMM") during the year, which holds the operating licence of Monte Muambe, for a total consideration of £167,000 which comprised £80,000 in cash and the remainder in the issue of one million Company shares. Although ownership of this asset only currently stands at 20%, the Company has consolidated the results of MMM within its Group as it has established control over MMM as set out in the Farm-In Agreement.

The Group's total assets have increased from £457,000 to £1.41 million mainly due to the significant capital expenditure of £795,000 on this licence.

During the year the Company completed two equity placings with a total issue of just over fifteen million shares, raising £1.75 million (gross proceeds). This helped the Company to proceed at a good pace with the above mentioned acquisition, increasing its equity from 1% to 20% within a short timeframe.

As a result of these activities, the Group's net assets have increased from £136,000 as at 30 June 2021 to £1.05 million as at 30 June 2022.

Income Statement

The loss for the year was £801,000 as compared with a £733,000 loss in the prior year. During the year, the Group expensed £59,000 of exploration costs (2021: £182,000) due to the decision not to continue with a project in Malawi.

The Company is focused on controlling administration costs and aims to keep these to a minimum.

Liquidity and Cash Flow

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

Net cash used in operating activities increased from £528,000 to £832,000 representing the increased operations of the Group, mainly due to the acquisition and operation work at Monte Muambe. This was also reflected in the increase from £nil to £875,000 in cash used in investing activities.

During the year the Company paid back loans of £56,000 and at the end of the year, the Group's cash balance was £283,000 (2021: £436,000).

Replacement Warrants

On the 26 June 2022, the Company replaced all 20 pence warrants issued during the June 2021 and September 2021 placings with new warrants with an exercise price of 12 pence per Ordinary Shares. They all still retain their expiry date of 31 March 2023. This exercise was completed to recognise that shareholders who had previously invested in the Company had been issued warrants at a higher exercise price than the more recent placings. An equitable solution was sought by the Board and ultimately the Directors believe that this decision would, in the medium term, create shareholder value.

Board Appointments

Cédric Simonet was appointed as Chief Operating Officer on 14 July 2021, having served as a Non-Executive Director since December 2020 and Consultant Geologist since July 2020. Cedric's knowledge of the African mining landscape and experience with running exploration programmes in remote locations is second-to-none and his presence on the board has been transformative for Altona.

Hilton Banda was appointed as a Non-Executive Director in November 2021, as part of the acquisition of a Malawi ionic clay REE project, where he was a director. As the Company decided against pursuing this project due to environmental factors, Mr Banda stepped down from the board on 7 March 2022.

Simon Tucker resigned as a Non-Executive Director on 2 August 2022. A highly experienced replacement has been selected and will be appointed when the Company completes its Admission to the LSE.

London Stock Exchange Listing

The Company continues to work with its advisers and the Financial Conduct Authority ("FCA") with the view that admission of its shares to the LSE Standard will be forthcoming. At this time however, the board is unable to provide a clearer time frame of events.

OUTLOOK

Altona continues to work diligently with its local partners in Mozambique and within the rules of its operational jurisdiction. Our medium-term strategy is to become part of the solution to the widening global deficit of rare earths, particularly with respect to the magnet metals, and we are confident of achieving this goal.

We believe the timing for our entry into the rare earths sector is impeccable, as it is our goal to bring our assets into production around the time the newly constructed European and US REE processing facilities come on-line.

It is our intention to create a portfolio of REE projects across different African jurisdictions and differing geological formations, to reduce shareholder risk and increase our opportunity to become revenue generating in as short a time-frame as possible.

STATEMENT OF CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	2022	2021
	£'000	£'000

Continuing operations:		
Administrative expenses	(742)	(547)
Exploration costs (not capitalised)	(59)	(182)
Operating loss	(801)	(729)
Finance costs	–	(4)
Loss before taxation	(801)	(733)
Income tax	–	–
Loss for the year from continuing operations	(801)	(733)
Total loss for the year attributable to:		
Owners of Altona Rare Earths Plc	(774)	(733)
Non-controlling interests	(27)	–
	(801)	(733)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations	2	–
	(799)	(733)
Total comprehensive loss attributable to:		
Owners of Altona Rare Earths Plc	(773)	(733)
Non-controlling interests	(26)	–
	(799)	(733)
Earnings per share (expressed in pence per share)		
– Total Basic and Diluted earnings per share	(2.72)p	(7.73)p

All of the above operations during the year are continuing.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

As at 30 June 2022

	2022 £'000	2021 £'000
ASSETS		
Non-current assets		
Intangible assets	866	–
Tangible assets	173	–

Total non-current assets	1,039	–
Current assets		
Trade and other receivables	119	21
Cash and cash equivalents	283	436
Total current assets	402	457
TOTAL ASSETS	1,441	457
LIABILITIES		
Current liabilities		
Trade and other payables	(314)	(321)
Deferred tax liabilities	(77)	–
Total current liabilities	(391)	(321)
TOTAL LIABILITIES	(391)	(321)
NET ASSETS	1,050	136
EQUITY		
Share capital	1,790	1,632
Share premium	21,404	19,869
Share-based payment reserve	14	–
Foreign exchange reserve	1	–
Retained deficit	(22,139)	(21,365)
	1,070	136
Non-controlling interest	(20)	–
TOTAL EQUITY	1,050	136

STATEMENT OF CONSOLIDATED CASH FLOWS

For the year ended 30 June 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Loss for the year before taxation	(801)	(733)
Adjustments for:		
Interest paid	–	4

Depreciation	5	–
Shares issued for services	10	306
Foreign exchange movements	2	–
Operating cashflows before movements in working capital	(784)	(423)
Increase in trade and other receivables	(98)	(1)
Increase/(decrease) in trade and other payables	50	(104)
	(48)	(105)
Net cash used in operating activities	(832)	(528)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(80)	–
Purchases of property, plant and equipment	(178)	–
Purchases on intangible assets	(617)	–
Net cash used in investing activities	(875)	–
Cash flows from financing activities		
Repayment of overdraft	–	(99)
Repayment of Directors loans	(31)	(25)
(Repayment of)/ Proceeds from bank loan	(25)	25
Proceeds from issue of shares	1,688	1,118
Costs of issue	(78)	(51)
Finance costs	–	(4)
Net cash generated from financing activities	1,554	964
Net (decrease)/ increase in cash and cash equivalents	(153)	436
Cash and cash equivalents at beginning of the year	436	–
Cash and cash equivalents at the end of the year	283	436

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Share capital	Share premium	Merger reserve	Retained deficit	Foreign exchange reserve	Share-based payment reserve	NCI	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30	1,431	18,697	2,001	(23,856)	1,223	–	–	(504)

June 2020								
Comprehensive income								
Loss for the year	–	–	–	(733)	–	–	–	(733)
Total comprehensive income	–	–	–	(733)	–	–	–	(733)
Transactions with owners recognised directly in equity								
Issue of shares	201	1,223	–	–	–	–	–	1,424
Cost of share issue	–	(51)	–	–	–	–	–	(51)
Realisation of foreign exchange reserve on dissolution of subsidiaries	–	–	–	1,223	(1,223)	–	–	–
Derecognition of merger reserve	–	–	(2,001)	2,001	–	–	–	–
Total transactions with owners recognised directly in equity	201	1,172	(2,001)	3,224	(1,223)	–	–	1,373
Balance at 30 June 2021	1,632	19,869	–	(21,365)	–	–	–	136
Comprehensive income								
Loss for the year	–	–	–	(774)	–	–	(27)	(801)
Currency translation	–	–	–	–	2	–	–	2
NCI share in translation difference	–	–	–	–	(1)	–	1	–
Total comprehensive income	–	–	–	(774)	1	–	(26)	(799)
Transactions with owners								

recognised directly in equity								
Issue of shares	158	1,627	–	–	–	–	–	1,785
Cost of shares issued	–	(92)	–	–	–	14	–	(78)
Additional transactions with NCI	–	–	–	–	–	–	6	6
Total transactions with owners recognised directly in equity	158	1,535	–	–	–	14	6	1,713
Balance at 30 June 2022	1,790	21,404	–	(22,139)	1	14	(20)	1,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GENERAL INFORMATION

Altona Rare Earths Plc (the "Company") is a public company listed on the AQUIS Stock Exchange ("AQSE"). The Company is incorporated and domiciled in England & Wales, with registered number 05350512.

The financial information set out above does not constitute statutory accounts for the purpose of Section 434 of the Companies Act 2006.The financial information has been extracted from the statutory accounts of Altona Rare Earths Plc and is presented using the same accounting policies, which have not yet been filed with the Registrar of Companies, and on which the auditors gave an unqualified opinion on 14 December 2022.

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

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006.

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

GOING CONCERN

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

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

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

POST REPORTING DATE EVENTS

The Company entered into a short-term loan facility on 8 November 2022, enabling it to drawdown up to £150,000 in two tranches in November, from Align Research Investments Ltd ("Align"). The loan has a repayment date of the earlier of either Admission or 31 January 2023 and carries a fixed interest rate of 15%. Align will also receive 12 pence warrants equal to 150% of the loan value, with a three year expiration date from drawdown.

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