Embargoed until 7.01am 29 January 2021

ALTONA ENERGY PLC

("Altona" or "the Company")

Final Results

For the Year Ended 30 June 2020

HIGHLIGHTS

- Changed strategy to focus on the mining of Rare Earth Metals in Africa
- Reduced loss before taxation to £228,000 (2019: loss £11.6m, with £11m being impairment of historic coal assets in Australia)

POST YEAR-END HIGHLIGHTS

- Completed two Placings totaling £661,000 at 6.5 pence (Dec 20 and Jan 21)
- Signed Heads of Agreements to acquire majority interests in two Rare Earths Projects in East Africa
- Negotiating two more possible acquisitions to complete portfolio of Rare Earth mining assets
- Commenced Applications process for the LSE Standard Market
- Appointed two Directors with two further appointments planned for February 2021

Christian Taylor-Wilkinson, Chief Executive of Altona, commented, "The 12-month period under review was one of great change for Altona, as it closed a significant 15-year chapter on its Australian coal exploration activities and opened the door onto its new Rare Earth Metals mining strategy, which it believes has far greater relevance for the world in the 21st Century.

"The Company is poised at the juncture of a significant opportunity, which it hopes to be able to capitalise on in 2021. Should we gain the right level of funding we require and should the assets we are currently assessing ahead of acquiring, be as we expect them, then Altona will be in a position to start a journey that could take it to being a respected producer of rare earth metals within a few years.

"The rare earths sector is among the fastest growing mining industries and its technology metals are among the most in-demand elements on the planet; a statistic which is only likely to grow as the world moves towards being more environmentally conscious and starts to fulfil its 'green' potential."

For further information, please visit www.altonaenergy.com or contact:

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Company Information

Altona is a mining exploration company focused on the evaluation, rapid development and extraction of Rare Earth Element (REE) metals in Africa.

The Company was admitted to trading on AIM on 10 March 2005 and was subsequently admitted to Aquis Stock Exchange on 1 February 2019. A copy of its Admission documents dated 4 March 2005 can be accessed on its website, www.altonaenergy.com. This website is where items can be inspected under Rule 75 of the Aquis Rules for Issuers.

CHIEF EXECUTIVE'S STATEMENT

Operational Review

The 12-month period under review was one of great change for Altona, as it closed a significant 15-year chapter on its Australian coal exploration activities and opened the door onto its new Rare Earth Metals strategy, which it believes has far greater relevance for the world in the 21st Century.

In November 2019, the Company made the decision not to renew its exploration licences on its three Arckaringa coal mining tenements, situated in South Australia, due to the Company not owning the petroleum exploration licence, which it failed to acquire in 2012, and therefore prevented the Company from performing an in-situ gasification project. The strategy, agreed by the board at this time, was to continue the Company's exploration in underground coal gasification and, to this effect, set out to acquire a new coal mining tenement, close to Arckaringa, but with the relevant petroleum exploration licence, providing an opportunity to conduct a new in-situ gasification project, where it had failed at Arckaringa. A subsequent attempt at a capital raise to acquire the licence and provide funding for early-stage exploration in Q1 2020 failed to deliver a suitable level of funds and therefore, the board agreed to cease all coal mining activities in Australia and seek a new strategy which had the potential to bring the Company to profitability in under three years and provide a return for its long-term shareholders.

The Company's new strategy is to acquire majority interests in multiple Rare Earths mining projects in Africa, primarily those holding deposits based in ionic clay, and to rapidly bring these projects to production. The Company has agreed not to focus on just one asset, as this could lead to higher levels of shareholder risk, due to possible delays and lower than estimated ore bodies, which is sometimes typical of mining projects. The Board has agreed that a minimum of three projects will be sufficient to negate these risks, with any two of the projects moving forward to reach its agreed milestones during the particular year.

Rare Earth Mining Acquisitions

Towards the end of the year under review, on 2 June 2020, the Company entered into a Memorandum of Understanding ("MoU") with Akatswiri Mineral Resources Ltd, a Malawian mining consultancy and 100% owner of Akatswiri Rare Earths Ltd ("ARE"). ARE had, in February 2020, been granted, pending approval, an Exploration Licence (APL 0153) over the area known as the Chambe Rare Earths Project ("Chambe"), in Mulanje, Southern Malawi.

The MoU (which progressed to Heads of Agreement on 29 July 2020) set out Altona's acquisition of ARE, commencing with an initial 51% interest and rising to a holding of 75% on certain milestones being met.

Chambe is a large, ionic adsorption clay-hosted Rare Earth Elements ("REE") project bearing appreciable quantities of critical heavy and light REEs, particularly Neodymium and Praseodymium, Ytterbium, Dysprosium and Yttrium. Extensive exploration work has been carried out on the site since September 2010, by the previous owners, confirming the presence of mineralised Rare Earth Oxide clays, similar to many of the larger REE mines in China. The benefits of extracting REE from ionic clay deposits include lower operating and capital costs (OPEX and CAPEX), as well as shorter times for development.

The Company's geologist, Cedric Simonet, working with the consultancy team at Akatswiri Mineral Resources, has provided a conceptual exploration target of between 45 to 100Mt @ 500 to 900 ppm Total Rare Earth Oxide

("TREO"), based on data available, dimension of the basin, as well as a reasonable assumption of the thickness and density of the mineralised geological formation. Importantly, the exploration target grade is within range of the documented ionic clay deposits in Asia and Africa.

Two additional kaolinitic soil deposits which have not been tested yet for REE exist within the licence. They will be tested as part of Phase 1 exploration and, should results be positive, the exploration target may increase.

Ionic Clay REEs Rationale in Africa

The past two years has seen a major global shift in the mind-set of Rare Earth Metals end-users, these being primarily the manufacturers of:

- High-strength permanent magnets for the Electric Vehicle market (38% of total value REEs)
- Military hardware, including guidance systems and laser rangefinders
- Green power sectors, such as wind power generation (up to 24kg of REEs per turbine)
- High temperature fuel cells
- Catalytic converters (19% of total volume of REEs)
- Structural ceramics

Presently, China controls between 90-95% of the supply chain and crucially, also controls the refining and processing sectors, creating a worldwide bottleneck. When looking at key future industries such as the Electric Vehicle ("EV") market, world governments are aware that the only way to increase numbers of cars on the road is to price the vehicles suitably. With China controlling more than 70% of EV battery manufacturing, a rise in cost of vehicles due to inflated REE prices could cause a significant delay to one of the world's major "Green Solutions".

Currently, there are no viable alternatives to provide the huge quantities of the "Technology Metals", primarily Neodymium and Praseodymium, needed for the manufacturing of items such as permanent magnets, lasers, superalloys, ceramics, fuel cells, catalytic converters, glass making and a whole raft of other industries.

However, REE mining companies are now turning to Africa, as a possible solution.

Many African jurisdictions are considered to be politically benign, globally speaking, and have a long history in dealing with international mining companies. So much so, that the US government has now been investigating the Continent's Rare Earths potential for the past two years.

Rare Earth Metals are found in very specific geological environments and Africa is blessed with several carbonatite provinces along the East African Rift Valley and along its continental margins; carbonatites being the rock formations which are naturally rich in Rare Earths. In addition to this, Africa also has the right climatic conditions to raise the concentration of the carbonatites and make them more easily mineable, through weathering. These deposits once developed, could provide a long-term, alternative supply line.

More recently, the presence of Ionic Clay Rare Earths deposits have also been discovered in the Eastern and Central parts of Africa and these have formed the initial investment target for Altona.

Therefore, if we look at China once more, the majority of its largest producers are mining deposits based in ionic clay type soils; meaning access to the metals is quicker and cheaper than mining and processing rock-based deposits. Processing the raw materials is also less expensive, environmentally preferred due to the benign chemicals used in the processing of the metals and ultimately "greener", an important issue when the end-products are crucial to the future of the environment.

All in all, this means that Rare Earths mining companies in Africa could develop and start supplying Technology Metals to the world's green industries in under three years.

Board Changes

On 19 November 2019, Ma Chi, the board representative of the Company's long-term joint venture partner, Sino-Aus Energy Group Ltd, resigned as a non-Executive Officer with immediate effect, following the termination of the Arckaringa joint venture agreement.

On 18 March 2020, Qinfu Zhang, the Company's Executive Chairman, resigned with immediate effect in order to focus on his business interests in China.

Financial Review

During the period under review the Group made a loss before taxation of £228,000 (2019: loss £11,657,000). The majority of the loss before tax in the prior year relates to the impairment of the intangible assets of £11,033,000, due to the Company relinquishing its ownership of its three historic Exploration Licences in the Arckaringa Basin.

As at 30 June 2020, the Group was in an overdraft position of £99,000 (30 June 2019: bank overdraft position of £96,000).

Post Balance Sheet Events

On 21 September, the Company announced it had signed non-binding Heads of Agreement with Leadway Group Ltd to acquire a 70% legal and beneficial interest in a greenfield mining project in Uganda, known as the Nankoma Rare Earth Project ("Nankoma") (tenement TN03385). The tenement covers an area of 67.5 km2 and is located approx. 50 km east of Jinja, which lies 130 km east of Kampala in Eastern Uganda.

Should a binding agreement be entered into, Altona will be responsible for 100% of the agreed budgeted costs to complete a Feasibility Study on the establishment of commercial scale REE mining and processing operations at the project site. Altona will be the manager and operator of the project.

The Company expects to sign a final agreement by the end of January 2021, following completion of its due diligence and an in-depth study of the tenement's geology, using Uganda's airborne geophysical survey datasets (survey flown in 2006) as well as Shuttle Radar Topography Mission (SRTM) and multi-spectral satellite imagery, and including an analysis of a number of soil samples taken from the site.

The rationale for the acquisition of the Nankoma Rare Earth Project is based, at this time, on the close proximity of the tenements to Australian Stock Exchange ("ASX") listed Ionic Rare Earth Limited's ("IonicRE") REE exploration project, which lie immediately from the north-west to the east of the Nankoma tenement and has a similar geology and geomorphology.

IonicRE reported a Mineral Resource Estimate of 78.6 Mt @ 840 ppm Total Rare Earth Oxide ("TREO") on its Makuutu Central Zone (tenement RL1693) in June 2020, which it is currently extending to the east, beyond Nankoma. Crucially, IonicRE reported high levels of Critical Rare Earth Oxides ("CREO"), at 310 ppm, which include the elements, Neodymium and Praseodymium, two of the REEs which Altona is focused on extracting, due to their demand in many green industries. Considering that IonicRE's resource is of the ionic-clay adsorption type deposit, the TREO and CREO figures are highly encouraging, due to the ease of recovery and low-cost nature of this type of deposit.

To assist the Board in determining its choice of acquisition targets and operational strategy, two mining consultants were appointed in July 2020, these being Cedric Simonet and Gavin Beer. Both are recognised as a Competent Persons for JORC and as Qualified Persons for NI43-101 reports. Gavin is a globally acknowledged metallurgist with more than 30 years' experience and Cedric, based in Nairobi, Kenya, has over 25 years' experience exploring, developing and mining mineral deposits in Africa and France and is the former Chairman of the Kenya Chamber of Mines.

On 28 October Martin Wood was appointed as Non-Executive Chairman and has brought to the Company a wealth of experience in both the financial and mining industries; his background being investment banking in the early part of his career and latterly, running Vicarage Capital, an FCA registered brokerage house working with junior resources companies, as well has being CEO of ASX listed, Kogi Iron Limited, providing him with experience of the African mining sector.

The Company's shares were re-admitted to trading on Aquis Stock Exchange ("AQSE") on 2 December 2020, following a successful fund raise of £138,000 before expenses. The fund raise was completed at a price of 6.5p, with at 1:2 warrants offered with a strike price of 12p. The funds will allow the Company to complete its due diligence on its two current acquisition targets and commence its planned move of its stock market listing onto the London Stock Exchange's Standard market. The rationale for this process is to enable the Company to access the large amounts of capital it will need to conclude exploration and commence production on its projects over the next few years, which it believes it cannot achieve being listed solely on AQSE. A further placing was completed in January 2021 with subscription letters being received by the Company in respect of a further fundraising of approximately £523,000 before expenses on the same terms as the December raise.

On 30 November, Phillip Sutherland, the Company's long-standing Non-Executive Director offered his resignation from the board. Phillip will be retiring from his full-time occupation in Adelaide in January 2021 and wishes to spend more time with his family. He will continue working with Altona until his notice period is served on 28 February 2021. We offer our thanks to Phillip for his many years of service and wish him and his family the very best for a long and full retirement.

On 7 December 2020, the Company paid a significant portion of the overdraft, reducing the balance to £50,000. In conjunction with the payment, the Company also agreed an extension with its bank and extended the due date to 31 May 2021.

Finally, on 24 December, the board appointed Cederic Simonet as a Non-Executive Director. Cederic is highly experienced geologist, who has spent most of the past 25 years living and working in Africa and had been working with the Company since July 2020 as a consultant geologist. While the Covid-19 restrictions have made travel to Africa difficult for the rest of the board, Cedric has been the Company's local eyes and ears across the jurisdictions Altona has an interest in, maintaining the Company's presence and performing both technical and corporate roles with a high level of professionalism and success. His knowledge of the African mining landscape makes him a natural fit for Altona's board and Rare Earths mining strategy.

Outlook

The Company is poised at the juncture of a significant opportunity, which it hopes to be able to capitalise on in 2021. Should we gain the right level of funding we require and should the assets we are currently assessing ahead of acquiring, be as we expect them, then Altona will be in a position to start a journey that could take it to being a respected producer of rare earth metals within a few years. The journey will not be without risk and the inevitable delays, but we are assembling a strong board of directors, who have the necessary experience to deal with every eventuality.

The rare earths sector is among the fastest growing mining industries and its technology metals are among the most in-demand elements on the planet; a statistic which is only likely to grow as the world moves towards being more environmentally conscious and starts to fulfil its "green" potential.

Christian Taylor-Wilkinson

Chief Executive

Altona Energy Plc

28 January 2021

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the year ended 30 June 2020

		Group	
	Notes	2020 £'000	2019 £'000
Other income		42	–
Administrative expenses		(270)	(624)
Impairment expense		–	(11,033)
Operating loss		(228)	(11,657)
Loss before taxation		(228)	(11,657)
Tax (charge) / credit		–	–
Loss for the year attributable to the equity holders of the parent		(228)	(11,657)
Other comprehensive income			
Exchange differences on translating foreign operations that may be subsequently reclassified to profit or loss		(1)	(187)
Total comprehensive income attributable to the equity holders of the parent		(229)	(11,844)
Earnings per share (expressed in pence per share) – Basic attributable to the equity holders of the parent	2	(14.23)p	(894.84)p
– Diluted attributable to the equity holders of the parent	2	(14.23)p	(894.84)p

All of the above operations during the year are continuing.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
ASSETS				
Non-current assets				
Intangible assets	–	–	–	–
Investment in subsidiaries	–	–	–	–
Other receivables	–	3	–	–

Total non-current assets	–	3	–	–
Current assets				
Trade and other receivables	20	32	20	32
Cash and cash equivalents	–	–	–	–
Total current assets	20	32	20	32
TOTAL ASSETS	20	35	20	32
Current liabilities				
Trade and other payables	524	310	524	310
Total current liabilities	524	310	524	310
TOTAL LIABILITIES	524	310	524	310
NET ASSETS	(504)	(275)	(504)	(278)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital	1,431	1,431	1,431	1,431
Share premium	18,697	18,697	18,697	18,697
Merger reserve	2,001	2,001	2,001	2,001
Foreign exchange reserve	1,223	1,224	–	–
Retained deficit	(23,856)	(23,628)	(22,633)	(22,407)
TOTAL EQUITY	(504)	(275)	(504)	(278)

The loss within the parent company financial statements for the year was £226,000 (2019: £12,979,000).

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2020

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash flows from Operating activities				
(Loss)/profit for the year before taxation	(228)	(11,657)	(226)	(12,979)
Shares issued for services	–	9		9
Impairment of intangibles	–	11,033		–
Impairment of i/c loan / investment in subsidiary	–	–		12,434
(Increase)/decrease in receivables	12	6	10	6

Increase/(decrease) in payables	188	123	188	129
Cash used in operations	(28)	(486)	(28)	(401)
Income tax benefit received	–	–	–	–
Net cash used in operating activities	(28)	(486)	(28)	(401)
Cash flows from Investing activities				
Loans (to) / from subsidiaries	–	–	–	94
Interest received	–	–	–	–
Net cash generated from/(used in) investing activities	–	–	–	94
Cash flows from Financing activities				
Proceed from bank overdraft	3	96	3	96
Proceeds from loan	25		25	
Proceeds from issue of shares	–	–	–	–
Costs of issue	–	–	–	–
Net cash inflow from financing	28	96	28	96
Net increase/(decrease) in cash and cash equivalents	–	(390)	–	(211)
Cash and cash equivalents at beginning of the year	–	391	–	211
Effect of exchange rate changes on cash and cash equivalents	–	(1)	–	–
Cash and cash equivalents at 30 June	–	–	–	–

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2020

Attributable to equity holders of the parent

	Share capital	Share Premium	Merger reserve	Foreign exchange reserve	Retained deficit	Total equity
Group	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2018	1,427	18,692	2,001	1,411	(11,971)	11,560
Profit/(loss) for the year	–	–	–	–	(11,657)	(11,657)
Other comprehensive	–	–	–	(187)	–	(187)

income						
Total comprehensive income	–	–	–	(187)	(11,657)	(11,844)
Issue of shares	4	5	–	–	–	9
Cost of share issue	–	–	–	–	–	–
Balance at 30 June 2019	1,431	18,697	2,001	1,224	(23,628)	(275)
Profit/(loss) for the year	–	–	–	–	(228)	(228)
Other comprehensive income	–	–	–	(1)	–	(1)
Total comprehensive income	–	–	–	(1)	(228)	(229)
Issue of shares	–	–	–	–	–	–
Cost of share issue	–	–	–	–	–	–
Balance at 30 June 2020	1,431	18,697	2,001	1,223	(23,856)	(504)

	Share capital	Share Premium	Merger reserve	Foreign exchange reserve	Retained deficit	Total equity
Company	£’000	£’000	£’000	£’000	£’000	£’000
Balance at 30 June 2018	1,427	18,692	2,001	–	(9,428)	12,692
Profit/(loss) for the year	–	–	–	–	(12,979)	(12,979)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	(12,979)	(12,979)
Issue of shares	4	5	–	–	–	9
Cost of share	–	–	–	–	–	–

issue						
Balance at 30 June 2019	1,431	18,697	2,001	–	(22,407)	(278)
Profit/(loss) for the year	–	–	–	–	(226)	(226)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	(226)	(226)
Issue of shares	–	–	–	–	–	–
Cost of share issue	–	–	–	–	–	–
Balance at 30 June 2020	1,431	18,697	2,001	–	(22,633)	(504)

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

Reserve	Description and Purpose
Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Reserve created on issue of shares on acquisition of subsidiaries in prior years.
Foreign exchange reserve	Cumulative translation differences of net assets of subsidiaries.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

NOTES TO PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2020

1. 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 energy 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 28 February 2021 and included the following paragraph in their audit report.

   "Material uncertainty related to going concern

   We draw attention to note 1 in the Financial Statements, which identifies conditions that may cast doubt on the Group's and Company's ability to

continue as a going concern. The Group incurred a net loss of £229,000 during the year ended 30 June 2020 and at that date the Group has net current liabilities of £524,000. The Financial Statements have been prepared on the going concern basis which is reliant on a successful fundraise by the Group to fund its operations for the foreseeable future. In December 2020, the Company raised £138,000 and in January 2021, the Company received subscription letters in respect of a fundraising of £523,000 before expenses. At the date of this report the Company has received £168,214 through the share placing and the balance is expected to be received in February 2021. The going concern assessment of the Group is reliant on receiving the remaining £355,139 through the share placing. As stated in note 1, these events or conditions, along with the other matters as set forth in note 17, indicate that a material uncertainty exists that may cast doubt on the ability of the Group and Company to continue as a going concern.

Our opinion is not modified in respect of this matter."

The preliminary announcement of the results for the year ended 30 June 2019 was approved by the board of directors on 28 January 2021.

2. EARNINGS PER SHARE

The loss for the year attributed to shareholders is £228,000 (2019: loss £11,657,000).

This is divided by the weighted average number of Ordinary shares outstanding calculated to be xx million (2019: 1.602 million) to give a basic loss per share of 14.23 pence (2019: basic loss per share of 894.84 pence).

In the current and prior year there were no potentially dilutive ordinary shares at the year end because the share price at year end was below the strike price of the potentially dilutive options and warrants. The potential future share issues that may dilute the profit/(loss) per share relate to options in issue disclosed at note 16.

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