RNS Number : 7150M
Aterian PLC
01 May 2024

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

Final Results for the Year Ended 31 December 2023

Aterian Plc (LSE: ATN) is pleased to announce its audited results for the period ended 31 December 2023.

Chairman's Statement:

Dear Shareholder,

2023 was another milestone year for the Company, setting out a clear roadmap for how we intend to grow the Company.

After successfully acquiring our Moroccan portfolio in late 2022, we entered an earn-in joint venture with Rio Tinto Mining and Exploration ("Rio Tinto") for our HCK lithium-tantalum project in Rwanda in August 2023. Under this Agreement, Rio Tinto has the right to earn in on our two other projects in Rwanda when the pending licence applications are granted. We expanded our portfolio in Morocco with the award of two additional copper exploration projects, with extensions granted to three existing projects. The Company reported regular updates on the positive results from our key projects in Morocco during the year. In January 2023, the International Tin Supply Chain Initiative ("ITSCI"), a programme for responsible mineral supply chains, approved our application in Rwanda and granted Membership Status to the Company.

Our strategy focuses on responsibly exploring and mining critical minerals and metals across Africa, a region vital for a successful energy transition. The renewable energy, automotive, and electronic manufacturing sectors are currently driving the need to develop secure supply chains of critical and strategic metals. We firmly believe the long-term market fundamentals for copper are excellent and linked specifically to the anticipated growing demand for renewable energy and related transportation electrification globally.

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

Business Review and Future Developments

Rwanda Exploration

Aterian signed a definitive Earn-In Investment and Joint Venture Agreement with Rio Tinto and Kinunga Mining Ltd ("Kinunga"), our 70% held Rwanda subsidiary. The Agreement is for the exploration and development of lithium and by-products at its HCK Joint Venture project which holds the HCK licence in the Republic of Rwanda. Rio Tinto has the option to invest US$7.5 million in two stages to earn up to a 75% interest in the HCK licence to explore for minerals vital for a successful energy transition to renewable energy. For accounting purposes, the Agreement has been treated as a farm-out arrangement.

The Stage 1 exploration expenditure commitment is US$3 million over a period of up to two years to earn a 51% interest in the licence, with Stage 2 exploration expenditures of US$4.5 million over a follow-on period of up to three years to earn a further 24% interest in the licence, taking Rio Tinto's interest in the licence to 75%. As part of the agreement, Rio Tinto agreed to pay the Company a cash consideration of US$300,000 over the two stages and has granted a 2% Net Smelter Return ("NSR") over the HCK Project (capped at US$50 million). Rio Tinto has the option to add Aterian's two other Rwandan projects (Musasa and Dynasty Projects), pending licence approval with the authorities.

Morocco Exploration

In 2023, we increased the Moroccan exploration portfolio by adding two new projects, Akka and West Tazalaght. Both projects were identified as prospective for sedimentary-hosted copper mineralisation and expanded the asset base in Morocco to 17 projects covering 897 km^2, an increase of 17% in our total land holding.

We have continued exploring our key projects at Agdz, Tata, Azrar and Jebilet Est, with positive assay data being returned from all these projects. The sedimentary-hosted copper on the Tata project looks highly encouraging, with visible copper mineralisation and good copper grades reported from a strike length of 18 km, with an estimated 26 km remaining to be tested.

The increase in total land area and the expansion of the copper project portfolio demonstrates our strong belief that Morocco represents an exciting mining destination, particularly for critical minerals vital for a successful energy transition.

Financial Review

During the period under review, the Group made a loss before taxation of £1,062,000 (2022: loss £4,383,000).

The reduction in losses for the year is in large part due to the absence of the need for impairment charges which in 2022 amounted to £3,045,000 in respect of goodwill and wash plant assets at the Musasa project.

Administration costs increased from £996,000 in 2022 to £1,471,000 in 2023, reflecting a full year of having the Moroccan projects under the Group's ownership with a consequent increase in legal and professional costs, and management of the increased portfolio. Directors' remuneration increased from £50,000 to £224,000 following the signing of new service agreements in October 2022.

Share-based payment charges fell from £335,000 in 2022 to £1,000 in 2023 after the one-off costs associated with the acquisition of Aterian Resources Limited. Accordingly, these savings will not be repeated in 2024.

The losses for the year have been funded by new capital issues, in particular £1,000,000 from Directors, management, existing shareholders and new investors through the issue of new shares.

The Group has also sold certain of its wash plant assets at Musasa in August 2023 for a total of US$400,000 (approximately £320,000), proceeds from which are being settled over a 12-month period.

Our definitive Earn-In Investment and Joint Venture Agreement signed with Rio Tinto in August 2023 for the exploration and development of lithium and by-products on the HCK Joint Venture project is now well underway, with Rio Tinto fully funding the exploration work and managing the project.

Loss per share for the year was 0.11 pence against 0.76 pence in 2022.

Notwithstanding the progress made in 2023, the Group needs to raise further capital to undertake its exploration programme and to develop a mineral concentrate trading business operating out of Rwanda. This is a key focus of management for the first half of 2024. At the year-end, cash balances were £73,000 although the Group has the benefit of a working capital facility made available by the Chairman.

Outlook

As a Company, we believe the outlook for Aterian remains very positive. We remain confident that our existing asset portfolio has the potential to deliver tremendous value to the Company, its shareholders and other stakeholders, as demonstrated in large part by our recent announcement of our joint venture with Rio Tinto for lithium exploration in Rwanda. We will continue to update shareholders as we deliver on our value-creation plans with the results of our ongoing exploration and corporate activities.

The market fundamentals remain strong for the Company, and I remain firmly optimistic about the Company's prospects in the future.

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

The Strategic Report was approved by the Board on 30 April 2024 and signed on its behalf by:

Charles G Bray

Chairman

Date: 30 April 2024

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:

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2023

		Group	
	Notes	**Year to 31-Dec-23 £'000**	Year to 31-Dec-22 £'000
Revenue		**-**	-
Administrative expenses	6	**(1,471)**	(996)
Provision for impairment charges	7	**-**	(3,045)
Share-based payment expense	22	**(1)**	(335)
Other income	4	**192**	-
Gains on disposal of property plant and equipment		**272**	-
Operating loss		**(1,008)**	(4,376)
Interest payable and similar charges	8	**(54)**	(7)
Loss before tax		**(1,062)**	(4,383)
Tax expense	9	**-**	-
Loss after tax		**(1,062)**	(4,383)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Loss on translation of foreign operations		**(111)**	(50)
Total comprehensive loss		**(1,173)**	(4,433)
Loss per share			
Basic and diluted loss per share (pence)	10	**(0.11)**	(0.76)

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 2023

		Group		Company	
	Notes	**31-Dec-23 £'000**	31-Dec-22 £'000	**31-Dec-23 £'000**	31-Dec-22 £'000
Non-current assets					
Investments	11	-	-	**3,206**	3,241

Intangible exploration and evaluation assets	13	**3,285**	3,241	**-**	-
Trade and other receivables	15	**-**	-	**-**	6
Property, plant and equipment	14	**296**	421	**7**	6
Total non-current assets		**3,581**	3,662	**3,213**	3,253
Current assets					
Trade and other receivables	15	**557**	319	**218**	266
Cash and cash equivalents	16	**73**	110	**17**	41
Total current assets		**630**	429	**235**	307
Total assets		**4,211**	4,091	**3,448**	3,560
Equity and liabilities					
Share capital	21	**10,892**	9,647	**10,892**	9,647
Share premium	21	**2,177**	2,177	**2,177**	2,177
Share-based compensation reserve	22	**2,442**	2,441	**2,442**	2,441
Interest in shares in EBT	22	**(839)**	(839)	**(839)**	(839)
Translation reserve		**(424)**	(314)	**-**	-
Accumulated losses		**(12,030)**	(10,968)	**(13,144)**	(11,783)
Merger relief reserve		**1,200**	1,200	**1,200**	1,200
Total equity		**3,418**	3,345	**2,728**	2,843
Current liabilities					
Trade and other payables	17	**402**	395	**329**	366
Deferred consideration	18	**166**	200	**166**	200
Borrowings	19	**225**	-	**225**	-
Total current liabilities		**793**	595	**720**	566
Non-current liabilities					
Borrowings	19	**-**	151	**-**	**151**
Total non-current liabilities		**-**	151	**-**	**151**
Total equity and liabilities		**4,211**	4,091	**3,448**	**3,560**

The Company made a loss of £1,361,000 for the year 2023 (2022 - loss of £5,432,000).

These financial statements were approved by the Board and were authorised for issue on 30 April 2024 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 2023

	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 2022	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**
Loss for the year	-	-	-	-	-	-	-	(1,062)	(1,062)
Other comprehensive loss	-	-	-	-	(111)	-	-	-	(111)
Transactions with owners:									
Share based compensation	-	-	1	-	-	-	-	-	1
Issue of new shares	1,245	-	-	-	-	-	-	-	1,245

Issue of new shares	-	-	-	-	-	-	-	-	-
At 31 December 2023	**10,892**	**2,177**	**2,442**	**(839)**	**(424)**	**-**	**1,200**	**(12,030)**	**3,418**

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2023

	Share capital £'000	Share premium £'000	Share-based compensation reserve £'000	Interest in shares in EBT £'000	Other Reserve £'000	Merger relief reserve £'000	Accumulated losses £'000	Tota £'00
At 1 January 2022	5,671	2,144	1,615	(395)	58	1,200	(6,373)	3,92
Loss for the year	-	-	-	-	-	-	(5,432)	(5,432
Transactions with owners:								
Discounting of loan notes	-	-	-	-	(36)	-	-	(36
Transfer from other reserve to accumulated losses	-	-	-	-	(22)	-	22	
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)**	**-**	**1,200**	**(11,783)**	**2,84**
Loss for the year	-	-	-	-	-	-	(1,361)	(1,361
Transactions with owners:								
Share based compensation	-	-	1	-	-	-	-	1
Issue of new shares	1,245	-	-	-	-	-	-	1,245
Issue of new shares	-	-	-	-	-	-	-	-
At 31 December 2023	**10,892**	**2,177**	**2,442**	**(839)**	**-**	**1,200**	**(13,144)**	**2,72**

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 cumulative profits and losses, net of dividends and other adjustments.

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

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		31-Dec-23	31-Dec-22	**31-Dec-23**	31-Dec-22
		£'000	£'000	**£'000**	£'000
Cash flow from operating activities					
Loss after tax		**(1,062)**	(4,383)	**(1,361)**	(5,433)
Adjustments for:					
Depreciation		**16**	22	**-**	-
Share-based payment expense	22	**1**	335	**1**	335
Expenses settled by issue of shares	21	**339**	50	**339**	50
Interest expense	8	**54**	7	**54**	7
Gains on disposal of property plant and equipment		**(272)**	-	**-**	-
Farm out gain		**(119)**	-		
Discounting on deferred consideration		**(35)**	-		
Inter-company interest expense / (income)		**-**	-	**-**	(264)
Provisions for expected credit losses		**-**	-	**-**	2,444
Provision for impairment of investments	11	**-**	-	**-**	2,261
Provision for impairment of goodwill		**-**	2,168	**-**	-
Provision for impairment of property plant and equipment	14	**-**	877	**-**	-
Foreign exchange gains		**-**	(134)	**-**	-
Operating loss before working capital changes		**(1,078)**	(1,058)	**(968)**	(600)
Changes in working capital:					
(Increase) / decrease in trade & other receivables		**(87)**	81	**53**	89
(Decrease) / increase in trade & other payables		**7**	168	**(35)**	117
Net cash outflows from operating activities		**(1,158)**	(809)	**(950)**	(394)
Cash flow from investing activities					
Purchase of plant and equipment		**(5)**	(10)	**-**	(6)
Proceeds from disposal of plant and equipment		**89**	-	**-**	-
Capitalised E&E expenditure		**(89)**	-	**-**	-
Asset acquisition including directly attributable costs		**-**	(108)	**-**	(108)
Funds advanced to subsidiaries		**-**	-	**-**	(482)
Net cash used in investing activities		**(5)**	(118)	**-**	(596)

Cash flow from financing activities					
Loan received	23	**342**	150	**342**	150
Net proceeds from director loans		**127**		**127**	-
Interest paid		**(22)**	-	**(22)**	-
Cash proceeds from issue of shares		**679**	691	**479**	691
Net cash flow from financing activities		**1,126**	841	**926**	841
Net increase/(decrease) in cash & cash equivalents		**(37)**	(86)	**(24)**	(149)
Cash & cash equivalents at beginning of the year		**110**	196	**41**	190
Cash and cash equivalents at end of the year		**73**	110	**17**	41

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023

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, lithium, 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 England and Wales. 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.

These consolidated financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the years presented.

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).

2.2 New standards, interpretations and amendments adopted from 1 January 2023

A number of new standards, interpretations and amendments are in issue which and which are summarised below:

New currently effective requirements

The following table lists the recent changes to Accounting Standards that are required to be applied for accounting periods beginning on or after 1 January 2023. None of these changes have had a material impact on the Group's financial statements :

	Effect annual periods beginning before or after
IFRS 17 Insurance Contracts	1st January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1st January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1st January 2023
Deferred tax relating to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1st January 2023
International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	1st January 2023

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. The most significant of these are as follows:

	Effect annual periods beginning before or after
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1st January 2024
Non-current Liabilities with Covenants - Amendments to IAS 1	1st January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16	1st January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1st January 2024
Lack of Exchangeability (Amendments to IAS 21)	1st January 2025

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.

3. Material accounting policies

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of Aterian Plc and its subsidiaries as at 31 December 2023. 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.

3.2 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.

3.3 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 to 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.

3.4 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 2023 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. The

Company expects to raise additional equity capital to fund both day-to-day expenditure and potential growth. Such funding will be required although there can be no certainty that such funding will be forthcoming. The Company is reliant on fundraising activities which if not secured in the next month will require the directors to source funding through alternative means or provide capital injection, otherwise this may impact the Group's ability to operate as a going concern.

As at 31 December 2023, the Group had cash and cash equivalents of £73,000 and a working capital facility of £500,000 which is fully utilsed. As at the date of this report, cash balances were approximately £20,000. 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 can 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.

3.5 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 two operating segments being exploration activity in Morocco and Rwanda. The Company operates in Morocco and Rwanda, and has its Corporate management team in the UK. Note 24 provides the Company's results by operating segment in the way information is provided to and used by the Company's CEO as the chief operating decision maker to make decisions about the allocation of resources to the segments and assess their performance.

The Company considers each of its exploration projects in Morocco and Rwanda each form a segment. Corporate legal entities are aggregated and presented together as part of the "other" segment on the basis of them sharing similar economic characteristics.

3.6 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.

3.7 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 other comprehensive income, 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 effective interest method ("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.

3.8 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.

3.9 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	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.

Capitalisation 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. No impairment provision has been made in the year ended 31 December 2023 (2022: £877,000), as more fully described in Note 14.

3.10 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. No impairment provision has been made in the year ended 31 December 2023 (2022: £2,168,000) as goodwill was fully impaired in 2022.

3.11 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.

3.12 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 lithium, 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 17 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 11, the Directors have considered the evidence in respect of the Company's investments in its subsidiaries and concluded that there were no indicators of impairment. The Company made full impairment against its investment in its Rwandan subsidiaries in the year ended 31 December 2022, amounting to £2,261,000.

3.13 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.

3.14 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.

3.15 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 considered 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.

3.16 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.

3.17 Exploration, evaluation and development expenditures

Exploration expenditure
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.

These assets relate to the exploration and evaluation expenditures incurred in respect of resource projects that are in the exploration and evaluation stage. Exploration and evaluation expenditures include costs which are directly attributable to acquisition and evaluation activities, assessing technical feasibility and commercial viability.

These expenditures are capitalised using the full cost method until the technical feasibility and commercial viability of extracting the mineral resource of a project are demonstrable. During the exploration period, exploration and evaluation assets are not amortised.

Drilling and related costs that are for general exploration, incurred on sites without an existing mine, or on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are classified as greenfield exploration expenditures and capitalised in accordance with IFRS 6.

Drilling and related costs incurred to define and delineate a mineral deposit that has not been classified as proven and probable reserves at a development stage or production stage mine are classified as brownfield activities and are capitalised as part of the carrying amount of the related property in the period incurred, when management determines that there is sufficient evidence that the expenditure will result in a future economic benefit to the Group.

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.

The Group classifies its E&E assets as intangible assets.

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.

3.18 Farm-outs in the exploration and evaluation stage

On 31 July 2023, the Company signed a definitive Earn-In Investment and Joint Venture Agreement ("Agreement") with Rio Tinto Mining and Exploration Ltd ("RIO") and Kinunga Mining Ltd ("Kinunga"). The Agreement is for the exploration and development of lithium and by-products at its HCK Joint Venture project ("Project") holding the HCK licence (the "Licence") in the Republic of Rwanda. For accounting purposes, the agreement has been treated as a farm-out arrangement.

RIO has the option to incur work expenditure of US$3 million over a two-year period ("Stage 1") to earn an initial 51% interest in the Licence. RIO will also make cash payments to Aterian, totalling US$300,000, to reimburse previous operational expenses incurred by Aterian. An initial payment of US$200,000 is due upon completion of satisfactory due diligence by RIO, and an additional payment of US$100,000 will be due at the start of Stage 2.

Upon earning a 51% interest in the Licence, RIO can earn an additional 24% interest in the Licence by funding additional work expenditures of US$4.5 million over a three-year period ("Stage 2"). After Stage 2 RIO will, provided it contributes the additional funding, hold a 75% interest in the Licence.

RIO has agreed to a 2% net smelter royalty (NSR) over the project with a US$50 million cap that will be due by the future Joint Venture between RIO and Kinunga to a holder/holders to be notified by Aterian to RIO prior to the NSR agreement being entered into and such holder/holders to be subject

to completion of satisfactory due diligence by RIO. No production had commenced as at 31 December 2023 and therefore no royalty was earnt in that period.

Under the terms of the Agreement, RIO has an exclusivity option to invest into Aterian's two other existing Rwandan projects, which will be subject to their own separate agreements. A management committee comprising representatives of both RIO and Aterian will be formed to provide financial and operational oversight. RIO will act as the operator for the Project. The Group considers that this option has insignificant value as the agreement is in its early stages and its ultimate outcome is uncertain at 31 December 2023. Management has determined that the fair value of the option is immaterial at 31 December 2023 on the basis that the agreement is in its early stages and the ultimate likelihood of a successful outcome to the arrangement is uncertain. Accordingly, no value has been recognised in respect of the option.

In effect, the Group has entered into a farm-out agreement with RIO whereby in return for a working interest in the Project. RIO is responsible for and will contribute up to US$7.5m of operating costs and capital expenditure. RIO has been appointed as operator.

With effect from the Execution Date, Rio Tinto will undertake, operate and manage all exploration activities on the Project as Operator as approved by the Management Committee.

The Operator shall charge an operator fee, which shall be calculated as five percent (5%) of all Project Expenditures (the "Operator Fee").

The Operator Fee will form part of Project Expenditure required to be spent by Rio Tinto to earn its Participating Interest. If the Joint Venture Entity is formed, the Operator Fee shall be charged to the Joint Venture Entity.

The Group does not record any expenditure made by RIO (the "farmee'') on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Company (as "farmor'') as a gain on disposal.

In developing an accounting policy for such farm-out arrangements, the Company has considered IFRS 6 which effectively provides two options. Either:

(a) Develop an accounting policy under IAS 8
(b) Develop an accounting policy under IFRS 6

Aterian has used the second option by developing and applying an accounting policy to these arrangements.

As farmor, Aterian accounts for the farm-out arrangement as follows:

- The Company does not record any expenditure made by the farmee on its behalf.
- Management has determined that the fair value of the option is immaterial at 31 December 2023 on the basis that the agreement is in its early stages and the ultimate likelihood of a successful outcome to the arrangement is uncertain. Accordingly, no value has been recognised in respect of the option;
- The Company does not recognise a gain or loss on the farm-out arrangement but rather, redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained; and
- Any cash consideration received is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Company as a gain on disposal.

The initial payment of US$ 200,000 (approximately £164,000) from RIO which was due upon completion of satisfactory due diligence by RIO has been credited against costs previously capitalised in relation to the whole interest with the excess of £119,000 accounted for by the Company as a gain on disposal. Satisfactory due diligence was subsequently completed. As at 31 December 2023, the

Group had capitalised £45,000 in respect of the HCK Project and accordingly, the sum of £45,000 has been credited against such costs, with £119,000 accounted for as a gain on disposal.

3.19 Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various
accounting policies are described and highlighted separately with the associated accounting policy note within the related qualitative and quantitative note, as described below.

Key judgements:

a) Exploration and evaluation expenditure

The application of the Group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's E&E assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

The determination of a resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates directly impact when the Group defers E&E expenditure.

The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

b) Investments

The Company's investments in its subsidiaries are stated at cost less impairment provisions. Management has applied judgement in a review assessing whether or not its investments are impaired.

As noted below, in the year ended 31 December 2022, the review concluded that the recoverable amount of the Rwandan assets did not support either the Company's investment carrying value of £2,261,000 or the Group's goodwill of £2,168,000. In 2023, the review concluded that there were no indicators of impairment to the Group's investment in its Moroccan subsidiaries and no provision has been made.

c) Farm-out arrangements in the exploration phase

The Group undertakes certain of its business activities through farm-out arrangements. A farm-out arrangement typically involves an entity (the farmor) agreeing to provide a working interest in a mining property to a third party (the farmee), provided that the farmee makes a cash payment to the farmor and/or incurs certain expenditures on the property to earn that interest.

In developing an accounting policy for such arrangements, management has made a judgement in applying the terms of the agreement with RIO and considers that there is no joint control arising out of the arrangement, as RIO effectively manages expenditure and related committee and will ultimately gain control of the license / Kinunga if they continue in the agreement via the two stages. As such the agreement is not regarded as a joint arrangement under IFRS 11.

The Group recognises only cash payments received and does not recognise any consideration in respect of the value of the work to be performed by the farmee and instead carries the remaining interest at the previous cost of the full interest reduced by the amount of any cash consideration received for entering the agreement. The effect is that there is no gain recognised on the disposal unless the cash consideration received exceeds the carrying value of the entire asset held.

Management has also considered the position that RIO has an option to either request Kinunga to transfer the license to a newly formed company or for Kinunga to issue shares to RIO so that the latter obtains 51% at stage 1 or up to 75% for stage 2. If RIO exercises its Purchase Option right in accordance with the Earn-In and Joint Venture Agreement, RIO shall be entitled to acquire all the Participating Interests held by Kinunga at the fair market value of such Participating Interests.

Management has determined that the fair value of the option is immaterial at 31 December 2023 on the basis that the agreement is in its early stages and the ultimate likelihood of a successful outcome to the arrangement is uncertain. Accordingly, no value has been recognised in respect of the option.

d) 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 September 2025 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 period to September 2025.
- Each project has an assumed a limited 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.
- Corporate expenditure is assumed to continue at current levels.
- New debt or equity funds are not assumed although the Directors are in discussion with advisors and investors for an additional funding round. We have similarly excluded fundraising costs.
- Inflationary assumptions have not been specifically factored into revenue or costs 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 consequently inflation doesn't represent a significant source of estimation uncertainty.

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 statement. The Company is reliant on fundraising activities which if not secured in the next month will require the directors to source funding through alternative means or provide capital injection, otherwise this may impact the Group's ability to operate as a going concern.

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.

e) Impairment of goodwill and exploration and evaluation 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 2023, 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. This review concluded that no impairment was necessary.

In the year ended 31 December 2022, the review concluded that the recoverable amount of the Rwandan assets did not support either the Company's investment carrying value of £2,261,000 or the Group's goodwill of £2,168,000.

Management 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 were impaired in 2022.

The Group's review has concluded that there has been no change to these circumstances and that no reversal of such impairment should be made. 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 2023 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.

In June 2023, an independent unrelated party, released a research note from Atrium Research. This note values their single 16km2 licence at Silver Hills in Morocco at C$4.4 million. Aterian currently holds 17 projects and data obtained post the initiation note can be considered as highly positive in exploration terms. Subsequent to year-end reporting period, the Company has received interest from several third parties with respect to the Moroccan projects.

Given the external interest and the new results from some of the projects an internal valuation between US$7 - 12 million lends support to the conclusion that no impairment is necessary.

f) Share-based payments

The Group accounts for equity-settled share-based payments at fair value at the date of issue.

The Board has exercised judgement in determining whether the warrants issued during the year should be treated as a financial instrument (IAS 32) or share based payments (IFRS 2). IFRS 2 applies to

any transaction in which an entity receives goods or services as part of a share-based payment arrangement. That determination requires careful consideration of all the facts and circumstances, such as the respective rights of the warrant holders. A total of 4 million warrants were issued for the settlement of services received and have been recognised in accordance with IFRS 2.

The board has determined that all of the 100 million warrants issued to investors during 2023 were for the purpose of obtaining funding via equity from investors at 1p and at 1.2p per share. None were issued to any directors or employees in relation to any compensation or in relation to any employment or consideration for services. Accordingly, these warrants issued to shareholders and investors do not fall within the scope of IFRS 2.

4. Other income

	2023	2022
	£'000	£'000
Drone survey services	32	-
Gain farm-out (Note 3.18)	119	-
Others	41	-
	192	-

5. Directors' remuneration

Director salaries	Fees and salaries £'000	Other benefits £'000	2023 Totals £'000	2022 Totals £'000
Executive Directors				
Charles Bray	66	-	66	29
Simon Rollason	106	-	106	24
Non-Executive Directors				
Devon Marais	28	-	28	1
Alister Hume	12	-	12	1
Kasra Pezeshki	12	-	12	-
	224	-	224	55

6. Administrative expenses

	2023	2022
	£'000	£'000
Directors' remuneration	224	50
Staff costs	115	91
Auditor's remuneration	114	75
Travel expenses	24	12
Metallurgical tests	4	55
Legal expenses	84	194
Professional fees	513	216
Accounting fees	45	30
Depreciation	16	22
Other expenses	332	251
	1,471	996

Auditor's remuneration

	2023 £'000	2022 £'000
Auditors' remuneration:		
- Audit fee for the current year	77	75
- Under provision in respect of prior year	37	-
	114	75
Auditors' remuneration:		
- Amounts paid to Group auditor	109	75
- Amounts paid to auditors overseas	5	-
	114	75

Staff costs

During the year the average number of employees (including Directors) was 24 (2022: 22).

Aggregate staff costs including directors comprise:	2023 £'000	2022 £'000
Salaries and wages	290	130
Staff welfare	1	3
Social security and pension contributions	48\	8
	339	141

Key management personnel of the Group comprised the directors.

7. Impairment losses / (reversals)

	2023 £'000	2022 £'000
Impairment of goodwill (Note 3.19 (d))	-	2,168
Impairment of property, plant and equipment (Note 14)	-	877
	-	3,045

8. Finance costs

	2023 £'000	2022 £'000
Interest expense on loan notes	-	6
Interest on related party loan	54	1
	54	7

9. Taxation

	2023 £'000	2022 £'000
Current tax:		
UK taxation	-	-
Overseas taxation	-	-
Total tax	-	-

Reconciliation of income tax

	2023 £'000	2022 £'000
Loss before tax	(1,022)	(4,383)
UK corporation tax rate	23.5%	19%
Tax at expected rate of corporation tax	(249)	(833)
Effects of:		
Effect of overseas tax rates	(16)	(16)
Unutilised tax losses carried forward	265	849
Total tax	-	-

Since 1 April 2023, there has no longer been a single Corporation Tax rate in the United Kingdom for non-ring fence profits. The main rate for Corporation Tax increased from 19% to 25% from this date for profits above £250,000. A small profits rate of 19% was also announced for companies with profits of £50,000 or less. Companies with profits between £50,000 and £250,000 pay tax at the main rate, reduced by a marginal relief. This provides a gradual increase in the effective Corporation Tax rate. Rwanda has a 30% tax rate and Morocco has a 31% tax rate.

The Group had losses for tax purposes of approximately £7.5 million as at 31 December 2023 (£6.4 million as at 31 December 2022) 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 £1.8 million (£1.6 million as at 31 December 2022). 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.

10. Loss per share

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

	2023	2022
Earnings	**£'000**	£'000
Loss from continuing operations for the year attributable to the equity holders of the Company	**(1,062)**	(4,383)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,015,853,476**	579,581,027
Basic and diluted earnings per share (pence)	**(0.11)**	(0.76)

The potential number of shares which could be issued following the exercise of options and warrants currently outstanding amounts to 485,928,745 shares. 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.

11. Investments

	Investment in Subsidiaries	
	2023	**2022**
	£'000	**£'000**
Investment		
Cost:		
At the beginning of the year	5,502	2,261
Additions (Note 12)	-	3,241
At 31 December	**5,502**	5,502
Impairment		
At the beginning of the year	(2,261)	-
Impairment provision	-	(2,261)
Discounting effect on deferred consideration	(35)	-
At 31 December	**(2,296)**	(2,261)
Carrying Amount		
At 31 December	**3,206**	3,241

The Company's subsidiaries as at 31 December 2023 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.

Mining activity at the Group's Musasa Project was suspended in 2022. Management concluded that the mine assets capitalised in Eastinco Limited should be fully impaired. Accordingly, the carrying value of the Company's investment was considered 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 was recognised in the year ended 31 December 2022.

The Directors have considered the evidence in respect of the Company's other investments in its subsidiaries and concluded that there were no indicators of impairment.

12. Acquisition of Aterian Resources Limited

On 21 November 2021, the Company entered into a sale and purchase agreement with Altus Strategies Plc 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, constituting 50% of the company.

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.

13. Intangible E&E Assets

	Rwandan Assets	Moroccan Assets	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 January 2023	-	3,241	3,241
Additions	45	44	89
Farmed-out	(45)	-	(45)
At 31 December 2023	**-**	**3,285**	**3,285**
Impairment			
At 1 January 2023	-	-	-
Charge for the year	-	-	-
At 31 December 2023	-	-	-
Net book value			
At 31 December 2023	**-**	**3,285**	**3,285**

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

At 31 December 2022	-	-
Net book value		
At 31 December 2022	**3,241**	**3,241**

14. Property, plant and equipment

Group

Cost	**Mine £'000**	**Mining Equipment £'000**	**Office Equipment £'000**	**Motor vehicles £'000**	**Computer Equipment £'000**	**Processing Equipment £'000**	**Land £'000**	**Total £'000**
At 1 January 2023	624	671	7	6	2	3	32	1,345
Foreign exchange adjustment	-	(27)	(1)	-	1	(2)	(5)	(34)
Disposals	-	(348)	-	-	-	-	-	(348)
Additions	-	3	-	-	2	-	-	5
At 31 December 2023	624	299	6	6	5	1	27	968
Depreciation								
At 1 January 2023	624	295	4	-	1	-	-	924
Charge for the year	-	13	2	-	1	-	-	16
Disposals	-	(268)	-	-	-	-	-	(268)
At 31 December 2023	624	40	6	-	2	-	-	672
Net book value								
At 31 December 2023	-	259	-	6	3	1	27	296

Cost	**Mine £'000**	**Mining Equipment £'000**	**Office Equipment £'000**	**Motor vehicles £'000**	**Computer Equipment £'000**	**Processing Equipment £'000**	**Land £'000**	**Total £'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	-	376	3	6	1	3	32	421

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 2022, the Company temporarily suspended operations on the Musasa Project based on the recommendation of Quiver Ltd, an independent processing consultancy, to undertake additional metallurgical test work to improve overall metal recoveries.

On the basis that mining was 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 was considered necessary in 2022. In 2023, certain of the wash plant assets were sold for a sum of US$400,000 (approximately equal to £320,000) and the impairment provision has been reversed. A total of £89,000 had been received as at 31 December 2023 and £231,000 was outstanding.

15. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Amounts owed by group undertakings due	**-**	-	**-**	6
Other debtors	**347**	-	**33**	-
Amounts due from farmee (Note 3.18)	**157**	-	**157**	-
Taxes receivable	**28**	86	**28**	54
Share subscriptions receivable	**-**	212	**-**	212
Prepayments	**25**	21	-	-
	557	319	**218**	272

Amounts owed by group undertakings are stated net of a provision of £2,922,000 (2022: £2,444,000).

16. Cash and cash equivalents

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Cash at bank and in hand	**73**	110	**17**	41

There are no restrictions imposed on the cash balances.

17. Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Trade payables	**194**	287	**94**	192
Other payables	**99**	33	**88**	27
VAT payable	**34**	-	**-**	-
Amounts due by group undertakings due in less than one year	**-**	-	**72**	72

Accruals	**75**	75	**75**	75
	402	395	**329**	366

18. Deferred consideration

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Deferred consideration	**166**	200	**166**	200
	166	200	**166**	200

Deferred consideration is payable to Elemental Altus Exploration Management Ltd ("Elemental Altus") in respect of the acquisition of Aterian Resources Limited. Amounts are discounted to reflect the time value of money.) During the year, the liability was discounted by £34,000 (2022: £nil).

Disposal of Net Smelter Royalty (NSR)
In April 2024, the Company reached an agreement to sell the Aterian plc portion of the Rio Tinto Joint Venture NSR to Elemental Altus Limited for the total debt consideration owing to Elemental Altus by the Company for approximately £200,000.

19. Borrowings

	Group		Company	
Loan from related party	**2023**	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Current liability	**225**	-	**225**	-
Non-current liability	**-**	151	**-**	151
	225	151	**225**	151

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 7.5% plus base rate 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.

On 9 August 2023, £300,000 of the loan balance was converted to Ordinary Shares, as described in Note 21 below. Further analysis of the loan balance is included in Note 23.

20. Financial instruments

Categories of financial instruments	Group		Company	
	2023	2022	**2023**	2022
Financial assets measured at amortised cost	**£'000**	£'000	**£'000**	£'000

Receivables	**532**	319	**218**	266
Cash and cash equivalents	**73**	110	**17**	41
	605	429	**235**	307
Financial liabilities measured at amortised cost				
Trade and other payables	**402**	395	**329**	366
Deferred consideration	**166**	200	**166**	200
Borrowings	**225**	151	**225**	151
	793	746	**720**	717

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 and borrowings which are all payable within 12 months. At 31 December 2023, total payables and borrowings due within one year were £791,000, which is more than the Group's cash held at the year-end of £73,000. The borrowings are repayable within one year. 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 2023, 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 £132k/£(162k). Similarly, the exchange rate between the Sterling and MAD increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £248k/(£303k). The Group does not hedge against foreign exchange movements.

21. 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.

	2023			2022		
	Number of shares	Share Capital £'000	Share Premium £'000	Number of shares	Share Capital £'000	Share Premium £'000
Brought forward at 1 January	964,694,093	9,647	2,177	488,692,170	5,671	2,144
Shares issued for acquisition of Aterian Resources Limited	-	-	-	241,173,523	2,411	-
Shares issued to Directors, management, existing shareholders and new investors	90,598,000	906	-	85,405,000	854	-
Conversion of 2021 loan notes	-	-	-	85,000,000	67	33
Conversion of loan 2019 notes	-	-	-	20,000,000	200	-
Shares issued to EBT	-	-	-	44,423,400	444	-
Other share issues	33,878,022	339	-	-	-	-
As at 31 December 2023	**1,089,170,115**	**10,892**	**2,177**	**964,694,093**	**9,647**	**2,177**

The Company issued the following shares in the year ended 31 December 2023:

a) On 31 May 2023, the Company issued 24,476,022 New Ordinary Shares at their par value of 1p. The New Ordinary Shares were to compensate certain parties in lieu of cash compensation and serve as long term performance incentivisation.
b) On 9 August 2023, the Company raised gross proceeds of £1,000,000 from Directors, management, existing shareholders and new investors through the issue of 100,000,000 new ordinary shares at a price of 1.00 pence each. The Executive Chairman and largest single individual shareholder, Charles Bray invested £500,000 in the fundraise consisting of £200,000

of new equity capital and £300,000 from the conversion to equity of a short-term debt utilising a working capital facility provided to the Company. Included in Charles Bray's subscription of £200,000 above was the conversion of a Director's loan account in the sum of £127,000 to New Ordinary Shares on the same terms. Simon Rollason, an executive director, converted 3 months of salary into 2,500,000 New Ordinary Shares (£25,000). Other payables totalling £94,000 were settled by the issue of Ordinary Shares in lieu of cash compensation.

Summary of share issue proceeds:	**2023 £'000**	**2022 £'000**
Shares issued for cash	**479**	691
Non-cash:		
Shares issued in lieu of cash compensation 31 May 2023	**245**	-
Payables settled by issue of shares on 9 August 2023	**94**	-
Other shares issued in lieu of cash compensation	**-**	163
Shares issued on acquisition of Aterian Resources (Note 12)	**-**	2,411
Shares issue to EBT	**-**	444
Conversion of loan notes	**-**	300
Director's loan converted to equity	**127**	-
Short-term debt converted to equity	**300**	-
Total proceeds from share issues	**1,245**	**4,009**

22. 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.

No further share options were granted during the accounting period. At 31 December 2023, 96,397,400 options remained in issue (2022 - 96,397,400).

EBT Options

	2023 Number of EBT Options	**2022** Number of EBT Options
Outstanding at beginning of year	96,397,400	51,907,400
Granted during the year	-	44,490.000
Outstanding at end of the year	**96,397,400**	**96,397,400**

An expense of £nil has been recognised in the year (2022: £317,000) in respect of a share-based payment charge for the share options issued during the accounting period under the Employee Benefit Trust and CSOP. There are no vesting conditions attached to the options.

The weighted average remaining life of the options at the end of 2023 was 5.70 years (2022: 6.70 years).

Warrants

The following warrants were issued as part of share subscriptions:

	2023		**2022**	
	Average exercise price per warrant	Number of warrants	Average exercise price per warrant	Number of warrants
Outstanding at beginning of year	2.04p	289,531,345	2.65p	190,156,935
First Altus warrants	-	-	1p	48,234,705
Second Altus warrants	-	-	2p	48,234,705
Novum warrants	-	-	1.5p	2,500,000
Shard warrants	-	-	1.5p	405,000

Issued during the year	1.12p	104,000,000	-	-
Lapsed during the year	(1.5p)	(4,000,000)	-	-
Outstanding at end of the year	1.64p	389,531,345	2.04p	289,531,345

During the year ended 31 December 2023, the Company issued in aggregate 104,000,000 new warrants over Ordinary Shares. A total of 4,000,000 warrants expired on 31 December 2023, all other instruments remain outstanding at 31 December 2023.

The Company issued the following warrants in the year ended 31 December 2023:

a) On 1 June 2023, the Company issued 4,000,000 new warrants to a third party exercisable at 1.5p per Ordinary Share, expiring 31 December 2023, as partial compensation to a supplier.

b) On 10 August 2023, the Company issued 100,000,000 new warrants to Directors, management, existing shareholders and new investors, with 50,000,000 of those warrants having an exercise price of 1.0 pence per Ordinary Share, expiring on 30 August 2024, and 50,000,000 warrants having an exercise price of 1.2 pence per Ordinary Share, expiring on 29 August 2025.

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

Share price	£0.010
Exercise price	£0.015
Time to maturity	0.25 years
Risk free rate	4.11%
Volatility	67.0%
Value	£0.0002

The total expense recognised in the Statement of Comprehensive Income during the year was £946 (2022: £18,503).

The weighted average remaining life of the warrants at the end of 2023 was 2.00 years (2022: 3.31 years).

23. Notes to statement of cash flows

Changes in liabilities arising from financing activities

Company and Consolidated cash flows	**Borrowings**	**Total**
Year ended 31 December 2023	**£'000**	**£'000**
At 1 January 2023	151	151
Cash proceeds	342	342
Payment of interest	(22)	(22)
Net proceeds	**320**	**320**
Non-cash items:		
Converted to equity (Note 21)	(300)	(300)
Accrued interest (Note 8)	54	54
Total liabilities from financing activities at 31 December 2023	**225**	**225**
Non-current	**225**	**225**
Current	**-**	**-**

Company and Consolidated cash flows	**Borrowings**	**Total**

Year ended 31 December 2022	£'000	£'000
At 1 January 2022	158	158
Cash proceeds	150	150
Net proceeds	**150**	**320**
Non-cash items:		
Converted to equity	(200)	(200)
Release of fair value discount	43	43
Total liabilities from financing activities at 31 December 2022	**151**	**151**
Non-current	**151**	**151**
Current	**-**	**-**

24. Operating segments

The Directors are of the opinion that the Group is engaged in a two operating segments being exploration activity in Morocco and Rwanda. The Company operates in Morocco and Rwanda and has its Corporate management team in the UK. The following table provides the Company's results by operating segment in the way information is provided to and used by the Company's CEO as the chief operating decision maker to make decisions about the allocation of resources to the segments and assess their performance.

The Company considers its exploration projects in Morocco and Rwanda each form a segment. Corporate legal entities are aggregated and presented together as part of the "other" segment on the basis of them sharing similar economic characteristics.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment and is considered to be the Group's Chief Operating Decision Maker (CODM). Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

However, the Group's financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 3 and the respective quantitative and qualitative notes of the financial statements.

	Moroccan segment	Rwandan segment	Other	Group Year to
	31-Dec-23	31-Dec-23	31-Dec-23	31-Dec-23
	£'000	£'000	£'000	£'000
Revenue	**-**	**-**	**-**	**-**
Administrative expenses	**(62)**	**(297)**	**(1,112)**	**(1,471)**
Share-based payment expense	**-**	**-**	**(1)**	**(1)**
Other income	-	**27**	**165**	**192**

Gains on disposal of property plant and equipment	-	**272**	**-**	**272**
Operating loss	**(62)**	**2**	**(948)**	**(1,008)**
Interest payable and similar charges	**-**	**-**	**(54)**	**(54)**
Loss before tax	**(62)**	**2**	**(1,002)**	**(1,062)**
Tax expense	**-**	**-**	**-**	**-**
Loss after tax	**(62)**	**2**	**(1,002)**	**(1,062)**
Segment assets	**61**	**674**	**3,476**	**4,211**
Segment liabilities	**(3)**	**(135)**	**(655)**	**(793)**

	Moroccan segment	Rwandan segment	Other	Group Year to
	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22
	£'000	£'000	£'000	£'000
Revenue	**-**	**-**	**-**	**-**
Administrative expenses	**-**	**(344)**	**(652)**	**(996)**
Release / (provision) for impairment charges	**-**	**(3,045)**	**-**	**(3,045)**
Share-based payment expense	**-**	**-**	**(335)**	**(335)**
Operating loss	**-**	**(3,389)**	**(987)**	**(4,376)**
Interest payable and similar charges	**-**	**-**	**(7)**	**(7)**
Loss before tax	**-**	**(3,389)**	**(994)**	**(4,383)**
Tax expense	**-**	**-**	**-**	**-**
Loss after tax	**-**	**(3,389)**	**(994)**	**(4,383)**
Segment assets	**-**	**485**	**3,606**	**4,091**

Segment liabilities	**-**	**(101)**	**(645)**	**(746)**

25. Related party transactions

Transactions with subsidiary companies:

Eastinco Ltd is a subsidiary and during the year, received total funds of £254,661 (2022: £720,364) from the Company. Eastinco Ltd owes £2,477,476 (before impairment provisions) to Aterian PLC at the end of the year (2022: £2,222,815).

Eastinco ME Ltd is a subsidiary and is owed £50,746 by Aterian PLC at the end of the year (2022: £17,962).

Transactions with Directors

Directors' remuneration is disclosed in Note 5 above.

Charles Bray is a Director of the Company and during the year, Charles Bray received total fees of £65,914 (2022: £26,086). Charles Bray is owed £3,041 by the Company at the end of the year (2022:

£20,514). During the year, a total of £127,000 from a director's loan account was converted into 12,700,000 ordinary shares at 1p per share in order to support the Group's working capital position.

The Company received loans totalling £342,000 (2022: £150,000) from IQ EQ (Jersey) Limited, trustee of The Charles Bray Transfer Trust and £300,000 was converted into 30.000.000 ordinary shares as described above in Note 21.

Simon Rollason is a Director of the Company and during the year, Simon Rollason received total fees of £106,000, £81,000 in cash and £25,000 settled by the issue of 2,500,000 ordinary shares (2022: £24,000).

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

Name	No. of Warrants	No. of Options	No. of Shares
Charles Bray	32,069,999	22,250,000	-
Edlin Holdings Limited*	19,333,334	-	41,000,000
IQ EQ (Jersey) Limited**	30,000,000	-	30,000,000
Simon Rollason	2,500,000	-	22,500,000
Devon Marais	-	4,000,000	-
Reba Global Pty Ltd***	6,670,000	-	14,670,000

*: 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.

**: IQ EQ (Jersey) Limited is a trustee of The Charles Bray Transfer Trust.

***: Devon Marais is the founder and beneficial owner of Reba Global Pty Ltd.

In connection with the issue of shares on 9 August 2023 described in Note 21 above, Charles Bray invested £500,000, consisting of £200,000 of new equity capital and £300,000 from the conversion to equity of a short-term debt utilising a working capital facility provided to the Company. Simon Rollason converted 3 months of salary into 2,500,000 New Ordinary Shares for a consideration of £25,000.

26. Ultimate controlling party

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

27. Capital commitments

As at 31 December 2023, the were no capital commitments entered into by the Group (31 December 2022: nil).

28. Contingencies

The Company has a liability with regard to deferred contingent consideration described in Note 18, as at 31 December 2023. The Group also has a contingent liability at 31 December 2023 as described below.

As noted above, 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.

Legal and Court Hearing proceedings have continued in 2023 and 2024 and which are ongoing. We are confident that Eastinco Limited's position is strong, and we have retained legal counsel to continue 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 Company's case, based on legal advice received, is considered to be strong and any losses likely to be suffered extremely remote. Accordingly, no provision has been made for any contingent liabilities that might arise should the case not be concluded in the Company's favour.

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 was 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.

With the exception of deferred contingent consideration described in Note 18, as at 31 December 2023, and the matter described below, the were no contingent liabilities (31 December 2022: nil).

As noted above, the Managing Director of the local Rwanda subsidiary, Eastinco Limited, charged with the Musasa wash plant operations, resigned from their 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.

The Court Hearing process has continued in 2023 and 2024 and is ongoing but 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.

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29. Events after the reporting date

Acquisition of Atlantis Metals (Pty) Ltd

On 8 January 2024, the Company signed a Sale and Purchase Agreement (SPA) to acquire a controlling 90% interest in Atlantis Metals (Pty) Ltd ("Atlantis"), a private Bostwana registered entity holding mineral prospecting licences in the Republic of Botswana. Atlantis currently holds four licences covering a combined area of 3,516 km^2, with one licence targeting copper in the Kalahari Copperbelt and three licences for lithium brine exploration within the Makgadikgadi region of northern Botswana.

The SPA was subject to certain conditions precedent, including the change of control approval by the relevant authorities, completion of financial and corporate due diligence and the transfer of shares in Atlantis to a nominated subsidiary of Aterian. Change of Control approval was received from the Ministry of Minerals and Energy in April 2024 allowing the Company to formally complete the acquisition of its interest in Atlantis. Atlantis was also awarded six new prospecting licences totalling 970.08 km2 in the Kalahari Copperbelt bringing its portfolio to ten strategically located copper-silver ("Cu-Ag") and lithium (''Li'') projects in Botswana, covering 4,486.11 km2.

The holder of the outstanding 10% interest in Atlantis is a private Botswana citizen who is a professional geologist and is expected to be retained for a minimum 12-month contract to provide management and exploration services. Exploration expenditure commitments, acquisition consideration, and professional service fees will total a minimum of US$ 80,000 and be payable over the 12 months following the signing of the SPA.

Disposal of Net Smelter Royalty (NSR)

In April 2024, the Company reached an agreement for the disposal of its portion of the Net Smelter Return Royalty ("NSR") over the HCK Project in Rwanda for a £200,000 gross consideration. Under the agreement the Company will sell its interest of 1.40 % of the Rio Tinto Joint Venture NSR to Elemental Altus Royalties Corporation ("Elemental Altus") in exchange for a repayment in full of the total debt consideration owing to Elemental Altus by the Company. This royalty reduces to 1.25% upon the Musasa licence being issued The debt relates to historical exploration costs in Morocco owing to Elemental Altus following the acquisition of the Moroccan exploration portfolio.

30. 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.

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