31 March 2023Â LSE: PRE

Pensana Plc

(â€œPensanaâ€, â€œthe companyâ€ or â€œthe groupâ€)

Unaudited Interim results for the six months ended 31 December 2022

The board is pleased to present its review of Pensana Plc, the rare earth exploration, mining and processing group, whose flagship development assets are the Saltend rare earth processing hub in the UK and the Longonjo NdPr Project in Angola.

Half Year Highlights

- UK Critical Minerals Strategy launched at Saltend s Ground-breaking Ceremony.
- Early-stage construction programmes initiated on-site for each of the Saltend and Longonjo projects.
- Offtake MOU for 25% of Saltend's annual production entered into with a strategic major non-Chinese industry player.
- Collaboration with Polestar to create the first truly climate-neutral car by 2030.
- Completion of the Ore Reserve Estimate undertaken by Snowden Optiro over both the Longonjo and Saltend operations in support of a 20-year life of mine.
- Trench and pit analytical results from Sulima West laterised carbonatite within the Coola exploration project reported with high rare earth grades over significant widths at surface.
- Angolan Sovereign Wealth Fund invests further US$10 million.
- Appointment of leading industry expert, Alison Saxby, as Independent Non-Executive Director.
- Letter of intent signed with Yorkshire Energy Park securing private wire connection to battery storage operated by Yorkshire Energy Park under which it will have access to 4 MW rising to 10 MW of low carbon electricity for 10 years.
- Pensana blueprint for Sustainable Rare Earths published in September 2022.
- Total comprehensive loss for the period of US$4,218,451 (31 December 2021: US$4,235,572).

Post period-end

- Successful institutional equity placing of US$4 million with M&G in January 2023, one of the UK s largest fund managers and a long-standing Pensana shareholder.
- The company has been engaging and progressing with a major potential strategic investor and an African based resource fund for several months.Â Delivery would secure immediate term funding that is required as well as longer term investment, although such funding remains uncommitted.

CEO s Review

Mobilization of Project Delivery Teams for each of the Saltend and Longonjo projects took place in November 2022.Â Detailed due diligence by several potential strategic investors have kept the Pensana teams engaged on multiple work fronts over the period. This has played out against a broader macroeconomic backdrop of ever-increasing strategic interest from industrial sectors on critical minerals strategy and the establishment of independent, sustainable resilient European and US magnet metal supply chains. Pensana is at the forefront of tackling these challenges. By establishing a supply chain to the highest international standards, we will be able to provide our customers with the sustainability assurances they need.

Saltend

At Saltend, the company s principal contractor, Wood, oversaw Yorkshire Water's nominated contractor for the relocation of existing pipework along the site s western boundary. This was completed in January 2023 as part of the activities to enable the main contractual works to commence in 2023.Â

The contracts for the earthworks were assessed and are ready for award pending conclusion of financing. Ahead of this, Pensana has strengthened its owners' team including the appointment of construction manager, Mark O Rourke.

Construction offices, security and welfare cabins and the development of the site access locations were established in support of the early site-works. Engineering design by Saltend Chemicals Park owner operators Px Group continued finalizing the outside battery limits reticulation to support the supply of services including power, water, compressed air, natural gas, steam and effluent treatment.

During the period we announced the signing of a letter of intent securing private wire connection to battery storage to be operated by Yorkshire Energy Park under which it will have access to 4 MW rising to 10 MW of low carbon electricity for 10 years. This future low-cost supply of low-carbon electricity may power the Saltend separation facility expansion plans including the conversion of NdPr Oxide into magnet metal, this use of offshore wind to produce ultra-low carbon magnet metal will be a significant step to further decarbonize the rare earth supply chain. The Yorkshire Energy Park will include up to 200 MW of battery storage and is located adjacent to Pensana s site within the Saltend Chemicals Park. The Â£200m next-generation energy facility will connect 7 GW of offshore wind to industrial consumers via large-scale batteries. The closest wind farm is the RWE-operated Humber Gateway located 32 kilometres from Saltend. Â

Longonjo

The Longonjo earthworks and civils contractor, Grupo Nov, mobilised to site over the period. Ground clearing of the area for the main construction camp has been undertaken. The fabrication of the construction camp buildings by Bushtec at their plant in South Africa, was completed and is scheduled for delivery to site during Q2 2023. Kick-off site sessions were held with the sub-contractors appointed for site electrical reticulation (Electra) and main HT/LT sub-stations (Enerline), who completed their pre-mobilisation site inspections alongside the Pensana owners team. Contractors associated with the process water supply (ERM), tailings storage facilities (SRK), and waste management services (AES) have participated as part of the ongoing detailed design development workstreams.

Under the Stakeholder Engagement Program, updates on the Longonjo site activities were presented by Project Director, Kevin Botha, to the Governor of Huambo and the Longonjo Administrator. Sessions were further held with Port of Lobito operations and local suppliers of construction materials to confirm arrangements for the main construction requirements.

Angola

Positive developments continue in the region with Angola, Zambia, and Democratic Republic of Congo (DRC) having taken major steps to create a trade corridor that could transform how the region s resources are shipped. The three countries have agreed to joint management of a trade corridor to and from the Atlantic Ocean port of Lobito, recently concessioned to Portuguese infrastructure group Mota-Engil for a $450 million mining upgrade. Transport ministers for the three countries have signed an agreement to facilitate the Lobito Corridor, which will connect the Atlantic Ocean port of Lobito in Angola with mining hinterlands. The Lobito Corridor will cross Angola and link up with the mining areas of Katanga province in the DRC and the Copperbelt in Zambia. Harmonising regulations on the corridor and developing infrastructure would allow the three countries to transport metals used to make electric vehicles and wind turbines from inland mines to port, cutting transport times from weeks to days.

Environment Social Governance (ESG)

Pensana can provide our customers with the assurances they need, firstly in terms of ESG transparency and secondly in terms of supply chain resilience, by establishing an independent and sustainable supply chain with a commitment to embedding deep and meaningful carbon reduction across the value chain.

In the six months ending 31 December 2022, Pensana has launched its blueprint for Sustainable Rare Earths (www.pensana.co.uk/sustainability). This is a strategic document in which the business has committed to achieving eleven specific ambitions across the business s four ESG workstreams, i.e. carbon and climate; environment; colleagues and community; and strong corporate governance. The Blueprint enshrines Pensana s commitments to developing a sustainable and low carbon supply chain through clear ambitions to produce the lowest carbon rare earth products and to be net zero throughout its value chain no later than 2040.

Progress continues on ESG workstreams in Angola. The business has in the period appointed an experienced resettlement action plan (RAP) manager to coordinate delivery of the RAP. This supplements the experienced in-house team and the agricultural expertise being provided by Vuna-Agri. Phase one of the RAP has been delivered and 28 project-affected households were moved onto mutually-agreed transitional support. Pensana s commitment to ensure direct long-term economic benefit to Longonjo s local communities is progressing well. Demonstration farming multiple-purpose plots has been developed on a dedicated area targeting livelihood restoration. This seeks to demonstrate increased yields and crop optimisation, providing food security for the Longonjo operations, providing a test environment for effective landscape restoration practices and delivering economic benefit to the region. The demonstration plots also allow Pensana to review the most successful strategies to increase and enhance the natural habitat, with the aim of overall biodiversity net gain.

ESG embedded work continues on our Saltend project, including the development of strong community relations with universities, elected officials and the local community along with the continued discharge of the requirements of our planning consent and overall environmental aims.

Release of Ore Estimate Report for Longonjo and Saltend Operations

Pensana announced the completion of the Ore Reserve Estimate in September 2022, which was undertaken by Snowden Optiro over both the Longonjo and Saltend operations in support of a 20-year life of mine (LoMâ€). The full Ore Reserve Estimate report is available on the company s website at https://pensana.co.uk/company-reports/.

Pensana partners with Polestar to create the world s first climate-neutral car

In September 2022, it was announced that Pensana was partnering with Polestar to create the first truly climate-neutral car by 2030. The scope of the Polestar 0 project is to identify and eliminate all greenhouse gas emissions from the extraction of raw materials to when the car is delivered to the customer and onwards to the end of vehicle life. To achieve this goal, Polestar has teamed up with like-minded partners across the entire value chain, from raw material suppliers to retailers and we have been delighted to have been invited to join this significant collaboration.

Exploration

Exploration activities on the Coola License during the second half of 2022 have been focused on the three highly prospective targets (the Sulima West alkaline complex, the Benge Novo alkaline complexes and the Coola carbonatite complex) identified.

Trench sampling of an extensive laterite surface developed at Sulima West reported rare earth grades of up to 9.7% Total Rare Earth Oxides (â€œTREOâ€), averaging 3.4% TREO over 68 meters at surface. Individual samples from the other trenches reported grades between 3.4 and 5.2% TREO, while pit sampling reported up to 5.2% TREO, averaging 4.3% TREO over a vertical distance of 6 meters from surface.

Samples of manganese from the laterite reported from 1.5% to 18% Manganese Oxide (MnO), averaging 12% MnO, and regarded as economically significant. Samples of this mineralized laterite have been submitted for Mineral Liberation Analysis at SGS, South Africa.

Recent geological mapping at Sulima West identified a prominent outcrop of supergene apatite occurring together with maghemite and monazite. Initial representative sampling of this outcrop has returned grades of 22% P2O5, 0.7% TREO and 49% Fe2O3. This is an exceptional result, demonstrating that half of the rock consists of apatite, and further samples of this material have been submitted for Mineral Liberation Analysis at SGS, South Africa.

Reconnaissance mapping of the Benga Novo intrusion, immediately to the north of the Sulima West complex, indicates a large almost 10 km alkaline intrusion largely covered by residual soils. Initial mapping indicated potential for bauxite deposits, ionic clay type Rare Earth Element (â€œREEâ€) deposits and direct application fertilizers. Sampling results for bauxite returned lower than expected values for Al2O3 (18-19%) and a lack of gibbsite or boehmite. Analytical results for ionic-clay REE s remain outstanding.

Mineralogical studies of the banded dolomitic carbonatite at the Coola carbonatite show the REE to be hosted in bastnaesite (La/Ce/Y)Co3F, a fluorocarbonate mineral. The bastnaesite occurs as thin veins, aggregates, and segregations within the fresh carbonatite. Discrete grains have been observed in thin section up to 3 mm in length. Rock chip sampling of this unit returned grades of up to 4.9% TREO and a sample has been submitted for Mineral Liberation Analysis at SGS, South Africa. Auger drilling of the regolith within the central diatreme was completed to a maximum depth of 5 metres. The auger samples comprised essentially colluvial soils which showed only low grades of REE, while the auger failed to penetrate an underlying ferricrete horizon. These ferricrete horizons commonly form above the saprolite and are therefore part of the upper regolith developed above a carbonatite. The supergene REE mineralisation potential of the complex thus remains to be drill tested with deeper and more effective drilling and sampling scheduled for 2023.

Exploration activities on the Coola Exploration License were halted in mid-November 2022 due to heavy rainfall and seasonal flooding. Field work will recommence once the rainy season is over in May and will include geophysical survey of both Sulima West and the Coola Carbonatite, while additional mapping, trenching, pitting, stream sediment, soil and rock sampling is scheduled for Sulima West and Benga Novo.

Board and key company appointments

In August 2022, Alison Saxby joined the Board as an Independent Non-Executive Director. Alison is an industry leading expert with over 35 years of experience in industrial minerals and metals. Her expertise includes pricing, deep market knowledge, research, and communications, gained through consultancy projects, minerals trading and commercial reports and has brought a further significant skill set to our Board.

The company has also appointed experienced construction manager, Mark O Rourke to the owners team at Saltend.

Operational readiness

Recruitment of key operational personnel for both Saltend and Longonjo has been a continuous area of focus over the period. The intention is for key operators to be part of the construction process to assist them with moving seamlessly into commissioning and multiple initiatives have been implemented including the partnering with Humber HR and multiple agencies to continue sourcing and adding to our world-class rare-earth team.

Conflict in Ukraine

Russia s invasion of Ukraine has added increased concerns to an already constrained global supply chain and rising inflationary pressures. The Group has no direct exposure to the region, nor do we anticipate sourcing any equipment or materials from the area, however we continue to monitor the situation in the context of the contagion effect it is having on Europe and the global economy. The Board has agreed to incorporate specific measures around procurement, the awarding of contracts and any associated workstreams involving external third-party service providers to ensure the Group is in no way exposed to countries on the sanctions list.

Operating and Financial Review

During the period, the consolidated entity incurred a comprehensive loss for the period of US$4,218,451 (31 December 2021: US$4,235,572 loss).

Administration expenses increased to US$4,160,865 (31 December 2021: US$3,670,738), this was predominantly due to the full period effect of share-based payment amortisation on awards issued in FY 2022.

The foreign currency exchange loss decreased from US$410,204 to US$42,468 for the six months ended 31 December 2022. These losses arise from the settlement of invoices in currencies other than the functional currencies (USD, GBP, AUD, AOA), as well as the translation of balances denominated in currencies such as the pound, Australian dollar, etc. to the US dollar, where the balances are held in currencies other than the functional currency of the relevant company and reflect the movements in these currencies during the respective periods.Â

Group net assets increased in the period from US$39,635,285 at 30 June 2022 to US$45,834,652 at 31 December 2022. Â Â This was mainly driven by an increase in property, plant and equipment and exploration and evaluation expenditure of US$13,594,884, due to a ramp up in early construction programmes at both the Longonjo (US$8,542,772) and Saltend (US$5,025,495) projects, as well as additions at Coola (US$53,288).Â The loss of US$4,203,333 incurred during the period partially offset the increase in net assets.

The decrease in cash was due to cash spent on the Longonjo and Saltend projects as mentioned above.Â This was partially offset by an increase in funding following an equity raise in August 2022 (US$10.0 million).

During the period the company embarked on several operational readiness workstreams at the Saltend and Longonjo operations. To ensure project momentum was maintained these workstreams continued uninterrupted whilst ongoing financing was targeted for early Q2 2023. As a result of the timing mismatch between financing and operational activities, the creditors as reflected at period end were significantly higher than cash available. This was in main due to costs associated with the Yorkshire Water pipeline that was relocated at Saltend and the ongoing Wood engineering design processes.

Post period end, the company raised funding via M&G in the amount of US$4 million.Â This was shortly followed by the company enteringÂ Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â into a non-disclosable exclusivity period with a major strategic mining house (the â€œStrategicâ€) during which time extensive due diligence was carried out on the Group during Q3 FY2023 and progressed to the point of Investment Committee review status.Â The structure contemplated, looked to address the immediate-term liquidity requirements to settle current creditor balances, maintain project momentum whilst carrying out additional testwork requested by the Strategic; to then be followed by a final investment tranche to initiate project construction at both sites subject to various conditions precedent. This process is still subject to final Investment Committee approval from the Strategic and completion of the transaction cannot be guaranteed at this stage.

As an alternative and should the investment by the Strategic not be approved by their Investment Committee or not proceed for any other reason, the Board has further engaged with an African based resource fund on the back of the Strategic s exclusivity period having recently expired.Â Their potential investment in the company for an amount of approximately US$10 million would be used to address the immediate-term liquidity requirements. The possibility of a further investment in the form of equity and /or a debt-for-equity convertible note is currently being considered. However, neither element of such alternate funding can be guaranteed at this stage.

The Group experienced net cash outflows from operating activities of US$2,818,626 (31 December 2021: US$4,204,325) with the decrease primarily reflecting working capital movements.

Net cash outflows from investing activities of US$8,615,868 decreased from cash outflows of US$11,407,586 for the six months to 31 December 2021, mainly due to an increase in capex items locked up in working capital, due to the timing of payment of invoices.Â Cash outflows for both periods under review related to cash spent on additions to the Longonjo and Saltend projects.

The increase in the cash inflows from financing activities from US$3,360,677 for the six months ended 31 December 2021 to US$10,000,000 for the six months ended 31 December 2022 was due to the increase in the proceeds from the issuance of equity.

The Directors have prepared a cash flow forecast for the period to June 2024 from the date of this report, together with assessment of events and circumstances in the period beyond these forecasts. The forecast indicates that the group requires additional funding over the next twelve months for working capital and settlement of existing creditors as well as to initiate the planned main construction phases at the Longonjo and Saltend sites alongside the planned Coola exploration.

As at the date of this report the Group has approximately US$0.2 million of cash and US$9.1m of outstanding creditors in relation to suppliers and, accordingly, the Group needs to secure funding to settle these obligations in the immediate term. The Group is dependent upon the continuing cooperation and forbearance of those suppliers until such funding is secured.Â

Accordingly, the Directors are engaged with the Strategic which would potentially see an investment of up to US$220 million subject to the required conditions precedent being met. The transaction contemplated would involve an initial conditional subscription for approximately US$10.8 million, followed by a further subscription for approximately US$209.2 million, subject to further conditions precedent.

The first tranche of US$10.8million, if received in early April 2023 as planned will be applied initially to the settlement of existing creditors and provision of short-term working capital.

If the Strategic transaction contemplated does not receive the necessary approval, the Board will look to place shares to the value of approximately US$10 million with an African based resource fund to address the immediate-term liquidity requirements and address the settlement of the existing creditors. The possibility of a second tranche of funding in the form of equity and /or a debt-for-equity convertible note is currently being considered.

The Board notes that the transactions set out above cannot be guaranteed at this time.

Please refer note 3 to the financial statements for the going concern statement which includes a material uncertainty in relation to going concern.

Principal Business Risks

The Group is exposed to several risks and uncertainties which could have a material impact on its long-term development, and performance and management of these risks is an integral part of the management of the Group. An overview of the key risks which could affect the Group s operational and financial performance was included in the company s 2022 Annual Report, which can be accessed at www.pensana.co.uk. These may impact the Group over the medium to long term; however, the following key risks have been identified which may impact the Group over the short term.

Financing and liquidity

The Group does not currently have sufficient funding to meet its outstanding creditors due to suppliers and is dependent on securing immediate term funding to settle those creditors and provide short-term working capital. The Group is dependent on the continuing cooperation and forbearance of its suppliers while funding is secured.

Additionally, the Group will require additional funding, over and above that required in the immediate term, to meet its expected liabilities and commitments as they fall due based on its obligations, committed and planned development expenditure and operating costs related to the Longonjo and Saltend Projects and exploration costs at Coola for at least the next 12 months. The group is in pre-production phase and therefore has no revenues from operations currently.

In order to secure the requisite immediate term funding and additionally ensure a route to the main funding component required to initiate main construction at its Longonjo and Saltend Projects, Pensana has been engaging with the Strategic over the past three months for a potential amount of up to US$220 million comprising an initial conditional subscription for approximately US$10.8 million to settle outstanding creditors and provide short-term working capital, followed by a further subscription for approximately US$209.2 million, subject to further conditions precedent. However as highlighted in Note 3 going concern, the transaction is subject to Investment Committee approval and further conditions precedent that need to complete and cannot be guaranteed at this stage.Â

Pensana has further engaged with an African based resource fund on the back of the Strategic s exclusivity period having recently expired.Â Their potential investment in the company for an amount of US$ 10 million would be as an alternative in the event that the Strategic s Investment Committee do not provide the requisite approval and would be used to address the immediate-term liquidity requirements. The possibility of a second tranche of funding in the form of equity and /or a debt-for-equity convertible note is currently being considered.Â However, neither element of such funding can be guaranteed.

In preparation for the longer-term funding needs, Pensana is further actively engaged with potential debt/equity financiers, which will be progressed, subject to the outcome on the Strategic s investment. There is a further risk that debt funding may not be available and/or the cost of financing may be higher than expected.

Development of the Longonjo and Saltend Projects

The group s operations are at an early stage of construction development and future success will depend on the group s ability to manage the Longonjo and Saltend Projects (the projects) and the production of NdPr-rich MREDS for export to the Saltend refinery and further processing into a rare earth oxide. In particular, the group s success is dependent upon the directors ability to develop the projects by commencing and maintaining production at the sites and there is no certainty that funding will be available. Development of the projects could be delayed or could experience interruptions or increased costs because of supply chain or inflationary pressures or may not be completed at all due to a number of factors.

Logistical challenges and delays

Global supply chain challenges could result in logistical risks relating to availability, potential delays and increased costs ofÂ equipment and material both for the project and operations phase.

Commodity price

If the group is able to develop the Longonjo and Saltend Projects and/or the Coola Project for production and the market price of rare earth oxide decreases significantly for an extended period of time, the ability for the group to attract finance and ultimately generate profits could be adversely affected.

Attracting skilled employees

The group s ability to compete in the competitive natural resources and specialist rare earth chemical processing sectors depends upon its ability to retain and attract highly qualified management, geological and technical personnel. The loss of key management and/or technical personnel could delay the development of the Longonjo Project, exploration at the Longonjo Project and the Coola Project and development and commissioning of the Saltend refinery thereby negatively impacting on the ability of the group to compete in the resources and chemical processing sectors. In addition, the group will need to recruit key personnel to develop its business as and when it moves to construction and ultimately operation of a mine, each of which requires additional skills.

Mr. Tim George

Chief Executive Officer

30 March 2023

INDEPENDENT REVIEW REPORT TO PENSANA PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom s Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2022 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related notes.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, â€œReview of Interim Financial Information Performed by the Independent Auditor of the Entityâ€ (â€œISRE (UK) 2410â€). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 3, the Interim Financial Statements of the group are prepared in accordance with UK adopted International Accounting Standards. Â The Condensed set of Financial Statements included in this half-yearly Financial report has been prepared in accordance with UK adopted International Accounting Standard 34, â€œInterim Financial Reportingâ€.

Material uncertainty related to Going Concern

We draw attention to note 3 to the half-yearly financial report which indicates that the group will require additional immediate term funding to settle outstanding amounts due to suppliers and further subsequent additional funding to meet its commitments and planned expenditures which is not guaranteed.Â As stated in note 3, these events or conditions, along with other matters as set out in note 3, indicate the existence of a material uncertainty which may cast significant doubt over the group s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom s Financial Conduct Authority.

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

Auditor s responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom s Financial Conduct Authority and for no other purpose.Â No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent.Â Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Ryan Ferguson

BDO LLP

Chartered Accountants

London, UK

30 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Condensed Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2022

		Unaudited	Unaudited
		31 December 2022	31 December 2021
	Note	US$	US$
Administration expenses	5	(4,160,865)	(3,670,738)
Foreign currency exchange loss		(42,468)	(410,204)

Finance Income		-	28
Loss before income tax		**(4,203,333)**	**(4,080,914)**
Income tax (charge)/credit	6	-	-
Total loss for the period		**(4,203,333)**	**(4,080,914)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss (net of income tax)			
Exchange loss arising on translation of foreign operations		(15,118)	(154,658)
Total comprehensive loss for the period		**(4,218,451)**	**(4,235,572)**
Net loss for the period is attributable to:			
Owners of Pensana Plc		**(4,203,333)**	**(4,080,914)**
Total comprehensive loss is attributable to:			
Owners of Pensana Plc		**(4,218,451)**	**(4,235,572)**
Loss per share attributable to owners of Pensana Plc:			
Basic (cents per share)	16	(1,72)	(1.82)
Diluted (cents per share)	16	(1,72)	(1.82)

Notes to the interim financial statements are included on pages 15 to 25.

Condensed Consolidated Statement of Financial Position
as at 31 December 2022

		Unaudited	**Au**
		As at 31 December 2022	**30**
	Note	**US$**	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	51,311,888	37,77
Exploration and evaluation expenditure		234,494	18
TOTAL NON-CURRENT ASSETS		**51,546,382**	**37,95**
CURRENT ASSETS			
Cash and cash equivalents	7	1,440,191	2,93
Trade and other receivables	8	1,802,894	2,40
TOTAL CURRENT ASSETS		**3,243,085**	**5,33**
TOTAL ASSETS		**54,789,467**	**43,28**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	8,954,815	3,64
TOTAL CURRENT LIABILITIES		**8,954,815**	**3,64**
TOTAL LIABILITIES		**8,954,815**	**3,64**
NET ASSETS		**45,834,652**	**39,63**
EQUITY			
Issued capitalÂ Â	11	310,418	29
Share premium		57,028,789	47,04
Reserves		48,010,898	47,60
Accumulated losses		(59,515,453)	(55,31
TOTAL EQUITY		**45,834,652**	**39,63**

Notes to the interim financial statements are included on pages 15 to 25.

Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 December 2022

	Fully paid ordinary shares	**Share premium**	**Accumulated Losses**	**Merger Reserve**	**Foreign Exchange Reserve**	**Share based Payments Reserve**	**Equity Reserve**	**Total**
Unaudited	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Balance at 1 July 2022	**295,425**	**47,043,782**	**(55,312,120)**	**45,748,045**	**615,002**	**1,745,151**	**(500,000)**	**39,635,285**
Loss for the period	-	-	(4,203,333)	-	-	-	-	**(4,203,333)**
Other comprehensive loss	-	-	-	-	(15,118)	-	-	**(15,118)**
Total comprehensive loss for the period	**-**	**-**	**(4,203,333)**	**-**	**(15,118)**	**-**	**-**	**(4,218,451)**
Issue of shares (note 11)	14,993	9,985,007	-	-	-	-	-	**10,000,000**
Share based payments (note	-	-	-	-	-	417,818	-	**417,818**

15)								
Balance at 31 December 2022	**310,418**	**57,028,789**	**(59,515,453)**	**45,748,045**	**599,884**	**2,162,969**	**(500,000)**	**45,834,652**

Â Â

	Fully paid ordinary shares	Share premium	Accumulated Losses	Merger Reserve	Foreign Exchange Reserve	Share based Payments Reserve	Equity Reserve	Total
Unaudited	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Balance at 1 July 2021	**279,398**	**34,195,957**	**(49,841,241)**	**45,748,045**	**422,678**	**5,863,797**	**(500,000)**	**36,168,634**
Loss for the period	-	-	(4,080,914)			-	-	**(4,080,914)**
Other comprehensive income	-	-	-	-	(154,658)	-	-	**(154,658)**
Total comprehensive loss for the period	**-**	**-**	**(4,080,914)**	**-**	**(154,658)**	**-**	**-**	**(4,235,572)**
Issue of shares (note 11)	1,015	82,698	-	-	-	(83,713)	-	**-**
Share based payments (note 15)	-	-	-	-	-	35,130	-	**35,130**
Balance at 31 December 2021	**280,413**	**34,278,655**	**(53,922,155)**	**45,748,045**	**268,020**	**5,815,214**	**(500,000)**	**31,968,192**

Notes to the interim financial statements are included on pages 15 to 25.

Condensed Consolidated Statement of Cash Flows
for the six months ended 31 December 2022

	Note	Unaudited 31 December 2022	Unaudited 31 December 2021
		US$	**US$**
Cash flows from operating activities			
Operating cash flows	18	(2,818,626)	(4,204,325)
Net cash used in operating activities		**(2,818,626)**	**(4,204,325)**
Cash flows from investing activities			
Interest received		-	28
Additions to property, plant and equipment		(8,615,868)	(11,407,614)
Net cash used in investing activities		**(8,615,868)**	**(11,407,586)**
Cash flows from financing activities			
Proceeds from issues of equity securities	11	10,000,000	3,360,677
Net cash provided by financing activities		**10,000,000**	**3,360,677**
Net decrease in cash and cash equivalents		**(1,434,494)**	**(12,251,234)**
Cash and cash equivalents at beginning of the period		2,930,162	16,787,591
Effects of exchange rate changes on the balance of cash held in foreign currencies		(55,477)	16,505
Cash and cash equivalents at the end of the period	7	**1,440,191**	**4,552,862**

Notes to the interim financial statements are included on pages 15 to 25.

Notes to the financial statements

1.Â General information

The consolidated financial statements present the financial information of Pensana Plc and its subsidiaries (collectively, the group) for the six months ended 31 December 2022 in United States dollars (USD or $). Pensana Plc (the company or the parent) is a public company limited by shares listed on the Main Market of the London Stock Exchange (LSE) and incorporated in England & Wales on 13 September 2019. The registered office is located at 107 Cheapside, Second Floor, London, EC2V 6DN, UnitedÂ Kingdom.

The company is focused on the establishment of an integrated rare earth processing facility in the UK with a view to creating the world s first sustainable magnet metal supply chain. Â Initial feedstock will be shipped as a clean, high-purity mixed rare earth sulphate from the company s Longonjo low-impact mine in Angola.

In early 2020, Pensana Metals Ltd redomiciled the group to the UK pursuant to a scheme of arrangement in which Pensana Metals Limited became a wholly owned subsidiary of Pensana. Prior to the transaction, the company was incorporated on 13 September 2019 and was a wholly owned subsidiary of Pensana Metals Ltd.

2.Â New accounting standards and interpretations

(a)Â Changes in accounting policies and disclosures

From 1 July 2022, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or prior to 1 July 2022.

Standard	Description	Effective date
IAS 16	Amendments to IAS 16 Property, plant and equipment	1 January 2022
IAS 37	Amendments to IAS 37 Provisions, contingent liabilities and contingent assets	1 January 2022
IFRS 3	Amendments to IFRS 3 Business Combinations	1 January 2022
Improvements to IFRSs	Improvements to IFRS1, IFRS 9, IFRS 16 and IAS 41	1 June 2022

The application of these standards has not had a material impact on the financial statements.

(b)Â Accounting standards and interpretations issued but not yet effective:

The Group has elected not to early adopt the following revised and amended standards.

Standard	Description	Effective date
IFRS 17	IFRS 17 Insurance contracts	1 January 2023
Amendment to IFRS 17	Amendment to IFRS 17 Initial application	1 January 2023
Amendments to IAS 8	Amendments to IAS 8: Definition of accounting estimates	1 January 2023
Amendments to IAS 1 and IFRS Practise Statement 2	Amendments to IAS 1 and IFRS Practise Statement 2 Disclosure of accounting policies	1 January 2023
Amendments to IAS 12	Amendments to IAS 12: Deferred tax related to assets and liabilities from a single transaction	1 January 2023
Amendment to IAS 1	Amendments to IAS 1: Classification of liabilities as current or non-current	1 January 2023

Management has reviewed and considered these new standards and interpretations and none of these are expected to have a material effect on the reported results or financial position of the Group.

3.Â Significant accounting policies and Going Concern

Basis of preparation

The condensed interim report, which are unaudited, have been prepared in accordance with UK-adopted International Accounting Standard 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom s Financial Conduct Authority. Â This condensed interim report does not include all the notes of the type normally included in an annual financial report. This condensed interim report is to be read in conjunction with the annual report for the year ended 30 June 2022, and any public announcements made by the group during the interim reporting period. The comparative financial information for the year ended 30 June 2022 in this interim report does not constitute statutory accounts for that year. The statutory accounts for 30 June 2022 have been delivered to the Registrar of Companies.

The auditors' report on those accounts was unqualified but drew attention to a material uncertainty in relation to going concern. It did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. Â The financial report for the six months ended 31 December 2022 was prepared in accordance with the annual financial statements of the group and are prepared in accordance with UK adopted International Accounting Standards (IFRSs).

The accounting policies applied in this condensed interim report are consistent with the polices applied in the annual financial statements for the year ended 30 June 2022 and were prepared in accordance with UK adopted International Financial Reporting Standards (IFRSs).

As disclosed in the 30 June 2022 Annual Report, the company was incorporated on 13 September 2019 as a wholly owned subsidiary of Pensana Metals Limited. The company subsequently acquired 100% of the share capital of Pensana Metals Limited and its subsidiary companies for the effective issuance of 152,973,315 shares to the shareholders of Pensana Metals further to the scheme of arrangement approved on 22 January 2020 and completed on 5 February 2020.

The shares issued to the former shareholders of Pensana Metals Limited comprised 50,000,000 shares with a nominal value of Â£0.001 per share subscribed for incorporation of the company by Pensana Metals Ltd which were transferred to CHESS Depositary Nominees Pty Ltd (a subsidiary of the Australian Securities Exchange (ASX)) for use in the scheme of arrangement and 102,973,314 shares with a nominal value of Â£0.001 per share additionally issued by the company to CHESS Depositary Nominees Pty Ltd for use in the scheme of arrangement. CHESS Depositary Nominees Ltd subsequently issued CHESS Depositary Instruments in proportion to the interests the former shareholders of Pensana Metals held in that company for trading on the ASX with 152,973,315 CHESS Depositary Instruments issued for trading. The transaction represented a group reconstruction and common control transaction.

The accounting for common control transactions is scoped out of IFRS 3 and, accordingly the Group has developed an accounting policy with reference to methods applied in alternative generally accepted accounting principles (GAAPs). Consequently, the consolidated financial statements are presented as if the company has always been the holding company for the group and the group has elected to apply merger accounting principles. Under this policy, the company and its subsidiaries are treated as if they had always been a group.

The results are included from the date the subsidiaries joined the group and the comparatives reflect the results of the company and its subsidiaries. No fair value adjustments occur as a result of the transaction, and the assets and liabilities are incorporated at their predecessor carrying values.

The policies have been consistently applied to all the periods presented, unless otherwise stated.

Going Concern

The consolidated financial statements have been prepared on a going concern basis with the directors of the opinion that the group will be able to meet its obligations.

At 31 December 2022 the Group had a net asset position of $45,834,652 (30 June 2022: $39,635,285) including cash and cash equivalents of $1,440,191 (30 June 2022: $2,930,162), had incurred a loss after income tax of $4,203,333 (Six months ended 31 December 2021: $4,080,914) and experienced cumulative net cash outflows from operating and investing activities of $11,434,494 (Six months ended 31 December 2021: $15,611,911).

The Directors have prepared a cash flow forecast for the period to June 2024 from the date of this report including all obligations and committed expenditure, together with assessment of events and circumstances in the period beyond these forecasts.Â In assessing the going concern basis of preparation, the Directors have considered supply chain challenges, inflation, the availability of funding and its impact on the progression of the Longonjo and the Saltend Project (hereinafter â€œthe Projectsâ€). Similarly, the directors have also considered the impact of the Russia-Ukraine war as it relates to costs and the potential volatility in debt and equity markets.

As at the date of this report the Group had approximately US$0.2 million of cash and US$9.1m of outstanding creditors in relation to suppliers and, accordingly, the Group needs to secure funding to settle these obligations in the immediate term. The Group is dependent upon the continuing cooperation and forbearance of those suppliers until such funding is secured.Â The Directors have considered correspondence and engagement with those creditors in evaluating whether the Board has sufficient confidence that cooperation and forbearance will be provided until such funding can be secured.

Accordingly, the Directors are engaged with a major strategic mining house (the â€œStrategicâ€) which would potentially see an investment of up to US$220 million subject to the transaction being executed and the required conditions precedent being met.

The transaction contemplated would involve an initial conditional subscription, for approximately US$10.8 million (â€œInitial Conditional Subscriptionâ€), followed by a further subscription for approximately US$209.2 million, subject to further conditions precedent (â€œFurther Conditional Subscriptionâ€). The contemplated transaction remains subject to approval by the Investment Committee of the Strategic.

The Initial Conditional Subscription, if received in early April 2023 as planned will be applied firstly to the settlement of the existing creditors and provision of short-term working capital.

If the contemplated transaction with the Strategic does not receive the necessary Investment Committee approval, alternative funding will be required as a matter of urgency. The Board is actively exploring alternatives and has further engaged with an African based fund which invests in sub-Sahara African mining, mineral processing and manufacturing in the EV and battery sectors.Â The potential investment in the company would be in addition to, or potentially as an alternative for, the Strategics investment with a view to placing shares to the value of approximately US$10 million (the â€œAlternative Placingâ€) to address the short-term liquidity requirements and the settlement of the existing creditors. Consideration to a second tranche of funding in the form of equity and / or a debt for equity convertible note is further being considered as an alternative to the Further Conditional Subscription if required.

The Board notes that cash flow forecasts indicate that, in addition to the immediate funding requirement which is planned to be addressed through the Initial Proposed Subscription or Alternative Placing, additional funding will also be required in H1 FY 2024 to maintain liquidity. Such additional funding would be provided by the Further Conditional Subscription.Â In the event that the Further Conditional Subscription is not secured, alternative funding would be required.

Furthermore, forecasts beyond June 2024 indicate that funding additional to the envisaged Further Conditional Subscription (which would cater for c. 40% of project capital spend), will be required during H1 FY 2025 if the company is to further progress with the main development of the Projects.

The Board notes that the Initial Conditional Subscription and Further Conditional Subscription cannot be guaranteed at this point due to the transaction being subject to final Investment Committee approval. The Initial Conditional Subscription is subject to satisfaction of conditions precedent. Â In addition, should Investment Committee approval be forthcoming and the conditions precedent satisfied for the Initial Conditional Subscription, there are further conditions precedent that would need to be completed for the Further Conditional Subscription.Â Although the Board is of the view that these conditions are achievable, they remain outstanding as of the date of this review and cannot be guaranteed.

In the event the Initial Conditional Subscription is not secured the proposed Alternative Placing to provide immediate term funding is equally not committed and cannot be guaranteed.Â While immediate term funding is being secured the Group is dependent on the co-operation and forbearance of its creditors and while the Board anticipate this continuing for a period sufficient to secure the necessary funding this cannot be guaranteed.

The above circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.Â The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Critical accounting judgements and key sources of estimation uncertainty

In applying the Group s accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions.

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Â Â Â Significant accounting judgements

Impairment indicator assessment of development assets (note 9), as well as impairment indicator assessment of assets under construction (note 9).

The ultimate recovery of the value of the Group s development assets and assets under construction as at 31 December 2022, is dependent on the successful development and commercial exploitation, or alternatively, the sale of the Longonjo Project, as well as the successful development and commercial exploitation of the Saltend facility.

Judgement was exercised in assessing the extent to which impairment indicators existed as at 31 December 2022 in respect of the Longonjo and Saltend Projects and associated balances. In forming this assessment, internal and external factors were evaluated, including those that applied last year.Â These factors include market value fluctuations, changes in technology, economy and or laws, changes in market interest rates, obsolescence, or physical damage to property, plant and equipment.

Management determined that no impairment indicators existed having considered the company s market capitalisation relative to the group s net asset value, the progression of the Longonjo and Saltend Projects and the financial life of mine plan, feasibility study equivalent assessments and the associated Ore Reserve Statement and the competent person s report covering the Longonjo and Saltend Projects. The underlying financial life of mine plan involves estimates regarding commodity prices, production and reserves, operating costs and capital development together with discount rates and demonstrates significant headroom.

Recoverability of equity receivable (note 8)

Management s judgement is required to determine whether the outstanding equity receivable at period end is fully recoverable.Â The recoverability of the equity receivable has been assessed, taking into account the period of time since issue, the security in place over the balance (being the collaterisation over the shares issued), management's intent to exercise the collateral if required and the market value of the shares in issue. Based on this, an ECL provision of US$116,041 has been recognised in the income statement (31 December 2021: $177,234).

(ii) Â Â Significant accounting estimates and assumptions

Share-based payment transactions (note 15)

The group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a stochastic model to value awards with market-based conditions and a Black-Scholes valuation model for awards that are not subject to market-based performance conditions. These models require estimates for inputs such as share price volatility and total shareholder return. The share-based payment arrangements are expensed on a straight-line basis over the vesting period, based on the group s estimate of shares that will eventually vest. At each reporting date, vesting assumptions are reviewed to ensure they reflect current expectations and immediately recognise any impact of the revision to original estimates. Judgement is required as to the likelihood of the vesting conditions being met, such as the progress of financing of various projects, the lost time injury frequency rate, progress of construction of the projects, etc. If fully vested share options are not exercised and expire, then the accumulated expense in respect of these is reclassified to accumulated losses.

4.Â Operating Segments

Description of segments

The Group has identified its operating segments based on the internal reports that are used by the chief operating decision makers in assessing performance and determining the allocation of resources.

The Group has identified that it has two operating segments being related to the activities in Angola and Saltend (UK), on the basis that the assets in Tanzania are fully impaired at 30 June 2022.Â The unallocated relates to operations in Australia and Portugal which consist of corporate and head office-related costs.Â Â

2022

	Angola	**UK**	**Unallocated**	**Total**
As at 31 December 2022	**US $**	**US $**	**US $**	**US $**
Non-current assets opening balance	31,485,228	6,466,270	-	37,951,498
Non-current assets additions	8,478,334	5,116,550	-	13,594,884
Non-current assets closing balance	39,963,562	11,582,820	-	51,546,382
Current liabilities	1,194,968	6,727,117	1,032,730	8,954,815
Six months ended 31 December 2022				
Operating Loss	(682,645)	(3,123,432)	(397,256)	(4,203,333)
Loss before tax	(682,645)	(3,123,432)	(397,256)	(4,203,333)
Loss for the period	(682,645)	(3,123,432)	(397,256)	(4,203,333)

2021

	Angola	**UK**	**Unallocated**	**Total**
	US $	**US $**	**US $**	**US $**
As at 30 June 2021				
Non-current assets opening balance	9,642,118	-	7,002	9,649,120
Non-current assets additions	8,831,775	162,330	(3,417)	8,990,688
Non-current assets closing balance	18,473,893	162,330	3,585	18,639,808
Current liabilities	51,980	1,514,687	3,062,105	4,628,772
Six months ended 31 December 2021				
Operating Loss	(2,894,202)	(3,242,001)	2,055,261	(4,080,942)
Loss before tax	(2,894,202)	(3,242,001)	2,055,289	(4,080,914)
Loss for the year	(2,894,202)	(3,242,001)	2,055,289	(4,080,914)

Non-current assets consist mainly of development assets and assets under construction.Â Additions and depreciation of property, plant and equipment are disclosed in note 9.

5.Â Other Expenses

	Six months ended 31 December 2022 US $	Six months ended 31 December 2021 US $
Administration expenses:		
General administration costs	1,080,759	1,076,237
Audit fees	79,628	138,205
Consultant Fees	447,622	449,972
Travel expenses	211,551	100,579
Legal fees	216,559	133,433
Operating lease rental expenses:		
Lease payments (short life leases)	69,827	45,795
Depreciation on non-current assets:		
Property, plant and equipment	26,671	16,682

Employee Benefits

	2022	2021

	US $	US $
Performance rights and options granted to directors, officers and employees	417,818	35,130
Directors fees, superannuation and salaries & wages	1,610,429	1,674,705
Total Administration expenses	4,160,865	3,670,738

Foreign currency exchange gains/losses:Â Â Â Â

Foreign exchange loss of $42,468 (2021: $410,204 loss) comprises realised foreign exchange movements on retranslation of monetary balances and unrealised foreign exchange movements on intercompany loans which are considered repayable in the foreseeable future.

6.Â Income Taxes

	Consolidated	
	2022 US $	**2021 US $**
Current taxation		
Current tax charge/ (credit)	-	-

No Liability to corporation tax arose in ordinary activities for the half year ended 31 December 2022 or 31 December 2021.

The tax assessed for the year utilised the standard rate of tax in the UK of 19% (2021: 19%).

Tax rate reconciliation:

	Six months ended 31 December 2022 US $	**Six months ended 31 December 2021 US $**
Loss from continuing operations before tax	(4,203,333)	(4,080,914)
Loss on continuing activities multiplied by the rate of corporation tax in the UK of 19% (2021:19%)	(798,633)	(775,374)
Tax effects of:		
Different tax rates in overseas jurisdictions	(67,778)	(681,057)
Permanent differences	8,557	(664,276)
Deferred tax assets not recognised	857,854	2,120,707
Total tax charge/(credit)	**-**	**-**

7.Â Cash and Cash Equivalents

	As at 31 December 2022	As at Â 30 June 2022
	US$	US$
Cash at bank and on hand	1,440,191	2,930,162
	1,440,191	**2,930,162**

8.Â Trade and Other Receivables

	As at 31 December 2022	As at Â 30 June 2022
	US$	US$
Trade receivables	6,454	43,425
Prepayments	1,303,417	1,585,089
Other debtors	493,023	771,497
	1,802,894	**2,400,011**

Of the other debtors as at 31 December 2022, US$1,239,059 (gross) (30 June 2022: US$1,299,567) relates to payment pending as part of the equity raise completed on 25 June 2021. The net amount included in the closing balance at 31 December 2022 was US$450,522 (30 June 2022: US$630,097). $60,508 was received during the six months ending 31 December 2022.

The recoverability of the equity receivable has been assessed, considering the period since issue, the security in place over the balance, being the collaterisation over the shares issued, management s intent to exercise the collateral if required and the market value of the shares in issue. Based on this, an ECL provision of US$116,041 has been recognised in the income statement for the six months ending 31 December 2022 (30 June 2022: US$669,470).

04 105

9.Â Property, plant and equipment

	Buildings	**Plant and equipment**	**Development asset[1]**	**Assets under construction[2]**	**Motor vehicles**	**Office equipment**	**Computer equipment**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Cost								
Balance at 1 July 2022	28,310	17,675	31,225,309	6,453,807	83,384	7,325	21,281	37,837,091
Additions	-	15,345	8,385,673	5,025,495	130,855	-	10,899	13,568,267
Balance at 31 December 2022	**28,310**	**33,020**	**39,610,982**	**11,479,303**	**214,239**	**7,325**	**32,179**	**51,405,358**
Depreciation								
Balance at 1 July 2022	3,828	5,344	-	-	48,923	2,590	6,114	66,799
Charge for	1,356	2,360	-	-	18,152	441	4,362	26,671

the year								
Balance at 31 December 2022	**5,184**	**7,704**	**-**	**-**	**67,075**	**3,031**	**10,476**	**93,470**
Net Book Value								
At 30 June 2022	24,482	12,331	31,225,309	6,453,807	34,461	4,735	15,167	37,770,292
At 31 December 2022	**23,126**	**25,316**	**39,610,982**	**11,479,303**	**147,164**	**4,294**	**21,703**	**51,311,888**

1 Â *Relate to expenditure on the Longonjo Project.*

2 Â Relate to expenditure at Saltend.

10.Â Trade and Other Payables

	As at 31 December 2022 $	As at 30 June 2022 $
Trade and other payables 1	5,526,655	1,526,310
Accrued expenses	3,428,160	2,120,076
	8,954,815	**3,646,386**

1. *There has been no interest charged on the trade payables.*

11.Â Issued Capital

	2022 No.	2022 US$	2021 No.	2021 US$
Fully paid ordinary shares				
Balance at 1 July	235,599,539	295,425	216,145,822	279,398
Shares issued - conversion of performance rights	-		7,108,037	1,015
Share Placement	12,331,334	14,993	-	-
Balance at 31 December	247,930,873	310,418	223,253,859	280,413

Post period end, on 6 January 2023, the company issued 7,250,000 fully paid ordinary shares to M&G Investment Management at a price of Â£0.44 per share and raised US$4 million.

Placements during half year ending 31 December 2022 and 31 December 2021:

On 5 August 2022, the company issued 12,331,334 fully paid ordinary shares to M&G Investment Management at a price of Â£0.67 per share and raised US$10.0 million.

On 6 January 2022, the company issued 12,345,680 fully paid ordinary shares to M&G Investment Management at a price of Â£0.81 per share and raised US$13.2 million.

On 6 July 2021, 7,108,037 shares related to share awards were issued to executive management.

Share options on issue

During the period, 750,000 options vested (31 December 2021: 750,000). Â As at 31 December 2022, there are 750,000 shares under option (31 December 2021: 1,500,000).Â

Performance rights on issue

There are no performance rights outstanding as at period end.

13.Â Commitments for Expenditure

The group has certain obligations to perform exploration work on mineral exploration tenements.

No provision has been made in the accounts for minimum expenditure requirements in respect of tenements, as no liability has been incurred as at 31 December 2022 relating to these obligations.

i. Exploration Commitments

Commitments for payments under exploration permits and mineral leases in existence at the reporting date but not recognised as liabilities payable are as follows:

	As at 31 December 2022 $	As at 31 December 2021 $
Exploration and evaluation expenditure		
Not longer than 1 year	871,430	650,000
Longer than 1 year and not longer than 5Â years	3,894,076	4,350,000
Longer than 5 years	-	-
	4,765,506	5,000,000

14.Â Contingent Liabilities and Contingent Assets

The Directors are not aware of any other contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements.

15.Â Share-based Payments

Half year ended 31 December 2022

During the period no new share awards were issued.Â

US$417,818 was charged to the statement of comprehensive income related to existing share awards.

During the period, 750,000 of the outstanding 1,500,000 legacy awards vested.

Half year ended 31 December 2021

During the period, 7,108,037 shares were issued.Â These related to the vesting of executive share awards. In addition, 750,000, of the outstanding 2,250,000 legacy awards vested during the period and 500,000 options expired.

US$83,713 was credited to the statement of comprehensive income related to existing share awards.

Reconciliation of options outstanding

The following reconciles outstanding share options provided as share-based payments at the beginning and end of the financial period:

	Half year ended 31 December 2022		**Half year ended 31 December 2021**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Balance at beginning of the financial year	1,500,000	-	2,750,000	-
Vested during the financial period	(750,000)	$0.001	(750,000)	$0.001
Expired during the financial period	-	-	(500,000)	$0.001
Exercised during the financial period	-	-	-	-
Balance at end of the financial period	750,000	-	1,500,000 -	

16.Â Loss per share

	2022 cents per share	2021 cents per share
Basic loss per share		
From continuing operations	1.72	1.82
Total basic loss per share	1.72	1.82
Diluted loss per share		
From continuing operations	1.72	1.82
Total diluted loss per share	1.72	1.82

Basic loss per share

The net loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	Unaudited	**Unaudited**
	As at 31 December 2022 US$	**As at 31 December 2021** US$
Net loss	**(4,203,333)**	(4,080,914)
Losses used in the calculation of basic loss per share from continuing operations	**(4,203,333)**	(4,080,914)
Losses used in the calculation of diluted loss per share attributable to ordinary shareholders	**(4,203,333)**	(4,080,914)

Â Â

	As at 31 December 2022 No.	**As at 31 December 2021** No.
Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share	244,654,098	223,253,859

750,000 options (31 December 2021: 1,500,000) and nil performance rights (31 December 2021: nil) have not been included in the diluted earnings per share, as they were anti-dilutive in the current and prior period.

17.Â Related party transactions

Transactions with Key Management Personnel and Related Parties

No reportable related party transactions occurred during the period under review.

18.Â Notes to the Consolidated Statement of Cashflows

Reconciliation of loss for the period to net cash flows from operating activities

	Half year ended 31 December 2022 US$	Half year ended 31 December 2021 US$
Net lossÂ	**(4,203,333)**	**(4,080,914)**
Add/less non-cash items		
Depreciation	26,671	16,682
Share based payments	417,818	35,130
Impairment of assets	116,041	Â Â Â Â Â Â Â Â Â Â 177,234
Foreign exchange losses	42,468	410,204
Changes in Trade and other receivables	481,077	(88,819)
Changes in Trade and other payables	300,632	(673,842)
Net cash used in operating activities	**(2,818,626)**	**(4,204,325)**

The movement in trade and other payables shown in the Statement of Financial Position includes items related to capital projects. Accordingly investing cash flows have been adjusted for these movements.

19.Â Subsequent events

Post period end, on 6 January 2023, the company issued 7,250,000 fully paid ordinary shares to M&G Investment Management at a price of Â£0.44 per share and raised US$4 million.

Refer to note 3 for details of developments regarding funding.

No other matters or circumstances have arisen since 31 December 2022 that have significantly affected, or may significantly affect:

- Â The Group s operations in future financial years; or
- Â The results of those operations in future financial years; or
- Â The Group s state of affairs in future financial years.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge: a. the Condensed Interim Report have been prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and profit of the Group; and b. the Interim Management Report includes a fair review of the information required by FCA s Disclosure and Transparency Rules (DTR 4.2.7 R and 4.2.8 R).

By order of the Board

Mr Paul Atherley

30 March 2023