COMPANY REGISTRATION NUMBER: 05350512

ALTONA ENERGY PLC

ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

CONTENTS

CORPORATE INFORMATION

DIRECTORS	Qinfu Zhang (Executive Chairman – resigned 20 March 2020)
	Christian Taylor-Wilkinson (non-Executive Director, appointed Interim CEO 20 March 2020
	Phillip Sutherland (non-Executive Director)
	Chi Ma (Non-Executive Director – resigned 19 November 2019)
	Nicholas Lyth (Chief Executive Office – resigned 24 January 2019
	Henry Kloepper (non-Executive Director – resigned 24 January 2019)
	Robert Hales (non-Executive Director – appointed 9 August 2018 / resigned 25 January 2019)
	Timothy Jones (non-Executive Director – appointed 29 November 2018 / resigned 25 January 2019)
SECRETARY	Anthony Eastman
REGISTERED OFFICE	16 Finborough Road
	London
	SW10 9EQ
INDEPENDENT AUDITOR	Jeffreys Henry LLP
	5-7 Cranwood Street
	London
	EC1V 9EE
AQUIS CORPORATE ADVISOR	Alfred Henry Corporate Finance Ltd
	5-7 Cranwood Street
	London
	EC1V 9EE
BANKERS	HSBC Bank Plc
	39 Tottenham Court Road
	London
	W1T 2AR
REGISTRARS	Share Registrars Limited
	The Courtyard
	17 West Street, Farnham
	Surrey
	GU9 7DR

Chief Executive's Statement

Operational Review

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

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

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

Rare Earth Mining Acquisitions

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

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

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

The Company's geologist, Cedric Simonet, working with the consultancy team at Akatswiri Mineral Resources, has provided a conceptual exploration target of between 45 to 100Mt @ 500 to 900 ppm Total Rare Earth Oxide ("TREO"), based on data available, dimension of the basin, as well as a reasonable assumption of the thickness and density of the mineralised geological formation. Importantly, the exploration target grade is within range of the documented ionic clay deposits in Asia and Africa.

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

Ionic Clay REEs Rationale in Africa

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

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

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

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

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

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

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

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

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

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

Board Changes

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

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

Financial Review

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

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

Post Balance Sheet Events

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

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

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

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

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

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

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

The Company's shares were re-admitted to trading on Aquis Stock Exchange ("AQSE") on 2 December 2020, following a successful fund raise of £138,000 before expenses. The fund raise was completed at a price of 6.5p, with at 1:2 warrants offered with a strike price of 12p and an expiry date of 312 March 2023. The funds will allow the Company to complete its due diligence on its two current acquisition targets and commence its planned move of its stock market listing onto the London Stock Exchange's Standard market. The rationale for this process is to enable the Company to access the large amounts of capital it will need to conclude exploration and commence production on its projects over the next few years, which it believes it cannot achieve being listed solely on AQSE. A further placing was completed in January 2021 with subscription letters being received by the Company in respect of a further fundraising of approximately £523,000 before expenses on the same terms as the December raise.

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

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

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

Outlook

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

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

Christian Taylor-Wilkinson

Chief Executive

Altona Energy Plc

28 January 2021

STRATEGIC REPORT

Principal Activity

The principal activity of the Group has changed following the relinquishment of its tenements in South Australia and is now focused on exploration and rapid development of natural resources with the focus on rare earth elements.

BUSINESS RISK REVIEW

Principal business risks

The Directors have identified the following principal risks with regards to the Group's future. The relative importance of risks faced by the Group can, and is likely to, change as the Group executes its strategy and as the external business environment evolves. The financial risks to which the Group is exposed are detailed out in Note 2.

Strategic

Strategy risk

The Group's strategy may not deliver the results expected by shareholders. The Directors regularly monitor the appropriateness of the strategy, taking into account both internal and external factors, together with progress in implementing the strategy, and modify the strategy as may be required based on developments. Key elements of this process are the Group's monthly reporting and regular Board meetings.

Concentration risk

Currently, the Group is focused on acquiring majority stakes in a number of assets in East Africa with regards to the exploration and mining of rare earth metals. The risk is that should these opportunities not result in commercial development and subsequent success, the Company would be left without any assets for which value could be added. However, by acquiring multiple mining projects, the Company will reduce this risk.

Operational

Development risk

The exploration of the opportunities of the Company may not result in a commercial development and there is no certainty of success. The Group seeks to mitigate the development risk through the development of more than one mining project, the experience and expertise of the Group's specialists, and the Group's African partners in these projects.

Other business risks

In addition to the current principal risks identified above and general business risks, the Group's business is subject to risks inherent in resources development and production activities. There are a number of potential risks and uncertainties which could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historical results. The Group has identified certain risks pertinent to its business including:

Strategic and Economic

- Failure to deliver on strategy and plans
- Business environment changes
- Limited diversification

Human Resources and Management

Processes

- Failure to recruit and retain key personnel
- Human error or deliberate negative action
- Inadequate management processes

Operational

- Failure to add value through development
- Difficulty in obtaining approvals and licences

Financial

- Restrictions in capital markets impacting available financial resource
- Cost escalation and budget overruns
- Fraud and corruption

Commercial

- Failure to maximise value from its various asset opportunities
- Loss of interest in key assets
- Regulatory and legal compliance

The Directors regularly monitor such risks, using information obtained or developed from external and internal sources and will take actions as appropriate to mitigate these. Effective risk mitigation may be critical to the Group in achieving its strategic objectives and protecting its assets, personnel and reputation. The Group assesses its risk on an ongoing basis to ensure it identifies key business risks and takes measures to mitigate these. Other steps include regular Board review of the business, monthly management reporting, financial operating procedures and anti-bribery management systems. The Group reviews its business risks and management systems on a regular basis.

BUSINESS REVIEW

The developments during the year are detailed in the Chief Executive's Report on pages 3 to 4.

KEY PERFORMANCE INDICATORS

The key performance indicators in assessing the completion of this activity that are monitored on a regular basis are:

- Development of a Resource Estimate Statement
- Production of a Pre-Feasibility Study and a Bankable Feasibility Study ("BFS").
- Monitoring licence commitments and environmental compliance
- Cash management – sufficient to meet its commitments

The Company was in an overdraft position of £99,000 as at 30 June 2020 (2019: bank overdraft position of £96,000).

On behalf of the Board:

Christian Taylor-Wilkinson

Chief Executive Officer

28 January 2021

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited financial statements of the Group and the Company for the year ended 30 June 2020. Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Strategic Report and includes the principal activity, business review, principal risks and uncertainties.

COMPANY INFORMATION

Altona Energy Plc is a publicly listed company incorporated and domiciled in England & Wales. The Group's principal subsidiaries during the period under review were all registered in Australia. The Company's ordinary shares are traded on the Aquis Stock Market. The Company's principal activity is that of being a Rare Earths exploration and development company focusing on opportunities in Africa.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2019: £Nil).

FINANCIAL RISK MANAGEMENT

Note 2 of the financial statements details the financial risk factors affecting the Group and summarises the Group's policies for mitigating such risks through holding and issuing financial instruments. These policies have been followed during the current and prior year.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Group and the Company during the year and their interests in the ordinary share capital of the Company were:

	Number of ordinary shares		Number of Options	
	30 June 2020	**30 June 2019**	**30 June 2020**	**30 June 2019**
Phillip Sutherland	2,000	2,000	90,000	90,000
Qinfu Zhang [1]	-	-	47,500	47,500
Christian Taylor-Wilkinson	46,478	46,478	-	-
Chi Ma [2]	-	-	20,000	20,000

[1] Qinfu Zhang is beneficially interested in 230,000 shares through Wintask Group Limited and resigned on 18 March 2020.

[2] Chi Ma was appointed on 24 March 2016 (resigned 21 November 2019) and was the representative Director of Sino-Aus Energy Group Limited, which hold 100,000 shares.

THIRD PARTY INDEMNITY INSURANCE

The Company and the Group didn't provide the Directors' and Officers' liability insurance during the year however did for the prior year at a cost of £7,174.

POST REPORTING DATE EVENTS

Details of post reporting date events are disclosed in Note 17 of the financial statements.

FUTURE DEVELOPMENTS

The future developments are detailed in the Executive Chairman's Statement (Pg.3-4).

DIRECTORS' REPORT (continued)

GOING CONCERN

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

Notwithstanding the loss incurred during the year under review, the Directors have a reasonable expectation that the Group will be able to raise funds to continue in operational existence for the foreseeable future and meet committed work programmes. It will therefore continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in note 1 to the Financial Statements.

AUDITOR

During the prior year the Company appointed Jeffreys Henry LLP as the auditors of the Company following the resignation of PKF Littlejohn LLP. The Directors review the terms of reference for the auditor and obtain written confirmation that the firm has complied with its ethical code on ensuring independence. The level of fees charged is reviewed by the Board to ensure they remain competitive and to ensure no conflicts of interest arise. Jeffreys Henry LLP has indicated its willingness to continue in office as auditor of the Group.

REMUNERATION

The Group remunerates the Board at a level commensurate with the size of the Group and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Group with regard to this issue. Details of Directors' emoluments are set out in Note 5 to the Financial Statements.

CONTROL PROCEDURES

The Board has approved financial budgets and cash forecasts. In addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

PROVISION OF INFORMATION TO AUDITOR

As far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken appropriate steps to ensure that they are aware of such relevant information, and that the Company's auditor is aware of that information.

ANNUAL GENERAL MEETING

This report and the Financial Statements will be presented to shareholders for their approval at the Company's Annual General Meeting ("AGM"). The Notice of the AGM will be distributed to shareholders together with the Annual Report.

On behalf of the Board:

Christian Taylor-Wilkinson

Director

28 January 2021

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of Aquis Stock Exchange.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on its website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Christian Taylor-Wilkinson

Director

28 January 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTONA ENERGY PLC

Opinion

We have audited the Financial Statements of Altona Energy Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020 which comprise the Statement of Consolidated Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2020 and of the Group's results for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

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

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matters to address for the year ended 30 June 2020.

Going concern would have been identified as a Key Audit Matter if it were not separately disclosed in the audit report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Financial statements
Overall materiality	£11,000 (2019: £3,000).
How we determined it	Based on 5% of net loss
Rationale for benchmark applied	We believe that the net loss are the primary measures used by the shareholders in assessing the performance of the Company. They are generally accepted auditing benchmarks.

We agreed with the directors that we would report to them misstatements identified during our audit above £550 (2019: £152) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit we determined materiality, as above, and assessed the risk of material misstatement in the Financial Statements. In particular, we looked at areas requiring the Directors to make significant judgements and estimates, for example in respect of the valuation of investment in subsidiaries and considered future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

The UK operations and consolidation are accounted for from the UK and the subsidiaries from Australia. We conducted a full scope audit of the Group and Company numbers, with sufficient appropriate audit procedures carried out on the Australian subsidiaries for the purposes of the consolidation.

Our audit was conducted from our London office where the audit team was based, with regular interaction with key group personnel responsible for the management of the Group and the accounting function. Additionally, discussions were held with those responsible for the license renewals in Australia, which the Company now no longer owns.

Other information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Group and Parent Company Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Group and Parent Company Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company Financial Statements, the directors are responsible for assessing the Group's and the Parent Company'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 the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: *http://www.frc.org.uk/auditorsresponsibilities*.

This description forms part of our auditor's report.

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sanjay Parmar (Senior Statutory Auditor)

For and on behalf of

Jeffreys Henry LLP, Statutory Auditor

Finsgate

5-7 Cranwood Street

London EC1V 9EE

28 January 2021

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	Group 2020 £'000	Group 2019 £'000
Other income		42	-
Administrative expenses		(270)	(624)
Impairment expense	8	-	(11,033)
Operating loss	4	(228)	(11,657)
Loss before taxation		(228)	(11,657)
Tax (charge) / credit	7	-	-
Loss for the year attributable to the equity holders of the parent		**(228)**	**(11,657)**
Other comprehensive income			
Exchange differences on translating foreign operations that may be subsequently reclassified to profit or loss		(1)	(187)
Total comprehensive income attributable to the equity holders of the parent		**(229)**	**(11,844)**
Earnings per share (expressed in pence per share)			
- Basic attributable to the equity holders of the parent	6	(14.23)p	(894.84)p
- Diluted attributable to the equity holders of the parent	6	(14.23)p	(894.84)p

All of the above operations during the year are continuing.

The notes on pages 21 to 37 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2020

	Notes	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
ASSETS					
Non-current assets					
Intangible assets	8	-	-	-	-
Investment in subsidiaries	9	-	-	-	-
Other receivables	10	-	3	-	-
Total non-current assets		-	3	-	-
Current assets					
Trade and other receivables	10	20	32	20	32
Cash and cash equivalents		-	-	-	-
Total current assets		20	32	20	32
TOTAL ASSETS		20	35	20	32
Current liabilities					
Trade and other payables	11	524	310	524	310
Total current liabilities		524	310	524	310
TOTAL LIABILITIES		524	310	524	310
NET ASSETS		(504)	(275)	(504)	(278)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Share capital	12	1,431	1,431	1,431	1,431
Share premium		18,697	18,697	18,697	18,697
Merger reserve		2,001	2,001	2,001	2,001
Foreign exchange reserve		1,223	1,224	-	-
Retained deficit		(23,856)	(23,628)	(22,633)	(22,407)
TOTAL EQUITY		(504)	(275)	(504)	(278)

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

The financial statements were approved by the Board and authorised for issue on 28 January 2021 and signed on its behalf by:

The notes on pages 21 to 37 form part of these financial statements.

STATEMENTS OF CASH FLOWS
For the year ended 30 June 2020

	Group		Company	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Cash flows from Operating activities				
(Loss)/profit for the year before taxation	(228)	(11,657)	(226)	(12,979)
Shares issued for services	-	9		9
Impairment of intangibles	-	11,033		-
Impairment of i/c loan / investment in subsidiary	-	-		12,434
(Increase)/decrease in receivables	12	6	10	6
Increase/(decrease) in payables	188	123	188	129
Cash used in operations	(28)	(486)	(28)	(401)
Income tax benefit received	-	-	-	-
Net cash used in operating activities	(28)	(486)	(28)	(401)
Cash flows from Investing activities				
Loans (to) / from subsidiaries	-	-	-	94
Interest received	-	-	-	-
Net cash generated from/(used in) investing activities	-	-	-	94
Cash flows from Financing activities				
Proceed from bank overdraft	3	96	3	96
Proceeds from loan	25		25	
Proceeds from issue of shares	-	-	-	-
Costs of issue	-	-	-	-
Net cash inflow from financing	28	96	28	96
Net increase/(decrease) in cash and cash equivalents	-	(390)	-	(211)
Cash and cash equivalents at beginning of the year	-	391	-	211
Effect of exchange rate changes on cash and cash equivalents	-	(1)	-	-
Cash and cash equivalents at 30 June	**-**	**-**	**-**	**-**

The notes on pages 21 to 37 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2020
Attributable to equity holders of the parent

Group	Share capital £'000	Share Premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 30 June 2018	**1,427**	**18,692**	**2,001**	**1,411**	**(11,971)**	**11,560**
Profit/(loss) for the year	-	-	-	-	(11,657)	(11,657)
Other comprehensive income	-	-	-	(187)	-	(187)
Total comprehensive income	-	-	-	(187)	(11,657)	(11,844)
Issue of shares	4	5	-	-	-	9
Cost of share issue	-	-	-	-	-	-
Balance at 30 June 2019	**1,431**	**18,697**	**2,001**	**1,224**	**(23,628)**	**(275)**
Profit/(loss) for the year	-	-	-	-	(228)	(228)
Other comprehensive income	-	-	-	(1)	-	(1)
Total comprehensive income	-	-	-	(1)	(228)	(229)
Issue of shares	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-
Balance at 30 June 2020	**1,431**	**18,697**	**2,001**	**1,223**	**(23,856)**	**(504)**

Company	Share capital £'000	Share Premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 30 June 2018	**1,427**	**18,692**	**2,001**	**-**	**(9,428)**	**12,692**
Profit/(loss) for the year	-	-	-	-	(12,979)	(12,979)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(12,979)	(12,979)
Issue of shares	4	5	-	-	-	9
Cost of share issue	-	-	-	-	-	-
Balance at 30 June 2019	**1,431**	**18,697**	**2,001**	**-**	**(22,407)**	**(278)**
Profit/(loss) for the year	-	-	-	-	(226)	(226)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(226)	(226)
Issue of shares	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-
Balance at 30 June 2020	**1,431**	**18,697**	**2,001**	**-**	**(22,633)**	**(504)**

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

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

The notes on pages 21 to 37 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Altona Energy Plc is a public company which is listed on the Aquis Stock Exchange ("AQSE") and is incorporated and domiciled in England & Wales, with registered number 05350512. The Group's and Parent Company's financial statements for the year ended 30 June 2020 were authorised for issue by the Board on 28 January 2021 and the Statements of Financial Position were signed on the Board's behalf by Mr Christian Taylor-Wilkinson.

The principal activity of the Company during the year was that of a holding company for a group engaged in the identification, evaluation and acquisition of mining projects in South Australia.

The principal accounting policies are summarised below. They have been applied consistently throughout the year. The financial statements have been prepared on the historical cost basis.

BASIS OF PREPARATION

The financial statements are presented in Sterling, being the presentational currency of the Group and the functional and presentational currency of the Company. All values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

These financial statements have been prepared in accordance with IFRS as adopted for use in the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Group's assets are not generating revenues, an operating loss has been reported and an operating loss is expected in the 12 months subsequent to the date of these Financial Statements. As a result, the Company will need to raise funding to provide additional working capital and fund committed exploration programmes within the next six months.

Subsequent to year end the Company raised £138,000 before expenses through a placement at 6.5p with a 1:2 attaching warrant with a strike price at 12p. Additionally, the Company received subscription letters in respect to a further fundraising of approximately £523,000 before expenses. As at the date of this report, the Company has received £168,214 through the share placing and the balance is expected to be received in February 2021.

Based on the Board's budgets and cash flow forecasts for non-discretionary expenditures and the fundraising subsequent to year end, the Directors have a reasonable expectation that the Group and the Company has access to adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 30 June 2020. The Company raises money for exploration and capital projects as and when required. There can be no assurance that the Group's projects will be fully developed in accordance with current plans or completed on time or to budget. Future work on the development of these projects, the levels of production and financial returns arising therefrom may be adversely affected by factors outside the control of the Group.

Should the Group be unable to continue trading as a going concern, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify non-current assets as current. The Financial Statements have therefore been prepared on a going concern basis and do not include the adjustments that would result if the Group was unable to continue in operation.

NEW STANDARDS AND INTERPRETATIONS

Adoption of new and amended Accounting Standards

The Group have adopted all of the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after 1 July 2019.

New standards and interpretations not yet adopted

At the date of approval 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 (and in some cases had not been adopted by the EU):

- Amendments to References to Conceptual Framework in IFRS Standards – effective from 1 January 2020
- Definition of Material (Amendments to IAS 1 and IAS 8) – effective from 1 January 2020
- Amendment to IFRS 3 Business Combinations – effective 1 January 2020*
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – effective 1 January 2022*

**subject to EU endorsement*

The effect of these new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as if they formed a single entity. Control is achieved 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement 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 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group’s accounting policies. Transactions and balances between group companies are eliminated in full.

BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of a business combination is measured as 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. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Revised Business Combinations are recognised at their fair values at the acquisition date.

FOREIGN CURRENCIES

The presentation currency of the Group is UK Pounds Sterling. The functional and presentation currency of the Company is UK Pounds Sterling whereas the functional currencies of all other subsidiaries is Australian Dollars. Transactions entered into by Group entities in currency other than the currency of the primary economic environment in which they operate (the “functional” currency) are recorded at rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date.

Non–monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the results of the operations are translated into Pounds Sterling at average rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at closing rate are recognised directly in equity (the “foreign exchange reserve”).

Exchange differences recognised in the statement of comprehensive income of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Company or the overseas operation concerned.

TAXATION

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, except for differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of the deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the difference can be utilised.

Deferred tax is calculated based on rates enacted or substantively enacted at the reporting date and expected to apply when the related deferred tax asset is realised or liability settled.

INTANGIBLE ASSETS - EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure in relation to each separate area of interest is recognised as an exploration and evaluation asset in the year in which it is incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

a) the exploration and evaluation expenditure is expected to be recovered through successful development and exploration of the area of interest, or alternatively, by its sale, or

b) Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include the acquisition of rights to exploration, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General, administrative and share based payment costs are only included in the measurement of exploration and evaluation costs where they are related directly to exploration and evaluation activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts or circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) ('CGU') to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

FINANCIAL INSTRUMENTS

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group classifies financial assets as at amortised costs only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. *No issues noted*

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d) Impairment

The Group assesses, on a forward looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

INVESTMENTS IN SUBSIDIARIES

The Company recognises its investments in subsidiaries at cost, less any provision for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition. It also includes share based payments issued to employees of the Company for services provided to subsidiaries.

MERGER RESERVE

The difference between the fair value of an acquisition and the nominal value of the shares allotted in a share exchange has been treated in accordance with the merger relief provisions of the Companies Act 2006 and accordingly no share premium for such transactions was required to be recognised, resulting in a credit to the merger reserve.

SHARE BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The equity-settled share-based payments are expensed to profit or loss or capitalised to investments or intangibles in the statement of financial position over a straight line basis over the vesting period based on the Group's estimate of shares that will eventually vest.

Where equity instruments are granted to persons other than employees, the profit or loss is charged with the fair value of goods and services received over a straight line basis over the vesting period based on the Group's estimate of shares that will eventually vest, except where it is in respect to costs associated with the issue of securities, in which case it is charged to the share premium account.

JOINT ARRANGEMENTS

Joint arrangements are when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interest in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement;
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the following are considered:

- The structure of the joint arrangement;

- The legal form of the joint arrangements structure through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

Interests in joint operations are accounted for by accounting for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation in accordance with the relevant IFRSs.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The key assumptions concerning the future and other key judgments at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

2. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The financial instruments were categorised as follows:

Group 30 June 2020	Loans and receivables £'000	Other financial liabilities at amortised cost £'000	Total £'000
Assets as per statement of financial position			
Trade and other receivables	20	-	20
	20	-	20
Liabilities as per statement of financial position			
Trade and other payables	-	524	524
	-	524	524

Group 30 June 2019	Loans and receivables £'000	Other financial liabilities at amortised cost £'000	Total £'000
Assets as per statement of financial position			
Trade and other receivables	32	-	32
	32	-	32
Liabilities as per statement of financial position			
Trade and other payables	-	310	310
	-	310	310

Company 30 June 2020	Loans and receivables	Other financial liabilities at amortised cost	Total
	£'000	£'000	£'000
Assets as per statement of financial position			
Trade and other receivables	20	-	20
	20	-	20
Liabilities as per statement of financial position			
Trade and other payables	-	524	524
	-	524	524

Company 30 June 2019	Loans and receivables	Other financial liabilities at amortised cost	Total
	£'000	£'000	£'000
Assets as per statement of financial position			
Trade and other receivables	32	-	32
	32	-	32
Liabilities as per statement of financial position			
Trade and other payables	-	310	310
	-	310	310

The Group's financial instruments comprise cash and sundry receivables and payables that arise directly from its operations.

The main risks arising from financial instruments are credit risk, liquidity risk and currency risk. The Directors review and agree policies for managing these risks and these are summarised below. There have been no substantial changes to the Group's or Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

There is no significant difference between the carrying value and fair value of receivables, cash and cash equivalents and payables.

Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss. The Group has adopted a policy of only dealing with creditworthy counterparties, as assessed by the Directors using relevant available information.

Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. The Group's and Company's cash deposits are only held in banks and financial institutions which are independently rated with a minimum credit agency rating of A.

There were no bad debts recognised during the year and there is no such provision required at the reporting date.

Liquidity risk

Liquidity risk arises from the management of working capital. It is the risk that the Group or Company will encounter difficulty in meeting its financial obligations as they fall due. Short term payables are classified as those payables that are due within 30 days. The Group's and Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain liquid cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

Currency risk

The functional currencies of the companies in the Group are Pounds Sterling and Australian Dollars. The Group does not hedge against the effects of movements in exchange rates. These risks are monitored by the Board on a regular basis.

The following table discloses the year end rates applied by the Group for the purposes of producing the financial statements:

Foreign currency units to £1.00 GBP	Australian Dollar
At 30 June 2020	1.79
At 30 June 2019	1.81

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Australian Dollar	-	1	-	3

The impact of a 20% (2019: 20%) fluctuation in the value of the Australia Dollar would result in net translation gains or losses of £nil (2019: £1k) movement in profit or loss and net assets of the Group.

The only monetary asset the Company has is the intercompany loan, which was written off to nil in the prior year following the relinquishment of the Group's tenement in Australia.

Interest rate risk

The Group and Company finance operations through the issue of equity share capital.

The Group and Company manages the interest rate risk associated with the Group and Company cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group and Company requires to the funds for working capital purposes.

The interest rate profile of the Group's cash and cash equivalents was as follows:

	Pound Sterling £'000	Total £'000
30 June 2020		
Cash at bank floating interest rate	-	-

	Pound Sterling £'000	Australian Dollar £'000	Total £'000
30 June 2019			
Cash at bank floating interest rate	-	-	-

At the reporting date, cash at bank floating interest rate is accruing weighted average interest of 0.05% (2019: 0.05%) As required by IFRS 7, the Group has estimated the interest rate sensitivity on year end balances and determined that a two percentage point increase or decrease in the interest rate earned on floating rate deposits would have caused a corresponding increase or decrease in net income in the amount of £nil (2019: £nil).

Capital Management

The Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained losses as well as the reserves (consisting of the foreign currency translation reserve and merger reserve).

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company meets its capital needs by equity financing. The Group sets the amount of capital it requires to fund the Group's project evaluation costs and administration expenses. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company and Group do not have any derivative instruments or hedging instruments. It has been determined that a sensitivity analysis will not be representative of the Company's and Group's position in relation to market risk and therefore, such an analysis has not been undertaken.

Fair values

The fair values of the Group and Company's financial instruments approximates to their carrying value.

3. REVENUE AND SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment and that make strategic decisions, has been identified as the Board of Directors. The Group had no revenue during the period.

During the year ended 30 June 2020 the Group operated in one segment, being the evaluation of the Arckaringa coal project in South Australia. The Parent Company serves as an administrative head office and is based in the United Kingdom. During the year ended 30 June 2020 the Group's operations spanned Australia and the United Kingdom, however the focus was shifted away from Australia at the end of 2019.

	Segment result	
	2020	**2019**
Continuing operations	**£'000**	**£'000**
Coal and Coal to chemicals project (Australia)	-	(11,170)
Administration and Corporate (United Kingdom)	(228)	(487)
	(228)	(11,657)
Finance income	-	-
Profit/(Loss) before tax	(228)	(11,657)
Income tax credit	-	-
Profit/(Loss) after tax	(228)	(11,657)

	Non-Current Assets		Non-Current Liabilities	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Coal and Coal to chemicals project (Australia)	-	3	-	-
Total of all segments	-	3	-	-

	Total Assets		Total Liabilities	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Coal and Coal to chemicals project (Australia)	-	3	-	-
Administration and Corporate (United Kingdom)	20	32	524	310
Total of all segments	20	35	524	310

4. PROFIT/LOSS FROM OPERATIONS

	Group	
	2020	**2019**
	£'000	**£'000**
This has been arrived at after charging/(crediting):		
Fees payable to the Company's auditor for the audit of the consolidated financial statements	18	21
Fees payable to the Company's auditor for other services:		
Audit of subsidiaries	-	3
Share based payments – Staff and Directors	-	9
Staff costs	114	181

5. STAFF COSTS (INCLUDING DIRECTORS)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Salaries and fees	114	178	114	178
Pensions	-	-	-	-
Social security costs	-	3	-	3
Total staff costs	114	181	114	181

The Group and Company averaged 2 employees during the year ended 30 June 2020 (2019: 6 employees). Directors have been assessed as the only key management of the Group.

	Short term benefits £'000	Pension payments £'000	National insurance £'000	Total **2020** **£'000**	Total 2019 £'000
Current Directors:					
Qinfu Zhang	-	-	-	-	105
Phillip Sutherland	39	-	-	39	15
Christian Taylor-Wilkinson	75	-	-	75	22
Chi Ma	-	-	-	-	8
Nicholas Lyth	-	-	-	-	25
Robert Hales	-	-	-	-	16
Total Key Management 2020	**114**	**-**	**-**	**114**	
Total Key Management 2019	**188**	**-**	**3**		**191**

The total amount payable to the highest paid director in respect of emoluments was £75,000 (2019: £105,000). No Directors exercised any share options during the year.

6. EARNINGS PER SHARE

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

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

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

7. TAX

	Group 2020 £'000	2019 £'000
Current taxation		
Tax credit	-	-
Deferred taxation	-	-
Total tax credit	**-**	**-**
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before tax	(228)	(11,657)
Loss on ordinary activities at the Group standard rate of 19% (2018: 19%)	(43)	(2,215)
Effects of:		
Tax losses (utilised)/ carried forward	43	2,215
Total tax credit for the year	**-**	**-**
Unprovided deferred tax asset:		
Group tax losses carried forward of £31,739 (2019: £31,511,000) multiplied by the standard rate of corporation tax 19% (2019: 19%) when it is probable that a taxable profit will be available in the foreseeable future, but in view of the uncertainty as to future profits, no deferred tax asset has been recognised as at 30 June 2020 (30 June 2019: nil) due to uncertainty as to when profits will be generated.	6,030	5,987

8. INTANGIBLE ASSETS

	Group 2020 £'000	2019 £'000
Exploration and evaluation		
Cost		
At beginning of year	-	11,219
Impairment	-	(11,033)
Currency translation adjustment	-	(187)
Carrying value at 30 June	-	-

The Group's interest in its Arckaringa Coal Project tenements is held within a 100% owned entity called Arckaringa Coal Chemical Joint Venture Company Pty Limited ("Joint Venture Company").

During the year under review, the joint venture company did not issue shares to the joint venture partners as these partners have not met their capital contribution requirements obligations. Accordingly, at the year-end Altona continued to own 100% of the shares in the joint venture Company, however as per below, the Company commenced procedures to dissolve the Joint Venture Company, however until such time as dissolved, and because the shares had not yet been issued to partners as at 30 June 2020, management consider that the appropriate accounting is to treat the joint arrangement as a joint operation.

Impairment

Intangible assets relate solely to the Arckaringa coal project. Before work can commence at this project the Exploration Licence must be obtained. In the event that this is unsuccessful, there may be an indication of impairment of capitalised expenditure which could significantly reduce the carrying amount of this asset. As at the date of signing of the prior year Financial Statements the Exploration Licenses had not been renewed and expired in June 2019, hence during the current year, the Group withdrew its application for the renewal of the three Exploration Licenses in the Arckaringa Basin and commenced procedures to dissolve the Joint Venture Company. As a result, the Group has recorded an impairment in full of the Exploration and Evaluation Assets in the prior year.

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	**2019**
	£'000	**£'000**
Cost		
Investments in subsidiaries – opening and closing balance	1,432	1,432
Provision for impairment	(1,432)	(1,432)
	-	-

As per Note 8 above, as a result of the impairment of the exploration and evaluation assets in the subsidiaries, the Company has recorded a provision against the carrying value of its investment in subsidiaries of the full value of the investment.

Subsidiaries of Altona Energy Plc	Country of Registration	Holding		Nature of Business
		2020 %	**2019 %**	
Direct				
Altona Australia Pty Ltd	Australia	100	100	Dormant holding Company
Indirect				
Arckaringa Energy Pty Ltd	Australia	100	100	Evaluation of the Arckaringa Project
Arckaringa Coal Chemical Joint Venture Co Pty Ltd	Australia	100	100	Evaluation of the Arckaringa Project [1]

[1] During the year the Arckaringa Coal Chemical Joint Venture Co Pty Ltd was in the process of being dissolved.

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current				
Taxes & Social security receivable	20	32	20	32
Prepayments and other receivables (i)	-		-	-
	20	32	20	32
Non-current				
Loans due from Group companies (ii)	-	-	11,002	11,002
Tenement bond	-	3	-	-
Provision for impairment on loans due from Group companies (ii)	-	-	(11,002)	(11,002)
		3	-	-

(i) Other receivables are non-interest bearing and generally repayable between 30-60 days. Included within other receivables is an amount for rent deposit which is refundable upon expiry of the lease.

(ii) The loans to wholly owned subsidiaries are non-interest bearing and are repayable on demand, however following the non-renewal of the three licenses as referred to in the Directors Report, the Company has made a provision for the impairment of the loans due from Group Companies following the impairment of the Exploration and Evaluation assets – refer Note 8.

The other receivables remain within their contractual maturity at 30 June 2020 (30 June 2019).

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade payables	166	132	166	132
Bank overdraft	99	96	99	96
Loans	20	-	20	-
Accruals and other payables	239	82	239	82
	524	310	524	310

Trade and other payables are non-interest bearing and are normally settled on terms of 30 days from month end. The trade and other payables remain within their contractual maturity at 30 June 2020 and 30 June 2019.

During the year, a loan was provided to the Company from Director, Christian Taylor-Wilkinson for working capital purposes. The loan is unsecured and attracts an interest rate of 10% and is repayable on demand.

During the prior year the Company obtained an overdraft facility with HSBC up to a limit of £100,000 (2018: £nil) which was extended to 30 November 2020 and subsequent to year end was reduced to £50,000 and extended to 31 May 2021. The overdraft incurs an annual interest rate of 8% above the Bank of England Base Rate and is secured by a fixed and floating charge over the assets of the Company.

12. SHARE CAPITAL

GROUP AND COMPANY	2020 No.	£'000	2019 No.	£'000
Ordinary Shares				
Ordinary shares at 1 July	1,602,433	160	1,558,956,853	156
1,000:1 consolidation	-	-	(1,557,397,897)	-
Issue of shares on 1 May 2019 at 0.23p	-	-	43,477	4
Subdivision: deferred shares	-	(144)	-	-
TOTAL ORDINARY SHARES	1,602,433	16	1,602,433	160
Deferred Shares at 0.09p				
Deferred shares at 1 July	1,411,956,853	1,271	1,411,956,853	1,271
Movement during the year	-	-	-	-
	1,411,956,853	1,271	1,411,956,853	1,271
Deferred Shares at 9p				
Deferred shares at 1 July	-	-	-	-
Movement during the year	1,602,434	144	-	-
	1,602,434	144	-	-
TOTAL DEFERRED SHARES	1,413,559,287	1,415	1,411,956,853	1,271
TOTAL	**1,415,161,720**	**1,431**	**1,413,559,286**	**1,431**

During the year, the Company created a new class of share: deferred shares of 9p. The existing ordinary shares were subdivided into equal numbers of both ordinary and deferred shares. The value of the shares was split in a ratio of 9:1 such that in addition to the ordinary shares noted above, the Company now has the following class of deferred shares:

- 1,411,956,853 deferred shares at 0.09p with a value of £1,271,000; and
- 1,602,434 deferred shares at 9p with a value of £144,000

The deferred shares do not have any voting rights nor carry dividend and distribution rights, however have the right on a return of assets on liquidation not exceeding the amount paid up on the deferred shares as may be available after payment to each holder of ordinary shares the sum of £10,000 per ordinary share.

13. SHARE-BASED PAYMENTS

The Company periodically grants share options to employees, consultants and Directors, as approved by the Board. At 30 June 2020 and 30 June 2019, the following share options were outstanding in respect of the ordinary shares:

Year ended 30 June 2020

Grant Date	Expiry Date	Number of Options Outstanding at beginning of the year	Issued in Year	Forfeited / Expired / Cancelled / Consolidation [5]	Exercised in Year	Number of Options Outstanding at end of the year	Exercise Price per Option
01.04.16	01.04.21	6,500,000	-	(6,493,500)	-	6,500	1,500p[2]
01.04.16	01.04.21	6,500,000	-	(6,493,500)	-	6,500	1,500p[2]
21.07.17	21.07.22	180,000,000	-	(179,820,000)	-	180,000	500p[3]
21.07.17	21.07.22	90,000,000	-	(89,910,000)	-	90,000	500p[4]
		283,000,000	-	(282,717,000)	-	283,000	

Year ended 30 June 2019

Grant Date	Expiry Date	Number of Options Outstanding at beginning of the year	Issued in Year	Forfeited / Expired / Cancelled / Consolidation [5]	Exercised in Year	Number of Options Outstanding at end of the year	Exercise Price per Option
01.04.16	01.04.21	6,500,000	-	(6,493,500)	-	6,500	1,500p[2]
01.04.16	01.04.21	6,500,000	-	(6,493,500)	-	6,500	1,500p[2]
21.07.17	21.07.22	180,000,000	-	(179,820,000)	-	180,000	500p[3]
21.07.17	21.07.22	90,000,000	-	(89,910,000)	-	90,000	500p[4]
		283,000,000	-	(282,717,000)	-	283,000	

[1] – no vesting conditions or are fully vested at prior year end.

[2] – The first 6,500,000 options vest on the first anniversary after the date of grant and the second 6,500,000 vests on the second anniversary of the date of grant.

[3] – One third vests on the date of grant, one third on the first anniversary of the grant and one third on the second anniversary of the grant. The issues relate to Tranche A Options.

[4] – Half vest upon commencement of a drilling programme at Arckaringa. Half vest upon completion of a pre-feasibility study assessing a defined target area at Arckaringa for a potential mining development.

[5] – During the prior year the Company completed a 1:1000 share consolidation of its ordinary shares resulting in the share capital of the Company consisting of 1,558,956 Ordinary Shares of 10p each.

The weighted average contractual life of share options outstanding at the end of the period was 2 years (2019: 3.25 years).

The highest and lowest market price of the Company's shares during the year was 14 p and 8.5 p respectively (2019: 0.0975p and 0.0165p). The share price at year end was 8.5 p (2019: 0.0165p).

No charge has been recognised in the statement of consolidated comprehensive income on the basis of materiality.

14. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no commitments following the withdrawal of the renewal applications on EL 5677 Wintinna, to EL 5676 Westfield and to EL 5677 Murloocoppie. These exploration commitments were held by the joint venture company.

15. RELATED PARTY TRANSACTIONS

The key management personnel are considered to be the Directors. Details of their remuneration are included in Note 6 to the financial statements.

During the year, £27,000 (2019: £22,000) was paid to Leander PR Limited, a company who Christian Taylor-Wilkinson is a director, for marketing, public and investor relations services. Additionally, during the prior year, 43,478 shares at 23p per share were issued to Christian Taylor-Wilkinson in settle of director fees in lieu of cash settlement. Additionally, Christian Taylor-Wilkinson has provided a personal guarantee on the overdraft facility held by the Company.

16. CONTROLLING PARTY

The directors consider that there is no single controlling party.

17. POST REPORTING DATE EVENTS

The following events occurred subsequent to year end:

- The Company's shares were re-admitted to trading on Aquis Stock Exchange ("AQSE") on 2 December 2020, following a successful fund raise of £138,000 before expenses. The fund raise was completed at a price of 6.5p, with 1:2 warrants attached at a strike price 12p, with the shares and warrants having been issued. The funds will allow the Company to complete its due diligence on its two current acquisition targets and commence its planned move of its stock market listing onto the London Stock Exchange's Standard market. The rationale for this process is to enable the Company to access the large amounts of capital it will need to conclude exploration and commence production on its projects over the next few years, which it believes it cannot achieve being listed solely on AQSE.
- On 7 December 2020, the Company paid a significant portion of the overdraft, reducing the balance to £50,000 in conjunction with the payment, the Company also agreed an extension with its bank and extended the due date to 31 May 2021.
- Additionally, on 29 January 2021 the Company announced a further fundraise with subscription letters being received by the Company in respect of approximately £523,000 before expenses on the same terms as the December raise. As at the date of this report, the Company has received £168,214 through the share placing and the balance is expected to be received in February 2021.

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