

ALTONA RESOURCES PLC

Interim Report

31st December 2006

Incorporated in England and Wales with Registered Number 5350512

Chairman's Statement for the 6 month period ending 31st December 2006

The board is pleased to report the interim results of Altona Resources plc ("Altona" or "the Company") for the 6 month period ending 31st December 2006.

In the reported period, Altona has continued to make significant progress in the evaluation of the exciting development potential of the Company's Arckaringa Coal Project in South Australia, comprising the Wintinna, Westfield and Murloocoppie deposits.

In July 2006, Altona announced that it entered into a non-binding Memorandum of Understanding ("MOU") with BP Australia Ltd ("BP Australia") to work together in evaluating the development opportunities at Arckaringa in relation to the evaluation of Coal to Liquids ("CTL") and power generation development opportunities. The Company continues to work positively with BP in respect of the objectives of the MOU.

As announced in October 2006, the Company is working towards a Bankable Feasibility Study ("BFS") for a CTL and power generation plant, supported by a mine at the Wintinna deposit ("the Project"). The Project Base Case being studied is for a 30,000 bbl/d petroleum products, 560 MW power and 10mtpa open cut coal mine. Activities planned by the Company towards the BFS over the next several months include, supplementary field drilling, coal quality testing for plant design and further studies to optimise capital and operating costs.

The work schedule towards the BFS has been revised to take account of delays in the commencement of the drilling program, due to scarcity of drill rigs, and pending a review of the BFS programme by Hatch Engineering about extended staging of feasibility study work.

The Company and its Project Financial Adviser, Royal Bank of Scotland, have been developing a preliminary financial model in respect of the Project Base Case applying inputs from studies undertaken by Jacobs Consulting and MineConsult.

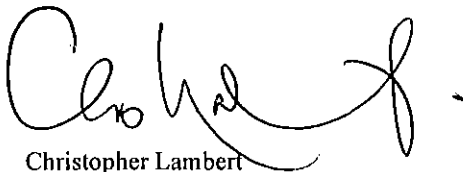
As reported on 21st February 2007, the initial analysis from the financial modelling showed projected CTL net unit production costs for the Project in the lowest quartile of CTL industry benchmarks, after applying revenues from power sales against operating costs.

Having now established initial economic cost parameters for the Project, the Company intends to progress discussions with potential joint venture partners for the Project.

In addition to the evaluation of the Wintinna deposit and the Project, the Company has been assessing development opportunities for the Westfield and Murloocoppie deposits. In November 2006, the Company announced that it had entered into a non-binding MOU with Flinders Power, South Australia's largest electricity producer to evaluate the potential of supplying up to 4 million tonnes of coal per annum for 25 years from Altona's Westfield Coal Deposit.

During the period, the Board was pleased to appoint Mr Phillip Sutherland as a Non-Executive Director of the Company. Phillip was previously the CEO of The South Australian Chamber of Mines and Energy ("SACOME"), the major resources industry body in South Australia.

I look forward to reporting the Company's progress moving forward into 2007 in relation to the continued development at the Arckaringa Project.



Christopher Lambert
Chairman
20 March 2007

Independent Review Report to Altona Resources Plc

Introduction

We have been instructed by the Company to review the financial information comprising the consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement and notes thereon and we have read the other information contained in the interim report and considered whether it contains any apparent mis-statements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 "Review of interim financial information" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of the Directors and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2006.



CHAPMAN DAVIS LLP
Chartered Accountants
2 Chapel Court
London SE1 1HH

13 March 2007

Altona Resources Plc
Interim Report 31st December 2006

*Consolidated Profit and Loss Account
For the half year ended 31st December 2006*

	Notes	Reviewed Half-year ended 31 Dec 2006 £'000	Reviewed period from incorporation on 2 Feb 2005 to 31 Dec 2005 £'000	Audited period from incorporation on 2 Feb 2005 to 30 June 2006 £'000
Operating expenses		(415)	(104)	(394)
Share options expensed		(364)	-	-
Operating Loss		(779)	(104)	(394)
Investment income and interest receivable		11	23	35
Loss on ordinary activities before taxation		(768)	(81)	(359)
Taxation	3	-	-	-
Loss for the financial period		(768)	(81)	(359)
Loss per share :	5			
Basic – expressed in pence		(0.33p)	(0.04p)	(0.18p)

Altona Resources Plc
Interim Report 31st December 2006

Consolidated Balance Sheet
At 31st December 2006

	Notes	Reviewed 31 Dec 2006 £'000	Reviewed 31 Dec 2005 £'000	Audited 30 June 2006 £'000
Fixed assets				
Intangible assets	6	2,508	2,121	2,361
Tangible assets		3	1	2
Total fixed assets		2,511	2,122	2,363
Current assets				
Cash at bank and in hand		391	888	454
Debtors		32	12	42
Creditors: amounts falling due within one year		(47)	(41)	(150)
Total current assets		376	859	346
Net assets		2,887	2,981	2,709
Capital and reserves				
Called up share capital		240	230	231
Share premium		1,409	831	836
Merger reserve		2,001	2,001	2,001
Share based payments reserve		364	-	-
Profit and loss account		(1,127)	(81)	(359)
Total shareholders' funds		2,887	2,981	2,709

Consolidated Cash Flow Statement
For the half year ended 31st December 2006

	Reviewed Half-year ended 31 Dec 2006 £'000	Reviewed Period ended 31 Dec 2005 £'000	Audited Period ended 30 June 2006 £'000
Net cash flow from:			
Operating activities	(506)	(86)	(285)
Returns on investments and servicing of finance			
Interest received	11	20	35
Net cash inflow from returns on investments and servicing of finance	11	20	35
Investing activities			
Payments to acquire tangible fixed assets	(1)	(1)	(3)
Payments to acquire intangible fixed assets	(149)	(67)	(330)
Net cash outflow from investing activities	(150)	(68)	(333)
Financing activities			
Net proceeds from issue of shares	582	1,022	1,037
Net cash inflow from financing	582	1,022	1,037
Increase in cash in period	(63)	888	454
Cash at bank and in hand at beginning of period	454	-	-
Cash at bank and in hand at end of period	391	888	454

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Consolidated Statement of Changes in Equity
For the half year ended 31st December 2006

	Called up share capital	Share premium	Merger reserve	Share based payment reserve	Profit and loss account	Total shareholders equity
	£'000	£'000	£'000	£'000	£'000	£'000
Shares issued during the period	231	846	2,001	-	-	3,078
Share issue expense	-	(10)	-	-	-	(10)
Loss for the period	-	-	-	-	(359)	(359)
Balance at 30 June 2006	231	836	2,001	-	(359)	2,709
Shares issued during the period	9	573	-	-	-	582
Equity-settled share-based payments	-	-	-	364	-	364
Loss for the period	-	-	-	-	(768)	(768)
Balance at 31 December 2006	240	1,409	2,001	364	(1,127)	2,887

*Notes to the Interim Report
For the half year ending 31st December 2006*

1. PRESENTATION OF INTERIM RESULTS

This interim report was approved by the Directors on 13 March 2007. The interim results have not been audited, but were the subject of an independent review carried out by the Company's auditors, Chapman Davis LLP. Their review confirmed that the figures were prepared using applicable accounting policies and practices consistent with those adopted in the annual report, except that the Company is now applying FRS 20 'Share Based Payments'. The financial information contained in this interim report does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985. Shareholders can receive a copy of this interim report from the Company's registered office at 55 Gower St London WC1E 6HQ.

2. SHARE-BASED PAYMENTS:

FRS 20 "Share-based Payment" requires the recognition of share-based payments at fair value at the date of grant. The Company has applied this standard from 1 July 2006. The fair value of the share based payments to be expensed has been determined by a Black-Scholes pricing model. The financial impact of adopting this standard during the period is £364,000 (2005: £nil).

3. TAXATION

No taxation has been provided due to losses in the period.

4. DIVIDENDS

The Directors do not recommend the payment of a dividend.

5. LOSS PER SHARE

The basic loss per share is derived by dividing the loss for the period attributable to ordinary shareholders by the weighted average number of shares in issue.

	Reviewed 31 Dec 2006 £'000	Reviewed 31 Dec 2005 £'000	Audited 30 June 2006 £'000
Loss for the period	(768)	(81)	(359)
Weighted average number of shares – expressed in million	235.7m	190.8m	204.2m
Basic loss per share – expressed in pence	(0.33p)	(0.04p)	(0.18p)

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered not to be dilutive and, as such, the diluted loss per share calculation is the same as the basic loss per share.

6. INTANGIBLE ASSET

The Intangible Asset is in respect of the Project of Arckaringa Energy Pty Limited.

	Reviewed 31 Dec 2006 £'000	Reviewed 31 Dec 2005 £'000	Audited 30 June 2006 £'000
Fair Value uplift	2,031	2,031	2,031
Associated costs of acquisition	69	69	69
Deferred evaluation expenditure	408	21	261
Intangible Asset – Project	2,508	2,121	2,361

7. CALLED UP SHARE CAPITAL

Authorised

1,000,000,000 Ordinary shares of 0.1p each	£'000 1,000
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Allotted, called up and fully paid

239,600,000 Ordinary shares of 0.1p each	240
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Share options and warrants

The following equity instruments have been issued by the Company and have not been exercised at 31 December 2006:

	Number of ordinary shares	Exercise price	Expires
IPO options	1,250,000	£0.01	10/03/2010
Warrant instrument	3,000,000	£0.08	02/08/2011
Warrant instrument	3,000,000	£0.12	02/08/2011
Warrant instrument	3,000,000	£0.16	02/08/2011
Incentive options	6,000,000	£0.07	12/10/2011
Incentive options	5,000,000	£0.10	12/10/2011
Incentive options	3,000,000	£0.14	12/10/2011

<p>DIRECTORS</p> <p>Christopher Lambert</p> <p>Christopher Schrape</p> <p>Norman Kennedy</p> <p>Anthony Samaha</p> <p>Phillip Sutherland</p> <p>SECRETARY</p> <p>Stephen Frank Ronaldson</p> <p>WEBSITE</p> <p>www.altonaresources.com</p>	<p>AUDITORS</p> <p>Chapman Davis LLP 2 Chapel Court LONDON SE1 1HH</p> <p>SOLICITORS</p> <p>Ronaldsons 55 Gower Street LONDON WC1E 6HQ</p> <p>NOMINATED ADVISOR</p> <p>Nabarro Wells & Co Limited Saddlers House Gutter Lane LONDON EC2V 6HS</p>	<p>BROKER</p> <p>Hichens, Harrison & Co. plc Bell Court House 11 Blomfield Street LONDON EC2M 1LB</p> <p>REGISTRARS</p> <p>Share Registrars Limited Craven House West Street Farnham SURREY GU9 7EN</p> <p>REGISTERED OFFICE</p> <p>Third Floor 55 Gower Street LONDON WC1E 6HQ</p>
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