

ALTONA RESOURCES PLC

Interim Report

31st December 2007

Incorporated in England and Wales with Registered Number 5350512

Chairman's Statement

This has been one of the most exciting periods since the Company's inception during which we have achieved a number of significant steps towards our goal of becoming a leading energy supplier, through the use of the Coal to Liquid ("CTL") process. With coal resources at our Arckaringa Project in South Australia estimated to be in excess of 7.5 billion tonnes, we believe we are on the cusp of bringing a project to fruition that will harness what is potentially one of the world's largest undeveloped energy banks.

Completion of a pre-feasibility study for the development of our planned 10 million barrel per year integrated CTL plant with a 560 MW co-generation power facility at Arckaringa is imminent, bringing us to a point where we can commence the final stage of the Bankable Feasibility Study ("BFS"). Importantly, finance for a significant portion of the BFS has been arranged with the share subscription agreement with a Hong Kong based investment company, Tongjiang International Energy Co. Ltd ("Tongjiang"), to raise £11,618,000 subject to shareholder approval, as announced on 26 February 2008.

Field Technical Programme

The Company's drilling programme has been developed with a view to identifying the optimum area for opencast coal extraction for the purposes of fuelling the proposed CTL plant. Drilling has focussed on the Wintinna coal deposit within the Arckaringa Project and aims to redefine at least 700 million tonnes of coal to be classified as Measured or Indicated, according to the current JORC code for reporting coal resources.

In November 2007 we announced the completion of the large diameter (200mm) bulk sampling core drilling programme; five boreholes located at representative sites evenly spread throughout the area of resource definition produced approximately five tonnes of coal. In addition, 1,031.23m of large diameter pre-collaring and coring was undertaken and all holes were geophysically logged successfully. Analysis from the results of this drilling will enable us to validate and upgrade the previously defined coal resource and identify specifications for the preparation and mining of Wintinna coal for use in the CTL process.

November also saw the conclusion of the hydrogeological field work required to test groundwater conditions through the construction of three production wells and three piezometers (devices used to measure water pressures in layers of porous rock). Analysis of the retrieved data from this work will enable us to underpin a groundwater management plan for the open pit mining process. Having completed the large diameter drilling programme we proceeded to the HQ 61mm slimcore drilling programme required to provide further detailed data for resource definition and quality evaluation. The complete field programme, consisting of 21 boreholes, including four to assess the geotechnical parameters for the site, was completed on schedule in February 2008 and we are now waiting for results.

We anticipate that it will take up to two months to analyse and report on the results from the field programme and bring the pre-feasibility programme to an end. We expect the results to be returned early in the second quarter of 2008, slightly later than our initial estimation of the first quarter of 2008. A positive outcome in these reports will enable Altona to move onto the BFS.

BFS

Given the Project's key strengths that have already been identified during the pre-feasibility stage at the Arckaringa Project, it is likely that progression to the final stage of the BFS will result in its promotion to "major project" status in South Australia. With the aid of a streamlined state approval and evaluation process, we expect the final feasibility and government approvals stage to take approximately 24 months. Following this, the construction and operational commencement of two modules comprising the 10 million barrel per year CTL plant and associated power facility could come to fruition in as little as 36 to 54 months.

Tongjiang Agreement

With our focus ever looking forward, we were pleased to announce in February 2008, a share subscription agreement with Tongjiang International Energy Co. Ltd ("Tongjiang"), a Hong Kong based investment company, to raise £11,618,000 through the placing of 240 million new ordinary shares. The new funds, which represent a significant portion of the cash required to fund the forthcoming BFS, will be made available to the Company in three tranches, the first of which was completed on 29 February 2008 and the final two which will be completed, subject to shareholder approval, on 15 April 2008 and 30 June 2008.

We are delighted to welcome Tongjiang as a major new investor in Altona. The Board believes this relationship is an excellent opportunity for the Company in opening doors into China, where there is an increasingly strong demand for investment in energy projects and for secure sources of clean transport fuels, notably low sulphur diesel and jet fuel. We believe that the Asian market in particular could be vital for Altona and we are keen to cement relationships such as this to build strategic business opportunities for the longer term benefit of the Company.

Financial

As a reflection of the Company's current position and the establishment of operations and the exploration and evaluation phase of the project, the Company is reporting pre-tax losses for the six-month period ended 31 December 2007 of £330,000 (2006: loss of £768,000). Its cash position at 31 December 2007 was £558,000.

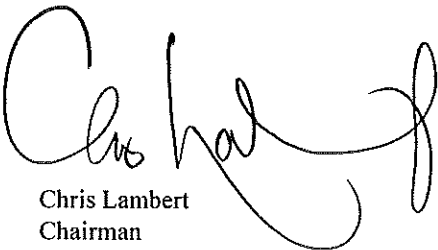
Appointments

We believe the Australian investment community, which has a strong understanding of the power deficit forecast for South Australia and the growing transport fuels supply gap in Australia, could play an integral role in the development of the Arckaringa Project in the future. In line with this, in November 2007 the Company appointed a leading Australian stockbroker and financial advisory firm, Bell Potter Securities Limited, as its Australian financial adviser, to advise Altona in respect to the institutional and retail investor markets in Australia.

Outlook

Our findings so far have served to reinforce all of the positive reasons for embarking on the Arckaringa Project. We firmly believe that given its excellent location, significant coal resources, growing demand for liquid fuel products both on the domestic and export markets, and provision of a tangible solution to energy deficit in the region, this project has a very exciting future. Furthermore, upon completion of the placement to Tongjiang, the Company will have excellent funding and will be in an enviable position to achieve a number of its major strategic goals.

I would like to thank all our shareholders for their continued support as well as the Board and management for their diligence and hard work in bringing Altona to this exciting stage in its development. We look forward to regularly updating shareholders on our progress throughout the remainder of the year.



Chris Lambert
Chairman
31 March 2008

Independent Review Report to Altona Resources Plc

Introduction

We have been engaged by the Company to review the accompanying Consolidated Balance Sheet of Altona Resources Plc as of 31st December 2007 and the related Consolidated Statements of Income, Changes in Equity and Cash Flows for the six-month period then ended and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

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 AIM rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the next annual financial statements.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in the Notes to the Interim Report and the AIM rules for Companies.



CHAPMAN DAVIS LLP
Chartered Accountants
London
31st March 2008

Altona Resources Plc
Interim Report 31st December 2007

Consolidated Income Statement
For the half year ended 31st December 2007

	Notes	Reviewed Half-year ended 31 Dec 2007 £'000	Reviewed Half-year ended 31 Dec 2006 £'000	Audited Year ended 30 June 2007 £'000
Administrative expenses		(363)	(415)	(675)
Share options expensed		-	(364)	(364)
Operating Loss		(363)	(779)	(1,039)
Interest income		33	11	29
Loss on ordinary activities before taxation		(330)	(768)	(1,010)
Income tax expense	2	-	-	-
Loss for the financial period		(330)	(768)	(1,010)
Loss per share expressed in pence	4			
- Basic		(0.12p)	(0.33p)	(0.41p)

Altona Resources Plc
Interim Report 31st December 2007

Consolidated Balance Sheet
At 31st December 2007

	Notes	Reviewed 31 Dec 2007 £'000	Reviewed 31 Dec 2006 £'000	Audited 30 June 2007 £'000
ASSETS				
Non-current assets				
Intangible assets	5	3,928	2,508	2,957
Plant and equipment		65	3	6
Trade and other receivables		39	-	39
		<u>4,032</u>	<u>2,511</u>	<u>3,002</u>
Current assets				
Cash at bank and in hand		558	391	1,638
Debtors		155	32	65
		<u>713</u>	<u>423</u>	<u>1,703</u>
Total assets		<u>4,745</u>	<u>2,934</u>	<u>4,705</u>
LIABILITIES				
Current liabilities				
Trade and other payables		416	47	164
Net assets		<u>4,329</u>	<u>2,887</u>	<u>4,541</u>
EQUITY				
Called up share capital		283	240	283
Share premium		3,226	1,402	3,226
Merger reserve		2,001	2,001	2,001
Other reserves		401	371	401
Foreign exchange reserve		117	-	(1)
Retained earnings		(1,699)	(1,127)	(1,369)
Total equity		<u>4,329</u>	<u>2,887</u>	<u>4,541</u>

Consolidated Cash Flow Statement
For the half year ended 31st December 2007

	Reviewed Half-year ended 31 Dec 2007 £'000	Reviewed Period ended 31 Dec 2006 £'000	Audited Period ended 30 June 2007 £'000
Operating activities			
Operating loss	(363)	(779)	(1,039)
Adjustment to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation	-	-	1
Foreign exchange adjustment	9	-	22
Share options expensed	-	364	364
Working capital adjustments			
(Increase) / decrease in debtors	(90)	10	(59)
Increase / (decrease) in creditors	7	(101)	(59)
Net cash flows used in operating activities	(437)	(506)	(770)
Investing activities			
Payments to acquire tangible fixed assets	(59)	(1)	(5)
Payments to acquire intangible fixed assets	(617)	(149)	(546)
Payment for bond deposit	-	-	(3)
Interest received	33	11	29
Net cash outflow from investing activities	(643)	(139)	(525)
Financing activities			
Net proceeds from issue of shares	-	582	2,479
Net cash inflow from financing	-	582	2,479
Increase/(decrease) in cash in period	(1,080)	(63)	1,184
Cash at bank and in hand at beginning of period	1,638	454	454
Cash at bank and in hand at end of period	558	391	1,638

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Consolidated Statement of Changes in Equity
For the half year ended 31st December 2007

	Issued capital	Share premium reserve	Merger reserve	Share based payment reserve	Foreign exchange reserve	Retained earnings	Total shareholders equity
	£'000	£'000	£'000	£'000		£'000	£'000
Opening balance at 1 July 2006	231	829	2,001	7	-	(359)	2,709
Shares issued during the period	9	573	-	-	-	-	582
Share based payments	-	-	-	364	-	-	364
Loss for the period	-	-	-	-	-	(768)	(768)
Balance at 31 December 2006	240	1,402	2,001	371	-	(1,127)	2,887
Share capital issued	43	2,026	-	-	-	-	2,069
Cost of share issue	-	(204)	-	-	-	-	(204)
Share based payments	-	-	-	32	-	-	32
Options exercised	-	2	-	(2)	-	-	-
Currency translation reserve	-	-	-	-	(1)	-	(1)
Loss for the period	-	-	-	-	-	(242)	(242)
Balance at 30 June 2007	283	3,226	2,001	401	(1)	(1,369)	4,541
Currency translation reserve	-	-	-	-	118	-	118
Loss for the period	-	-	-	-	-	(330)	(330)
Balance at 31 December 2007	283	3,226	2,001	401	117	(1,699)	4,329

*Notes to the Interim Report
For the half year ending 31st December 2007*

1. PRESENTATION OF INTERIM RESULTS

This interim report was approved by the Directors on 31 March 2008. 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. 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 obtain a copy of this interim report from the Company's registered office at 55 Gower St London WC1E 6HQ.

The accounts have been prepared on a going concern basis. As is common with many junior mining companies, 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 there from may be adversely affected by factors outside the control of the Group.

2. TAXATION

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

3. DIVIDENDS

The Directors do not recommend the payment of a dividend.

4. 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 2007 £'000	Reviewed 31 Dec 2006 £'000	Audited 30 June 2007 £'000
Loss for the period	(330)	(768)	(1,010)
Weighted average number of shares – expressed in million	283.2	235.7m	245.7m
Basic loss per share – expressed in pence	(0.12p)	(0.33p)	(0.41p)

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.

5. INTANGIBLE ASSET

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

	Reviewed 31 Dec 2007 £'000	Reviewed 31 Dec 2006 £'000	Audited 30 June 2007 £'000
Exploration and evaluation			
Cost			
At beginning of period	2,957	2,361	2,361
Deferred evaluation expenditure	862	147	619
Exchange adjustment	109	-	(23)
Intangible Asset – Project	3,928	2,508	2,957

*Notes to the Interim Report
For the half year ending 31st December 2007*

6. CALLED UP SHARE CAPITAL

Authorised

	£'000	
1,000,000,000 Ordinary shares of 0.1p each	1,000	

Allotted, called up and fully paid

283,165,784 Ordinary shares of 0.1p each	283	
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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 2007:

	Number of ordinary shares	Exercise price	Expires
IPO options	1,750,000	1.00p	10/03/2010
Warrant instrument	3,000,000	8.00p	02/08/2011
Warrant instrument	3,000,000	12.00p	02/08/2011
Warrant instrument	3,000,000	16.00p	02/08/2011
Director options	6,000,000	7.00p	12/10/2011
Director options	5,000,000	10.00p	12/10/2011
Director options	3,000,000	14.00p	12/10/2011
Broker options	1,500,000	4.75p	23/04/2012
Broker options	1,500,000	9.50p	23/04/2012

7. TURNOVER AND SEGMENTAL INFORMATION

The Company has no turnover during the period.

The Group operates in one business segment, the exploration and evaluation of coal. The Group has material interests in two geographical segments, Australia and the United Kingdom. The Group assets are substantially attributable to the exploration and evaluation of coal activities in Australia. The parent Company operates a head office based in the United Kingdom which incurred certain administration and corporate costs.

	United Kingdom £'000	Australia £'000	Total £'000
By geographical area			
Loss for the half year ended 31 December 2007	(308)	(22)	(330)
Other segment information:			
Segment assets	720	4,025	4,745

Operating results and net assets are substantially attributable to activities in Australia.

The parent company operates a head office based in the United Kingdom which incurs certain administration costs.

DIRECTORS Christopher Lambert (Executive Chairman) Christopher Schrape (Managing Director) Anthony Samaha (Executive Finance Director) Norman Kennedy (Non-executive Technical Director) Phillip Sutherland (Non-executive Director) SECRETARY Stephen Frank Ronaldson WEBSITE www.altonaresources.com	AUDITORS Chapman Davis LLP 2 Chapel Court LONDON SE1 1HH SOLICITORS Watson, Farley & Williams 15 Appold Street LONDON EC2A 2HB Ronaldsons 55 Gower Street LONDON WC1E 6HQ NOMINATED ADVISOR Nabarro Wells & Co Limited Saddlers House Gutter Lane LONDON EC2V 6BR	BROKER Matrix Corporate Capital LLP 1 Jermyn Street LONDON SW1Y 4UH REGISTRARS Share Registrars Limited Craven House West Street Farnham SURREY GU9 7EN REGISTERED OFFICE Third Floor 55 Gower Street LONDON WC1E 6HQ
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