COMPANY REGISTRATION NUMBER: 05350512

ALTONA ENERGY PLC

ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

CONTENTS

CORPORATE INFORMATION

DIRECTORS	Qinfu Zhang (Executive Chairman)
	Christian Taylor-Wilkinson (non-Executive Director – appointed 1 1 February 2019)
	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, Hoxton
	London
	EC1V 9EE
NEX CORPORATE ADVISOR	Alfred Henry Corporate Finance Ltd
	5-7 Cranwood Street, Hoxton
	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

EXECUTIVE CHAIRMAN'S STATEMENT

The year under review, to 30 June 2019, was a time of major change for the Company, as it tightened its board structure and repositioned itself closer to its historic mining roots in South Australia.

A number of initiatives which were started in 2018, were subsequently cancelled at the start of 2019, following the resignation and dismissal of a number of directors from the board, at the Annual General Meeting held on 25 January 2019. Specifically, these lapsed initiatives involved a partnership with the pyrolysis company Leinad Ltd and a possible coal project on the Willoughby seam in the Company's Westfield tenement.

Further, the year in general was harmful for both the profile and valuation of the Company, where we saw the share price fall from 325p on 3 July 2018 (factoring in the 1000 to 1 share consolidation of 18 October 2018) to 16.5p on 31 January 2019, when the Company lost its AIM listing and moved to the NEX Exchange Growth Market. As Executive Chairman, I am the first to apologise to shareholders for the lack of any clear operational direction during 2018 and also the unfortunate association the Company had with a number of disruptive investors, all of whom are no longer shareholders of the Company.

In the first half of 2019, the board explored the possibility of an investment into an operational vanadium mining company in the Shaanxi region of China, which involved a great deal of due diligence, including an in-depth visit to the mine by the Company's UK based director. After weighing up the changing economic and industry factors, it was decided, in October 2019, not to go ahead with the investment.

Also in the first half of 2019, the Company continued to look to further its interests in the in-situ gasification ("ISG") sector in South Australia, where, over the years, we have collated a lot of information on the market dynamics, technological advantages and product usage. The Company has always held a strong relationship with the region's Department for Mining and Energy, through its long-term Australian director Philip Sutherland. And, although the process to assess and "find" the right coal-bearing tenement for Altona has been long, the Company announced on 21 November 2019, that it had entered into negotiations to acquire a Petroleum Exploration Licence Application ("PELA") over a tenement close to its existing Exploration Licences.

Board Changes

On 24 January 2019, Nicholas Lyth and Henry Kloepper resigned with immediate effect as Chief Executive Director and a non-Executive Director, respectively. On 25 January 2019, at the Company's AGM, the resolutions to re-appoint Robert Hales and Timothy Jones as non-Executive Officers were not passed and, subsequently both were asked to leave the board with immediate effect.

Philip Sutherland, a director of Altona since 2004 and who had resigned his position in December 2018, was reappointed as a non-Executive Director on 1 March 2019.

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 joint venture agreement.

The Directors appreciate that the current board make-up is smaller than many listed companies. With this is mind we are currently meeting with individuals who have a good knowledge of the mining and energy sectors, as well as those with connections to the capital markets in London and Australia.

Financial Review

During the period under review the Group made a loss before taxation of £11,657,000 (2018: loss £645,000). The majority of the loss before tax relates to the impairment of the intangibles assets of £11,033,000, due to the Company relinquishing its ownership of its three historic Exploration Licences in the Arckaringa Basin. These tenements cannot become an operational asset for the Company, due to the PELA needed to perform ISG is owned by another entity and it is the Board's belief that the costs to maintain them are counter-productive to the Company's current strategic focus.

The Company has focused on reducing unnecessary costs from the business, by streamlining the board and closing its office in Adelaide. Further, the main London office has been changed to be that of its financial PR adviser and non-Executive Director, where no charge is being levied. The Company's Chairman, Qinfu Zhang has taken a reduction in salary to £25,000 from £105,000 for a period of 12 months, effective from 1 December 2019.

As at 30 June 2019, the Group was in an overdraft position of £96,000 (30 June 2018: cash at bank of £391,000)

The Company was admitted to trading on the NEX Exchange Growth Market on 1 February 2019, following a 14-years listing on AIM.

Post Balance Sheet Events – Negotiations to acquire PELA 517

As mentioned above, the Company is now in exclusive talks with a third party, Ahava Energy PTY Ltd, to acquire a new mining licence in South Australia. This licence, a Petroleum Exploration Licence Application ("PELA") will allow the Company to commence exploration into a viable ISG project (also known as Underground Coal Gasification, or UCG). In 2015, when the Company was at the cusp of starting a similar project, it was informed that it did not own the necessary PELA over its three tenements, which put a halt to the project.

The new tenement covered by the PELA is close to the Company's historic Arckaringa tenements and covers 5,000 sq kms, twice the size of the existing tenements. The tenement is divided into two areas; a smaller northern area which overlaps the Company's historic Exploration Licences at Westfield and Murloocoppie to the north and west, respectively, and a significantly sized southern area (over 4,000 sq km), of which 50% crucially sits outside the environmentally sensitive Great Artesian Basin, meaning issues, caused by the natural aquifer of the basin, will be substantially less.

The more significant and potentially more rewarding southern area of the PELA, whilst never having been tested for deep coal deposits suitable for the ISG process is, however, situated between other major coal bearing tenements, providing enough evidence for WSP to warrant further investigation. Should this exploration be successful (i.e. by finding at least two coal bearing deposits between 100m and 1,400m – the depth most suitable for ISG), the Company will look to quickly move towards obtaining the necessary permits and funding to start a test production facility, within 2-3 years.

It has been suggested by WSP Australia Pty, the Company's mining consultant, that the longer term plan could be for the Company to create an "Energy Precinct", utilising wind and solar energy to reduce costs for the extraction process, leading to the supply of power (as well as chemical by-products, such as liquid ammonia, hydrogen, ethanol and other synthetic fuels) to the South Australian and broader markets.

The Company will need to raise funds in order to acquire the new PELA and to pay for the initial exploration work, as well as for general working capital purposes.

Outlook

The Company is now poised to begin new explorations on PELA 517, should a successful fund raising be completed and the licence acquired. The short-term work plan is then to appoint WSP to carry out the first stages of investigation, ahead of a drilling programme which could begin as soon as early 2021.

Therefore, I think it is fair and only right to now draw a line under the past 18 months and start looking forward to the potential benefits of this new ISG project, which has the strong likelihood of increasing shareholder value, in a market where the end products are much in demand.

Qinfu Zhang
Executive Chairman
Altona Energy Plc
11 March 2020

STRATEGIC REPORT

Principal Activity

The principal activity of the Group is the exploration of its mining tenement in South Australia, held under PELA 517.

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 has one core asset being PELA 517. The risk is that should PELA 517 not result in commercial development and subsequent success, the Company would be left without any assets for which value could be added.

Operational

Development risk

The exploration of PELA 517 may not result in a commercial development and there is no certainty of success. The Group seeks to mitigate the development risk through the experience and expertise of the Group's specialists and the Group's partners in this project.

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 hydrocarbon 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

Operational

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

Human Resources and Management

Processes

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

Financial

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

Commercial

- Failure to maximise value from PELA 517
- 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 Executive Chairman'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:

- Progress of Bankable Feasibility Study ("BFS").
- Monitoring licence commitments and environmental compliance
- Cash management – sufficient to meet its commitments

The was in an overdraft position of £96,000 as at 30 June 2019 (2018: cash at bank of £391,000).

On behalf of the Board:

Qinfu Zhang

Executive Chairman

11 March 2020

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 2019. 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 are all registered in Australia. The Company's ordinary shares are traded on the NEX Exchange Growth Market. The Company's principal activity is that of being a coal exploration company in South Australia.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2018: £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 2019	30 June 2018	30 June 2019	30 June 2018
Phillip Sutherland	2,000	2,000	90,000	90,000
Qinfu Zhang [1]	-	-	47,500	47,500
Christian Taylor-Wilkinson	46,478	-	-	-
Chi Ma [2]	-	-	20,000	20,000
Nicholas Lyth	1,300	1,300	112,500	112,500

[1] Qinfu Zhang is beneficially interested in 230,000 shares through Wintask Group Limited

[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 provide the Directors' and Officers' liability insurance during the year at a cost of £7,174 (2018: £6,832).

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

Subsequent to year end 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.

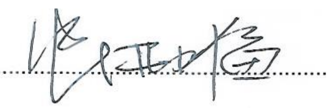
PROVISION OF INFORMATION TO AUDITOR

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:



Qinfu Zhang

Executive Chairman

11 March 2020

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 the NEX Exchange Growth Market.

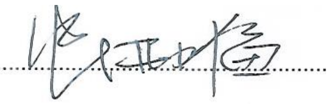
In preparing these financial statements, the Directors are required to:

- 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.



Qinfu Zhang

Executive Chairman

11 March 2020

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

Adverse 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 2019 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, because of inappropriate use of the going concern basis for the preparation of the financial statements referred to in the Basis for adverse opinion section of our report, the financial statements:

- do not give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 June 2019 and of the Group's and Parent Company's loss for the year then ended;
- have not been prepared in accordance with IFRSs as adopted by the European Union; and
- have not been prepared in accordance with the requirements of the Companies Act 2006.

Basis for adverse opinion

As explained in the Material uncertainty related to going concern paragraph, at the date of signing of these accounts, the Group does not have sufficient resources to continue trading for the foreseeable future. The Company is currently at the ceiling of its overdraft facility with its current bankers and the facility is due for renewal in June 2020, where the Company may have to settle the liability. The Group's ability to continue as a going concern is dependent on obtaining additional equity to fund current and future working capital requirements, and repayment of the current debt finance. The financial statements do not contain the adjustments that may be necessary to reflect the fact that the company is not a going concern. Consequently, we are of the belief that the use of the going concern basis for the preparation of the financial statements is inappropriate.

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 and Parent Company 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.

Other matter

The financial statements of the Group and the Company for the year ended 30 June 2018 were audited by another auditor who expressed an unqualified opinion on those statements on 28 December 2018.

Material uncertainty related to going concern

We draw attention to note 1 in the Financial Statements, which identifies conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. The Group incurred a net loss of £11.6 million during the year ended 30 June 2019 and at that date the Group has net current liabilities of £278k. The Financial Statements have been prepared on the going concern basis which is reliant on the successful fundraise by the Group to fund its operations for the foreseeable future. The going concern assessment of the Group is also reliant on the successful renewal of the exploration licenses held by the Group which have expired ahead of the year end. These renewals are expected to contain minimum expenditure requirements and the ability to meet these will be dependent on the continued ability to raise new funds. 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 significant doubt on the ability of the Group and Company to continue as a going concern.

Our opinion is 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.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Intangible Fixed Assets	
Capitalised exploration and evaluation costs in relation to the Arckaringa basin licences total £11.2m. The existing exploration licenses expired in June 2019 and applications were made to renew the licences. The expired licenses contain minimum expenditure requirements which have not been met. Subsequent to year end, the Group withdrew its application for the renewal of the three exploration licenses in the Arckaringa basin. We believe these capitalised exploration and evaluation assets as Intangible Assets are impaired.	We performed a review of exploration costs capitalised and the licenses to which they relate to ensure that all carried costs relate to the licences for which renewal applications have been lodged. We have performed an impairment review of intangible assets which considered the areas listed as indicators of impairment under IFRS 6. Our work included the following: • Consideration of the likelihood of the licenses being renewed through understanding the application process and criteria, together with discussions with management and the third-party tenement manager involved in the renewal process; • Verification of the current status of the licence renewals; • Obtaining and reviewing the existing exploration licenses held but not yet renewed to ascertain expiry dates, minimum spend requirements, and any indicators that these may not be successfully renewed; and • Reviewing the post year end cash position and management future plans for expenditure on the licences. Based on the audit work performed, the expired licences have not been renewed. As the licences are unlikely to be renewed for the same region. We consider intangible assets to be full impaired as at 30 June 2019.
Investment in subsidiaries	
Capitalised investment in subsidiaries relates to investment in Arckaringa Coal Chemical Joint Venture Co Pty Ltd. Subsequent to year end, 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	We performed a review of cost of investments capitalised to ensure that all carried costs relate to the acquisition of interest in Arckaringa Coal Chemical Joint Venture Company Pty Limited. We have performed an impairment review of assets held in the subsidiary which considered the areas listed as indicators of impairment under IAS 36.

recorded an impairment in full of the Exploration and Evaluation Assets in the year. We believe the investments in subsidiaries are fully impaired.	Our work included the following: • Review of post balance sheet event of the subsidiary • Review of assets held by the subsidiary and indicators of impairment of the carrying values of those assets • Review of future cashflows for the subsidiary and management's strategies for the entity Based on the audit work performed, the investment in subsidiary is impaired. As the subsidiary will be dissolved post year end the carrying value of investment in subsidiary has been fully impaired in the financial statements.

Going concern would also 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	£3,000 (2018: £305,000).
How we determined it	Based on 3% of gross assets
Rationale for benchmark applied	We believe that the gross assets are the primary measure 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 £152 (2018: £15,250) 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.

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
11 March 2020

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	Group 2019 £'000	Group 2018 £'000
Administrative expenses		(624)	(645)
Impairment expense	8	(11,033)	-
Operating loss	4	(11,657)	(645)
Loss before taxation		(11,657)	(645)
Tax (charge) / credit	7	-	-
Loss for the year attributable to the equity holders of the parent		**(11,657)**	**(645)**
Other comprehensive income			
Exchange differences on translating foreign operations that may be subsequently reclassified to profit or loss		(187)	(575)
Total comprehensive income attributable to the equity holders of the parent		**(11,844)**	**(1,220)**
Earnings per share (expressed in pence per share)			
- Basic attributable to the equity holders of the parent	6	(894.84)p	(63.05)p
- Diluted attributable to the equity holders of the parent	6	(894.84)p	(63.05)p

All of the above operations during the year are continuing.

The notes on pages 19 to 36 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

	Notes	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
ASSETS					
Non-current assets					
Intangible assets	8	-	11,219	-	-
Investment in subsidiaries	9	-	-	-	1,432
Other receivables	10	3	3	-	11,096
Total non-current assets		3	11,222	-	12,528
Current assets					
Trade and other receivables	10	32	38	32	37
Cash and cash equivalents		-	391	-	211
Total current assets		32	429	32	248
TOTAL ASSETS		35	11,651	32	12,776
Current liabilities					
Trade and other payables	11	310	91	310	84
Total current liabilities		310	91	310	84
TOTAL LIABILITIES		310	91	310	84
NET ASSETS		(275)	11,560	(278)	12,692
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
Share capital	12	1,431	1,427	1,431	1,427
Share premium		18,697	18,692	18,697	18,692
Merger reserve		2,001	2,001	2,001	2,001
Foreign exchange reserve		1,224	1,411	-	-
Retained deficit		(23,628)	(11,971)	(22,407)	(9,428)
TOTAL EQUITY		(275)	11,560	(278)	12,692

The loss within the parent company financial statements for the year was £12,979,000 (2018: £489,000).

The financial statements were approved by the Board and authorised for issue on 11 March 2020 and signed on its behalf by:

The notes on pages 19 to 36 form part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2019

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Cash flows from Operating activities				
(Loss)/profit for the year before taxation	(11,657)	(645)	(12,979)	(489)
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	6	(24)	6	(24)
Increase/(decrease) in payables	123	(11)	129	(11)
Cash used in operations	(486)	(680)	(401)	(524)
Income tax benefit received	-	-	-	-
Net cash used in operating activities	(486)	(680)	(401)	(680)
Cash flows from Investing activities				
Loans (to) / from subsidiaries	-	-	94	(324)
Interest received	-	-	-	-
Net cash generated from/(used in) investing activities	-	-	94	(324)
Cash flows from Financing activities				
Proceed from bank overdraft	96	-	96	-
Proceeds from issue of shares	-	1,095	-	1,095
Costs of issue	-	(46)	-	(46)
Net cash inflow from financing	96	1,049	96	1,049
Net increase/(decrease) in cash and cash equivalents	(390)	369	(211)	201
Cash and cash equivalents at beginning of the year	391	15	211	10
Effect of exchange rate changes on cash and cash equivalents	(1)	7	-	-
Cash and cash equivalents at 30 June	**-**	**391**	**-**	**211**

The notes on pages 19 to 36 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2019

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
As at 1 July 2017	**892**	**18,178**	**2,001**	**1,986**	**(11,326)**	**11,731**
Profit/(loss) for the year	-	-	-	-	(645)	(645)
Other comprehensive income	-	-	-	(575)	-	(575)
Total comprehensive income	-	-	-	(575)	(645)	(1,220)
Issue of shares	535	560	-	-	-	1,095
Cost of share issue	-	(46)	-	-	-	(46)
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)**

Company	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2017	**892**	**18,178**	**2,001**	**-**	**(8,939)**	**12,132**
Loss for the year	-	-	-	-	(489)	(489)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(489)	(489)
Issue of shares	535	560	-	-	-	1,095
Cost of share issue	-	(46)	-	-	-	(46)
Balance at 30 June 2018	**1,427**	**18,692**	**2,001**	**-**	**(9,428)**	**12,692**
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)**

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 19 to 36 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 NEX Exchange Growth Market ("NEX") 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 2019 were authorised for issue by the Board on 11 March 2020 and the Statements of Financial Position were signed on the Board's behalf by Mr Qinfu Zhang.

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 and China.

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.

Based on the Board's budgets and cash flow forecasts for non-discretionary expenditures, 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 2019. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NEW STANDARDS AND INTERPRETATIONS

Adoption of new and amended Accounting Standards

(i) *New and amended standards adopted for the first time for the financial periods beginning on or after 1 January 2018*

The standards which were issued and effective for periods starting on or after 1 October 2018 have been adopted in the year, namely:

- IFRS 2 – Classification of Measurement of Share Based Payments
- IFRS 9 – Financial Instruments; and
- IFRS 15 – Revenue from Contracts with Customers

The adoption of these standards have not had a material impact to the Group financial statements.

(ii) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted

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

Standard	**Description**	**Effective date**
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance contracts	* 1 January 2021
IFRIC 23	Uncertainty over Income tax treatments	1 January 2019
Amendment to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Annual Improvements to IFRSs	2015-2017 Cycle	1 January 2019
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3	Business Combinations	* 1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020

* subject to EU endorsement.

The Company has reviewed and considered these new standards and interpretations and none of these are expected to have a material effect on the reported results or financial position of the Company except for the following:

IFRS 16 Leases

The future adoption of 'IFRS 16: Leases' from 1 January 2019, provides for a new model of lessee accounting in which all leases, other than short-term and small-ticket-item leases, will be accounted for by the recognition on the statement of financial position of a right-to-use asset and an associated lease liability, with the subsequent amortisation of the right-to-use asset over the lease term. However, as the Company currently has no material leases other than short-term, the expected impact of the adoption of IFRS 16 is immaterial.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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:

1. Impairment of intangibles

The Group follows the guidance of IAS 36 to determine when an intangible asset is impaired. This determination requires significant judgement. The Group's current licences for the Arckaringa Project (the Groups' key asset) expired in June 2019 and, whilst renewal applications were submitted, susbsequent to year end, the Group elected to withdraw the applications for the renewal across all three exploration licesses in the Arckaringa Basin. As a result, the Group has fully impaired the intangible assets to the statement of comprehensive income.

2. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The financial instruments were categorised as follows:

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

Group 30 June 2018	**Loans and receivables £'000**	**Other financial liabilities at amortised cost £'000**	**Total £'000**
Assets as per statement of financial position			
Trade and other receivables	38	-	38
Cash and cash equivalents	391	-	391
	429	-	429
Liabilities as per statement of financial position			
Trade and other payables	-	91	91
	-	91	91

Company 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 2018	**Loans and receivables £'000**	**Other financial liabilities at amortised cost £'000**	**Total £'000**
Assets as per statement of financial position			
Trade and other receivables	37	-	37
Cash and cash equivalents	211	-	211
	248	-	248
Liabilities as per statement of financial position			
Trade and other payables	-	84	84
	-	84	84

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 2019	1.81
At 30 June 2018	1.79

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

	Liabilities		Assets	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Australian Dollar	1	7	3	181

The impact of a 20% (2018: 20%) fluctuation in the value of the Australia Dollar would result in net translation gains or losses of £568 (2018: £218,880) movement in profit or loss and net assets of the Group.

The only monetary asset the Company has is the intercompany loan. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets	
	2019 £'000	2018 £'000
Australian Dollar	-	11,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

A 20% (2018: 20%) fluctuation in the value of the Australian Dollar would result in a positive or negative movement in the Foreign Exchange Reserve of £nil (2018: £2,244,000) in relation to the monetary assets above.

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

	Pound Sterling £'000	Australian Dollar £'000	Total £'000
30 June 2018			
Cash at bank floating interest rate	211	180	391

At the reporting date, cash at bank floating interest rate is accruing weighted average interest of 0.05% (2018: 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 (2018: £7,820).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 2019 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 2019 the Group's operations spanned Australia and the United Kingdom.

Segment result	**Segment result**	
	2019	**2018**
	£'000	**£'000**
Continuing operations		
Coal and Coal to chemicals project (Australia)	(11,170)	(156)
Administration and Corporate (United Kingdom)	(487)	(489)
	(11,657)	(645)
Finance income	-	-
Profit/(Loss) before tax	(11,657)	(645)
Income tax credit	-	-
Profit/(Loss) after tax	(11,657)	(645)

	Non-Current Assets		**Non-Current Liabilities**	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Coal and Coal to chemicals project (Australia)	3	11,222	-	-
Total of all segments	3	11,222	-	-

	Total Assets		**Total Liabilities**	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Coal and Coal to chemicals project (Australia)	3	11,402	-	7
Administration and Corporate (United Kingdom)	32	249	310	84
Total of all segments	35	11,651	310	91

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. PROFIT/LOSS FROM OPERATIONS

	Group	
	2019	**2018**
	£'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	21	18
Fees payable to the Company's auditor for other services: Audit of subsidiaries	3	4
Share based payments – Staff and Directors	9	-
Staff costs	181	268

5. STAFF COSTS (INCLUDING DIRECTORS)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Salaries and fees	178	261	178	261
Pensions	-	1	-	1
Social security costs	3	6	3	6
Total staff costs	181	268	181	268

The Group and Company averaged 6 employees during the year ended 30 June 2019 (2018: 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 **2019** **£'000**	Total 2018 £'000
Current Directors:					
Qinfu Zhang	105	-	-	105	102
Phillip Sutherland	15	-	-	15	35
Christian Taylor-Wilkinson *	22	-	-	22	-
Chi Ma	8	-	-	8	28
Nicholas Lyth	22	-	3	25	61
Henry Kloepper	-	-	-	-	17
Robert Hales	16	-	-	16	-
Timothy Jones	-	-	-	-	-
Total Key Management 2019	**188**	**-**	**3**	**191**	
Total Key Management 2018	236	**1**	**6**		243

The total amount payable to the highest paid director in respect of emoluments was £105,000 (2018: £102,000). No Directors exercised any share options during the year.

* On 1 May 2019, the Company issued 43,478 shares at 23p per share to Christian Taylor-Wilkinson for settlement of £10,000 in director fees incurred during the year.

6. EARNINGS PER SHARE

The loss for the year attributed to shareholders is £11,657,000 (2018: loss £645,000).

This is divided by the weighted average number of Ordinary shares outstanding calculated to be 1.602 million (2018: 1.023 million) to give a basic loss per share of 894.84 pence (2018: basic loss per share of 63.05 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 2019 £'000	Group 2018 £'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	(11,657)	(645)
Loss on ordinary activities at the Group standard rate of 19% (2018: 19%)	(2,215)	(123)
Effects of:		
Tax losses (utilised)/ carried forward	2,215	123
Total tax credit for the year	**-**	**-**
Unprovided deferred tax asset:		
Group tax losses carried forward of £31,511,000 (2018: £19,854,000) multiplied by the standard rate of corporation tax 19% (2018: 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 2019 (30 June 2018: nil) due to uncertainty as to when profits will be generated.	5,987	3,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. INTANGIBLE ASSETS

	Group	
	2019 £'000	**2018 £'000**
Exploration and evaluation		
Cost		
At beginning of year	11,219	11,801
Impairment	(11,033)	-
Currency translation adjustment	(187)	(582)
Carrying value at 30 June	-	11,219

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 has not issued 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. Because the shares had not yet been issued to partners as at 30 June 2019, 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 Financial Statements the Exploration Licenses have not been renewed and expired in June 2019.

Subsequent to year end, 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 year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENT IN SUBSIDIARIES

	Company 2019 £'000	Company 2018 £'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 2019 %	Holding 2018 %	Nature of Business
Direct				
Altona Australia Pty Ltd	Australia	100	100	Dormant holding
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] Subsequent to year end, the Arckinringa Coal Chemical Joint Venture Co Pty Ltd was in the process of being dissolved.

10. TRADE AND OTHER RECEIVABLES

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Current				
Taxes & Social security receivable	32	10	32	28
Prepayments and other receivables (i)	-	28	-	9
	32	38	32	37
Non-current				
Loans due from Group companies (ii)	-	-	11,002	11,096
Tenement bond	3	3	-	-
Provision for impairment on loans due from Group companies (ii)	-	-	(11,002)	-
	3	3	-	11,096

(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 2019 (30 June 2018).

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Trade payables	132	54	132	54
Bank overdraft	96	-	96	-
Accruals and other payables	82	37	82	30
	310	91	310	84

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 2019 and 30 June 2018.

During the year the Company obtained an overdraft facility with HSBC up to a limit of £100,000 (2018: £nil) which was extended to 3 June 2020. 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		Company	
	2019	**2018**	**2019**	**2018**
Allotted, called up and fully paid	**£'000**	**£'000**	**£'000**	**£'000**
1,411,956,853 deferred shares of 0.09p each (2017: 1,411,956,853)	1,271	1,271	1,271	1,271
1,558,956 [1] ordinary shares of 0.10p each (2017: 1,558,956,853 of 0.01p each)	156	156	156	156
43,477 ordinary shares of 0.10p each issued on 1 May 2019 at a price of 0.23p per share	4	-	4	-
	1,431	1,427	1,431	1,427

[1] - During the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. SHARE-BASED PAYMENTS

The Company periodically grants share options to employees, consultants and Directors, as approved by the Board. At 30 June 2019 and 30 June 2018, the following share options were outstanding in respect of the ordinary shares:

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	1.50p[2]
01.04.16	01.04.21	6,500,000	-	(6,493,500)	-	6,500	1.50p[2]
21.07.17	21.07.22	180,000,000	-	(179,820,000)	-	180,000	0.50p[3]
21.07.17	21.07.22	90,000,000	-	(89,910,000)	-	90,000	0.50p[4]
		283,000,000	-	(282,717,000)	-	283,000	

Year ended 30 June 2018

Grant Date	Expiry Date	Number of Options Outstanding at beginning of the year	Issued in Year	Forfeited / Expired / Cancelled	Exercised in Year	Number of Options Outstanding at end of the year	Exercise Price per Option
28.01.13	28.01.18	4,515,000	-	(4,515,000)	-	-	1.50p[1]
01.04.16	01.04.21	6,500,000	-	-	-	6,500,000	1.50p[2]
01.04.16	01.04.21	6,500,000	-	-	-	6,500,000	1.50p[2]
21.07.17	21.07.22		180,000,000			180,000,000	0.50p[3]
21.07.17	21.07.22		90,000,000			90,000,000	0.50p[4]
		17,515,000	270,000,000	(4,515,000)	-	283,000,000	

[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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The weighted average contractual life of share options outstanding at the end of the period was 3.25 years (2018: 3.5 years).

The highest and lowest market price of the Company's shares during the year was 0.0975p and 0.0165p respectively (2018: 0.15p and 0.07p). The share price at year end was 0.0165p (2018: 0.30p).

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 2019, the Group had the following material exploration commitments:

The Group had three exploration tenements in South Australia. The exploration commitments relating to EL 5677 Wintinna, to EL 5676 Westfield and to EL 5677 Murloocoppie. These exploration commitments are held by the joint venture company. Subsequent to year end, the Group withdrew the applications for the renewal of the licenses resulting in no further exploration commitments on these license for the Group.

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, £21,775 was paid to Leander PR Limited, a company who Christian Taylor-Wilkinson is a director, for marketing, public and investor relations services. Additionally, 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 Group withdrew the applications for the renewal of the exploration tenements in South Australia, however entered into an exclusivity agreement with a third party with respect to the potential acquisition of a Petroleum Exploration Licence Application ("PELA") on a large tenement within a well-known coal bearing basin, the Arckaringa Basin located in South Australia. The tenement is in close proximity to the major national road and rail transport corridor and also close to the Company's historic Minerals Exploration Licences within the Arckaringa Basin.
- The Company's shares were suspended from trading on the NEX Exchange as it finalized its Reports and Accounts for the year ended 30 June 2019.
- The Company sent out an open offer to shareholders to raise up to £400,000 at a price of £0.065 to progress the potential acquisition of a PELA, and also for working capital purposes.