30 March 2021 LSE: PRE

Pensana Plc

("Pensana", "the Company" or "the Group")

Interim results for the six months ended 31 December 2020

Pensana announces the interim results (unaudited) for the six months ended 31 December 2020.

Highlights

- Successful listing on main board of London Stock Exchange.
- Ongoing support from the Angolan Sovereign Wealth Fund via the issue of equity to raise US$8.6 million.
- Mineral resource upgrade to 313 million tonnes. Initial focus on 33.9 million tonnes for business plan.
- Total comprehensive loss for the period US1,717,491 (31 December 2019: US$2,231,386).
- Completion of flotation pilot test work programme.
- Successful generation of high purity mixed rare earth carbonate ("MREC") from flotation concentrate.
- Ongoing detailed design towards early works programme and construction at Longonjo and establishment of the Saltend rare earth separation plant.
- High grade rare earths in soil samples confirmed at the Coola exploration project located 16 kilometres north of the flagship Longonjo project.
- Liberum appointed as joint broker to the Company.
- Appointment of Baroness Northover PC in Nov 2020 and Sandra Bates in August 2020 as Non-Executive Directors of the Company.

Post period end

- Delisting from the ASX and company rebranded to Pensana Plc in February 2021.
- Planning application submitted for the establishment of a rare earth oxide separation facility at the Saltend Chemicals Park, Humber, Yorkshire. Award of Freeport status to the Humber, home to the world-class Saltend Chemicals Park where Pensana proposes to build its magnet metals separation facility.
- Appointment, post period end of world renowned rare earth specialist, Rocky Smith, as Chief Operating Officer.
- Appointment of Dr Jeremy Beeton in March 2021 as Non-Executive Director.

CEO's review

COVID -19

I would firstly like to express my sincere gratitude to my team at Pensana, the Angolan Sovereign Wealth Fund ("ASF"), the UK and Angolan Governments and our key technical advisors for navigating their way through this period together and ensuring the ongoing momentum as we looked to insert ourselves further downstream in the magnet metal supply stream whilst maintaining the safety and well-being of our employees.

The team has made significant progress over the period despite the ongoing challenges of Covid. With an LSE listing and a third placing with our key shareholder the ASF we were able to progress with the key metallurgical testing workstreams in Australia, complete the production of an MREC, upgrade our mineral resource at Longonjo, initiate our Coola exploration programme and make a stepped changed in the Company's direction by progressing key scoping studies into the Saltend refinery.

UK rare earth processing study

During the Period, the Company announced that it had appointed Wood Group to undertake a study into the establishment of an integrated rare earth processing facility in the UK with a view to creating the world's first sustainable magnet metal supply chain.

Having progressed the design of the Longonjo project to include the production of a mixed rare earth sulphate, Pensana had the unique opportunity to explore the potential to make one further step downstream and to create additional value by establishing a rare earth oxide production facility in the UK.

This was followed by the announcement on 8 December 2020 that the Saltend Chemicals Park in the Humber Local Enterprise Partnership, Yorkshire, had been selected as the proposed site to build the UK's first rare earth processing facility.

Post Period-end on 25 January 2021, the Company announced it had progressed further with the submission of a planning application for the proposed facility.

The US$125 million Saltend facility is anticipated to generate around 100 direct jobs once constructed and in operation. It is being designed by Wood Group to become one of the world's largest producers of rare earth oxides, crucial components in the manufacture of powerful permanent magnets which are used in a range of growing advanced industries including electric vehicles and offshore wind turbines.

The application, which is expected to take up to three months to review, supports Pensana's commitment to establish the world's first fully sustainable mine to magnet metal supply chain in the UK.

The Saltend Chemicals Park is a cluster of world-class chemicals and renewable energy businesses including BP Chemicals, Ineos, Nippon Gohsei and Air Products. It is strategically located on the Humber estuary, a gateway to Europe and the UK's busiest ports complex.

The 370-acre site has had £500 million of investment over recent years and is managed by px Group, a leading provider of services in complex industrial sectors.

The site provides 'plug and play' services with ready access to the port, a wide range of utilities, power, chemical supply, logistics and a large pool of skilled personnel with experience in the chemicals industry.

OPERATIONS

Longonjo Mineral Resource estimate upgraded

In September a substantial upgrade to the Mineral Resource estimate for the Longonjo Project was announced. International mining industry consultants SRK Consulting has reported an upgraded Measured, Indicated and Inferred Mineral Resource estimate of:

- 313 million tonnes at 1.43% REO including 0.32% NdPr for 4,470,000 tonnes of REO including 990,000 tonnes of NdPr.

The upgraded estimate contains more than 2.3 times the previous estimate of the Measured and Indicated resources announced on the ASX on 15 November 2019, has increased the proportion of the resources reported in the Measured and Indicated categories from 31% to 68% and has increased the overall contained NdPr by 35%.

Successful development of Mixed Rare Earth salt flow sheet

In October the Company reported on the successful production of an NdPr rich mixed rare earth carbonate (MREC) from the testwork currently underway on mineralisation from its Longonjo rare earth project. This was further developed to produce a mixed rare earth sulphate ("MRES") as a feedstock to the Saltend refinery.

Downstream process pilot programme

Technical programmes to support the feasibility and detailed engineering studies for the development of Longonjo and a UK based rare earth refinery continued on site over the Period with a large diameter drilling programme concluded in early December. Drilling was completed to provide feed for further optimisation and pilot plant programmes, supporting the Company's expanded strategy of mining and processing operations in Angola and a UK refinery.

A total of 15 drill holes were completed using a specialised large diameter drill rig to provide representative bulk samples of weathered zone mineralisation from surface to 24 metres in depth. 100 tonnes of mineralisation from the areas of proposed first mining is being shipped from site through the port of Lobito to the Company's test facilities in Perth, Australia.

The pilot plant programme to enable completion of detailed design for the expanded downstream processing through to the Saltend refinery is well advanced.

High grade rare earths confirmed at Coola

On 21 December 2020, the Company reported high grade rare earths in soils from the first sampling programmes completed at its 7,500 square kilometre Coola Project, located 16 kilometres north of its flagship Longonjo project in Angola.

The Company reported having identified several carbonatite and alkaline complexes within Coola with geological prospectivity for critical technology metal commodities that could complement future NdPr rare earth production from Longonjo.

Systematic soil sampling and geological mapping programmes were completed over two geological targets in October and assay results from the first, the Coola Carbonatite itself, were received. Assay results received from the soil sampling programme show that a high tenor rare earth in soils anomaly extends over a wide area.

The soils contain up to 4.69% REO over an outcropping carbonatite ring dyke system that forms part of the 1.2 kilometre diameter Coola Carbonatite. The central part of this circular volcanic structure lies entirely beneath thick soil cover. Several 3 metre deep pits were excavated in the central area but failed to reach bedrock, so the potential for additional prospective carbonatite and the mineralisation potential remains unknown. Assay results from vertical channel samples of the pits are still awaited.

Outcropping fluorspar mineralisation was located within the Coola complex during the geological mapping. As well as being listed as a critical commodity and having direct economic potential in its own right, fluorspar is also a positive indicator of the potential for additional technology metals in this geological setting. Assay results from rock samples of fluorspar mineralisation are also awaited.

As at Longonjo, the carbonatite associated rare earth anomalism at Coola is also accompanied by highly elevated levels of phosphorous, barium, iron, manganese, niobium, strontium and zinc.

An additional soil sampling programme has been completed over the Monte Verde alkali, and carbonatite complex and assay results are expected shortly. Geological mapping and sampling of the large, twin centre Sulima alkali complex is planned for early 2021. A stream sediment sampling programme and geological reconnaissance of a series of geophysical anomalies has commenced and will continue.

CORPORATE

London Stock Exchange Listing

On 6 July 2020, the Company completed its listing on the main board (Standard segment) of the London Stock Exchange under ticker code "PRE". The Company further appointed SI Capital and Mirabaud as brokers to the Company shortly after listing.

Appointment of London broker Liberum

On 23 November 2020 the Company reported the engagement of Liberum to work alongside the Company's existing advisors and brokers, with the brief to provide advice on how best to meet the growing demands from investors for sustainable investments.

ASX Delisting

On 24 February 2021 the Company announced that it had officially delisted from the Australian Securities Exchange whilst maintaining its primary listing under the stock code PRE on the main board of the London Stock Exchange. This is part of the Group's ongoing strategy of focussing on the UK and European markets.

Equity placings

On 1 July 2020 the Company issued 16,508,633 fully paid ordinary shares to the Angolan Sovereign Wealth fund. This was the balance of the shares to be allotted out of a total of 25,808,633 fully paid ordinary shares that formed part of their second equity placing in the Company of US$ 5million as announced on 11 June 2020.

On 12 August 2020, the Company announced the conversion of 500,000 performance rights into fully paid ordinary shares on Listing on the London Stock Exchange.

On 12 August 2020, the Company issued 821,157 fully paid ordinary shares to third party service providers.

On 25 September 2020 the Group announced the raising an additional US$8.6million via the placing of 13,500,000 fully paid ordinary shares with the ASF.

Group Restructuring

Pursuant to the scheme of arrangement which saw the re-domiciliation of the Group to the UK the shares in the wholly owned subsidiaries, Sable Minerals GmbH and Sable Rare Earths GmbH were acquired directly by Pensana Plc during the period. This was part of an ongoing internal group restructure that will see the removal of redundant holding companies and streamlining of the Group structure.

Tanzania

On 21 September 2020, as part of the Group's restructuring and divesting from non-core assets, the Company announced that its responsibilities in the Miyabi exploration gold project in Tanzania would be assumed with immediate effect by Drillcraft Limited, a private company based in Mauritius with an established gold operational base in Tanzania. As a result of Covid-19, completion of the transaction was delayed and the Miyabi assets continue to be shown as held for sale in the statement of financial position as at the period end. The Company is in ongoing discussions with the buyer and expects the transaction to complete. The transaction will comprise the receipt of net cash proceeds by Pensana of approximately US$0.4 million payable alongside a five-year, 2% royalty participation agreement over the existing mineral resource estimate of approximately 0.5 million ounces of gold. Operations were initially forecast to commence in mid-2021 but this process has been delayed due to Covid-19.

Management

Post period end, on 8 March 2021, the Company announced the appointment of Rocky Smith as Chief Operating Officer. Rocky is a highly experienced Chemical Engineer with 35 years' rare earths experience. He was Managing Director of Molycorp's Mountain Pass rare earth project in California, US, which is now owned by New York Stock Exchange listed MP Materials. Rocky is one of the few western mining executives with in-depth knowledge of the rare earth industry, including the supply chain, operational start-up and running complex chemical processes.

In October 2020 the company announced the departure of Dave Hammond who stepped down in his role as Chief Operating Officer and director of the Company, after three years of significant service in bringing the Longonjo carbonatite to its current resource status as a world class deposit.

During this time the Company welcomed the appointment of Mr Grant Hayward as Exploration Manager. Grant is an accomplished economic geologist and manager with extensive experience in the exploration for and evaluation of rare earth and associated commodities including phosphate, fluorspar and niobium. He has been involved with the evaluation of carbonatites in South Africa, Malawi, Namibia, Mozambique, Uganda, Zimbabwe and Tanzania as well as in a range of other commodities and geological styles including platinum, gold, base metals, graphite and industrial minerals. He has lead several resource definition programmes to NI43-101 compliant resources including the Zandskopdrift rare earth carbonatite project in South Africa.

New Board appointments

On 10 August 2020, Ms Sandra Bates was appointed as a Non-Executive Director to the Board of the Company. Ms Bates is an international lawyer with over 20 years' experience advising listed and private companies in the natural resources sector on complex commercial negotiations and Environmental, Social and Governance (ESG) engagement.

Ms Bates is a Partner at Keystone Law, the London based law firm, a Non-Executive Director of LSE listed Adriatic Metals Plc and a member of Women in Mining UK.

On 2 November the Company announced the appointment of Rt Hon Baroness Lindsay Northover PC as a Non-Executive Director of the Company. Baroness Northover was the UK Prime Minister's Trade Envoy to Angola (2016-2020) and Zambia (2017-2020) and Africa Minister for the Department for International Development ("DFID") (November 2014 – May 2015).

Further enhancements to the Boards skill set was announced post period end on 2 March 2021 with the appointment of Dr Jeremy Beeton as a Non-Executive Director of the Company. Jeremy has extensive international experience in project management over complex multi-site, multiple project operations' portfolios for government, as well as public and private companies. He was Director General of the £9 billion London 2012 Olympic and Paralympic Games, an Advisory Board member of PricewaterhouseCoopers until October 2018, and an Independent Non-Executive Director of SSE plc until July 2018.

Operating and Financial Review

The Group's interim results have been presented in the presentational currency of US Dollars. Prior period figures have been retranslated from the previously reported Pensana Metals Limited presentational currency, being Australian Dollar to the new presentational currency of US Dollars.

In addition, as a result of the Scheme of Arrangement in January 2020 in which the Company was initially incorporated as a wholly owned subsidiary of Pensana Metals and then acquired 100% of that company's shares, the merger accounting principles have been applied in preparing these financial statements as detailed in note 10. Under the accounting policy, the Group is presented as if it had always been in existence in its current form with comparatives provided. The assets and liabilities of the former group are recorded at their book values and share capital reflected at the nominal value of the shares issued as part of the Scheme of Arrangement with the difference between the two recorded as a merger reserve.

During the period the consolidated entity incurred a comprehensive loss for the period of $1,717,491 (31 December 2019: $2,231,386).

Administration expenses decreased to $973,415 (2019: $1,110,724) due in main to the once off costs incurred in the prior period as part of the group restructuring and scheme of arrangement which saw the company re-domicile to the UK under the newly incorporated parent entity Pensana Plc in January 2020..

Corporate expenses of $944,518 increased from $891,076 in the prior period due primarily to share based award charges associated with the granting of new performance rights, issued in January 2020, and the additional fees associated with the addition of new employees and Board members.

Other expenditure of $92,383 (2019: $nil) relates to expenditure in the period for preparatory works associated the Saltend planning and application process.
The foreign currency exchange loss relates to the retranslation of the Group's Sterling and Australian dollar bank balances at period end into US Dollars for reporting purposes.

Group net assets increased in the period to $22,071,185 from $14,861,184. This was primarily driven by the capitalisation to the Longonjo Project of exploration and evaluation expenditure for the period of $3,412,945 and an increase in cash and cash equivalents of $3,446,420 on the back of the ASF equity placings. The Group's movement in share capital for the period comprised the equity placings detailed below and the settlement of trade creditors through the issue of shares.

The Group experienced net cash outflows from operating and investing activities of $5,144,116 (31 December 2019: $2,384,252). Net cash outflows from operating activities of $1,971,930 increased from $1,071,206 due to operating losses partially offset by an increase in trade and other payables. Investing cash flows of $3,172,409 (2019: $1,313,046) related to exploration expenditure predominantly at Longonjo and early stage Coola exploration. Proceeds from the issuance of equity before share issue costs in the amount of $8,693,305 (31 December 2019: $nil) was the source of financing to facilitate the exploration spend over the Period. Cash and cash equivalents totalled $7,552,741 (31 December 2019: $860,503) at period end.

The Directors have prepared a cash flow forecast for the period ended 30 June 2022. The forecast indicates that whilst the Group has sufficient funding to meet its corporate and general operating costs, the Group will require additional funding over the next twelve months to meet its committed and planned exploration and development expenditure and operating costs related to the Saltend and Longonjo Projects. Please refer note 3 to the financial statements for more detail on the going concern statement.

Accordingly the Directors have resolved to undertake certain mitigating actions including actively engaging with institutional investors and financing institutions in the United Kingdom and Europe to discuss opportunities around potential future financing in anticipation of key project investment milestones as part of the business plan being reached and the associated funding requirements attached thereto. Such additional funding will be required to meet the Group's committed and planned development expenditure across the forthcoming year.

The ability of the Group to continue as a going concern is dependent on securing such additional funding given its forecast expenditure above. These conditions indicate a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

PRINCIPAL BUSINESS RISKS

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long-term development, and performance and management of these risks is an integral part of the management of the Group. An overview of the key risks which could affect the Group's operational and financial performance was included in the Company's 2020 Annual Report, which can be accessed at www.pensana.co.uk. These may impact the Group over the medium to long term; however, the following key risks have been identified which may impact the Group over the short term.

Financing and liquidity

The Company is of the opinion that the Group does not have sufficient funding to meet expected liabilities and commitments as they fall due based on its committed and planned exploration and development expenditures and operating costs related to the Longonjo Project and Saltend Project for at least the next 12 months. The Group has no history of NdPr oxide production at its planned Saltend facility nor mineral production at the Longonjo Project and accordingly has no revenues from operations and negative cash flows and will require additional future capital in the short term to continue its exploration activities and if it decides to commence development of the Saltend and Longonjo Project.

COVID-19 pandemic

The outbreak of the COVID-19 pandemic has had an impact on the Group's businesses. The current government lockdown in Angola led to a temporary suspension of work at the Longonjo Project albeit that work has now resumed. Further escalation of the COVID-19 pandemic, and the implementation of any additional government-regulated restrictions which delays the Group in carrying out its business activities at the Longonjo and Saltend Projects (such as preparatory works) ultimately delays the Group's ability to reach production and start to generate cash and so could have a material adverse impact on the Group's operations and financial results. Additionally, COVID-19 has created increased uncertainty and volatility in debt and equity markets which may make the requisite funding for the Longonjo and Saltend Projects more difficult to secure or affect the terms available.

Mr. Tim George
Chief Executive Officer
29 March 2021

INDEPENDENT REVIEW REPORT TO PENSANA PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2020 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

As disclosed in note 3, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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 Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Material uncertainty related to Going Concern

We draw attention to note 3 to the half-yearly financial report which indicates the Directors considerations concerning the Group's ability to continue as a going concern. The matters explained in note 3 indicate that the Group will require additional funding to meet its liabilities as they fall due for a period of at least the next 12 months, that the required capital has not been secured at the date of this report and the availability of such funding is not guaranteed. As stated in note 3, these events or conditions, along with other matters as set out in note 3, indicates that a material uncertainty exists which may cast significant doubt over the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Use of our report

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

BDO LLP
Chartered Accountants
London, United Kingdom
29 March 2021

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

Condensed consolidated Statement of Comprehensive Income
for the six months ended 31 December 2020

	Note	Unaudited 6 months ended 31 December 2020 US$	Unaudited 6 months ended 31 December 2019 (restated) US$
Administration expenses		(973,415)	(1,110,724)
Corporate expenses	5	(944,518)	(891,076)
Other expenditure		(92,383)	-
Interest income		223	234
Foreign currency exchange loss		(621,652)	(41,825)
Loss before income tax		**(2,631,745)**	**(2,043,391)**
Income tax benefit/(expense)		-	-
Total loss for the period		**(2,631,745)**	**(2,043,391)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		914,254	(187,995)
Total comprehensive loss for the period		**(1,717,491)**	**(2,231,386)**
Net loss for the period is attributable to:			
Owners of Pensana Plc		**(2,631,745)**	**(2,043,391)**
Total comprehensive loss is attributable to:			
Owners of Pensana Plc		**(1,717,491)**	**(2,231,386)**
Loss per share attributable to owners of Pensana Plc:			
Basic (cents per share)	15	(1.00)	(1.37)
Diluted (cents per share)	15	(1.00)	(1.37)

Notes to the interim financial statements are included on pages 13 to 22

Condensed consolidated Statement of Financial Position
as at 31 December 2020

	Note	Unaudited As at 31 December 2020 US$	Audited As at 30 June 2020 US$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		7,813	7,002
Exploration and evaluation expenditure	8	13,055,063	9,642,118
TOTAL NON-CURRENT ASSETS		**13,062,876**	**9,649,120**
Non-current assets classified as held for sale	14	2,500,000	2,500,000
		15,562,876	**12,149,120**
CURRENT ASSETS			
Cash and cash equivalents	6	7,552,741	4,106,321
Trade and other receivables	7	202,951	140,162
Prepayments		58,332	42,792
Other financial assets		120	107
TOTAL CURRENT ASSETS		**7,814,144**	**4,289,382**
TOTAL ASSETS		**23,377,020**	**16,438,502**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,093,991	1,365,474
TOTAL CURRENT LIABILITIES		**1,093,991**	**1,365,474**
Liabilities directly associated with non-current assets classified as held for sale	14	211,844	211,844
TOTAL LIABILITIES		**1,305,835**	**1,577,318**
NET ASSETS		**22,071,185**	**14,861,184**
EQUITY			
Issued capital	10	262,140	221,945
Share premium		15,017,486	3,116,850
Reserves		49,893,683	51,992,768
Accumulated losses		(43,102,124)	(40,470,379)
TOTAL EQUITY		**22,071,185**	**14,861,184**

Notes to the interim financial statements are included on pages 13 to 22.

Condensed consolidated Statement of Changes in Equity
for the six months ended 31 December 2020

Unaudited	Fully paid ordinary US$	Share premium US$	Shares to be issued Reserve US$	Accumulated Losses US$	Merger Reserve US$	Foreign Currency Reserve US$	Share based Payments US$	Equity Reserve US$	Total US$
Balance at 1 July 2020	**221 945**	**3,116,850**	**3,300,560**	**(40,470,379)**	**45,748,045**	**(2,032,999)**	**5,477,162**	**(500,000)**	**14,861,184**
Loss for the	-	-	-	(2,631,745)	-	-	-	-	**(2,631,74**
Other comprehensive	-	-	-	-	-	914,254	-	-	**914,254**
Total comprehensive	**-**	**-**	**-**	**(2,631,745)**	**-**	**914,254**	**-**	**-**	**(1,717,491)**
Issue of shares (note 10)	39,541	11,954,334	(3,330,560)	-	-	-	-	-	**8,693,305**
Cost of issuing shares		(116,620)	-	-	-	-	-	-	**(116,620)**
Share based payments (note	-	-	-	-	-	-	350,797	-	**350,797**
Issue of shares – conversion of	654	62,922	-	-	-	-	(63,576)	-	-
Balance at 31 December 2020	**262,14**	**15,017,48**	**-**	**(43,102,124**	**45,748,04**	**(1,118,74**	**5,764,38**	**(500,000**	**22,071,18**

Unaudited	Fully paid ordinary shares US$	Share premium US$	Shares to be issued Reserv US$	Accumulated Losses US$	Merger Reserve US$	Foreign Currency Reserve US$	Share based Payments US$	Equity Reserve US$	Total US$
Balance at 1 July	**198,78**	**-**	**-**	**(36,394,15**	**45,748,0**	**(1,828,748**	**4,647,77**	**(500,000**	**11,871,69**
Loss for the period	-	-	-	(2,043,391	-	-	-	-	**(2,043,391**
Other comprehensive	-	-	-	-	-	(187,995)	-	-	**(187,995)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(2,043,391)**		**(187,995)**	**-**	**-**	**(2,231,386)**
Share based payments (note 13)	-	-	-	-	-	-	448,847	-	**448,847**
Balance at 31 December 2019	**198,78**	**-**	**-**	**(38,437,55**	**45,748,0**	**(2,016,743**	**5,096,61**	**(500,000**	**10,089,15**

Notes to the interim financial statements are included on pages 13 to 22.

Condensed consolidated Statement of Cash Flows
for the six months ended 31 December 2020

	Note	Unaudited 31 December 2020 US$	Unaudited 31 December 2019 (restated) US$
Cash flows from operating activities			
Operating cash flows	17	(1,971,930)	(1,071,206)
Net cash used in operating activities		**(1,971,930)**	**(1,071,206)**
Cash flows from investing activities			
Interest received		223	234
Proceeds from deposits for Tanzanian assets disposed in prior periods		-	67,448
Payments for exploration expenditure		(3,172,409)	(1,375,285)
Payment for property, plant & equipment		-	(5,443)
Net cash used in investing activities		**(3,172,186)**	**(1,313,046)**
Cash flows from financing activities			
Proceeds from issues of equity securities		8,693,305	-
Share issue costs		(116,620)	-
Net cash provided by financing activities		**8,576,685**	**-**
Net increase/(decrease) in cash and cash equivalents		**3,432,569**	**(2,384,252)**
Cash and cash equivalents at the beginning of the period		4,106,321	3,312,441
Effects of exchange rate changes on the balance of cash held in foreign currencies		13,851	(67,686)
Cash and cash equivalents at the end of the period	6	**7,552,741**	**860,503**

Notes to the interim financial statements are included on pages 13 to 22

Notes to the financial statements

1. General information

The consolidated financial statements present the financial information of Pensana Plc (formerly Pensana Rare Earths Plc) and its subsidiary (collectively, the Group) for the six months ended 31 December 2020 in United States dollars (USD or $). Pensana Plc (the Company or the parent) is a public company limited by shares listed on the Main Market of the London Stock Exchange and incorporated in England & Wales on 13 September 2019. The registered office is located at 100 Pall Mall, St James, London, United Kingdom, SW1Y 5NQ.

The Company is focussed on the establishment of an integrated rare earth processing facility in the UK with a view to creating the world's first sustainable magnet metal supply chain.

In early 2020, Pensana Metals Ltd re-domiciled the group to the United Kingdom pursuant to a scheme of arrangement in which Pensana Metals Ltd became a wholly owned subsidiary of Pensana Plc. Prior to the transaction the Company was incorporated on 13 September 2019 and was a wholly owned subsidiary of Pensana Metals Ltd.

The Board of Pensana Plc resolved to restructure the group to remove redundant holding companies and streamline the group structure. As part of this restructuring process the shares in the wholly owned subsidiaries, Sable Minerals GmbH and Sable Rare Earths GmbH were acquired directly by Pensana Rare Earths Plc and it is anticipated that additional dormant entities in Tanzania and Australia will be liquidated during the next 6 months.

2. New accounting standards and interpretations

(a) Changes in accounting policies and disclosures

The IASB has issued new standards, amendments and interpretations to existing standards with an effective date on or after 1 July 2020 which are not considered to have a material impact on the Group during the Period under review.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 January 2021 or later periods. The only standard which is anticipated to be significant or relevant to the Group is:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

Amendments to IAS 1, which are intended to clarify the requirements that an entity applies in determining whether a liability is classified as current or non-current. The amendments are intended to be narrow scope in nature and are meant to clarify the requirements in IAS 1 rather than modify the underlying principles. The amendments include clarifications relating to:

- how events after the end of the reporting period affect liability classification;
- what the rights of an entity must be in order to classify a liability as non-current;
- how an entity assesses compliance with conditions of a liability (e.g. bank covenants); and
- how conversion features in liabilities affect their classification.

The amendments were originally effective for periods beginning on or after 1 January 2022 which was deferred to 1 January 2023 by the IASB in July 2020.

Management has reviewed and considered the new standard and interpretation thereof and it is not expected to have a material effect on the reported results or financial position of the Group. The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

3. Significant accounting policies and Going Concern

Basis of preparation

The interim results, which are unaudited, have been prepared in accordance with the requirements of International Accounting Standard 34. This condensed interim report does not include all the notes of the type normally included in an annual financial report. This condensed report is to be read in conjunction with the Annual Report for the year ended 30 June 2020, and any public announcements made by the Group during the interim reporting period. The comparative financial information for the year ended 30 June 2020 in this interim report does not constitute statutory accounts for that year. The statutory accounts for 30 June 2020 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified but drew attention to a material uncertainty in relation to going concern. It did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The annual financial report for the year ended 30 June 2020 was prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRS's") and the accounting policies applied in this condensed interim report are consistent with the polices applied in the annual financial report for the year ended 30 June 2020 unless otherwise noted.
As disclosed in the 30 June 2020 Annual the Company was incorporated on 13 September 2019 as a wholly owned subsidiary of Pensana Metals Ltd. The Company subsequently acquired 100% of the share capital of Pensana Metals and its subsidiary companies for the effective issuance of 152,973,315 shares to the shareholders of Pensana Metals Ltd further to the scheme of arrangement approved on 22 January 2020 and completed on 5 February 2020.

The shares issued to the former shareholders of Pensana Metals Ltd comprised the 50,000,000 shares with a nominal value of £0.001 per share subscribed on incorporation of the Company by Pensana Metals Ltd which were transferred to CHESS Depositary Nominees Pty Ltd (a subsidiary of the ASX) for use in the scheme of arrangement and 102,973,314 shares with a nominal value of £0.001 per share additionally issued by the Company to CHESS Depositary Nominees Pty Ltd for us in the scheme of arrangement. CHESS Depositary Nominees Ltd subsequently issued CHESS Depositary Instruments in proportion to the interests the former shareholders of Pensana Metals held in that company for trading on the ASX with 152,973,315 CHESS Depositary Instruments issued for trading. The transaction represented a group reconstruction and common control transaction. The accounting for common control transactions is scoped out of IFRS 3 and, accordingly the Group has developed an accounting policy with reference to methods applied in alternative GAAPs (Generally Accepted Accounting Principles). Consequently, the consolidated financial statements are presented as if the Company has always been the holding Company for the Group and the Group has elected to apply merger accounting principles. Under this policy, the Company and its subsidiaries are treated as if they had always been a Group. The results are included from the date the subsidiaries joined the Group and the comparatives reflect the results of the Company and its subsidiaries. No fair value adjustments occur as a result of the transaction and the assets and liabilities are incorporated at their predecessor carrying values.

The consolidated financial statements are presented in United States Dollars (US$) rounded to the nearest dollar. Prior period's consolidated financials have been previously presented in Australian dollars ("A$"). The financial statements were presented in United States dollars for the first time for the year ended 30 June 2020. The presentation currency of the Group has historically been considered to be Australian Dollars (A$). Due to the Scheme of Arrangement and the Groups redomiciling to the UK environment alongside the fact that majority of future revenue generation and funds will be held in US dollars, the presentation currency of the Group has been changed to United States Dollars (US$) the group has applied this change retrospectively resulting in restatement of prior periods. Accordingly the period ended 31 December 2019 has been restated. Refer to the 30 June 2020 Annual Report for details.

Going Concern

The consolidated financial statements have been prepared on a going concern basis with the Directors of the opinion that the Group can meet its obligations as and when they fall due.

At 31 December 2020 the Group has a net asset position of US$22,071,185 including cash and cash equivalents of $7,552,741, had incurred a loss after income tax of $2,631,745 and experienced cumulative net cash outflows from operating and investing activities of $5,144,116.

The Directors have prepared a cashflow forecast for a period of at least twelve months from the date of this report. In assessing the going concern basis of preparation, the Directors have given consideration to the principal risks and uncertainties facing the business, including specific consideration of the impact of COVID-19 in terms of the availability of funding and progression of the rare earth oxide separation facility at the Saltend Chemicals Park in the UK and the Longonjo NdPr and Coola exploration projects in Angola. The forecasts demonstrate that whilst the Group has sufficient funding to meet its corporate costs and day to day operating costs, additional capital will need to be secured to meet expected liabilities and commitments as they fall due based on its committed and planned exploration and development expenditures and operating costs related to the Longonjo Project and Saltend .

The Directors have therefore considered mitigating actions and are confident of being able to raise the required capital through either debt or equity financing during the 12 month period, but note that the required capital has not been secured at the date of this report and the availability of such funding is not guaranteed. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Critical accounting judgements and key sources of estimation uncertainty

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

(i) Significant accounting judgements

Impairment of assets and exploration and evaluation expenditure

The ultimate recovery of the value of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets. See note 8 for the disclosure of the exploration and evaluation asset.

Management considered whether there are indicators as to whether the asset carrying values for exploration and evaluation assets exceed their recoverable amounts. This consideration includes assessment of the following:

- expiration of the period for which the entity has the right to explore in the specific area of interest with no plans for renewal;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Management judgement is required to determine whether the expenditures which are capitalised as exploration and evaluation assets will be recovered by future exploitation or sale or whether they should be impaired. In assessing this, management determines the possibility of finding recoverable ore reserves related to a particular area of interest, which is a subject to significant uncertainties. Many of the factors, judgements and variables involved in measuring resources are beyond the Group's control and may prove to be incorrect over time. Subsequent changes in resources could impact the carrying value of exploration and evaluation assets.

Based on the information the Company has on the above, it was concluded by management that no impairment indicator existed at 31 December 2020 for the exploration and evaluation assets (30 June 2020: no impairment indicator). In forming this assessment the Directors exercised judgement and considered the results of ongoing exploration work, the significant increase in demand for NdPr and associated pricing, the implied valuations provided by the equity placings in the period, the progression in the Business Plan towards project start up and the resource statement.

(ii) Significant accounting estimates and assumptions

Share-based payment transactions

The Group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Binomial model and requires estimates for inputs such as share price volatility. The share-based payments arrangements are expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each reporting date, vesting assumptions are reviewed to ensure they reflect current expectations and immediately recognises any impact of the revision to original estimates. Judgement is required as to the likelihood of the vesting conditions being met, such as project milestones being achieved if fully vested share options are not exercised and expire then the accumulated expense in respect of these is reclassified to accumulated losses.

Assets held for sale

The carrying value of assets at Miyabi, considered on the basis of classification as non-current assets held for sale, are carried at the lower of carrying value and fair value less cost to sell. Judgement was applied in determining that the asset remained held for sale and that a sale was highly probable within 12 months, noting the delay to the transaction but considering engagement with the purchasers. The assessment of fair value less cost to sell was considered by the Board and represented a key judgement, based on internal valuation models and the current sale process. The sale terms include a royalty arrangement which the Board valued as part of its assessment of the fair value less cost to sell. This required estimates of future production from the project based on the purchaser's proposed mine plan and studies, gold price assumptions and discount rates. A 10% change in the forecast gold price or a 1% change in the discount rate would indicate a $0.2 million or $0.04 million change in the fair values less cost to sell respectively.

4. Operating Segments

Description of segments

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

The Group has identified that it has one operating segment, for the period under review, being related to the activities in Angola, on the basis that the assets in Tanzania do not form part of the Group's future strategy and are shown as held for sale, as detailed in note 14. Operations in the UK and Australia relate to running the Corporate Head Office only with any significant activity as regards Saltend only expected Q2 2021 subject to planning approval and final investment decision sign off.

All significant exploration and evaluation expenditure are domiciled in Angola.

	Consolidated	
	Unaudited As at 31 December 2020	**Audited As at 30 June 2020**
	US$	**US $**
Non-current assets		
Angola	13,055,063	9,642,118
Unallocated	7,813	7,002
Total non-current assets per statement of financial position	**13,062,876**	**9,649,120**
Current and non-current Liabilities		
Angola	-	-
Unallocated	1,093,991	1,365,474
Total liabilities per statement of financial position	**1,093,991**	**1,365,474**

Non-current assets for this purpose consist of plant and equipment and evaluation and evaluation assets. The assets related to UK and Australia are related to corporate costs and therefore not presented above. The assets in Tanzanian held for sale were reclassified to non-current assets held for sale as at 30 June 2020.

5. Corporate Expenses

	Unaudited For the six months to 31 December 2020 US $	Unaudited For the six months to 31 December 2019 (restated) US $
Corporate expenses		
Employee Benefits		
Charged to statement of comprehensive income		
Performance rights and options granted to directors, officers and employees (refer to note 13)	350,797	448,847
Directors fees, superannuation and salaries & wages	593,721	442,229
	944,518	**891,076**

6. Cash and Cash Equivalents

	Consolidated	
	Unaudited As at 31 December 2020 US$	Audited As at 30 June 2020 US$
Cash at bank and on hand	7,552,741	4,106,321
	7,552,741	**4,106,321**

7. Trade and Other Receivables

	Consolidated	
	Unaudited As at 31 December 2020 US$	Audited As at 30 June 2020 US$
Other debtors	202,951	140,162
	202,951	**140,162**

8. Exploration and Evaluation Expenditure

	Consolidated	
	Unaudited As at 31 December 2020 US$	Audited As at 30 June 2020 US$
Carrying value:		
Balance at beginning of the period	9,642,118	6,445,573

Additions	3,412,945	3,196,545
Balance at end of the period	**13,055,063**	**9,642,118**
At the end of the period, book value net of accumulated amortisation and impairment (i)	13,055,063	9,642,118

(i) The above amounts represent capitalised costs of exploration carried forward as an asset in accordance with the Company accounting policies. The ultimate recoupment of the exploration and evaluation expenditure in respect to the areas of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively the sale of the underlying areas of interest for at least their carrying value.

9. Trade and Other Payables

Consolidated

	Unaudited As at 31 December 2020 US$	Audited As at 30 June 2020 US$
Trade and other payables[(i)]	715,228	803,889
Accrued expenses	378,763	561,585
	1,093,991	**1,365,474**

(i) There has been no interest charged on the trade payables

10. Issued Capital

	Unaudited As at 31 December 2020		Audited As at 30 June 2020	
Consolidated	**No.**	**US$**	**No.**	**US$**
Fully paid ordinary shares				
Balance at beginning of the period reflecting incorporation and Scheme of Arrangement	171,766,032	221,945	152,973,315	198,788
Share Placement	16,508,633	20,342	16 948 670	20 885
Shares issued in lieu of fees	821,157	1,728	1,844,047	2,272
Share issue – conversion of performance rights	500,000	654	-	-
Share Placement	13,500,000	17,471	-	-
Balance at end of the period	**203,095,822**	**262,140**	**171,766,032**	**221,945**
Shares not yet issued	-	-	16,508,633	20,342

On 13 September 2019, the Company was incorporated with 50,000,000 shares with a par value of £0.001 subscribed by Pensana Metals Ltd for £50,000 ($62,530) with an irrevocable undertaking for settlement upon completion of the proposed scheme of arrangement. At that time, the Company was a wholly owned subsidiary of Pensana Metals Ltd.

On 5 February 2020, the Group completed a scheme of arrangement, which was approved by the court in Australia and the Majority of shareholders of Pensana Metals Ltd. The scheme resulting in the acquisition of Pensana Metals Ltd by Pensana Plc, resulting in the re-domicile of the Pensana Group in the United Kingdom and the ultimate holding Company, Pensana Plc incorporated in England and Wales. The shares issued to the former shareholders of Pensana Metals comprised the 50,000,000 shares subscribed on incorporation of the Company by Pensana Metals Ltd which were transferred by that company to CHESS Depositary Nominees Pty Ltd (a subsidiary of the ASX) for use in the scheme of arrangement and 102,973,314 shares additionally issued by the Company to CHESS Depositary Nominees Pty Ltd for us in the scheme of arrangement. CHESS Depositary Nominees Ltd subsequently issued CHESS Depositary Instruments in proportion to the interests the former shareholders of Pensana Metals held in that company for trading on the ASX. The 152,973,315 shares issued and transferred with a nominal value of £0.001 per share equated to $198,788.

Pensana Metals Ltd became a wholly owned subsidiary of Pensana Plc and was removed from the official list of ASX. Pensana Plc was admitted to the official list of ASX and Pensana Plc CDI's were admitted for official quotation by ASX under the ticker PM8.

The Company raised approximately $6,4million through the issue of 2 placements on the Company's UK share register to the Angolan Sovereign Wealth Fund. The March 2020 placing was for 7,648,670 fully paid ordinary shares at £0.14 to raise a US Dollar equivalent of US$1,365,884.

The June 2020 placement was for 25,808,633 fully paid ordinary shares at an average of £0.15 to raise a US Dollar equivalent of approximately US$5,000,000. The shares were issued in two tranches as follows:
- Tranche 1: 9,300,000 fully paid ordinary shares at £0.1491 raising $1,739,028
- Tranche 2: 3,978,388 fully paid ordinary shares at £0.159 and 12,530,245 fully paid ordinary shares at £0.161 for which consideration had been received at 30 June 2020 but the shares had not been issued and are therefore classified as shares to be issued within equity at $3,249,034. The shares were issued on 1 July 2020.

On 23 June 2020 the Company issued 1,844,047 £0.001 shares in lieu of amounts due to creditors' equivalent to $351,592. A further $265,284 of transaction costs were incurred in relation to placings.

On 6 July 2020, the Company was admitted on the main board of the London Stock Exchange under the ticker PRE: LSE.

On 12 August 2020 the Company issued 821,157 £0.001 shares in lieu of amounts due to creditors' equivalent to $192,002. A further 500,000 shares were issued on the conversion of performance rights.

On 25 September 2020 the a placement of 13,500,000 fully paid ordinary shares at an average of £0.5021 (US$0.64) to raise a US Dollar equivalent of US$8,576,685, net of share issue costs.

Ordinary shares participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands. Management controls the capital of the Group in order to fund its operations and continue as a going concern. The Consolidated Entity does not have any externally imposed capital requirements.

Share premium

The movement in the share premium reserve for the current period was $11,837,714 net of costs. This represents the difference between the par value of $0.001 per share and the subscription value per share on all shares issued during the period.

Share options on issue

During the period 250,000 unlisted options exercisable at £0.16986 cents (US$0.226) cents were exercised and the shares were issued subsequent to period end.

As at 31 December 2020, there are no options on issue (31 December 2019: 450,000 options).

Performance rights on issue

As at 31 December 2020 there are 10,358,037 performance rights on issue (31 December 2019: 7,858,037 performance rights).

11. Commitments for Expenditure

The Group has certain obligations to perform exploration work and expend minimum amounts of money on mineral exploration tenements. No provision has been made in the accounts for minimum expenditure requirements in respect of tenements (31 December 2019: nil).

No provision has been made in the accounts for the possibility of a native title claim application. Any substantial claim may have an effect on the value of the relevant tenement. These obligations will vary from time to time, subject to statutory approval (31 December 2019: nil).

(i) Exploration Commitments

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

	Consolidated	
	Unaudited As at 31 December 2020 US$	Audited As at 30 June 2020 US$
<u>Exploration and evaluation expenditure</u>		
Not longer than 1 year	655,200	10,382
Longer than 1 year and not longer than 5 years	4,344,800	38,655
Longer than 5 years	-	-
	5,000,000	49,037

12. Contingent Liabilities and Contingent Assets

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

13. Share-based Payments

Half year ended 31 December 2020

During the current period, no performance rights were issued. $350,797 was charged to the statement of comprehensive income in respect of existing performance rights. As at 31 December 2020 there are 10,358,037 performance rights on issue.

During the period, 500,000 performance rights were converted to ordinary shares on the successful listing on the London Stock Exchange.

During the current period, no options were issued. No amount was charged to the statement of comprehensive income in respect of existing options. As at 31 December 2020 there are were no options on issue.

Half year ended 31 December 2019

During the prior period, no performance rights were issued. $431,787 was charged to the statement of comprehensive income in respect of performance rights issued in earlier periods.

During the prior period, no options were issued. $17,060 amount was charged to the statement of comprehensive income in respect of options issued in earlier periods.

Reconciliation of options outstanding

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

	Unaudited for the half year ended 31 December 2020		Audited for the year ended 30 June 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	250,000	$0.226	22,500,000	$0.035
Issued or to be issued during the financial period	-	-	-	-
Expired during the financial period	-	-	-	-

Balance pre 10:1 consolidation	250,000	$0.226	22,500,000	$0.035
Balance Post 10:1 Consolidation	250,000	$0.226	2,250,000	$0.35
Forfeited during the financial period	-	-	-	-
Exercised during the financial period	(250,000)	$0.226	-	-
Expired during the financial period	-	-	(2,000,000)	$0.35
Balance at end of the financial period	-	-	250,000	$0.226

14. Assets held for Sale

The Tanzanian assets are held at fair value less cost to sell, being lower than the original cost. The fair value of the Group's capitalised Tanzanian mineral exploration and evaluation assets has been determined based on an offer received during the prior period.

The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the fair value less cost to dispose (FVLCD), estimates are made in relation to transaction value from sales agreements or offers received, which are significant inputs to the valuation. Any changes in these estimates could impact the FVLCD of the underlying asset. The sale terms involved a net cash consideration of $0.5 million and a 2% royalty from future gold sales over 5 years. Management have estimated the fair value of the disposal group based on the cash consideration and royalty. The royalty instrument has been valued using a discounted cash flow model with the following key assumptions: forecast gold price $1,300/oz, production of 126,955Oz, discount rate of 8%.

$169,063 of expenses were incurred during the period in relation to the Miyabi exploration project. Management do not consider the Miyabi project to represent a separate major line of business and therefore the expenses have not been disclosed separately as a loss from discontinued operations.

The principal classes of assets and liabilities for Tanzania classified as held for sale as are as follows:

	Unaudited As at 31 December 2020 US$	Audited As at 30 June 2020 US$
Assets		
Exploration and valuation assets	2,500,000	2,500,000
Assets held for sale	2,500,000	2,500,000
Liabilities		
Accrued expenses	211,844	211,844
Net assets directly associated with disposal group	**2,288,156**	**2,288,156**

15. Loss per share

	2020 cents per share	2019 cents per share
Basic loss per share		

From continuing operations	1.00	1.37
Total basic loss per share	1.00	1.37
Diluted loss per share		
From continuing operations	1.00	1.37
Total diluted loss per share	1.00	1.37

Basic loss per share

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

	Unaudited As at 31 December 2020 US$	**Unaudited As at 31 December 2019 US$**
Net loss	**(2,631,745)**	(2,043,391)
Losses used in the calculation of basic loss per share from continuing operations	**(2,631,745)**	(2,043,391)
Losses used in the calculation of diluted loss per share attributable to ordinary shareholders	**(2,631,745)**	(2,043,391)

	Unaudited As at 31 December 2020 No.	**Unaudited As at 31 December 2019 No.**
Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share[1]	195,710,638	155,723,451

[1] The weighted average number of ordinary shares shown above for the current and prior period are post 10:1 consolidation numbers which was approved by shareholders on 9 August 2019.

Performance rights of 10,358,037 (2019: 7,858,037) and nil options (2019: 450,000) have not been included in the diluted earnings per share as they are anti-dilutive in the current period, however they could potentially dilute basic earnings per share in the future once milestones have been met.

16. Related party transactions

Transactions with Key Management Personnel and Related Parties

- Selection Capital Limited, a Company controlled by Mr Paul Atherley, has charged the Company $183,251 for consultancy fees during the current period (2019: $119,804).
- Fernan Pty Ltd (Fernan Trust) controlled by Mark Hohnen, was paid $18,368 during the current period for director fees (2019: $81,950)

17. Notes to the Consolidated Statement of Cashflows

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

	Unaudited for the half year ended 31 December 2020 US$	Unaudited For the six months to 31 December 2019 (restated) US$
Net loss	**(2,631,745)**	**(2,043,391)**
Add/less non-cash items		
Depreciation	-	1,186
Share based payments	350,797	448,847
Unrealised FX gain/ (loss)	621,652	41,825
(Increase)/decrease in assets:		
Trade and other receivables	(62,791)	(22,332)
Other current assets	(15,540)	12,289
Increase/(decrease) in liabilities:		
Trade and other payables	(234,303)	490,370
Net cash used in operating activities	**(1,971,930)**	**(1,071,206)**

18. Subsequent events

Subsequent to the period end the following events occurred:

- Submission of planning application for Saltend in January 2021
- Appointment of Dr Jeremy Beeton as Non-Executive Director of the Company in March 2021
- Appointment of Rocky Smith as Chief Operating Officer in March 2021

No other matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect:

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

RESPONSIBILITY STATEMENT

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

By order of the Board
Mr Paul Atherley
29 March 2021