30 March 2022 LSE: PRE

Pensana Plc

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

Interim results for the six months ended 31 December 2021

Pensana Plc, building the world's first independent, sustainable rare earth magnet metal supply chain, announces its unaudited results for the six months ended 31 December 2021.

Half Year Highlights

- Initiation of geotechnical drilling and trenching at both the Saltend and Longonjo sites ahead of main construction activity
- Appointment of highly experienced natural resources financier Steven Sharpe as Non-Executive Director of the Company
- Total comprehensive loss for the period of $4,235,572 (31 December 2020: $1,717,491)

Post period end

- Front-End Engineering Design ("FEED") for both Saltend and Longonjo completed and value engineering ongoing
- Approaches received from major European and US electric vehicle and wind turbine OEMS to secure magnet metal supply chain
- Memorandum of Understanding executed with key Asian trading house for 50% of Saltend's production
- Financing well advanced, including potential support from the UK government's UK Export Finance and the Automotive Transformation Fund
- Successful institutional equity placing of £10 million with M&G, one of the UK's largest and long-standing fund managers
- Increasing engagement with UK and US generalist institutional investors following M&G's 5% direct investment and the appointment of Head of Investor Relations and Communications

Comment from Paul Atherley, Chairman:

"We have seen six months of considerable progress for the Company as we look to establish an independent and sustainable magnet metal rare earth production facility at Saltend in the UK to meet the burgeoning demand from the electric vehicle and offshore wind sectors. Both the Saltend and Longonjo projects have been brought to FEED status, with financing and offtake discussions being well advanced."

CEO's Review

COVID-19

Whilst Covid-19's grip on the world continued to be felt over this six-month review period to 31 December 2021 (the "Period") the team, alongside our key technical advisors progressed unabated on the key workstreams of FEED, geotechnical drilling and pilot plant test work on the Saltend and Longonjo projects. Operational readiness programmes saw the work packages for Saltend and Longonjo delineated to high levels of accuracy and the Group's management team strengthened with key appointments to the Board and our business development team in Japan and Europe. M&G's £10 million equity investment which completed post period end was a further significant institutional endorsement towards the Company's strategy of becoming the world's first major new rare earth mine in over a decade and the critical rare earth processing hub for the UK. The strategic relevance of these projects has been highlighted by ongoing engagement with several EV makers, OEMs, large industrials and potential downstream partners.

Rare earth supply continues to take centre stage

Pensana's Saltend Chemical processing facility is at the forefront of efforts to break the UK's dependence on China for supplies of rare earths, critical elements used in the manufacture of permanent magnets, which are used in green technologies such as EVs and wind turbines. China produces more than 98% of the world's magnets and is preparing to tighten its grip on the market by combining three of its huge state enterprises to form China Rare Earth Group that will control 70% of China's output. Following recent comments by MP Alexander Stafford, Chair of the APPG on ESG, vice-chair of the APPG on Hydrogen, and vice-chair of the APPG for Critical Minerals that "China's dominance of rare earth metals has left Britain strategically vulnerable", politicians in Europe and the US are supporting efforts to diversify supply chains. Recent events in Europe have further highlighted the significance of ensuring diversification away from the world's traditional reliance on fossil fuels, and we believe Pensana will directly benefit from supportive UK Government policies by building the facility within the Humber Freeport.

Saltend rare earth processing hub ("Saltend")

Pensana is establishing Saltend in the Humber Freeport zone and alongside the Wood Group, have designed the facility to be easily adapted to cater for a range of rare earth feedstocks. This is an attractive alternative to mining houses who may otherwise be limited to selling their products to China. In addition to our plans to process Longonjo's feedstock material, discussions have advanced with third parties over the Period for the additional supply of sustainably sourced rare earth carbonates.

Importantly for many miners around the world who are looking to access the European and US supply chains, it is becoming increasingly clear that the planned EU and potential UK carbon border taxation means that it is no longer acceptable for manufacturers to source material extracted or processed unsustainably. Once in production, Pensana will look to expand production capacity when additional feedstock becomes available.

Project delivery

FEED for each of Saltend and Longonjo completed post-Period end. A comprehensive value engineering and optimisation programme is well advanced and is expected to be reported next month and is expected to result in further reduction in capital costs.

Working alongside Wood Group's Perth, Reading and Johannesburg offices, Paradigm Project Management (PPM), a specialist Africa centric project management and engineering company, and Professional Cost Consultants (PCC), with offices in South Africa and the UK, the estimated capex has been reduced from US$525 million to US$494 million (Saltend: US$195 million and Longonjo: US$299 million).

Worldwide supply chain constraints and inflationary pressures brought about by Covid-19 and the recent Ukraine-Russia conflict, which could have impacted both Saltend and Longonjo projects, have been largely mitigated by this detailed optimisation and value engineering processes.

Specific workstreams involving capital and operation cost savings currently underway include:

- Spent acid regeneration to maximise the recycling efficiency of the sulphuric acid plant integrated with off-gas from the calcining of concentrate at Longonjo, which is an important aspect of the process and constitutes a significant reduction of the carbon footprint through reduced reagent consumption
- Piloting on a more cost-effective flotation concentrate calcining process offered as a vendor alternative post FEED, which would enable a significantly shorter lead time for fabrication and ease of installation at Longonjo
- Optimisation of Saltend's civil & earthworks for load bearing structures undertaken alongside the completion of detailed geotechnical investigation, which will shorten the construction period and allow for future affordable expansion into downstream activities associated with magnet metal production, magnet recycling and processing of HREO
- Piloting of process simplification opportunities discovered in the MRES precipitation circuit in Longonjo

Corporate

Board and key company appointments

As previously announced in September 2021, highly experienced natural resources financier Steven Sharpe was appointed as Non-Executive Director of the Company. Steve's experience in the finance space alongside his intimate knowledge of the rare earth industry has proven invaluable to date. As we move towards main financing, Steve's experience and guidance will be a key component in the team progressing this workstream.

The Company has also appointed experienced ESG professional Danny McNeice as Sustainability Manager. He will provide technical and strategic guidance to the business to embed ESG throughout because of his local Yorkshire experiences in the Drax fold and their carbon footprint mitigation activities.

A key market for the Company is Japan, and Pensana is pleased to announce the appointment of experienced marketing executive Junji Kitaguchi as the Company's marketing representative. Junji has extensive experience of business development and directed power, environmental and infrastructure-related businesses as General Manager of Mitsubishi Corporation Europe & Africa. He most recently operated as a senior advisor within Mitsubishi corporation creating a joint venture with a major European utility company.

Angola

At a macroeconomic level, Angola's economy continues to de-risk. Their handling of the Covid pandemic has been commendable and with a Fiscal Surplus on the back of oil prices and a Debt to GDP ratio falling from 135% to 95% in 2021, it was not surprising to see Moody's upgrade Angola's credit rating to B3 with a stable outlook. Anglo American, De Beers, Rio Tinto and others are now re-investing in the country.

Pensana will host a UK Department of International Trade trip to Angola at the end of this month. The visit includes delegates from several major mining houses and UK Export Finance. As part of the trade summit, the delegation will be visiting the Longonjo site, traveling via the recently upgraded US$2 billion Benguela railway line, which provides a direct link from Longonjo to the Port of Lobito.

These are extremely positive developments for Angola and a true reflection of their ongoing ambitions to place the country on a strong growth trajectory with specific focus on critical technology minerals, agriculture and tourism sectors.

Exploration

Good progress was made in advancing exploration activities on Longonjo's neighbouring Coola License despite Covid 19 travel restrictions preventing international geological consultants from entering Angola during a large part of 2021.

Soil samples collected over the Coola carbonatite complex in 2020 were re-assayed for scandium (Sc) and fluorine (F). Scandium in the soils is highly anomalous with most values >80 ppm. This is significant as, although scandium is not an uncommon element, exceptional values of over 200 ppm occur at Coola. Late-stage hydrothermal fluorite veining occurs in fenite to the southwest of the ring dyke over an area of roughly 30 000 m2. The fluorite occurs in breccias as discrete coarse purple grains and irregular veins varying from a few mm to over 20 cm of pure purple fluorite. Fluorine in re-assayed soils over the known fluorite occurrence reached values as high as 21% F. An outcrop sample of a fluorite vein proved to be of very high-grade material (> 97% CaF_2).

The primary focus of exploration during the second half of 2021 was on the Coola carbonatite following up the rare earth element, scandium and fluorite mineralisation. The carbonatite complex at Coola was mapped in detail and soil and rock chip sampling completed over the ring dyke to ascertain the nature, degree, and extent of rare earth element and scandium mineralisation. In addition, infill soil sampling and rock chip sampling was completed over the area of fluorite mineralisation and an augering programme of the soil covered central diatreme was successful in sampling the underlying saprolite. Detailed mineralogical work has also commenced on a selection of Coola rock types.

A total of 750 individual samples were taken and dispatched to Nagrom in Australia for analysis. Seven selected rock samples were sent for mineralogical studies. Analytical results and mineralogical studies are expected to be completed by late Q1 2022. Assay results received from the soil sampling programme at Monte Verde alkaline complex identified an area of roughly 5 km2 of > 0.5% TREO (max 2.0%) corresponding with mapped outcrops of carbonatite breccia in which up to 1% TREO was encountered. The REE mineralisation is accompanied by highly elevated levels of phosphorous, barium, iron, tantalum, manganese, niobium and strontium.

At the Sulima alkaline complex, extensive trenching was identified from satellite imagery corresponding with a well-defined radiometric anomaly. Fieldwork confirmed the presence of five one to seven metre deep, NE-SW trenches of roughly 90 m length and 500 m apart, excavated over a strike of 2200 m. Material in and around the trenches comprises predominantly secondary iron and manganese oxides and hydroxides. Handheld XRF analysis of material from the trenches indicated elevated iron, manganese, titanium, chromium, zinc and barite. Rock chip samples from various trenches and outcrops in the area were taken and have been submitted for whole rock geochemistry. Various other geophysical anomalies identified within the Coola License remain to be followed up with stream sediment sampling, mapping and rock chip sampling.

Environmental, Social and Governance

Progress continues to be made towards ensuring Pensana upholds the highest standards of ESG throughout. The ESG Committee, under the Chair of non-executive director, Baroness Northover, continued to refine the Committee's terms of reference to oversee effectiveness of our framework, policies and systems for ESG management and integration across the Group. To demonstrate this, Pensana became a signatory to the United National Global Compact, a partner of the Taskforce for Climate-related Financial Disclosure (TCFD) and a launch partner of the *Oh Yes! Net Zero* campaign to promote net zero and climate action across the Humber region. These actions underline the Company's commitment to transparency and further efforts have included testing the robustness of the Group's strategy under future climate scenarios.

Pensana remains focused on climate risk. In addition to becoming a partner of the TCFD, a comprehensive transitional climate risk and opportunity assessment was completed over the period, including testing the business strategy against external climate models. HCV Africa have been instructed to carry out a physical climate risk assessment for Longonjo and have included a specialist climate hydrologist in their team to ensure any future climate impacts on water supply are assessed.

At the Longonjo site, the Environment and Social Impact Assessment (ESIA) has almost completed under the leadership of independent experts HCV Africa and Groupo Simples. These independent organisations have ensured adherence to the International Finance Corporation (IFC) Environmental and Social Performance Standards has been achieved. The ESIA will provide a framework against which Pensana will manage and monitor its ESG performance at Longonjo. Once completed, this document will be submitted to the Angolan government for mutual agreement.

As part of the resettlement action plan (RAP), mapping of all land in the affected area has been completed. As a result, minor changes have been made to the project boundary to minimise impact on the local communities. This has been a key area of focus for the team, and we are pleased to report, there will be zero displacement of the local community from their physical residences.

Agreement with Equinor to recycle end-of-life wind turbine nacelles using innovative Hydrogen process

In January, it was announced that Pensana had signed a cooperation agreement with leading energy provider, Equinor, to form a working group to share technical and commercial information to develop a low energy method for recycling of end-of-life magnets at Saltend. The partnership with Equinor supports Pensana's commitment to the circular economy as it looks to recycle an addressable annual market of 4,000 tonnes of end-of-life permanent magnets.

Recycling permanent magnets utilising hydrogen not as fuel, but as a reductant, whilst benefitting from the decarbonised power supply within Saltend, offers a clean alternative using 88% less energy than virgin magnet manufacture and aligns with Pensana's continued efforts to produce a sustainable supply chain for these critical materials. Equinor has submitted plans for its 'Hydrogen to Humber (H2H) Saltend' hydrogen production facility into phase two of the Government's Cluster Sequencing Process. The facility will be supported by the potential supply of hydrogen to Pensana and other regional hydrogen users, which could be a world first and a catalyst for the Humber to achieve net zero.

Conflict in Ukraine

Russia's invasion of Ukraine has added increased concerns to an already constrained global supply chain and rising inflationary pressures. The Group has no direct exposure to the region, nor do we anticipate sourcing any equipment or materials from the area, however we continue to monitor the situation in the context of the contagion effect it is having on Europe and the global economy. The Board has agreed to incorporate specific measures around procurement, the awarding of contracts and any associated workstreams involving external third-party service providers so as to ensure the Group is in no way exposed to countries on the sanctions list.

Operating and Financial Review

During the period the consolidated entity incurred a comprehensive loss for the period of $4,235,572 (31 December 2020: $1,717,491).

Administration expenses increased to $3,670,738 (31 December 2020: $2,010,316) as a result of increases in PR fees, consultancy fees and increased employee costs due to an increase in staff members driven by a ramp-up to construction at Longonjo and Saltend.

The foreign currency exchange loss decreased from $621,652 to $410, 204 for the six months ended 31 December 2021. These losses arise from the settlement of invoices in currencies other than the functional currencies (USD, GBP, AUD), as well as the translation of balances denominated in currencies such as the pound, Australian dollar, etc. to the US dollar rate where the balances are held in currencies other than the functional currency of the relevant company and reflect the movements in these currencies during the respective periods.

Group net assets decreased in the period to $31,968,192 from $36,168,634. This was primarily driven by a decrease in cash and cash equivalents of $12,251,234, as well as a decrease in trade and other receivables of $3,449,092. These decreases were partially offset by an increase in property, plant and equipment of $11,216,164. The loss of $4,080,914 incurred during the period further contributed to the decrease in net assets.

The decrease in cash was due to cash spent on the Longonjo and Saltend projects of $11,407,614. Similarly, the increase in property, plant and equipment was the result of the capitalisation to the Longonjo Project development asset of $7,677,072, as well as the capitalization of assets under construction at the Saltend facility of $3,555,777.

The decrease in trade and other receivables was due to the receipt of funds following the equity raise in FY21.

The Group experienced net cash outflows from operating activities of $4,204,325 (31 December 2020: $1,971,930).

Net cash outflows from operating activities increased due to an increase in operating losses. Net cash outflows from investing activities of $11,407,586 increased from cash outflows of $3,172,186 at 31 December 2020 due to cash spent on the additions to the Longonjo and Saltend projects as noted above. The decrease in the cash inflows from financing activities from $8,576,685 for the six months ended 31 December 2020 to $3,360,677 for the six months ended31 December 2021 was due to the decrease in the proceeds from the issuance of equity.

The Directors have prepared a cash flow forecast for the period ended 30 June 2023. 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 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 2021 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 has sufficient cash to meet its day to day corporate and operational working capital requirements and currently committed exploration and development expenditure, however post announcement of FEED and final investment decision expected by Q3 FY 2022, the Group will furthermore need to raise additional capital based on the forecasted exploration and development expenditures costs related to rollout of the Longonjo and Saltend projects and the Coola exploration. 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 to commence development of the Saltend and Longonjo Project.

COVID-19 pandemic and Ukraine-Russia conflict

The outbreak of the COVID-19 pandemic has had an impact on the Group’s businesses. The 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, the recent Ukraine-Russia conflict has created increased uncertainty and volatility in debt and equity markets alongside increased inflationary pressures, supply chain constraints and increased FX volatility 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 2022

INDEPENDENT REVIEW REPORT TO PENSANA PLC

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 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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 2021 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.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). 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.

As disclosed in note 3, the annual financial statements of the group are prepared in accordance with UK adopted International Financial Reporting Standards (IFRSs). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Material uncertainty related to Going Concern

We draw attention to note 3 to the half-yearly financial report 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 planned expenditures, 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 conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of 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.
In preparing the half-yearly financial report, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusions, including our conclusions in the Material Uncertainty related to Going Concern section, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of 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.

DocuSigned by:
BDO LLP
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BDO LLP
Chartered Accountants
London, UK
29 March 2022

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 2021

	Note	Unaudited 31 December 2021 US$	Unaudited 31 December 2020 US$
Administration expenses	5	(3,670,738)	(2,010,316)
Foreign currency exchange loss		(410,204)	(621,652)
Finance Income		28	223
Loss before income tax		**(4,080,914)**	**(2,631,745)**
Income tax credit	6	-	-
Total loss for the period		**(4,080,914)**	**(2,631,745)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(154,658)	914,254
Total comprehensive loss for the period		**(4,235,572)**	**(1,717,491)**
Net loss for the period is attributable to:			
Owners of Pensana Plc		**(4,080,914)**	**(2,631,745)**
Total comprehensive loss is attributable to:			
Owners of Pensana Plc		**(4,235,572)**	**(1,717,491)**
Loss per share attributable to owners of Pensana Plc:			
Basic (cents per share)	16	(1.82)	(1.00)
Diluted (cents per share)	16	(1.82)	(1.00)

Notes to the interim financial statements are included on pages 13 to 23.

Condensed consolidated Statement of Financial Position
as at 31 December 2021

	Note	Unaudited As at 31 December 2021 US$	Audited As at 30 June 2021 US$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	29,723,932	18,507,768
Exploration and evaluation expenditure	10	135,453	132,040
TOTAL NON-CURRENT ASSETS		**29,859,385**	**18,639,808**
CURRENT ASSETS			
Cash and cash equivalents	7	4,552,862	16,787,591
Trade and other receivables	8	1,920,915	5,370,007
TOTAL CURRENT ASSETS		**6,473,777**	**22,157,598**
TOTAL ASSETS		**36,333,162**	**40,797,406**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	4,364,970	4,628,772
TOTAL CURRENT LIABILITIES		**4,364,970**	**4,628,772**
TOTAL LIABILITIES		**4,364,970**	**4,628,772**
NET ASSETS		**31,968,192**	**36,168,634**
EQUITY			
Issued capital	12	280,413	279,398
Share premium		34,278,655	34,195,957
Reserves		51,331,279	51,534,520
Accumulated losses		(53,922,155)	(49,841,241)
TOTAL EQUITY		**31,968,192**	**36,168,634**

Notes to the interim financial statements are included on pages 13 to 23.

Condensed consolidated Statement of Changes in Equity for the six months ended 31 December 2021

Unaudited	Fully paid ordinary shares US$	Share premium US$	Shares to be issued Reserve US$	Accumulated Losses US$	Merger Reserve US$	Foreign Currency Reserve US$	Share based Payments Reserve US$	Equity Reserve US$	Total US$
Balance at 1 July 2021	**279,398**	**34,195,957**	**-**	**(49,841,241)**	**45,748,045**	**422,678**	**5,863,797**	**(500,000)**	**36,168,634**
Loss for the period	-	-	-	(4,080,914)			-	-	**(4,080,914)**
Other comprehensive income	-	-	-	-	-	(154,658)	-	-	**(154,658)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(4,080,914)**	**-**	**(154,658)**	**-**	**-**	**(4,235,572)**
Issue of shares (note 12)	1,015	82,698	-	-	-	-	(83,713)	-	**-**
Share based payments (note 15)	-	-	-	-	-	-	35,130	-	**35,130**
Balance at 31 December 2021	**280,413**	**34,278,655**	**-**	**(53,922,155)**	**45,748,045**	**268,020**	**5,815,214**	**(500,000)**	**31,968,192**

Unaudited	Fully paid ordinary shares US$	Share premium US$	Shares to be issued Reserve US$	Accumulated Losses US$	Merger Reserve US$	Foreign Currency Reserve US$	Share based Payments Reserve 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 period	-	-	-	(2,631,745)	-	-	-	-	**(2,631,745)**
Other comprehensive income	-	-	-	-	-	914,254	-	-	**914,254**
Total comprehensive loss	**-**	**-**	**-**	**(2,631,745)**	**-**	**914,254**	**-**	**-**	**(1,717,491)**
Issue of shares (note 12)	39,541	11,954,334	(3,330,560)	-	-	-	-	-	**8,693,305**
Cost of issuing shares		(116,620)	-	-	-	-	-	-	**(116,620)**
Share based payments (note 15)	-	-	-	-	-	-	350,797	-	**350,797**
Issue of shares – conversion of performance rights	654	62,922	-	-	-	-	(63,576)	-	-
Balance at 31 December 2020	**262,140**	**15,017,486**	**-**	**(43,102,124)**	**45,748,045**	**(1,118,745)**	**5,764,383**	**(500,000)**	**22,071,185**

Notes to the interim financial statements are included on pages 13 to 23.

Condensed consolidated Statement of Cash Flows
for the six months ended 31 December 2021

	Note	Unaudited 31 December 2021 US$	Unaudited 31 December 2020 US$
Cash flows from operating activities			
Operating cash flows	18	(4,204,325)	(1,971,930)
Net cash used in operating activities		**(4,204,325)**	**(1,971,930)**
Cash flows from investing activities			
Interest received		28	223
Payments for exploration expenditure		(3,413)	(3,172,409)
Additions to property, plant and equipment		(11,404,201)	-
Net cash used in investing activities		**(11,407,586)**	**(3,172,186)**
Cash flows from financing activities			
Proceeds from issues of equity securities		3,360,677	8,693,305
Share issue costs		-	(116,620)
Net cash provided by financing activities		**3,360,677**	**8,576,685**
Net (decrease)/ increase in cash and cash equivalents		**(12,251,234)**	**3,432,569**
Cash and cash equivalents at 1 July		16,787,591	4,106,321
Effects of exchange rate changes on the balance of cash held in foreign currencies		16,505	13,851
Cash and cash equivalents at the end of the period	7	**4,552,862**	**7,552,741**

Notes to the interim financial statements are included on pages 13 to 23.

Notes to the financial statements

1. General information

The consolidated financial statements present the financial information of Pensana Plc and its subsidiary (collectively, the Group) for the six months ended 31 December 2021 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

From 1 July 2021, the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on 1 July 2021.

Standard	**Description**	**Effective date**
Amendments to IFRS 16	Amendments to IFRS 16: Covid-19 – Related Rent Concessions	1 April 2021
Amendments to IFRS 4	Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	1 January 2021
Improvements to IFRSs'	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021

The application of these standards have not had a material impact on the financial statements.

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

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

Standard	**Description**	**Effective date**
IFRS 17	IFRS 17 Insurance contracts	1 January 2023
Amendment to IFRS 17	Amendment to IFRS 17 – Initial application	1 January 2023
IAS 16	Amendments to IAS 16 'Property, plant and equipment'	1 January 2022
IAS 37	Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets'	1 January 2022
IFRS 3	Amendments to IFRS 3 'Business Combinations'	1 January 2022
Improvements to IFRSs'	Improvements to IFRS1, IFRS 9, IFRS 16 and IAS 41	1 June 2022
Amendments to IAS 8	Amendments to IAS 8: Definition of accounting estimates	1 January 2023
Amendments to IAS 1 and IFRS Practise Statement 2	Amendments to IAS 1 and IFRS Practise Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to IAS 12	Amendments to IAS 12: Deferred tax related to assets and liabilities from a single transaction	1 January 2023
Amendment to IAS 1	Amendments to IAS 1: Classification of liabilities as current or non-current	1 January 2023

Management 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 Group.

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 2021, and any public announcements made by the Group during the interim reporting period. The comparative financial information for the year ended 30 June 2021 in this interim report does not constitute statutory accounts for that year. The statutory accounts for 30 June 2021 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 financial report for the six months ended 31 December 2021 was prepared in accordance with the annual financial statements of the group are prepared in accordance with UK adopted International Financial Reporting Standards (IFRSs).

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 2021 unless otherwise noted.

As disclosed in the 30 June 2021 Annual Report 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 use 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.

The policies have been consistently applied to all the years presented, unless otherwise stated.

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 2021 the Group has a net asset position of $31,968,192 (30 June 2021: $36,168,634) including cash and cash equivalents of $4,552,862 (30 June 2021: $16,787,591), had incurred a loss after income tax of $4,080,914 (Six months ended 31 December 2021: $2,631,745) and experienced cumulative net cash outflows from operating and investing activities of $15,440,748 (Six months ended 31 December 2020: $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 Longonjo NdPr Project in Angola and the Saltend Project in the UK.

Similarly, the Directors have also considered the impact of the Russia-Ukraine war as it relates to costs and the potential volatility in debt and equity markets. Conversely, the demand for clean energy rises at such times, sparking increases in prices of rare earth metals.

The forecasts demonstrate that the Group has sufficient cash to meet its day to day corporate and operational working capital requirements and currently committed exploration and development expenditure, however post announcement of FEED and final investment decision expected by Q3 FY 2022, the Group will furthermore need to raise additional capital based on the forecasted exploration and development expenditures costs related to rollout of the Longonjo and Saltend projects and the Coola exploration.

The Directors have therefore considered mitigating actions and are confident of being able to raise the required capital through either debt or equity financing (or combination thereof) during the 12-month period and have engaged ABG Sundal Collier (ABGSC), a leading Nordic investment bank headquartered in Oslo, Norway, to progress the debt financing. Furthermore, the Company's expression of interest in the UK Government's up to £1bn Automotive Transformation Fund ("ATF") has been received positively by the programme board. The application for grant or other forms of financial support is currently under Government review, however the Company does not have any indication on the timing of any potential award.

Despite the ongoing engagements, the directors 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 assessment of development assets (note 9), the impairment of assessment of exploration and evaluation expenditure (note 9), as well as the impairment of assessment of assets under construction (note 9)

The ultimate recovery of the value of the Group's development assets and assets under construction as at 31 December 2021, as well as the ultimate recovery of the value of the Group's exploration and evaluation assets as at 31 December 2021 and 31 December 2020, are dependent on the successful development and commercial exploitation, or alternatively, sale, of the Longonjo Project, as well as the successful development and commercial exploitation of the Saltend facility.

31 December 2021

Judgment was exercised in assessing the extent to which impairment indicators existed at 31 December 2021 in respect of the Longonjo Project and associated balances, as well as the Saltend project. In forming this assessment, internal and external factors were evaluated. Management determined that no impairment indicators existed having considered the Company's market capitalisation relative to the Group's net asset value, the progression of the Longonjo Project and associated Competent Person's Report, financial Life of Mine Plan, studies and Bankable Feasibility Study equivalent assessments. The underlying financial Life of Mine Plan involves estimates regarding commodity prices, production and reserves, operating costs and capital development together with discount rates.

31 December 2020

Management considered whether there are indicators as to whether the asset carrying values for exploration and evaluation assets exceed their recoverable amounts. This consideration included 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;
- whether 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. 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.

Recoverability of equity receivable (note 8)

Management's judgement is required to determine whether the outstanding equity receivable at period end is recoverable. Management is comfortable that the structured repayment plan, that includes secured collateralisation in excess of the outstanding receivable adequately covers the outstanding receivable and that no further provision thereon is required. Refer to note 8 for further details.

(ii) Significant accounting estimates and assumptions

Share-based payment transactions (note 15).

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. Judgment 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.

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 two operating segments being related to the activities in Angola and Saltend (UK), on the basis that the assets in Tanzania were fully impaired at 30 June 2021. The unallocated relates to operations in Australia and Portugal.

2021

	Angola	UK	Unallocated	Total
As at 31 December 2021	**US $**	**US $**	**US $**	**US $**
Non-current assets	21,682,389	3,716,490	4,460,506	29,859,385
Current and non-current liabilities	26,055	1,397,095	2,941,820	4,364,970
Six months ended 31 December 2021				
Operating Loss	(2,894,202)	(3,242,001)	2,055,261	(4,080,942)
Loss before tax	(2,894,202)	(3,242,001)	2,055,289	(4,080,914)
Loss for the period	(2,894,202)	(3,242,001)	2,055,289	(4,080,914)

2020

	Angola	UK	Unallocated	Total
	US $	**US $**	**US $**	**US $**
As at 30 June 2021				
Non-current assets	18,473,893	162,330	3,585	18,639,808
Current and non-current liabilities	51,980	1,514,687	3,062,105	4,628,772
Six months ended 31 December 2020				
Operating Loss	-	(2,346,411)	(285,557)	(2,631,968)
Loss before tax	-	(2,346,411)	(285,334)	(2,631,745)
Loss for the year	-	(2,346,411)	(285,334)	(2,631,745)

Non-current assets consist mainly of development assets and assets under construction. Additions and depreciation to non-current assets are disclosed in note 9.

5. Other Expenses

	Six months ended 31 December 2021 US $	Six months ended 31 December 2020 US $
Administration expenses:		
General administration costs	1,076,237	799,932
Audit fees	138,205	130,507
Consultant Fees	449,972	19,430
Travel expenses	100,579	1,825
Legal fees	133,433	91,068
Operating lease rental expenses:		
Lease payments (short life leases)	45,795	23,036
Depreciation on non-current assets:		
Property, plant and equipment	16,682	-

	2021	**2020**
Employee Benefits	US $	US $
Performance rights and options granted to directors, officers and employees	35,130	350,797
Directors' fees, superannuation and salaries & wages	1,674,705	593,721
Total Administration expenses	3,670,738	2,010,316

Foreign currency exchange gains/losses:

Foreign exchange loss of $410,204 (2020: $621,652 loss) comprises realised foreign exchange movements on retranslation of monetary balances and unrealised foreign exchange movements on intercompany loans which are considered repayable in the foreseeable future.

6. Income Taxes

	Consolidated	
	2021 **US $**	**2020** **US $**
Current taxation		
Current tax charge/ (credit)	-	-

No Liability to corporation tax arose in ordinary activities for the half year ending 31 December 2021 or 31 December 2020.

The tax assessed for the year the standard rate of tax in the UK of 19% (2020: 19%).

Tax rate reconciliation:

	Consolidated	
	Six months ended 31 December 2021 US $	**Six months ended 31 December 2020 US $**
Loss from continuing operations before tax	(4,080,914)	(2,631,745)
Loss on continuing activities multiplied by the rate of corporation tax in the UK of 19% (2020:19%)	(775,374)	(500,032)
Tax effects of:		
Different tax rates in overseas jurisdictions	(681,057)	(130,849)
Permanent differences	(664,276)	(160,116)
Deferred tax assets not recognised	2,120,707	790,997
Total tax credit	**-**	**-**

7. Cash and Cash Equivalents

	Consolidated	
	As at 31 December 2021 US$	**As at 30 June 2021 US$**
Cash at bank and on hand	4,552,862	16,787,591
	4,552,862	**16,787,591**

8. Trade and Other Receivables

	Consolidated	
	As at 31 December 2021	**As at 30June 2021**
	US$	**US$**
Other debtors	1,920,915	5,370,007
	1,920,915	**5,370,007**

Of the other debtors as at 31 December 2021, $1,350,834 related to payment pending as part of the equity raise completed on 25 June 2021. Management are comfortable that the structured repayment plan, that includes secured collateralisation in excess of the outstanding receivable adequately covers the outstanding receivable and that no further provision thereon is required.

9. Property, plant and equipment

	Buildings	Plant and equipment	Development asset	Assets under construction[1]	Motor vehicles	Office equipment	Computer equipment	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Cost								
Balance at 1 July 2021	6,199	10,204	18,400,076	65,728	54,507	6,080	30,611	18,573,405
Additions	17,158	7,158	7,607,366	3,551,221	41,792	1,245	6,906	11,232,846
Balance at 31 December 2021	**23,357**	**17,362**	**26,007,442**	**3,616,949**	**96,299**	**7,325**	**37,517**	**29,806,251**
Depreciation			-	-				
Balance at 1 July 2021	1,807	1,407	-	-	40,653	1,400	20,370	65,637
Charge for the year	541	1,577	-	-	10,490	351	3,723	16,682
Disposals	-	-	-	-	-	-	-	-
Balance at 31 December 2021	**2,348**	**2,984**	**-**	**-**	**51,143**	**1,751**	**24,093**	**82,319**
Net Book Value								
At 30 June 2021	4,392	8,797	18,400,076	65,728	13,854	4,680	10,241	18,507,768
At 31 December 2021	**21,009**	**14,378**	**26,007,442**	**3,616,949**	**45,156**	**5,574**	**13,424**	**29,723,932**

[1] *Assets under construction relate to Saltend*

10. Exploration and Evaluation Expenditure

	As at 31 December 2021 US$	**As at 30 June 2021 US$**
Carrying value:		
Balance at beginning of the period	132,040	9,600,234
Additions	3,413	8,931,882
Transfers from asset held for sale	-	2,500,000
Impairment of asset	-	(2,500,000)
Transfer to Longonjo development asset		(18,400,076)
Balance at end of the period	**135,453**	**132,040**

The above amounts represent capitalised costs of exploration carried forward as an asset in accordance with the accounting policies set out in the annual report. 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.

11. Trade and Other Payables

	As at 31 December 2021 $	As at 30 June 2020 $
Trade and other payables	3,279,620	2,988,864
Accrued expenses	1,085,350	1,639,908
	4,364,970	**4,628,772**

12. Issued Capital

	2021 No.	2021 US$	2020 No.	2020 US$
Fully paid ordinary shares				
Balance at 1 July	216,145,822	279,398	171,766,032	221,945
Share Placement	-	-	16,508,633	20,342
Shares issued in lieu of fees	-	-	821,157	1,728
Shares issued - conversion of performance rights	7,108,037	1,015	500,000	654
Share Placement	-	-	13,500,000	17,471
Balance at 31 December	223,253,859	280,413	203,095,822	262,140
Shares not yet issued			-	-

Placements during 2021 and 2020:

On 1 July 2020 the Company issued 16,508,633 fully paid ordinary shares to the Angolan Sovereign Wealth fund ("ASF"). 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 $ 5million as announced on 11 June 2020.

On 11 August 2020, the Company announced the conversion of 500,000 zero cost performance rights into fully paid ordinary shares on Listing on the London Stock Exchange.

On 11 August 2020, the Company issued 821,157 fully paid ordinary shares to third party service providers at a price of A$0.33 per share, for a total of $0.2 million.

On 25 September 2020 the Group raised an additional $8.6 million (net of share issuance costs) via the placing of 13,500,000 fully paid ordinary shares with the ASF.

On 4 January 2021, the Company issued 550,000 fully paid ordinary shares (of which 250,000 were related to share options, and 300,000 to third party service providers at a price of £0.50 per share, for a total of $0.2 million.

On 25 June 2021, the Group raised circa $21.1 million (net of share issuance costs) via the placing of 12,500,000 fully paid ordinary shares to long term shareholders, the ASF and Chairman Paul Atherley.

On 6 July 2021 7,108,037 shares related to share awards were issued to executive management.

Share options on issue

During the period, 500,000 options expired. As at 31 December 2021, there are 1,500,000 shares under option.

Performance rights on issue

There are no performance rights outstanding as at period end.

13. 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.

(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:

	As at 31 December 2021 $	As at 31 December 2020 $
Exploration and evaluation expenditure		
Not longer than 1 year	650,000	655,200
Longer than 1 year and not longer than 5 years	4,350,000	4,344,800
Longer than 5 years	-	-
	5,000,000	5,000,000

14. 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.

15. Share-based Payments

Half year ended 31 December 2021

During the period, 7,108,037 shares were issued. These related to the vesting of executive share awards. In addition 750,000, of the outstanding 2,250,000 legacy awards vested during the Period and amount of $16,179 was charged to the statement of comprehensive income.

Half year ended 31 December 2020

During the prior 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 were 10,358,037 performance rights on issue. During the prior period, 500,000 performance rights were converted to ordinary shares on the successful listing on the London Stock Exchange.

During the prior 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.

Reconciliation of options outstanding

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

	Half year ended 31 December 2021		Half year ended 31 December 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	2,750,000	-	250,000	$0.226
			-	-
Vested during the financial period	(750,000)	$0.001		
Expired during the financial period	(500,000)	$0.001	-	-
Exercised during the financial period	-	-	(250,000)	$0.226
Balance at end of the financial period	1,500,000	-	-	-

16. Loss per share

	2021 cents per share	2020 cents per share
Basic loss per share		
From continuing operations	1.82	1.00
Total basic loss per share	1.82	1.00
Diluted loss per share		
From continuing operations	1.82	1.00
Total diluted loss per share	1.82	1.00

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 2021 US$	Unaudited As at 31 December 2020 US$
Net loss	**(4,080,914)**	(2,631,745)
Losses used in the calculation of basic loss per share from continuing operations	**(4,080,914)**	(2,631,745)
Losses used in the calculation of diluted loss per share attributable to ordinary shareholders	**(4,080,914)**	(2,631,745)

	As at 31 December 2021 No.	As at 31 December 2020 No.
Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share	223,253,859	195,710,638

1,500,000 options (31 December 2020: nil) and nil performance rights (31 December 2020: 10,358,037) have not been included in the diluted earnings per share, as they were anti-dilutive in the current and prior period.

17. Related party transactions

Transactions with Key Management Personnel and Related Parties

No reportable related party transactions occurred during the period under review.

18. Notes to the Consolidated Statement of Cashflows

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

	Half year ended 31 December 2021 US$	Half year ended 31 December 2020 US$
Net loss	**(4,080,914)**	**(2,631,745)**
Add/less non-cash items		
Depreciation	16,682	-
Share based payments	35,130	350,797
Unrealised FX loss	410,204	621,652
Changes in Trade and other receivables	88,415	(78,331)
Changes in Trade and other payables	(673,842)	(234,303)
Net cash used in operating activities	**(4,204,325)**	**(1,971,930)**

19. Subsequent events

Post period end the Group completed a £10 million Placement to M&G Investment Management ("M&G) by way of a placement of 12,345,680 new ordinary shares of £0.001 each in the capital of the Company at a price of 81 pence per share. Following the admission of the ordinary shares to trading M&G had an interest in approximately 5% of the Company's enlarged issued share capital.

No other matters or circumstances have arisen since 31 December 2021 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 2022