

EASTINCO MINING AND EXPLORATION PLC

(“EME” OR THE “COMPANY”)

CHAIRMAN’S STATEMENT

Interim Results for the six months ended 30th June 2022

I am pleased to announce the unaudited Interim Results of the Company for the half-year ending 30 June 2022.

These accounts relate to the Company for the first half of 2022 and reflect a loss of £237,000 from administrative costs, this corresponds to the Company’s expenditure on overheads, operational and exploration costs, and legal and professional expenses primarily related to the proposed transaction to acquire a series of exploration assets in Morocco and a proposed move to the Standard List of the London Stock Exchange (as announced on the 22 November 2021). Additional expenditure was incurred on the Musasa JV and HCK JV operations in Rwanda. Over the period, management maintained its protocols for cash management and refrained from receiving salaries.

Eastinco Update

During the reporting period, Management has continued working towards the completion of the transaction announced on the 22 November 2021. The Company signed a sale and purchase agreement to acquire 100% of the share capital of Aterian Resources Limited (“Aterian”), a 100% owned indirect subsidiary of Altus Strategies Plc (“Altus”), through the issuance of new ordinary shares of £0.01 par value (“Ordinary Shares”) in the Company, the grant of warrants to purchase new Ordinary Shares and the grant of certain mining royalties (together “the Acquisition”). Subsequently Altus has merged with Elemental Royalties Corp. and the combined entity, Elemental Altus Royalties Corp. (“EARC”), is listed on TSX-V in Canada and OTCQX in the US.

Aterian is advancing a portfolio of 15 copper and silver prospective exploration projects (“Aterian projects”) in the Kingdom of Morocco (“Morocco”). Concurrent with the Acquisition, the Company will apply for admission to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange’s Main Market for listed securities (“Admission”) and change its name to Aterian Plc (“Name Change”).

Upon the successful completion of the Acquisition, which is conditional upon the Company listing on the LSE, we will welcome EARC as a significant beneficial shareholder. This proposed transaction transforms the Company into a multi-jurisdiction, multi-commodity, critical and strategic metals exploration and development company and we are excited that EARC will become a key shareholder.

HCK JV – Southern Rwanda

Reconnaissance prospecting and geochemical soil sampling have resulted in the discovery of multiple new pegmatite zones. Prior to commencing fieldwork, two occurrences or zones, referred to as HCK-1 and HCK-2, were known. We have now identified a further 16 zones of pegmatite, bringing the total to 18 locations on the project that will require further assessment and evaluation. The significance of these discoveries is that pegmatite dykes in Rwanda are the primary host rock for Tantalum-Niobium mineralisation.

HCK-1 Exploration

The Company is conducting a shallow exploration pitting programme along the strike of the HCK-1 pegmatite zone to determine the overall geometry of this occurrence. The pits are excavated along sections, spaced approximately 100 m apart, orientated perpendicular to the general strike trend of HCK-1, and separated roughly 50 m along the section lines.

Initial reconnaissance of HCK-1 had estimated the strike length to be c. 650 m. The current work indicates that the pegmatite zone continues for at least 1,500 m, with additional pitting expected to extend this further. Although additional infill work is required, the width of the zone in places is more than 100 m.

Environmental Management Plan

The Company commissioned a local, Rwandan government registered, environmental consultancy to undertake an Environmental Management Plan (EMP) over the licence area. Although not a government requirement for an exploration project, the Company undertook the survey to outline the baseline conditions over the area, including the outcomes resulting from previous artisanal operations.

Musasa JV

Musasa Operations

Based on the recommendation of our on-site processing consultants, Quiver Limited, several significant changes have been made to the plant. Material coarser than 1mm is now fed into the cone crusher on a continuous feed circuit to reduce the material to sub 1mm. The material flow circuit around the 16 shaking tables has been re-routed ensuring the product is recycled to maximise recovery. Six additional slurry pumps were installed to ensure better material flow and, more importantly, the recycling of washed material to allow for multiple passes through the separation process and better overall recoveries.

Quiver is providing a Plant Manager, based on site to control and manage the daily operations and a metallurgical consultant to develop short and long-term process improvements and associated plant upgrade strategies to increase and optimise plant production, with additional material testing and analysis at approved laboratories. As of the end of the reporting period, the plant operation has been temporarily halted to allow for additional off-site metallurgical testing and the on-site evaluation of a new set of separation spirals recently imported from South Africa. We will continue to evaluate how to best implement changes proposed by our processing consultants to optimise the plant's productive capability.

Kassava Exploration

In March, we commenced surface exploration over the Kassava Prospect, one of the five currently identified areas of mineralisation known on the project. The Kassava Prospect is located only 300m south of the wash plant and follows a southeast trending ridge. Shallow vertical pits are being manually excavated to define the margins of the pegmatite, with data indicating the Kassava pegmatite to be lens-shaped with a maximum horizontal width of 80 m, with pits covering a strike length of 250 m. The geological team has identified several positive geological indicators, such as very coarse-grained muscovite, in addition to sub-cropping pegmatite, over a lateral distance of c. 500 m to the east of Kassava, suggesting the zone may be quite extensive.

The licence application to extend the area of interest at Musasa up to 400 hectares remains pending with the Government of Rwanda. We will be working closely with the Rwanda Mines and Petroleum Board to accelerate the grant of the licence. This application may entail a change in the working relationship with our partner, Kuaka Cooperative, to allow for faster review and possible amendment of the application.

Metal Trading

The company has been granted a licence to trade both locally and internationally in metals mined from the region. To fully activate this potentially valuable revenue stream opportunity, the Company has initiated the application process to seek membership of the ITRI Tin Supply Chain Initiative ("ITSCI"). ITSCI (the) is part of a traceability and due diligence program designed to address concerns over 'conflict minerals' such as tin, tantalum, and tungsten from the Democratic Republic of Congo and adjoining countries. Membership is a prerequisite for trading in Rwanda.

Charles Bray
Executive Chairman
28 September 2022

Enquiries:

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The Directors take responsibility for this announcement.

EASTINCO MINING AND EXPLORATION PLC

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	6 months to 30-Jun-22 £'000	6 months to 30-Jun-21 £'000
Total revenue		
Sales	-	-
Other revenue	-	-
Cost of sales	-	-
	-	-
Administrative expenses	(227)	(175)
Share based payments	-	-
Provision against loan advanced to related party	-	(68)
Provision for impairment of ECL	-	-
	(227)	(243)
Total operating profit/(loss)	(227)	(243)
Interest payable and similar charges	(6)	(9)
Loss before tax	(233)	(252)
Tax expense	-	-
Loss after tax	(233)	(252)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Gain on translation of foreign operations	(4)	(85)
	(237)	(337)
Loss per share		
Basic and Diluted loss per share (pences)	(0.04)	(0.06)

* Comparative weighted average number of shares is adjusted for the impact of the share consolidation

EASTINCO MINING AND EXPLORATION PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022
GROUP

	Share capital	Share premium	Share-based compensation reserve	Interest in shares in EBT	Translation reserve	Other Reserve	Merger relief reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	4,301	2,144	1,348	(133)	(291)	80	1,200	(5,326)	3,323
Loss for the year	-	-	-	-	-	-	-	(252)	(252)
Other comprehensive loss	-	-	-	-	(85)	-	-	-	(85)
Transactions with owners									
Other reserve Transfer from other reserve to accumulated losses	-	-	-	-	-	(9)	-	9	-
Share based compensation	-	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-	-
Issue of new shares	-	-	-	-	-	-	-	-	-
At 30 Jun 2021	4,301	2,144	1,348	(133)	(376)	71	1,200	(5,569)	2,986
At 1 January 2022	5,671	2,144	1,615	(395)	(263)	80	1,200	(6,629)	3,423
Loss for the year	-	-	-	-	-	-	-	(233)	(233)
Other comprehensive loss	-	-	-	-	(4)	-	-	-	(4)
Transactions with owners									
Other reserve Transfer from other reserve to accumulated losses	-	-	-	-	-	-	-	24	24
Share based compensation	-	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-	-
Fundraising Issue of new shares	92	-	-	-	-	-	-	-	92
	50	-	-	-	-	-	-	-	50
At 30 Jun 2022	5,813	2,144	1,615	(395)	(267)	80	1,200	(6,838)	3,352

EASTINCO MINING AND EXPLORATION PLC

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group	
	30-Jun-22	30-Jun-21
	£'000	£'000
Non-current assets		
Goodwill	2,168	2,168
Property, plant and equipment	1,308	975
Total non-current assets	3,476	3,143
Current assets		
Trade and other receivables	271	148
Cash and cash equivalents	22	68
Total current assets	293	216
Total assets	3,769	3,359
Equity and liabilities		
Share capital	5,813	4,301
Share premium	2,144	2,144
Share based compensation reserve	1,615	1,348
Interest in shares in EBT	(395)	(133)
Translation reserve	(267)	(376)
Accumulated losses	(6,838)	(5,569)
Other reserves	80	71
Merger relief reserve	1,200	1,200
Total equity	3,352	2,986
Current liabilities		
Trade and other payables	253	145
Total current liabilities	253	145
Non-current liabilities		
Loan notes	164	228
Total non-current liabilities	164	228
Total Equity and liabilities	3,769	3,359

EASTINCO MINING AND EXPLORATION PLC

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	6 months to 30-Jun-22 £'000	6 months to 30-Jun-21 £'000
Cash flow from operating activities		
Profit/(loss) before tax	(237)	(144)
<u>Adjustments for:</u>		
Depreciation	11	-
Interest expense	6	9
Provisions against loans	(126)	(108)
Foreign exchange (gains)/losses	19	-
Operating profit/(loss) before working capital changes	(327)	(243)
<u>Changes in working capital:</u>		
Increase in trade & other receivables	111	304
Increase in trade & other payables	50	81
Cash generated from operations	161	385
Net cash flow from operating activities	(166)	142
Cash flow from investing activities		
Purchase of property, plant and equipment	(7)	(15)
Acquisition of subsidiary	-	-
Funds advanced to subsidiary pre acquisition	(463)	(228)
Net cash from from investing activities	(470)	(243)
Cash flow from financing activities		
Exercise of warrants	-	117
Amounts advanced from parent	323	-
Conversion of convertible loan note	-	-
Net proceeds from issue of shares	142	-
Net cash flow from financing activities	465	117
Net increase/(decrease) in cash & cash equivalents	(171)	16
Cash & cash equivalents at beginning of the period	196	53
Effect of exchange rate movements on cash	(3)	(1)
Cash & cash equivalents at end of the period	22	68

EASTINCO MINING AND EXPLORATION PLC

NOTES TO THE ACCOUNTS FOR SIX MONTHS ENDED 30 JUNE 2022

1. Basis of preparation of interim report

The financial information for the period ended 30 June 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. It has been prepared in accordance with the accounting policies set out in, and is consistent with, the audited consolidated financial statements for the twelve months ended 31 December 2021. A copy of the statutory accounts for the period has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

2. Going concern

The Directors are of the opinion that the financial information should be prepared on a going concern basis.

3. Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The calculation of basic and diluted loss per share is based on the following figures.

	6 Months to 30 June 2022 GBP'000	6 Months to 30 June 2021 GBP'000
Total loss for the period	(233)	(252)
	Number	Number
Consolidated weighted average number of shares – basic	535,799,217	430,069,273
Basic loss per shares	(0.04p)	(0.06p)
Diluted loss per share	(0.04p)	(0.06p)

EASTINCO MINING AND EXPLORATION PLC

NOTES TO THE ACCOUNTS FOR SIX MONTHS ENDED 30 JUNE 2022

4. Property, plant and equipment

Group						
	Mine	Mining Equipment	Office Equipment	Computer Equipment	Land	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	571	642	7	1	30	1,251
Foreign exchange adjustment	58	25	1	-	2	86
Additions	4	3	-	-	-	7
At 30 June 2022	633	669	8	1	32	1,344
Depreciation						
At 1 January 2022	-	22	3	-	-	25
Charge for the year	-	10	1	-	-	11
At 30 June 2022	-	32	4	-	-	36
Net book value						
At 30 June 2022	633	637	4	1	32	1,308
At 1 January 2022	571	620	4	1	30	1,226
	Mine	Mining Equipment	Office Equipment	Computer Equipment	Land	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	595	428	7	1	29	1,060
Foreign exchange adjustment	(44)	(30)	-	(1)	(2)	(77)
Additions	7	8	-	-	-	15
At 30 June 2021	558	406	7	-	27	998
Depreciation						
At 1 January 2021	-	21	2	-	-	23
Charge for the year	-	-	-	-	-	-
At 30 June 2021	-	21	2	-	-	23
Net book value						
At 30 June 2021	558	385	5	-	27	975
At 1 January 2021	595	407	5	1	29	1,037

5. Trade and other receivables

	Group	
	30-Jun-22	30-Jun-21
	£'000	£'000
Other debtors	271	148
	271	148

EASTINCO MINING AND EXPLORATION PLC

NOTES TO THE ACCOUNTS FOR SIX MONTHS ENDED 30 JUNE 2022

6. Trade payables

	Group 30-Jun-22 £'000	30-Jun-21 £'000
Trade payables	174	109
Short term loans	16	2
Other payables	13	17
Accruals	50	17
	<hr/> 253	<hr/> 145

7. Non-current liabilities

	Group 30-Jun-22 £'000	30-Jun-21 £'000
Loan notes	164	228
	<hr/> 164 <hr/>	<hr/> 228 <hr/>

8. Reports

A copy of this announcement will be mailed to shareholders and it is available on the company's website at www.eastinco.com