

Aterian PLC

**(“ATN” or “Aterian”)
(formerly known as Eastinco Mining and Exploration PLC)**

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2022

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Aterian PLC

COMPANY INFORMATION

The Board of Directors	C Bray S Rollason D Marais K Pezeshki (appointed 24 October 2022) A Masterton-Hume (appointed 24 October 2022)
Company registration number	07496976
Registered office	27-28 Eastcastle Street London W1W 8DH
Independent Auditor	MHA Macintyre Hudson Chartered Accountants & Statutory Auditors 2 London Wall Place Barbican London EC2Y 5AU
Corporate Advisor and Broker	Novum Securities Limited 2 nd Floor Lansdowne House 57 Berkeley Square London W1J 6ER
Company Secretary	MSP Corporate Secretaries Ltd 27-28 Eastcastle Street London W1W 8DH
Registrars	Share Registrars Ltd The Courtyard 17 West Street Farnham GU9 7DR

Dear Shareholder,

2022 marked a year of significant positive change for the Company. On 24 October 2022, we completed the acquisition of 15 copper-silver and base metal exploration projects in the Kingdom of Morocco, moved the market listing to the Main Market of the London Stock Exchange ("LSE"), and changed the name of the Company from Eastinco Mining and Exploration Plc to Aterian Plc. This transaction has transformed the Company into a multi-jurisdiction, multi-commodity, critical and strategic metals focussed exploration and development company, and we are excited to welcome Elemental Altus Royalties as a significant shareholder.

The rationale for this acquisition was to acquire exciting prospective assets that fit into our strategy of targeting critical and strategic metals to exploration. Currently, the renewable energy, automotive and electronic manufacturing sectors are driving the requirement to develop secure supply chains of critical and strategic metals. This is the energy transformation from carbon-based sources to renewable sources and storage systems. The exploration conducted on the Moroccan assets highlights the strong potential for the discovery of strategic metal deposits, in particular copper and silver. We firmly believe the market fundamentals for copper are excellent and specifically linked to the nascent growing demand for renewable energy and the related electrification of transportation globally. We are keen to invest in Morocco to demonstrate the potential of our assets there and we are keen to demonstrate the full potential of our assets in Rwanda following a very positive shift in focus from Musasa to the southern projects.

Importantly, the listing on the LSE will provide us with exposure to a broader investor profile and greater liquidity in our shares, providing a more solid platform to support the Company's continued growth.

We continue to work towards our objective of becoming an ethical, integrated exploration, development, and trading company across multiple mineral assets and jurisdictions.

Business Review and Future Developments

Morocco Acquisition - Aterian Resources Limited

On 24 October 2022, the Company completed the acquisition of 15 mineral exploration projects covering 762 km² in the Kingdom of Morocco from Altus Strategies PLC (now called Elemental Altus Royalties Corp). The completion of the acquisition coincided with a move to the Main Market of the LSE from the AQSE Growth Market, and a change in name from Eastinco Mining and Exploration PLC to Aterian PLC, shortly thereafter. The name change demonstrates the change taking place and pays homage to the geological potential offered by the Moroccan assets acquisition.

As consideration for the Moroccan assets held by the UK-registered company Aterian Resources Limited, the Company issued to Altus 241,173,523 ordinary shares and issued warrants representing 10% of the enlarged share capital of the Company, at the time of admission to the LSE. Warrants representing 5% of the enlarged share capital of the Company have an exercise price of £0.01 whilst the balance of the warrants has a £0.02 exercise price. All the warrants are exercisable for a period of five years from the admission date. The amount of assets recognised on the acquisition was £3,241,000.

Aterian Resources Limited owns two Morocco registered subsidiaries which hold the title to 50 permits, over 15 separate projects with a combined land area of c.762 km². The licences are considered highly prospective for copper, silver, tin, and base metals.

Rwanda Exploration

The main operational focus in 2022 shifted from the Musasa project to the southern projects, where the geological team has identified 22 zones of potential tantalum, niobium, and lithium-hosting lithium-hosting pegmatite, making this a very strong exploration play.

Work has targeted the HCK-1 prospect, where shallow exploration pitting has outlined a potential target zone of c.2,500 m in strike length.

The width of the target zone is uncertain but, in several locations, pitting intersected pegmatite over a horizontal distance of c.100 m. A further positive outcome from our work is that 800 m of the identified pegmatite target zone occurs in a "greenfield" environment to the southeast of the main ridgeline hosting HCK-1. This can be described simply as an area where there are no observed artisanal workings, pegmatite outcrop, or surface expressions, where the pegmatite remains blind to the surface, covered by soil and regolith of variable thickness up to 4.50 m. A drone survey has been flown over HCK-1, covering an area of 360 hectares, to provide detailed imagery with topographic data and a current view of the earlier artisanal workings.

A post-period event is the completion of a detailed ground-based geophysical survey over HCK-1. The multi-method survey of Induced Polarisation ("IP"), Electrical IP Tomography, and ground magnetics was designed to provide additional information allowing for a determination of the geological contacts of the main pegmatite zone with the schistose country rock, controlling geological structures and an approximation of the depth of weathering. The final report of this work is pending, and it is expected that a limited scout drilling programme will be planned based on the outcome of this work, providing an opportunity to test the fresh bedrock for the underlying lithium potential.

At the end of June 2022, we suspended operations on our Musasa Project based on the recommendation of Quiver Ltd, our processing consultants. Their assessment was to i) reconfigure the wash plant and ii) undertake additional metallurgical test work to improve overall metal recoveries. The Company's view is to refocus our activities to the southern projects and suspend further investment in production until such time as the new licence at Musasa is granted and then reassess the situation. The original application was made in May 2021. While suspending production was a disappointment, we are excited at the prospect of potentially expanding our potential exploration licence area. As a result, management made the decision to fully impair the carrying value of goodwill and property, plant and assets related to the Group's Musasa Project amounting to £2,168,000 and £877,000 respectively. Appropriately, following the decision to cease work on the Musasa Project the Eastinco Limited Managing Director and Rwandan country manager, Daniel Hogan resigned.

Fieldwork undertaken at Musasa has been limited to geological examination of the Kassava prospect. Kassava is one of five identified mineralized LCT pegmatite targets occurring on the project, where historic artisanal miners have excavated a 20 m x 30 m wide cut to a depth of c. 13 m, close to the centre of the prospect. Field observations indicate Kassava to be a lens-shaped body, with a maximum horizontal width of 80 m, with the exploration pits covering a strike length of 250 m.

Financial Review

During the year under review the Group made a loss before taxation of £4,383,0000 (2021: loss £1,351,000). The prudent impairment of both the goodwill of £2,168,00 and property, plant and equipment of £877,000 relating to the Musasa project in Rwanda accounts for the majority of the 2022 loss.

The consultant's assessment was to reconfigure the wash plant and to undertake additional metallurgical test work to improve overall metal recoveries. As a result, we made write-downs to goodwill of £2,168,000 and plant and equipment of £877,000.

Administrative costs were contained during the year at £996,000 (2021: £1,02,000), largely as a result of a reduction in Directors' remuneration from £200,000 in 2021 to £55,000 in 2022 offset by increases in other operating costs. All directors signed new service agreements (at prudent but market rates) effective from the Company's admission to the main market in October 2022. Accordingly, these savings will not be repeated in 2023.

These losses and acquisition costs were funded in the main by the placing of 85.4 million shares for a cash consideration of £854,000.

The issue of options and warrants and options during the year resulted in a share-based payment expense of £335,000 (2021: £267,000). Warrants issued to Altus as additional consideration have also given rise to an share-based payment expense with a total of £491,000 being capitalised as part of the acquisition.

Loss per share for the year was 0.76 pence against 0.24 pence in 2021.

At the year-end, cash balances were £110,000 although the Group has the benefit of a working capital facility made available by the Chairman. The raising of new funds for developing the business is a key focus of the Board.

Director Changes

Mr. Simon Retter offered to resign as a Non-Executive Director in November 2022 following the Admission to the LSE, and Mr. Kasra Pezeshki and Mr. Alister Masterton-Hume officially joined the Board of Directors as Non-Executive Directors on the 24 of October 2022. Mr Retter formally left the Board in early 2023.

Strategic Plan

Aterian's strategy aims to bring near-term projects into production and develop a metal trading business in Rwanda, whilst improving safety at existing and formerly artisanal and small-scale operating mine sites. The generated revenues will support and fund further exploration across the asset base of strategic and critical metal projects. Exploration in Morocco is targeting the potential large-scale occurrence of key critical and strategic metals, such as copper that have strong long-term market fundamentals.

Critical and strategic metals are those metals considered strategically essential to the economy, where any supply disruption may have a significant impact on the production of essential end products such as alloys, EV batteries and IT equipment. The renewable energy, automotive and electronic manufacturing sectors are driving the requirement to develop and build secure supply chains for these critical metals.

The proposed deployment of in-house generated revenues on our projects will minimise capital risk and dilution to shareholders, thus preserving optionality and generating superior risk-mitigated returns. At the same time, we will continue to seek further M&A opportunities across Africa to build a portfolio of strategic and critical metal assets with exploration, development, and production, with the growth of the metal trading potential in Rwanda.

The Aterian strategic plan incorporates a business model based on stakeholder interests, business or commercial planning, and growth. Effectively combining the interests of all stakeholders allows us to competently execute plans promoting the company's best commercial interests and allowing for future growth.

Group Overview

Aim	Strategy	Principal Activities
Increase shareholder value through the discovery, development, and trading of valuable mineral deposits.	Build, explore and develop a pipeline of projects in good jurisdictions to expand and de-risk the project portfolio.	The identification, acquisition, evaluation, and development of mineral deposits, with an initial focus on critical and strategic metals across Africa.

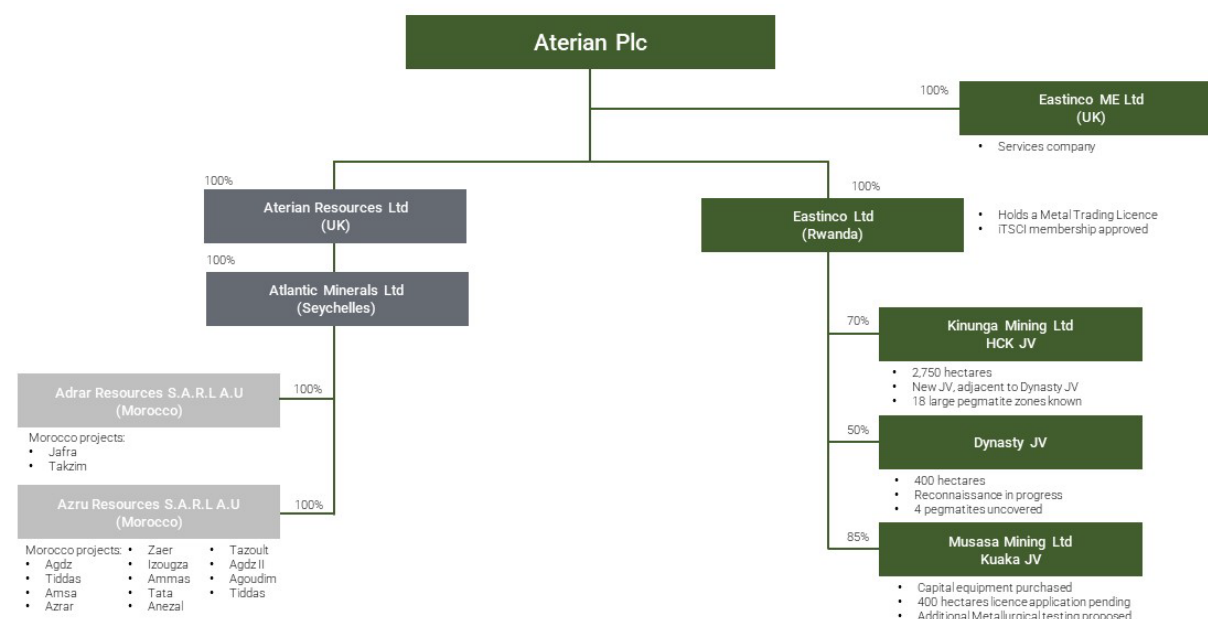
Operational Statement, 2022

Introduction

Aterian, through its 100% owned Rwanda registered subsidiary, Eastinco Limited, is actively engaged in mineral exploration and development of its portfolio of critical metals in Rwanda, with a focus on extracting and recovery of tantalum, niobium, and tin ("Ta-Nb-Sn"). Eastinco Ltd also holds a metal trading licence, issued by the authorities in Rwanda, which will allow for the trading of metals from internal supply and third-party producers and suppliers. Eastinco Limited is currently operating three separate joint ventures but looking to expand with a number smaller of projects given the primarily artisanal nature of the Rwandan mining sector.

The Company holds 15 exploration projects, covering 762 km² in the Kingdom of Morocco. The projects are held by two 100% owned Morocco subsidiary companies that were acquired from Elemental Altus Royalties Corp (formerly Altus Strategies) in Q4 of 2022.

The corporate structure as at the year-end is presented below:



Rwanda Partnerships**Musasa Joint Venture**

The Group has a Joint Venture and Operating Agreement with the Kuaka Cooperative (“Kuaka”), the holder of a small-scale mining licence in western Rwanda.

An application for a new, larger 400-hectare mining licence, in the name of the joint venture company, Musasa Mining Limited, is pending approval with the Rwanda Government. Aterian will retain an 85% interest in the joint venture company holding the new licence, with the right to purchase 100% of the Ta-Nb-Sn from any future production.

HCK Joint Venture

Aterian has a Joint Venture Agreement and Operating Agreement with HCK Mining Limited, a private non-related Rwanda registered entity and the holder of a 2,750-hectare exploration licence in southern Rwanda. Aterian will fund and manage the exploration activities over the project and will retain a 70% share in the net operating profits with the right to purchase 100% of the Ta-Nb-Sn from any future production.

Dynasty Construction Joint Venture

Aterian entered a Joint Venture Agreement and Operating Agreement with Dynasty Construction Ltd, a private non-related Rwanda registered entity and the holder of a 400-hectare exploration licence in the Huye District of southern Rwanda. A renewal of the exploration licence is pending approval with the Rwanda Government.

Aterian holds a 50% interest in the proposed joint venture company, with Aterian and Dynasty to provide future capital expenditure in proportion with their shareholding at the time of any potential future mine construction and development.

Morocco

As of the year’s end, the Company held 50 permits over 15 separate project areas, covering 762 km². The permits are 100% held by the Company subsidiary, Aterian Resources Limited. Of these 15 projects, the Company is currently focussing on three copper projects, namely Agdz, Tata and Azrar, all located in the Anti-Atlas Mountains.

Project Review Rwanda**Musasa Joint Venture**

The Musasa Ta-Nb-Sn project is located close to Lake Kivu within the Western Province of Rwanda and is 80 km due west of Kigali.

Mining was suspended at the end of June 2022, based on the recommendation of Quiver Ltd, our process consultants. It was determined that wash plant operations would not be profitable until new management took over operations, additional metallurgical test work was completed, and a reconfiguration of the wash plant was completed to improve recoveries. The management’s view is that no further investment should be made on the project until the mineral licence application is granted by Rwanda Mines Petroleum and Gas Board (“RMB”). The original application was submitted in May 2021.

Recent work on the project has been limited to geological reconnaissance over the area and the completion of the Kassava prospect exploration pitting programme. Kassava is one of the five identified LCT mineralized pegmatite targets occurring on the project and follows a southeast-trending ridge. Historic artisanal miners have excavated a 20 m x 30 m wide cut in the ridge to a depth of c. 13 m, close to the centre of the prospect.

66 shallow vertical pits have been manually excavated, for a cumulative depth of 337 m, to define the contacts of the pegmatite, with 41 of the pits intersecting pegmatite with samples collected and shipped to an external international laboratory for geochemical analysis. Field observations indicate Kassava to be a lens-shaped body, with a maximum horizontal width of 80 m, with the pits covering a strike length of 250 m.

HCK Joint Venture

The licence is located approximately 65 km southwest of Kigali and 20 km northwest of Huye, within the Southern Province, straddling the Nyanza and Huye District boundaries, and shares a common border with the neighbouring Dynasty joint venture licence.

Both the HCK and Dynasty licences are underlain by schists, and minor intrusive bodies of the Palaeoproterozoic granitic-metamorphic Butare Complex, which occurs to the west of the Gitarama granitic massif. The Complex is surrounded by low-grade metasedimentary terrains and is bordered to the north by a significant NW-SE left-lateral shear zone, the Mwogo Structure.

Prospecting over the HCK licence has identified 18 zones of potentially tantalum and niobium hosting pegmatite, frequently with multiple pegmatite dykes observed at most locations. A total of 22 target pegmatite zones have now been discovered on the combined Southern Projects, making this a strong exploration play.

Recent work has focussed on the HCK-1 prospect, which follows a prominent northwest-trending ridgeline. A total of 67 vertical exploration pits (with a cumulative depth of 422 m) have been completed, to test the strike extension and obtain samples from both the known areas of mineralisation and potential strike extensions. 30 of these pits intersected pegmatite with 15 pits abandoned when the ground encountered was too resistant to excavate manually. 22 pits did not intersect pegmatite.

Field observations indicate that the strike of the HCK-1 target zone extends for at least 2,500 m. The width of the target zone is uncertain but in several locations along NE-SW orientated pit section profiles, pegmatite is intersected over a horizontal distance of c.100 m.

A positive outcome from the pitting is that 800 m of the identified pegmatite strike continuation occurs in a “greenfield” environment to the southeast of the main ridgeline hosting HCK-1. This can be described simply as an area where there are no observed artisanal workings, pegmatite outcrop, or surface expressions. The pegmatite bodies discovered during the pitting remain blind to the surface covered by soil and regolith of variable thickness up to 4.50 m. A drone survey has been flown over HCK-1, covering an area of 360 hectares, to provide detailed imagery with topographic data and a current view of the earlier artisanal workings.

In early 2022, the Company commissioned a local government-registered environmental consultancy to complete an Environmental Management Plan for the licence area. The work identified the baseline characteristics of the area and the effects that recent artisanal mining has had on the local environment.

Dynasty Joint Venture

No work was undertaken on this project during the reporting period, with the renewal of the licence pending with RMB.

The licence is located 18 km northwest of the town of Huye in the Southern Province of Rwanda in a region considered prospective for near-surface tantalum mineralisation-niobium and tin, hosted by weathered and altered pegmatite dykes. This 400-hectare licence shares a common border with the southwestern part of the HCK licence, forming a contiguous block of 3,150 hectares.

The licence area is underlain by similar geology to that of the HCK licence; schists, and minor intrusive bodies of the Palaeoproterozoic granitic-metamorphic Butare Complex, lying to the west of the Gitarama granitic massif.

Initial prospecting over the northern part of the licence has identified 4 zones of pegmatite, bringing the total to 22 zones in the combined southern exploration licences.

Project Review Morocco

At the year's end, the Company held 50 permits over 15 separate project areas, covering 762 km². The permits are 100% held by the Company subsidiary, Aterian Resources Limited. Out of the 15 projects the Company is currently focussing on three copper projects, namely Agdz, Tata and Azrar, all located in the Anti-Atlas Mountains.

Agdz

The Agdz Project covers 34.46 km² and is comprised of a single mining licence, granted on 21 May 2021 for a period of 10 years. The project is located within the Souss-Massa-Drâa region of the Anti-Atlas Mountains of central Morocco, approximately 350 km south of the capital, Rabat, and approximately 35 km east of the city of Ouarzazate, where high-standard infrastructure and services exist, including a regional airport. The "Noor 1" solar power station, which is the world's largest concentrated solar power plant with a planned output of 580 MW is located approximately 40 km northwest of Agdz. The Project is accessed via a paved road and a network of unpaved roads and vehicle tracks close to and within the licence. Agdz lies approximately 14 km southwest of the Bouskour copper-silver mine with the world-class Imiter silver mine located 80 km to the northeast.

The lithological package at Agdz broadly consists of mostly felsic-intermediate volcano-sedimentary rocks of the Ouarzazate Supergroup with large granodiorite plutons in the north and locally conglomeratic metasedimentary sequences in the south.

The units are bisected by a series of sub-parallel NE and NW striking brittle faults and alteration zones, several of which have been historically mined for copper.

Five prospects, namely Makarn, Makarn North, Amzwaro, Miniere and Daoud; have been defined on the project based on rock chip sampling (the best of which returned grades of up to 26.5 % Cu, 448 g/t Ag, and 3.74 g/t Au). The best rock chip samples from hydrothermal manganese workings have returned rock chip grades over 10 % Mn.

Agdz hosts five significant Cu-Ag prospects covering an area of approximately 8 km², namely;

- The 2.80 km long Makarn – Markarn North prospects, with results up to 8.00 % Cu and 448 g/t Ag
- The 2.00 km long Amzwaro prospect, with results up to 4.82 % Cu and 189 g/t Ag
- The 0.15 km long Minière prospect, with results up to 13.05 % Cu and 12 g/t Ag
- The 0.70 km long Daoud prospect, with results up to 2.71 % Cu, 152 g/t Ag

A total of 576 m of trenching has been completed in 13 trenches across two of the five prospects. Results include 14.12 m at 0.65 % Cu and 36.54 g/t Ag; and 13.70 m at 0.36 % Cu and 13.26 g/t Ag.

A 137 line-km IP gradient array survey completed over an area of 14 km² has been completed and supported by 12 High-Resolution IP ("HIRIP") profiles completed to acquire 2-D resistivity and chargeability depth sections to depths of c.250 m. From this work, several new geophysical anomalies were identified requiring further ground follow-up.

Azrar

The Azrar Project covers an area of 78.4 km² and comprises six contiguous licence blocks situated in the western Anti-Atlas Mountains, 155 km southeast of the port city of Agadir and 45 km southeast of the Tizert copper mine, which is operated by Managem Group.

The western Anti-Atlas is dominated by Palaeoproterozoic to Neoproterozoic age inliers overlain unconformably by Cambrian to recent sedimentary and volcanic sequences. The Lower Cambrian Adoudounian Formation comprises sediments known to host major sedimentary copper deposits in the Western and Central Anti-Atlas that include the Tizert mine. The Tizert copper deposit is considered the largest copper deposit in the western Anti-Atlas with resources estimated to be 57 Mt grading 1.03 % Cu and 23 g/t Ag.

Recent fieldwork has identified high-grade copper and silver from outcrop sampling. Results include 3.79 % Cu and 23 g/t Ag in a fault breccia sample, with the potential for stratiform sediment-hosted, in addition, to structurally controlled copper-silver mineralisation. So far, copper and silver mineralisation is identified across 5 separate target areas, with the work to date covering less than 50% of the Project area. Multiple occurrences of historic hard rock artisanal mining have been mapped, which further highlights the potential of this project.

Tata

The Tata Project covers an area of 143 km² and is comprised of nine licence blocks situated in the western Anti-Atlas Mountains, 30 km south of the Company's Azrar copper-silver project.

The Project is located approximately 465 km south of the capital Rabat, 165 km southeast of the port city of Agadir, and 50 km southeast of the Tizert copper mine which is operated by Managem.

Late Ediacaran to early Cambrian Adoudounian sediments occurs within the Project along the margins of the Proterozoic Tagragra de Tata Inlier.

Exploration work on the Project has identified copper mineralisation hosted within late Ediacaran to early Cambrian age Adoudounian sediments and also within the lower limestone and dolomitic units of the overlying Tata Project, occurring along the flanks of the Proterozoic Tagragra de Tata Inlier.

The results indicate the presence of stratiform sedimentary copper at the Project with an unexplored strike length of c. 16 km remaining untested along the northern flank of the inlier and a further c. 9.5 km of strike along the southern margin of the same inlier. Published historical geological maps (2002) indicate anomalous copper and gold were identified 6 km along strike from samples reported in this announcement along the northern margin of the inlier (although the grades from the historical samples are not available).

Exploration on the project has reported 2.05 % Cu from a dolomite float sample located adjacent to the contact between Adoudounian sediments and the Proterozoic inlier. Other results include 0.95 % Cu from a 4 m thick dolomitic sequence and 0.87% Cu from an 8 m thick sequence of dolomite and marl.

Tata represents a significant copper play with c.25.5 km of Adoudou Formation strike extension remaining untested within the Project.

Our internal review of the sedimentary copper found in the western Anti-Atlas indicates that it typically occurs within the Basal Series and Lower Limestone units of the Adoudou Formation. These initial results correlate stratigraphically with this observation made on other nearby copper occurrences; however, copper mineralisation has also been reported from the younger, overlying sediments of the Cambrian-aged, Tata Group. The Project hosts a mapped historical copper-gold and gold occurrence.

The Business Model

Our strategy is to develop a business model based on cooperation and seeking new partnerships with proven, profitable producers to improve production and health & safety while evaluating and acquiring new greenfield opportunities and generating revenue.

In Rwanda, by entering into joint venture agreements, wherein the Company shares in the production from the provision of capital equipment, Aterian can deploy capital on existing producing and profitable mines to increase productivity while greatly improving safety standards significantly to significantly increase productivity while greatly improving safety standards. This partnership strategy allows the local community to secure the long-term future of the mine.

By contributing operational support and providing the small-scale miners in Rwanda with working capital, health and safety oversight, and mechanised equipment, the opportunity exists to consolidate inefficient but producing and profitable small-scale mines to create a tin, tungsten, and tantalum mining producer and trading company in Central Africa. Relatively small capital expenditure on mechanisation, technology and safety equipment is needed to upgrade the sector to a safer and semi-mechanised state, thereby significantly increasing production, which is low compared to the proven potential. We aim to generate the revenues required to support and fund further exploration across the Company's asset base of ethically sourced strategic and critical metal projects.

The Company remains active in identifying and evaluating further opportunities across a range of commodities and jurisdictions.

Environment, Social and Governance Policy

Our Communities

We believe it is our corporate responsibility to deliver returns by being a responsible investor and partner in all the communities in which we engage.

Minimising our impact on the environment is a strong company focus, and this includes reducing our carbon footprint and water usage, reforestation, protecting biodiversity and monitoring the impact of climate change on our supply chain, customers and business model.

The Group has started the process of integrating the Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainable Development Goals (SDG) disclosures and will be added in future reporting.

As part of our efforts, we actively participate in a clean water programme that provides the local community with access to clean drinking water through the provision of water tanks and supply systems. We also support community aid programmes that assist vulnerable members. We participate in community engagement and whistleblowing programmes which allow for better community feedback.

Employee and Greenhouse Gas (GHG) Emissions

The Company seeks to minimise carbon or greenhouse gas emissions. Management is in the process of collating data to support and issue carbon reduction targets. The Group uses less than 40,000 kWh of energy per annum. It does not have responsibility for any emissions producing sources under the Companies Act 2006.

Our People

Aterian operates within a favourable framework for labour relations based on a non-discriminatory, equal opportunities employment system that respects diversity and facilitates communication at all levels of the Group. The Group provides a healthy and safe working environment by implementing the best available international practices and procedures.

Equal Opportunity

The Company promotes a policy for the creation of equal and ethnically diverse employment opportunities including with respect to gender. The Company promotes and encourages employee involvement wherever practical as it recognises employees as a valuable asset and is one of the key contributions to the Group's success.

Communication

Aterian promotes and encourages the establishment of broad communication channels and continually seeks opportunities for conversation with its various stakeholders to ensure that business objectives remain in tune with social needs and expectations. The Company will always seek to provide relevant, transparent, and accurate information about its activities and encourage continuous improvement in this area.

Eastinco Limited currently provides the maintenance on 65 solar water purification units that are donated free of cost to schools in Rwanda. Each unit is 100% solar-powered and can provide safe UV-filtered and bacteria-free drinking water for up to 400 school children and teachers. This clean water initiative helps to provide safe drinking water to over 26,000 children.

Risks

Risk management is one of the core responsibilities of the Board and it is central to the decision-making process. The Board's fundamental duties as to management are:

- Assessing (quantitatively and qualitatively) the principal risks to the Company. Principal risks are those risks or combination of risks that could seriously affect the performance, future prospects or reputation of the Company;
- Recognising and assessing emerging risks. Emerging risks are those which have not yet occurred but are at an early stage and anticipated to increase in significance over the medium to long term time horizon;
- Risk management oversight and promotion of a risk mitigation culture.

Principal Risks and Uncertainties

The Group operates in an uncertain environment and is subject to several risk factors. The Directors have carried out a robust assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity. They consider that the following are the principal risk factors that could materially and adversely affect the Group's future operating results or financial position.

Deterioration in the Metal Markets in Particular

There is a risk that changes in the relevant law and legislation could have an adverse effect on the Group's future performance, expected return and or feasibility of any project. The Group is also exposed to general macroeconomic risk, including changes in the economic outlook in its principal markets and government changes in industrial, fiscal, monetary or regulatory policies. The Board continues monitoring developments in the market in order that it can adapt its strategy. The management team has wide-ranging expertise in capital markets, mineral exploration, and trading which, together with a flexible cost structure, enable the Group to adapt its organisation to changes in circumstances.

Funding Risk

Although the Group has sufficient working capital for at least 12 months from the date of this report, the Group may not be able to obtain additional financing as and when needed which could result in a delay or indefinite postponement of exploration and development activities. In common with many exploration entities, and prior to trading revenue generation the Group will need to raise further funds to progress the Group from the exploration phase into feasibility and eventually into the production of revenues.

Dependence on Key Personnel

The Company has a small management team, and the loss of a key individual could have an adverse effect on the future of the Group's business. The Group's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. There can be no assurance that the Group will be successful in attracting and retaining such personnel. The Group seek to create a workplace that attracts, retains, and engages its workforce. Efforts are also made to attract new talent and skilled people.

Environmental Risk

There may also be unforeseen environmental liabilities resulting from both the future and/or historic exploration or mining activities, which may be costly to remedy. In addition, potential environmental liabilities as a result of unfulfilled environmental obligations by the previous owners may impact the Group.

If the Group is unable to fully remedy an environmental problem, it may be required to stop or suspend operations or enter interim compliance measures pending completion of the required remedy. Environmental management systems are in place to mitigate environmental hazard risks. The Group uses advisors with specialist knowledge in mining and related environmental management for reducing the impacts of environmental risk.

Climate Change Risk

Climate change and associated regulatory actions to reduce its impact may affect our suppliers, customers and business model, and consequently may affect Aterian's operations and growth. This impact could be amplified by the perception that the Company is undertaking activities that are harmful to the environment. The Group is working towards implementing the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"). As our understanding of the impacts of climate change and possible responses continue to evolve, we will refine our assessment of climate-related risks and pursue further initiatives to enhance our climate resilience and climate-related financial disclosures. The Board is responsible in overseeing the Group's environmental, safety and health, and corporate social responsibility programmes, policies, and will put into place measures to monitor performance on these matters, and constantly strives to reduce the environmental impact of our operations.

RISKS				
Type		Description	Level	Mitigation
Strategic	Assets Commodities Jurisdictions	Mining operations are now spread across assets: 3 Projects in Rwanda & 15 Projects in Morocco. Production risk has been mitigated somewhat by commodity and jurisdictional diversification.	Medium	Continue seeking acquisitions and joint ventures to further diversify assets, commodities and countries
Strategic	Mineral resources and reserves	Aterian must continually replace and/or expand exploration projects and joint-ventures. The depletion or loss of our potential mineral reserves may not be offset by future discoveries and/or acquisitions.	Low	Applications pending to expand existing license areas and to co-produce with artisanal groups
Strategic	Project Expenditure	The expansion and investment into 18 projects requires capital expenditure. Project delays could stem from difficulties obtaining capital, licences, permits, or other causes outside our control.	High	Seeking to engage in joint-venture exploration, earn-ins, and further looking to diversify suppliers and funding sources.
Commercial	Commodity Pricing	Commercial viability is dependent upon the commodity pricing being above threshold cost levels.	Medium	Seeking to diversify earnings to be more volume dependent and less price dependent with the launch of a trading operation.
Commercial	Customers	The global market for Tantalum is relatively small and a limited number of off-takers and/or traders will be purchasing the ore. Any reduction to the number of customers could impact pricing	Low	Seeking to establish trading arm to increase customer base and improve price transparency

Type		Description	Level	Mitigation
Commercial	Inputs & Equipment	Replacement capital equipment, perishables, and inputs, such as grid electrical power, diesel are critical to operations and the ready supply and pricing of such items is influenced by factors outside of our control.	Medium	Production diversification from JVs with artisanal producers can minimise capex and dependence on own production.
Commercial	Taxation & Government Stability	The companies are subject to laws and regulations relating to taxation, customs and excise, and potential foreign exchange controls that could have an adverse effect on our business, financial conditions and results of operations	Medium	Diversification of jurisdiction will reduce exposure to any single country taxation change
Commercial	Economic conditions	Global economic conditions or changes in consumption patterns relating to renewable or green metals and/or specialty metals may adversely affect our growth and profitability.	Medium	Monitor market fundamentals and look to further diversify metal portfolio
Operational	Dependence on key infrastructure	We are dependent on transportation facilities, logistical supply lines, infrastructure and certain suppliers, a lack of which could impact our production and development projects.	Medium	Seeking alternative logistical routes for product and material supply import and export
Operational	Operational risks and hazards	Operational risks and hazards may adversely impact our business, financial condition and result of operations, particularly: floods, natural disasters, industrial accidents, labour disputes, structural collapses, transportations delays and earthquakes.	High	Insurance & Diversification & HR Training
Operational	Water, electricity and other key supplies	Our mining operations depend on the continual availability of water, electricity and other key inputs	Medium	Diversification of supplies where applicable
Operational	JV & Labour Disputes	We may be adversely affected by labour disruptions and/or disputes with partners over the terms and conditions of any joint venture agreement.	High	Engaging with ESG advisory platform to assist with community engagement

Political Risk

All countries present a certain level of political risk which may ultimately disrupt business operations for some period of time. However, the Company's subsidiary management teams possess extensive experience operating in Rwanda and Morocco. Our local joint venture partners and subsidiary management teams maintain excellent communication with local stakeholders, ensuring that they have the necessary knowledge and expertise to assist the Company in mitigating any political risk associated with any particular project investment. Together, we are committed to providing effective management and reducing the likelihood of political risk adversely affecting the Company's operations.

Estimates of Mineral Reserves and Resources

Mineral resources are estimates and no assurance can be given that any particular grade or tonnage will be realised or that they will be converted into ore reserves or will ever qualify as a commercially mineable (or viable) deposit that can be legally and economically exploited.

As a result of these uncertainties, there can be no assurance that any potential mineral resources defined by the Group's exploration programmes will result in profitable commercial mining operations. The Directors are confident that they have put in place a strong management team capable of dealing with the above issues as they arise.

Corporate Responsibility

We have defined the scope of our Group's responsible business practices as falling within the following key focus areas:

- Health and Safety – ensuring the safety and well-being of our staff
- Environment – managing our environmental impact areas of waste, energy and water
- Employees – supporting our people to develop and flourish within the business
- Community – positive interaction with the communities in which we operate
- Ethical Standards – operating to the highest ethical standards

We remain committed to ensuring these activities become embedded in how we operate and contribute to the success of our business. These include not only identifying and managing business risk but exploring opportunities to add value to the business.

Gender Analysis

- A split of our directors by gender at the end of the financial year is: Male: 6 and Female: nil.
- A split of our senior managers by gender at the end of the financial year is: Male: one and Female: one
- A split of our employees by gender at the end of the financial year is: Male: 10 and Female: 4.

The Board recognizes the need to operate a gender diverse business and will ensure this is reviewed during 2023. The Board will also ensure any future employment considers the necessary diversity requirements and compliance with all employment law. The Board is satisfied that it has the experience and sufficient training and qualifications to operate this business at this stage of its development.

Health and Safety

The Group has maintained strict compliance with its Health and Safety Policy and is pleased to report that there were no lost-time accidents during the year.

Environment

No Group Company has had or been notified of any instance of non-compliance with environmental legislation.

Key Performance Indicators

The Group uses some strategic key performance indicators ("KPIs") to measure our financial and non-financial performance. The KPIs, to be utilised from 2023, are linked to our strategic objectives to help assist in the measure of business performance. The previous set of KPIs for 2022 was based on the Musasa mine achieving full operational capacity; given the suspension of operations on this project, we are establishing new KPIs which are focused on the new trading business and exploration activities.

The most important KPI in 2022 has been the level of cash within the business. Other measures are considered by management to be some of the most important in evaluating the overall performance of the Group year on year.

1. Concentrate purchased (tonnes acquired from small-scale miners through the trading business)
2. Concentrate exported (tonnes traded)
3. Hectares under exploration

Other Non-Financial Information

The Board acknowledges that a strong business relationship with current and future service providers and future customers is a vital part of the growth.

Aterian's core values and principles and the standards of behaviour to which personnel across the Group are expected to work, are set out in the Group's Code of Conduct.

These values and principles are applied to our suppliers and our stakeholders. The Group has detailed policies and procedures in place on a range of relevant areas such as business ethics, diversity and inclusion, insider dealing and share dealing and human rights and modern slavery

We value the feedback we receive from our stakeholders, and we take every opportunity to ensure that where possible their wishes are duly considered. In conducting its activities, the Board has regard to and respect for human rights and the Company's impact on society and local communities. In January 2023, the International Tin Supply Chain Initiative ("ITSCI"), a programme for responsible mineral supply chains, approved our application in Rwanda and granted Membership Status to the Company. The ITSCI programme supports better governance, human rights, and stability in conflict-affected areas and monitors supply chains allowing metal users to demonstrate responsible sourcing of raw materials within the framework of the ITSCI principles, aligned with the 2016 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Policies and procedures have been established for strong corporate governance including anti-corruption and anti-bribery matters.

Viability Statement

Aterian has assessed the prospects of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Directors confirm that they have a reasonable expectation that Aterian will continue to operate and meet its liabilities, as they fall due, over the next three years. The Directors' assessment has been made with reference to Aterian's current position and prospects, our strategy, the Board's risk appetite and Aterian's principal risks and how these are managed, as detailed in the Strategic report.

The Board reviews our internal controls and risk management policies and approves our governance structure and code of conduct. It also appraises and approves major investment and financing decisions and evaluates and monitors the performance and prospects of Aterian as a whole. The focus is on continuing to apply the Group's disciplined approach to investment and build our asset portfolio to sustain our long-term financial performance.

The Board reviews strategy and makes significant investment decisions based on an assessment of return on capital, the performance of the Company, and the outlook for commodities over the expected life of its exploration assets which typically extend for more than ten years. However, since many external factors, such as commodity prices, become increasingly unpredictable over longer time horizons, Aterian focuses its detailed planning on a shorter three-year outlook. Equity funding and working capital facilities are normally focused on this timeframe.

The base case financial projections are reviewed and approved at least annually by the Directors. The Directors believe that a three year assessment period for the viability statement is most appropriate as it aligns with the Group's well established business planning processes that balance the long-term nature of our exploration assets with an assessment of the period over which analysis of near-term business performance is realistically visible.

Assessment Process and Key Assumptions

Our assessment of the Group's exploration assets, their investment needs and associated working capital requirements typically covers a period of at least three years. Investment decision-making, including our acquisition of the Moroccan assets in 2022, considered both near-term exploration requirements and long-term mine-plans.

Our financial budgets covering this period are based on several key assumptions, the most important of which include exploration expenditure requirements, commodity prices, anticipated trading volumes, exchange rates and controlling our overhead cost base. On this basis, the Group would expect to remain within its agreed borrowing facilities. Our working capital facility is initially for a two-year period but can be extended if required.

Assessment of Viability

Assessment of the Group's viability is based on the Group's medium-term planning horizon and the anticipated availability of investment funding borrowing facilities. The process is results driven as exploration expenditure is largely discretionary. This is directly related to the following principal risks: commodity prices (including copper and tantalum), geopolitical events and macro-economic changes in interest rates and inflation. Other risks are either likely to manifest outside the viability period or will be addressed by general mitigating strategies available to the Group such that they are unlikely to jeopardise the Group's viability.

The review also assumes there are no additional acquisitions during the period and that the Group's existing revolving credit facilities are refinanced on maturity. The Directors, therefore, have a reasonable expectation that even under the severe but plausible scenario, the Group will be able to continue in operation and meet its liabilities as they fall due.

Section 172 Statement

The Directors are aware of their duty under 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Board recognises that the long-term success of the Group requires positive interaction with its stakeholders. Positive engagement with stakeholders will enable our stakeholders to better understand the activities, needs and challenges of the business and enable the Board to better understand and address relevant stakeholder views which will assist the Board in its decision making and to discharge its duties under Section 172 of the Companies Act 2006.

In the following section we identify our key stakeholders, how we engage with them and key activities we have undertaken during the period in question.

Shareholders

Aterian Plc engages with its shareholders. Shareholder support is vital to our success, and we seek out and listen to shareholders' opinions.

We have an open dialogue with our shareholders from direct conversation, meetings, and via digital platforms and social media. We also utilise a dedicated financial and investor public relations platform as well as social media to provide video, audio, and photos of our activities and our progress.

Shareholder feedback is communicated to the Board in meetings with shareholders on a regular basis and more formally in General Meetings, and the views of shareholders considered in our decision making.

In October, the Company completed the acquisition of Aterian Resources and the Company's shares were admitted to the London Stock Exchange's Main Market for listed securities (the "Admission). The acquisition provides investors with an opportunity to invest in Africa and specifically the critical and strategic minerals space, which the Company believes will grow over the coming decades owing to the development of the renewable energy, automotive and electronics manufacturing industries.

The Board believes that listing on the Main Market of the London Stock Exchange represents a significant step for the Company as it seeks to grow and create as well as ultimately realise value for shareholders. Admission has increased the visibility of the Company's activities and business as a whole, while the strong reporting and compliance structures associated with the Main Market help to enhance the liquidity in the Company's shares as well as improve the Company's access to capital.

Colleagues

Our team is made up of a diverse set of individuals critical to our success. Regular and active communications amongst the teams allows us to balance the Company's success with individual health, safety, well-being, and career development.

In 2022 the team actively communicated on a regular basis including two site conferences to develop and support frank and direct colleague communications. Additionally, the Company announced two joint-venture operations with new partners of the course of the year; the Company includes our joint-venture partners in our colleague communications.

Suppliers

We have strong relationships with our suppliers who have been incredibly supportive and patient through a time of significant strategic change. This support has allowed longstanding relationships to develop and become mutually beneficial. We engage with suppliers to optimise the delivery of key supplies, especially capital equipment. The Board recognises that relationships with suppliers are important to the Company's long-term success and is briefed on supplier feedback and issues on a regular basis.

Communities

We are pleased to engage with the communities in which we operate to build understanding and trust. Our operations at present are joint-venture operations with partnerships involving long standing local community partners. We recognise that we have a significant impact on the local communities and that local issues are important. The Board focuses on opportunities to support local causes and issues. We combine this with creating opportunities to recruit and develop local peoples' careers. Our community involvement includes working with local government, community, and organisations to leverage our presence to improve local health and safety. The key issues and themes across local communities are reported back to the Board on a regular basis. We consider the long-term environmental impact of decisions both locally and nationally with a view to long term land reclamation and the improvement of use.

Customers

We seek to mine utilising mechanisation and industrial methods to deliver high quality products. Our ambition is to deliver significant quantities of best-in-class product to our trade customers.

We intend to build strong lasting relationships with our trade customers and spend considerable time with them to understand the market, their needs, and views. We use this knowledge to inform our decision-making, for example, our final tantalum product will initially be sold in-country, where a number of international metals buying companies are established and have operated for a number of years. This will allow for us to build quantities to sufficient levels prior to foreign sales and off take agreements.

Advisors

The Company seeks the advice of its legal and/or corporate advisor in communications and decision making with all stakeholders. Our advisors are critical in our communications with compliance and regulatory bodies including the London Stock Exchange, the FCA and the Takeover Panel.

Post Balance Sheet Events

In January 2023, the International Tin Supply Chain Initiative ("ITSCI"), a programme for responsible mineral supply chains, approved our application in Rwanda and granted Membership Status to the Company.

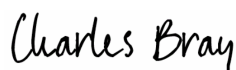
ITSCI membership allows the Company to develop its metal trading business which is being built on local partnerships aligned with Rwanda's long-term mining development goals. Aterian, through Eastinco Limited, holds a Rwandan metal Trading License allowing it to purchase concentrates from third parties and export directly to refiners or sell to other international trading houses. The Company is negotiating a trade finance partnership and credit facility, to support the growth of this part of the business and which involves no dilution to shareholders. We are also in discussions with a few major metal refineries to process concentrates. Working in partnership with existing artisanal producers in Rwanda we expect to deliver substantial productivity gains that will benefit local communities as well as deliver increased material for our trading business.

Outlook

As a Board, we believe the outlook for Aterian remains very positive. We have encouraging results coming back from preliminary work on the recently acquired Moroccan projects and have identified a new rare-metal hosting pegmatite swarm in southern Rwanda with lithium potential. We recently attended the Mining Indaba in Cape Town where we received strong trade interest that supports and vindicates our strategy to target critical and strategic metals through the expansion of our portfolio. The market fundamentals remain strong for the Group. I remain firmly optimistic about the Group's prospects going forward and am encouraged by our developing relationships. Furthermore, the launch of our trading operations will allow us to develop more important relationships to drive product trading and revenues.

On behalf of the Company, I would like to take this opportunity to once again thank my fellow Board members, our employees, and our shareholders for their continued support and patience.

Signed on behalf of the Board:



Director
28 April 2023

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2022.

General Information

The Company is a public limited company with its shares admitted to the Official List (by way of Standard Listing under Chapter 14 of the Listing Rules) of the London Stock Exchange's Main Market for listed securities and is incorporated and domiciled in the UK. The address of its registered office is 27-28 Eastcastle Street, London W1W 8DH.

The registered number of the company is 07496976.

Principal Activities

The Group operates in Rwanda as an explorer, developer, and trading company. The Group operates in Morocco as an explorer. In Morocco, Aterian is advancing a portfolio of 15 primarily copper and silver projects, covering 762 km² with the Company holding a 100% interest. These projects are targeting copper and silver, as well as base metals, that are experiencing growing demand globally from the drive towards electrification and from use in renewable energy production.

The Group seeks to support ethical and sustainable supply chains by developing its asset portfolio of critical and strategic mineral resources into production assets.

Cautionary Statement

The review of the business and its future development in the Strategic Report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose.

The review contains forward-looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of the reports and should be treated with caution due to the inherent uncertainties associated with such statements. Forward-looking statements are based upon certain material factors that were applied in drawing a conclusion or making a forecast or projection, including assumptions and analyses made by the Group in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. The material factors and assumptions upon which such forward-looking statements are based include: commodity prices in relation to copper and tantalum, the stability of the global economy; the stability of local governments and legislative background; the relative stability of interest rates and the equity and debt markets continuing to provide access to capital.

Results and Dividends

The results of the Company are set out in detail in the Financial Statements.

Given the nature of the business and its growth strategy, it is unlikely that the Board will recommend a dividend in the next few years. The Directors believe the Company should improve performance to generate profits to fund the Company's growth strategy over the medium term.

Business Review and Future Developments

Details of the business activities and developments made during the period can be found in the Strategic Report and in Note 1 to the Financial Statements respectively.

Financial Instruments and Risk Management

Disclosures regarding financial instruments are provided within the Strategic Report and Note 19 to the Financial Statements.

Capital Structure and Issue of Shares

Details of the Company's share capital, which comprises ordinary shares, together with details of the movements during the year are set out in Note 20 to the Financial Statements. The Company has one class of ordinary share which carries no right to fixed income. There are no restrictions on the transfer of shares.

Directors' powers

The Directors may exercise all the powers of the Company, subject to applicable legislation and regulation and the Company's Articles of Association. The Company's Articles of Association may be amended by special resolution of the shareholders.

At the AGM held on 26 September 2022, authority was given for Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company up to a maximum aggregate nominal amount of £2,411,735.23. Such authority shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, 12 months from the date of passing this resolution.

Substantial Interests

As at 27 April 2023, the significant shareholders of the Company were as follows:

Largest Shareholders & Director Holdings	27 April 2023
ELEMENTAL ALTUS ROYALTIES	25.00%
SUMMERHILL TRUST COMPANY (ISLE OF MAN) LIMITED	9.99%
<i>MR CHARLES BRAY & Related Parties</i>	8.11%
AURORA NOMINEES LIMITED	4.60%
SPREADEX LIMITED	2.65%
<i>*MR DANIEL L HOGAN</i>	3.41%
<i>*MR STEPHAN C M KNOEF</i>	3.22%
THE BANK OF NEW YORK (NOMINEES) LIMITED	3.50%
JAMES KREITMAN	3.06%
BARNARD NOMINEES LTD	2.11%
MR SIMON ROLLASON	2.07%
<i>*MR MICHAEL PAUL STATEN</i>	1.81%
REBA GLOBAL PTY LTD	1.52%

Concert Party Holding

As of 31 March 2023, C Bray, M Staten, D Hogan and S Knoef together, forming a Concert Party, hold 159,675,500 ordinary shares of £0.01 or 16.55% of the outstanding share capital.

Beneficial Interest in Employee Benefit Trust

The Company has a beneficial interest in its own shares through a nominee company. The shares are held in an Employees Benefit Trust (The Equatorial EBT) for the benefit of its employees. This is intended to constitute an employee's share scheme within the meaning of the section 1166 of the Companies Act 2006.

The shares are held by Summerhill Trust Company and administered by IQ-EQ, formerly First Names Trust Company (Isle of Man) Limited and total 96,397,400 or 9.99% as noted in the above table. The shares have nominal value of £963,974 of the called-up share capital of the Company.

To date options to purchase 96,397,400 of the shares have been granted to current and previous directors or managers under share option agreements as disclosed in the note 20 of the financial statements.

Directors and Directors' Interests

The Directors who served in office since the beginning of the financial period are shown below:

- S J Retter* (resigned 17 March 2023)
- D Marais
- C Bray*
- S Rollason*
- Alister Hume (appointed 24 October 2022)
- Kasra Pezeshki (appointed 24 October 2022)

Charles Bray is a member of a management "Concert Party" holding 159,675,500 ordinary shares of £0.01 or 16.55% of the outstanding share capital. The Concert Party includes former directors Mike Staten and Simon Retter, Daniel Hogan, the former Eastinco Limited director, and Stephan Knoef, former Eastinco Limited director. Simon Rollason holds 20,000,000 ordinary shares of £0.01.

As at the date of this report the interests of the directors in the ordinary shares of the Company are as follows:

Director	Ordinary Shares	Options in the EBT Scheme	Total	% (Percentage of total issued share capital)	Warrants
S Rollason	20,000,000	-	20,000,000	2.07%	-
D Marais**	14,670,000	4,000,000	18,670,000	1.94%	6,670,000
C Bray*	78,270,000	22,250,000	100,520,000	10.42%	26,669,999
Alister Hume	-	-	-	0.00%	-
Kasra Pezeshki	-	-	-	0.00%	-

Details of the Directors' fees and options granted are given in the Remuneration Report. None of the Directors exercised any of their warrants or options during the year (2021: nil).

*Charles Bray is deemed to have control over Edlin Holdings Limited and as such Edlin Holdings Limited is a related party in relation to Charles Bray's Director holdings. ** D Marais holds shares through Reba Global Pty Ltd.

Directors Biographies**Charles Bray, Aged 55, Chairman**

Charles has over 30 years of experience, primarily focused in financial markets. A graduate of Yale University with a degree in Economics, Charles originally worked for O'Connor & Associates in both Philadelphia and New York as an exchange derivatives trader.

In 1994, he joined the London derivatives team of Paribas Capital Markets, following which he joined Credit Suisse to eventually manage the Equity Convertible Finance Group which specialised in structuring, trading, and managing privately issued corporate debt, equity, and equity-linked products with a focus on small-mid cap issuers. In 2002.

Charles founded the fund management and capital markets boutique, Astin Capital Management Ltd. Charles joined the Board of Eastinco in 2019 to lead its strategic refocus and recapitalisation which led to its move into Rwanda and the pursuit of corporate transactions to improve its growth and diversification prospects.

Simon Rollason, Aged 56, Director

Simon has 30 years of international exploration and mining experience, having worked on a wide range of commodities and geological terranes, developing & building projects, and companies. He completed a BSc (Hons) degree in geology from the University of the Witwatersrand, South Africa. He has broad corporate exposure ranging from multi-nationals to junior and start-up companies, with a strong operational background in African countries and within the CIS. He has operated in both open pit and underground mining environments, managed both surface and underground exploration on greenfield to brownfield projects and producing assets.

Devon Marais, Aged 28, Non-Executive Director

Devon is a South African National experienced in technology, renewables, and mining. He is the founder of a solar energy provider, which solar powered over 300 homes in South Africa, Malawi, Zambia and Uganda and co-founder and managing partner of Reba Group, which specialises in financing and commercialising high-profile technologies in Africa. Devon joined Eastinco as non-executive director in June 2018 when ARQ took an interest in the Company.

Kasra Pezeshki, Aged 39, Non-Executive Director

Mr Pezeshki has over 17 years of experience in investment banking, structured finance, and private equity at institutions such as UBP, Morgan Stanley, Adveq, Bank of America and Enveq in London, New York, Geneva, and Zurich. Until recently he was the CIO at UK's first large-scale Gigafactory developer. Kasra is the co-founder and director of Enveq Investments, where he has originated, structured and executed deals for a wide range of clients varying from corporates to family offices, as well as having made direct investments in venture capital and private equity. Kasra holds a 1st Class BSc (Hons) degree from the Electrical and Electronic Engineering Department of the University of Hertfordshire and an MSc in Computer Science from Imperial College London.

Alister Masterton-Hume, Aged 35, Non-Executive Director

Mr Masterton-Hume was previously the Chief Investment Officer of Altus Strategies plc. Alister is an experienced investment and business development manager with over a decade of experience working in private equity and capital markets in the natural resources industry.

He has gained international exposure to the sector through his roles as an investment advisor at Morgans, Australia's largest corporate broker, an investment manager at The Sentient Group, a US\$2.7b private equity fund focused on metals and mining, and as director of business development at KoBold Metals, a data science-led resource investment vehicle. Alister previously held board positions for East Africa Copper and Meridian Mining (TSXV: MNO). He holds a Bachelor of Commerce (Finance and Accounting) from Sydney University and has completed level I of the CFA programme in 2020. He is currently enrolled in level II.

The Board upholds the importance of sound ethical values and behaviour not only because it is important to the Company to successfully achieve its corporate objectives and to transmit this culture throughout the organisation but also to set a benchmark and send a signal of what it will and will not do in the jurisdictions in which the Company may operate.

The Company is incorporated in the UK and governed by the Companies Act 2006 which requires the Company to conform with the various statutory and regulatory provisions in the UK. The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the 'QCA Code') and the Board recognises the need to maintain a high standard of corporate governance as well as to comply with the Listing Rules to safeguard the interest of the Company's stakeholders.

Going concern

The financial position of the Group, its cash flows and liquidity position are set out in these financial statements. As at 31 December 2022, the Group had cash and cash equivalents of £110,000 and a working capital facility of £500,000. As at the date of this report, cash balances were approximately £218,000 and the Group had £50,000 remaining to be drawn on its working capital facility. The Company also hopes to raise additional equity to fund both day-to-day expenditure and potential growth although there can be no certainty that such funding will be forthcoming.

The Company's base case financial projections show that the Group will continue to operate within the available facilities throughout the next 12 months. Much of the Group's planned exploration expenditure is discretionary and, if necessary, could be scaled back to conserve cash should circumstances coincide with our expectations.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Further details are given in Note 2 to the financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Group has prepared monthly cash flow forecasts based on reasonable estimates of key variables including operating costs and capital expenditure through to September 2024 that supports the

conclusion of the Directors that they expect sufficient funding to be available to meet the Group's anticipated cash flow requirements to this date.

The assessment as to whether the going concern basis is appropriate has also taken into account all information available up to the date of authorisation of these financial statements.

The Group will need additional funding to finance ongoing operations and any acquisitions it might make. Whilst there can be no guarantee that sufficient funds will be raised, the Board is confident that sufficient additional capital will be raised to ensure adequate funds are available to the Group. The Directors have concluded that these circumstances give rise to a material uncertainty relating to going concern, arising from events or conditions that may cast significant doubt on the entity's ability to continue as a going concern if a further fund raise was unsuccessful. However, considering recent successful fund raises the Directors are confident that they can continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any adjustment that may arise in the event that the Group is unable to raise finance, realise its assets and discharge its liabilities in the normal course of business.

The Directors are not aware of any other indicators which would give doubt to the going concern status of the Group.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director, in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Donations

No political or charitable donations have been made in the year ended 31 December 2022.

Directors' Insurance

The Company has maintained throughout the year directors' and officers' liability insurance for the benefit of the Company, the Directors and its Officers.

Supplier Payment Policy

Our suppliers are key business partners, and the quality of raw materials and services we receive are essential to our business and its growth.

It is the Company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction, and to abide by the terms of payment.

Auditors

MHA MacIntyre Hudson were appointed as auditors during 2022 following the resignation of Adler Shine LLP.

They have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the next Annual General meeting.

This report was approved by the Board on 28 April 2023 and signed on its behalf by:

A handwritten signature in black ink that reads "Charles Bray". The script is cursive and fluid.

Charles G Bray
Director
28 April 2023

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted").

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the corporate governance report confirm that, to the best of their knowledge:

- the Group and Company only financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted"). and international financial reporting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces. In the case of each director in office at the date the directors' report is approved:
- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

The Directors' Responsibility Statement was approved by the Board on 28 April 2023.



Charles G Bray
Director
28 April 2023

The Directors have established an audit committee, a nomination committee and a remuneration committee with formally delegated duties and responsibilities.

Audit Committee

The Audit Committee comprises of Kasra Pezeshki and Devon Marais, and its mandate includes, among other duties and responsibilities: monitoring the financial reporting process and systems of internal control; monitoring the independence and performance of the external auditors; and, reviewing internal and year-end financial statements and other legal and regulatory filings for approval by the Board of Directors. This Committee is chaired by Devon Marais.

Remuneration Committee

The Remuneration Committee comprises of Alister Masterton-Hume and Devon Marais, and its mandate is to set the over-arching principles, parameters and governance framework of the Company's remuneration policy and the remuneration of Senior Executives. This Committee is chaired by Devon Marais. The Remuneration Committee resolved to appoint Alister Masterton-Hume on the basis of his experience in investment and business development with over a decade of working in private equity and capital markets in the natural resources industry. We based our appointment on merit making use of objective selection criteria, with the aim of optimising the mix of skills, experience, diversity and perspectives necessary for the Company to achieve its strategic objectives now and in the future.

Nomination Committee

The Nominations Committee comprises of Kasra Pezeshki, Alister Masterton-Hume and Devon Marais, and its mandate is to review the structure, size and composition of the Board and its Committees, and to review succession planning for Board and Senior Management. This Committee is chaired by Kasra Pezeshki. The Nominations Committee resolved to appoint Alister Masterton-Hume on the basis relevant experience capital markets in the natural resources industry. Likewise, the Committee appointed Kasra Pezeshki on the basis of his relevant experience in financial markets and the natural resources sector.

Corporate Governance Code

The Company and its subsidiaries are required to comply with a recognised corporate governance code, demonstrating how the Group complies with such corporate governance code and where it departs from it. The Company has decided to apply the QCA Corporate Governance Code ("QCA Code"), which is specifically designed for growing companies, as the Corporate Governance framework to ensure adequate corporate governance standards as befits the nature of the Company's business and the stage attained in the continuing evolution of the Company, and in-line with its corporate strategy and business goals.

The QCA Code sets out ten principles by which the code may be applied to any company. These principles are outlined below as a demonstration of how the Company meets these requirements. The Board follows and applies the principles of the QCA Code, and the Company will provide annual updates on its compliance with the QCA Code in its Annual Report.

Principle 1. Establish a strategy and business model which promote long-term value for shareholders

The Company seeks to secure the acquisition of critical and strategic mineral resource assets relating to exploration, development, and trading across Africa. The Company can deploy capital on profitable mines to significantly increase productivity and improve safety.

The opportunity exists to acquire and consolidate existing inefficient mines to create a tin, tungsten, and tantalum mining company providing the capital expenditure for mechanisation, improved process technology and safety equipment needed to upgrade the sector and thereby significantly increasing production. The Company has a portfolio of exploration assets in Morocco where its primary target metal is copper which has strong long-term fundamentals and a key component in the supply chain for the global move towards sustainable electrification. The Company remains active in identifying further opportunities across a range of critical and strategic commodities and jurisdictions. The Company intends to achieve these goals while maintaining corporate governance principles in line with those outlined in the QCA Code. The key challenges in achieving this are the raising of sufficient capital to support exploration activity and attracting the right calibre of personnel to the Group.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board considers that good communication with shareholders, based on the mutual understanding of objectives, is important. In addition to the information included in the Company's annual and interim reports and required public announcements, there is regular dialogue between the Board and senior management and shareholders including regular presentations to investors, one-to-one meetings with major shareholders, in addition to specific meetings with shareholders relating to major transactions.

Through shareholder feedback, the Company ensures that it remains in touch with the information requirements of our shareholders, their expectations regarding their investment, and the motivation behind their voting decisions. The Directors consider shareholders' motivations and expectations to be broadly correlated with that of the Company and the Company's strategy.

The Company aims to update on key events within these categories frequently, and in a timely manner as events materialise. Directors recognise that shareholders require complete and timely information as a necessary input to their investment decisions. An up-to-date information flow is also maintained on the Company's website: <https://aterianplc.com/> which contains all press announcements, financial reports, as well as operational information on the Company's activities.

The Board also encourages shareholders to attend the Annual General Meeting, at which members of the Board are available to answer questions and present a summary of the year's activity and the corporate outlook for the Company.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board believes that long-term success relies upon good relations with a range of different stakeholder groups, both internal and external. Most importantly, however, we act with respect for people, communities and the environment.

Companies in the natural resources and commodities industries are particularly exposed to ESG challenges, in large part due to the unique combination of environmental issues, human rights issues and financial transparency. Given our involvement in businesses centred primarily on the very large and diverse African continent our mining projects may be obliged to deal in geographical regions lacking well developed legal systems or human rights protections.

As part of our business model, we identify the relationships on which the Company relies, including local populations, suppliers, customers, partners, and other stakeholders, and seek to maintain and improve these relationships in several ways but particularly through direct engagement.

We regularly seek to obtain, and act on, feedback from the population, our employees, our suppliers, and other parties with whom we transact, as to how we can best maintain and improve our interactions with each other.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board regularly reviews the risks to which the Company is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. The Board is ultimately responsible for the management, governance, controls, risk management, direction, and performance of the Group. The principal risks and uncertainties facing the Company at this stage in its development and in the foreseeable future are detailed in the Strategic Report, together with risk mitigation strategies employed by the Board. The Company also faces a number of financial risks such as liquidity risks. The Company's financial risk management policies are set out in Note 19.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Board of Directors currently comprises an Executive Chairman, Chief Executive Officer and three non-executive directors. All directors retire by rotation with at least one third submitting themselves for re-election each year at the Company's Annual General Meeting.

Executive directors of the Company are required to work such hours as are required to fulfil their obligations to the Company and have service contracts with a 3-month notice period. They are not precluded from having other outside business commitments.

Non-executive directors have letters of appointment with a 3-month notice period and are required to be available to attend Board meetings and to deal with both regular and ad hoc matters. Their letters of appointment provide no indicative time commitment, but they are required to devote sufficient time as may reasonably be necessary for the proper performance of their duties.

Independence of the Board

The Board considers that each of the non-executive directors to be independent in character and judgement (using the definition set out in the QCA Corporate Governance Code).

The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

The Board receives monthly report updates from the management team through monthly operational reports.

The Board and its' Audit and Remuneration committees are made up of the following members:

Director	Position	Status	Audit Committee	Remuneration Committee	Nomination Committee
Charles Bray	Executive Chairman	Not independent	–	–	–
Simon Rollason	Executive Director/CEO	Not independent	–	–	–
Devon Marais	Non-Executive	Independent	Chair	Chair	Member
Kasra Pezeshki	Non-Executive	Independent	Member	-	Chair
Alister Masterton-Hume	Non-Executive	Independent	-	Member	Member

Directors are expected to attend at least four Board meetings each year. The Board meets at least 4 times per annum however, the Board meets more frequently than this on an ad hoc basis.

The Company reports annually on the number of Board and Committee meetings that have been held and the attendance record of individual directors. During the year, six, Board meetings were held. The attendance of the Directors was as follows:

Number of Board Meetings in 2022	C Bray	S Rollason	S Retter	D Marais	K Pezashki	A Masterton-Hume
Totals	6	6	6	6	1	1

The Audit Committee is scheduled to meet at least 2 times a year but may meet more frequently regarding the Company's audit or on risk management issues. The Remuneration Committee is scheduled to meet at least once a year.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between its directors, it has an effective balance of skills and experience including technical and commercial mining industry knowledge and expertise and experience in sales, operations, performance improvement, finance, commercial law, and capital markets. Each Board member brings a mix of different capabilities which blend well into a successful and effective team.

Board members maintain their skillsets through practice in day-to-day roles enhanced with continuing professional development and specific training where required.

Biographies for each Board member are published on the Company's website and in the Directors' Report.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage of its development in accordance with general market practice.

Given its relatively small size, the Company has no formal succession planning process in place. Recommendations for Board-level and other senior appointments are put to the Board for approval by the Executive Chairman.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board also believes that a healthy corporate culture both protects and generates value for the Company. We therefore seek to operate within a corporate culture that is based on sound ethical values and behaviours. We do this using certain rule-based procedures (such as our formal Corporate Code of Conduct) and, more importantly, by the behavioural example of individual Board members and senior managers. These values, which we seek to instil throughout the Company, include integrity, respect, honesty, and transparency. As a small company these characteristics are far more visible to staff than might otherwise be the case. We also hold internal meetings at which Directors and staff discuss matters, both formally and informally.

The corporate culture of the Company is promoted throughout its employees and contractors and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies, including a Health & Safety Policy, Share Dealing Policy, and a Social Media Policy. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities.

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company and the way that employees behave. The exploration for, and development, of mineral resources can have significant impact in the areas where the Company and its contractors are active, and it is important that the communities in which we operate view Company's activities positively. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this is reflected in all the Company does.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is responsible for the long-term performance of the Company. There is a formal schedule of matters specifically reserved for the Board, in addition to the formal matters required to be considered by the Board under the Corporations Act. This list includes matters relating to:

- a) appointing executive directors and determining their remuneration;
- b) determining strategy and policy;
- c) reviewing and ratifying risk management and compliance systems and controls;
- d) approving major capital expenditure, acquisitions and disposals;
- e) approving and monitoring budgets and the integrity of financial reporting;

- f) approving interim and annual financial reports;
- g) approving significant changes to the organisational structure;
- h) approving any issues of shares or other securities;
- i) ensuring high standards of corporate governance and regulatory compliance; and
- j) the appointment of the Company's auditors.

The Executive Chairman's role involves both the leadership of the Board (including responsibility for the establishment of sound corporate governance principles and practices) and leading the Company's executive management team in the execution of its strategy. He also plays a pivotal role in developing and reviewing the strategy in consultation with the Board.

The Audit Committee monitors the overall effectiveness of our risk management processes and internal controls as understanding and effectively managing the Group's risks is fundamental to being able to execute our strategy. The executive management team is responsible for monitoring the controls and progress of actions to manage principal risks.

The Company has appointed a Chief Financial Officer who has responsibility for assessing financial controls, including the preparation and review of consolidated financial statements.

The QCA Code's recommendation is that the role of Chairman and Chief Executive are not combined, Aterian's use of an Executive Chairman reflects both the entrepreneurial nature and early stage of development of its business.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the Board, making operational and financial decisions required in day-to-day operations, providing executive leadership to managers, championing the Company's core values and promoting talent management.

The Independent Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge and are tasked with scrutinising the performance of management, providing constructive challenge to the executive directors, and ensuring that the Company is operating within the governance and risk framework approved by the Board.

The Company's Board established Audit, Remuneration and Nomination Committees to assist the Board in fulfilling its duties.

Financial statements are prepared with assistance from the management accountants and are reviewed by the Executive Chairman before being approved by the Board as a whole. Due to the current, relatively small size of the business, it is not considered appropriate to have an internal audit function.

Remuneration for both executive and non-executive directors is determined by the Board save that no Director is involved in deciding their own remuneration.

Given its relatively small size, the Company has no formal succession planning process in place. Recommendations for Board-level and other senior appointments are put to the Board for approval by the Executive Chairman.

The Company's corporate governance policies and procedures will continue to be reviewed regularly and may change further as its business develops and in response to further regulatory and other relevant guidance.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Company's activities, strategy, and financial position. Details of all shareholder communications are provided on the Company's website. The Company communicates with shareholders through its annual report and accounts, half yearly trading updates, its annual general meeting, regulatory news releases and one-to-one meetings with certain existing and potential new shareholders.

The Company's website includes the outcomes of shareholder votes cast at the Annual General Meeting and historic annual accounts, half-year reports and AGM notices.

In formally adopting the QCA Code as its corporate governance framework, the Board has reviewed all aspects of compliance and has taken action to improve disclosures in its annual report and accounts and on its website.

Departures from the QCA code:

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Aterian's Board is focused on implementing the Company's strategy. Given the size and nature of the Company, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in Principle 7 of the QCA Code. The Board will closely monitor the situation as the Company acquires assets and grows.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

A nominations committee was established on Admission in October 2022.

The QCA Code states that there should be a nomination committee to deal with the appointment of both executive and non-executive directors except in circumstances where the Board is small.

The Directors have increased the size of the Board on Admission and have therefore established a separate nomination committee.

Website Publications

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By Order of the Board,



Charles G Bray

Director

28 April 2023

The Directors have established a nomination committee and a remuneration committee with formally delegated duties and responsibilities.

The items included in the Remuneration Report are unaudited unless otherwise stated.

Directors' Letters of Appointment

Each of the Directors has entered into a letter of appointment with the Company as more fully described below.

Charles Bray

Under an executive service agreement dated 1 July 2021 between the Company, Eastinco ME and Charles Bray, Mr. Bray is employed as an Executive Director with the titled of Executive Chairman of the Company at a salary of USD \$120,000 per annum plus participation in the Company's EBT Scheme (plus expenses reasonably incurred by him in the course of his duties) in regular instalments. Mr. Bray is required to devote such time, attention and ability as is needed to enable him to carry out his personal duties to the Company as an Executive Director. His appointment shall (unless terminated earlier due to poor performance or gross misconduct or other material breach of duties) continue indefinitely, until terminated by either party on three (3) months' notice in writing. Mr. Bray's service agreement contains non-compete, non-solicitation and no-conflict restrictions with his position as an Executive Director (applying during the term of the agreement and for a period of twelve months after its termination for any reason).

Simon Rollason

Under an executive service agreement dated 1 July 2021 between the Company, Eastinco ME and Simon Rollason. Mr. Rollason is employed as an Executive Director of the Company at a salary of USD \$120,000 per year plus participation in the Company's EBT Scheme. Mr. Rollason is required to devote such time, attention and ability as is needed to enable him to carry out his personal duties to the Company as an Executive Director. His appointment shall (unless terminated earlier due to poor performance or gross misconduct or other material breach of duties) continue indefinitely, until terminated by either party on three (3) months' notice in writing. Mr. Rollason's service agreement contains non-compete, non-solicitation and no-conflict restrictions with his position as an Executive Director (applying during the term of the agreement and for a period of twelve months after its termination for any reason).

Devon Marais

Under a service agreement dated 1 July 2021 between the Company, Eastinco ME Limited and Devon Marais, Mr. Marais was appointed as a non-executive director at a salary of USD \$36,000 per annum (plus a discretionary bonus as determined by the Executive Directors and out-of-pocket expenses incurred by him in the course of his duties). Mr. Marais' engagement with the Company under the service agreement shall continue indefinitely until terminated in accordance with the clause stated further below. Mr. Marais is required to work such hours as may reasonably be required for the performance of his duties. Mr. Marais shall not be required to work in excess of the working week as set out in the Working Time Regulations 1998. In the event of gross misconduct, the Company may terminate the Agreement without prior notice or payment. Other than in the event of gross misconduct, this Agreement may be terminated by either party with a period of 3 months' notice.

Mr. Marais' non-executive service agreement contains non-compete, non-solicitation and no-conflict restrictions with his position as a Non-Executive Director (applying during the term of the agreement and for a period of twelve months after its termination for any reason).

Kasra Pezeshki

On 17 October 2022, Mr Pezeshki executed a letter of appointment with the Company pursuant to which he agreed to act as a non-executive director of the Company. The letter of appointment is effective from 25 October 2022 and shall continue unless terminated by either party giving to the other 3 months' prior written notice. Mr Pezeshki is expected to devote such time as is necessary for the proper performance of his duties, including attendance at board meetings and at annual general meetings. Under the terms of Mr Pezeshki's letter of appointment, Mr Pezeshki shall be paid £12,000 gross per annum, (plus a discretionary bonus as determined by the Executive Directors and out-of-pocket expenses incurred by him in the course of his duties) payable monthly in arrears.

Alister Masterton-Hume

On 17 October 2022, Mr Hume executed a letter of appointment with the Company pursuant to which he agreed to act as a non-executive director of the Company in the capacity as the representative of AEM. The letter of appointment is effective from 25 October 2022 and shall continue unless terminated by either party giving to the other 3 months' prior written notice. Mr Hume is expected to devote such time as is necessary for the proper performance of his duties, including attendance at board meetings and at annual general meetings. Under the terms of Mr Hume's letter of appointment, Mr Hume shall be paid £12,000 gross per annum, (plus a discretionary bonus as determined by the Executive Directors and out-of-pocket expenses incurred by him in the course of his duties) payable monthly in arrears.

The letters of appointment are governed by English law.

Shareholders' Returns

The Company expects that any returns for shareholders would derive primarily from capital appreciation of the Ordinary Shares and any dividends paid pursuant to the Company's dividend policy set out below.

Dividend Policy

The Company intends to pay dividends on the Ordinary Shares at such times (if any) and in such amounts (if any) as the Board determines appropriate in its absolute discretion.

Prior to generating revenues, it is unlikely that the Company will have any distributable profits but to the extent the Company has any earnings it is the Company's current intention to retain any such earnings for use in its business operations, and the Company does not anticipate declaring any dividends in the foreseeable future. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

During the year ended 31 December 2022, there were no dividends paid or proposed.

Particulars of Directors' Remuneration (audited)

Details of directors' remuneration during the year are given below:.

Year ended 31 December 2022	C Bray	S Rollason	S Retter	D Marais	K Pezashki	A Hume	Totals
Fees and salaries	26	24	-	-	-	-	50
Share-based payment expense	3	-	1	1	-	-	5
Totals	29	24	1	1	-	-	55

Year ended 31 December 2021	C Bray	S Rollason	S Retter	D Marais	M Staten	Totals
Fees and salaries	-	200	-	-	-	200
Share-based payment expense	-	-	-	-	-	-
Totals	-	200	-	-	-	200

In 2020, because of the emergence of COVID the Board decided to implement cash-saving measures by compensating Group and subsidiary company management in shares and/or granting Employee Benefit Trust (EBTs) Options until such time as the Group could complete a fundraising and/or listing on the London Stock Exchange. By offering shares or EBT Options, we were able to conserve our cash resources while also incentivizing our management to focus on the long-term growth and success of the company. By the end of 2021, twenty months of conservation of cash had elapsed. A total of 20,000,000 Ordinary Shares were issued to Simon Rollinson in 2021 at £0.01 per share for a total non-cash consideration of £200,000 pursuant to these arrangements.

Scheme Interests Granted During 2022

The table below summarises option awards granted to Directors and former Directors during 2022.

Name	No. of Options	Face value at grant (£)
Charles Bray	22,250,000	222,500
S J Retter	4,000,000	40,000
D Marais	4,000,000	40,000
M Staten	14,240,000	142,400
Total	44,490,000	444,900

The face value of the awards granted has been calculated using the grant price of £0.01. This share price has been calculated based on the issue price of the Company's shares on Admission on 25 October 2022. No option awards were made to Directors or former Directors in 2021.

Directors' Shareholdings and Share Interests

Details of the Directors' interests in shares are shown on page 23 of the Directors' Report. There are no requirements or guidelines for Directors to own shares in the Company.

Statement of Shareholder Voting

At the last year's AGM held on 26 September 2022, the resolutions relating to the 2021 Directors' Remuneration Report were approved by shareholders on a show of hands. Details of the valid proxy votes received for the resolution are detailed below:

Resolution	Votes for	Votes against	Votes withheld
Approval of Directors' Remuneration Report	247,745,500	0	0
	100%	0%	0%

The Directors' remuneration policy was last put to shareholders at the AGM held on 26 September 2022, where it was approved by shareholders on a show of hands. Details of the valid proxy votes received for the resolution are detailed below:

Resolution	Votes for	Votes against	Votes withheld
Approval of Directors' Remuneration Policy	247,745,500	0	0
	100%	0%	0%

The Directors' remuneration policy is maintained on the Investors page of the Company's website.

Statement of Directors' Shareholding and Share Interests (audited)

The Directors who served during the year ended 31 December 2022, and any interests at that date, are disclosed on page 23. There were no changes between the reporting date and the date of approval of this report.

UK 10-year Performance Graph

The Directors have considered the requirement for a UK 10-year performance graph comparing the Company's Total Shareholder Return with that of a comparable indicator. The Directors do not currently consider that including the graph will be meaningful because the Company is not paying dividends, is currently incurring losses as its focus is develop its exploration assets.

In addition, and as mentioned above, the remuneration of Directors is not currently linked to performance, and we therefore do not consider the inclusion of this graph to be useful to shareholders at the current time. The Directors will review the inclusion of this table for future reports.

Consideration of Shareholder Views

The Board considers shareholder feedback received. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's annual policy on remuneration.

Policy for Salary Reviews

The Company may from time to time seek to review salary levels of Directors, taking into account performance, time spent in the role and market data for the relevant role. In addition to the consideration given to the remuneration of the wider workforce, the Remuneration Committee consults with the Company's shareholders to obtain feedback on the existing remuneration policy and any revisions.

The approach taken in respect of the Company's directors and employees has been considered by the Committee and has taken into account the heightened inflationary environment felt by our employees throughout the second half of 2022. Our approach to salary increases for our wider workforce in 2023 takes into account the continued high levels of inflation and the impact it has on our lower-paid employees. The Company has not directly consulted with employees when drawing up the directors' remuneration policy set out in this part of the report. However, the Directors have been asked to waive or forgo compensation for services to help the Company conserve cash and allow for market rates of employee compensation.

The Company has established a trust for the benefit of the employees and former employees of the Company's Group and their dependants and issued a total of 44,490,000 EBT options in 2022. This provides the opportunity for employees to share in the Group's growth and helps to attract and retain talented staff. The EBT is managed by a Trustee, who exercises independent decision making with respect to any voting of shares on behalf of Summerhill Trust.

In making our decisions on remuneration outcomes for the Executive Directors for 2022 and the operation of our remuneration policy in 2023, we had regard for the context outlined above, with a particular focus on management's proposals to mitigate the impact of cost-of-living challenges for our employees. In the past we have not exercised discretion; however, the Directors have been asked to waive or forgo compensation for services to help the company conserve cash. Since October 2022, Non-Executive Directors' remuneration includes an entitlement to a bonus as determined by the Executive Directors.

Two former directors (Simon Retter 4,000,000 options and Mike Staten 14,240,000 options respectively) were provided with compensatory awards for their past service in recognition of their contributions to the Group during their tenure. Overall, providing compensatory awards for past service demonstrates appreciation for the hard work and dedication of the former directors while also maintaining positive relationships with key stakeholders.

As a committee we sought to make decisions that struck an appropriate balance between rewarding and continuing to incentivise management and the wider workforce to deliver value for all our stakeholders. Whilst we have not undertaken an extensive benchmarking exercise, we expect to develop this as the Group expands and to consult formally with employees when drawing up the directors' remuneration policy. Shareholder feedback is communicated to the Board and the views of shareholders considered in our decision-making.

Policy for New Appointments

All proposed appointments to the Board are subject to a full review of the Board prior to appointment. The salaries and share awards of the Executive Directors and wider workforce which were agreed by the Remuneration Committee were not subject to an external benchmarking exercise although this may be implemented as the business develops.

Remuneration is not linked to key performance indicators but this will be reviewed over time. The Committee does however consider levels of remuneration offered by competitors and all remuneration packages are designed to attract, motivate and retain key individuals.

Loss of Office Payments and Payments to Former Directors

There were no loss of office payments made to Directors or payments to former Directors in 2022 (2021: nil). Any payments that may be made in the future will be made in accordance with individual contractual arrangements.

Conflicts of Interest

The full Board determines whether or not Executive Directors are permitted to serve in roles with other companies. Such permission is only granted where a role is on a strictly limited basis, where there are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Group. Earnings from such roles are not disclosed nor paid by the Group.

Other Matters

- Certain of the Directors hold options and or warrants in respect of the Company's Ordinary Shares as set out above in the Directors' Report.
- The Company does not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.
- The Company has not paid out any excess retirement benefits to any Directors.

Approved on behalf of the Board of Directors by:



Charles G Bray
Director
28 April 2023

Independent auditor's report to the members of Aterian Plc

For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Aterian Plc. For the purposes of the table on page 45 and 46 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of Aterian Plc and its subsidiaries (the "Group"). The "Parent Company" is defined as Aterian Plc, as an individual entity. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Aterian Plc for the year ended 31 December 2022.

The financial statements that we have audited comprise:

- the Consolidated Statement of Comprehensive Income
- the Consolidated and Company Statements of Financial Position
- the Consolidated and Company Statements of Changes in Equity
- the Consolidated and Company Statements of Cash Flows
- Notes 1 to 29 to the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations ("collectively IFRSs") as adopted in the United Kingdom ("UK-adopted IFRS")

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards and Interpretations ("collectively IFRSs") as adopted in the United Kingdom ("UK-adopted IFRS"); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Group's and the Parent Company's operations and specifically their business model.
- The evaluation of how those risks might impact on the available financial resources.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.

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- Solvency considerations including examination of budgets and forecasts and their basis of preparation, including review and assessment of the model's mechanical accuracy and the reasonableness of assumptions included within.
- Held discussions with management regarding their future plans and strategies to begin operating in the future.
- Viability assessments at Group and Parent Company levels, including consideration of business plans.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Material uncertainty relating to going concern

We draw attention to note 2.6 in the financial statements which states that the Group and Parent Company's operational existence is reliant on the ability to raise further funding through equity placing or through the support of the directors through an injection of capital. The impact of this together with other matters indicate that a material uncertainty exists that may cast significant doubt on their ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Scope

Our audit was scoped by obtaining an understanding of the Group, including the Parent Company, and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

We undertook a full scope audit on the complete financial information of 1 component and specific analytical procedures and analytical reviews were undertaken on the remaining 10 components.

Materiality	2022	2021	
Group	£100,000	£102,700	3% (2021: 3%) of net assets
Parent Company	£85,000	£92,400	3% (2021: 3%) of net assets

Key audit matters	
Recurring	<ul style="list-style-type: none">• Expected credit loss provisions - Impairment of loans and advances (Parent Company)• Impairment of the investment in subsidiary undertakings (Parent Company only) and Impairment of Goodwill (Group)

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit loss provisions - Impairment of loans and advances (Parent Company)	
Key audit matter description	<p>In the draft financial information provided by management as at 31 December 2022, the Company reported a loan receivable due from a subsidiary company of £2.4m. This was the only material loan receivable held by the company.</p> <p>The calculation of ECL requires management to make significant judgments and estimates which are subjective due to significant uncertainty associated with the assumptions used.</p> <p>Areas with increased complexity in respect of the timing and measurement of ECL include:</p> <ul style="list-style-type: none"> • Staging - Allocation of assets to stage 1, 2, or 3 on a timely basis in accordance with IFRS 9; • Model estimations – Accounting interpretations, modelling assumptions and data used to build and run the Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') models that calculate the ECL; • Economic scenarios - Inputs, assumptions and weightings used to estimate the impact of multiple economic scenarios including any changes to scenarios required; • Judgements exercised by management in determining whether a significant increase in credit risk ('SICR') should be recognised; and • The measurement of ECL on individually assessed stage 3 loans, including management's estimation of future expected cash flows.
How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none"> • We reviewed the ECL memorandum prepared by management and assessed the PD, LGD and EAD assumptions used within that memorandum. • As part of this review, we considered the developments made during the year within Eastinco Limited, which is the subsidiary to which the loan relates to. • We reviewed post year-end activity to assess whether the loan had been repaid and whether any loan default notice had been issued. • We held discussions with management to ascertain the likelihood of the loan being repaid.
Key observations	<p>Based on our findings during the audit we challenged management on the completeness of the ECL provision. The material loan between Aterian plc and its subsidiary had defaulted post year-end, with a loan default notice issued and there were concerns on the subsidiaries ability to repay the loan as at 31 December 2022.</p> <p>Management agreed with the challenge and subsequently increased the ECL provision to 100% of the loan and associated accrued interest balance. The final balance of the loan receivable as at 31 December 2022 was therefore £nil.</p> <p>We tested the data used to populate the disclosures and assessed the adequacy of disclosures for compliance with the accounting standards and regulatory considerations.</p>

Investment Valuation (Standalone Parent) and Impairment of Goodwill (Group)	
Key audit matter description	<p>Given that the subsidiary companies acquired are not currently revenue or profit generating entities, there is a risk that goodwill at the Group level and investments at the standalone parent Company level could be materially misstated.</p> <p>At 31 December 2022, following adjustments recorded during the audit, the Group reported goodwill of £nil (2021: £2.2 million) and the Company reported investments of £3.135 million (2021: £2.3 million).</p> <p>Whether an impairment is required or not is highly dependent on whether there is commercial viability in exploring and excavating the mines owned by the Group in the future or if there are any other financial impairment indicators. For this reason, management have assessed this as a significant risk in their accounting policies.</p> <p>Management prepared a detailed impairment assessment, taking into consideration:</p> <ul style="list-style-type: none"> - current year developments relating to each licence; - expected useful lives of the licences and the ability to retain the licence interests when they come up for renewal; - comparable information for large mining and exploration companies in the vicinity of each of the licences; - history of exploration success in the regions being explored by the Group; - local infrastructure and geopolitical environment; and - commodity prices.
How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none"> • Reviewed the method used in estimating any potential impairment required and considered if it is appropriate. • Challenged management on whether the inputs into the impairment assessment were reasonable and accurate based on supporting evidence. • Identified which of the assumptions used were significant to the estimate, i.e., those whose reasonable variation would cause a material change in the valuations. • Assessed any evidence of management bias in selecting key assumptions and assessed the impact of changes in the model vs. the assumptions used in previous periods. • Assessed whether there were indicators of impairment that should also be considered for the previous reporting date.
Key observations	<p>Following the audit work undertaken, there were material impairments recognised for both Goodwill and Investments. Specifically, management impaired the Goodwill of £2.2m and the Investment of £2.3 million which related to its Rwandan based subsidiary, Eastinco Limited. The basis of this impairment was due to the lack of development in the year and revenue generation in the Company.</p>

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Group was set at £100,000 (2021: £103,000) which was determined on the basis of 3% (2021: 3%) of the Group's net assets. Materiality in respect of the Parent Company was set at £85,000 (2021: £92,700), determined on the basis of 3% (2021: 3%) of the Parent Company's net assets. Net assets were deemed to be the appropriate benchmark for the calculation of materiality as in the absence of the meaningful trade, we consider that the net assets to be the main measure by which the users of the financial statements assess the financial performance and the future prospects of the Group.

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Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at £70,000 (2021: £61,800) and at £59,500 (2021: £55,620) for the Parent Company which represents 70% (2021: 60%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £5,000 and £4,250 in respect of the Group and Parent Company respectively to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group and Parent Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements, of the 11 reporting components of the group, we identified 1 significant component.

Full scope audits - Of the 11 components, audits of the complete financial information of 1 component was undertaken, these entities were selected based upon their size or risk characteristics.

Specific audit and/or analytical procedures have been performed on Eastinco ME Ltd (UK), Eastinco Limited, Aterian Resources Limited, Kinunga Mining Ltd, Dynasty, Musasa Mining Ltd, Kuaka, Atlantic Minerals Ltd, Adrar Resources S.A.R.L.A.U, Azru Resources S.A.R.L.A.U as they are not deemed to be significant components.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	1	N/A	87%	N/A
Specific and analytical procedures	10	N/A	13%	N/A
Total	11	N/A	100%	N/A

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle.

Climate-related risks

In planning our audit and gaining an understanding of the Group and Parent Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

We have agreed with managements' assessment that climate-related risks are not material to these financial statements.

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Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Strategic report and directors report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Directors' remuneration report

Those aspects of the director's remuneration report which are required to be audited have been prepared in accordance with applicable legal requirements.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Group and Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in:

- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received by branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Group.
- We enquired of the directors and management concerning the Group's and the Parent Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

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- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to reduce costs, creating fictitious transactions to minimise financial losses, and management bias in accounting estimates particularly in determining expected credit losses and impairment of Investments and Goodwill.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Company's board meetings, inspection of legal correspondence.
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
 - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management and legal advisors around actual and potential litigation and claims.
 - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the expected credit losses, impairment of Investment and Goodwill, fair value of share-based payments and warrants, accounting treatment of acquisition; and
 - obtaining confirmations from third parties to confirm existence of a sample of balances.
- the Group and the Parent Company operate in a highly regulated industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and the component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

We were appointed by the Directors on 13 February 2023. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Group or the Parent Company, and we remain independent of the Group and the Parent Company in conducting our audit.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ((‘ESEF RTS’). This auditor’s report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Andrew Moyser FCA FCCA

(Senior Statutory Auditor)

for and on behalf of MHA MacIntyre Hudson, Statutory Auditor

London, United Kingdom

28 April 2023

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022**

		Group	
	Notes	Year to 31-Dec-22 £'000	Year to 31-Dec-21 £'000
Revenue		-	-
Administrative expenses	4	(996)	(1,020)
Impairment losses	5	(3,045)	-
Share-based payments and warrant expense	21	(335)	(267)
Provision for expected credit losses		-	(64)
		<u>(4,376)</u>	<u>(1,351)</u>
Operating loss		<u>(4,376)</u>	<u>(1,351)</u>
Interest payable and similar charges	6	(7)	(18)
Loss before tax		<u>(4,383)</u>	<u>(1,369)</u>
Tax expense	7	-	-
Loss after tax		<u>(4,383)</u>	<u>(1,369)</u>
Other comprehensive income:			
Items that may be reclassified to profit or loss			
(Loss) / gain on translation of foreign operations		(50)	28
Total comprehensive loss		<u>(4,433)</u>	<u>(1,341)</u>
Loss per share			
Basic and diluted loss per share (pence)	8	(0.76)	(0.31)

All activities relate to continuing operations.

The accompanying notes on pages 58 to 89 are an integral part of these financial statements.

**CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

		<u>Group</u>		<u>Company</u>	
	Notes	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		£'000	£'000	£'000	£'000
Non-current assets					
Investments	9	-	-	3,241	2,261
Goodwill	11	-	2,168	-	-
Exploration and evaluation assets	12	3,241	-	-	-
Trade and other receivables	14	-	-	6	-
Amounts owed by group undertakings	14	-	-	-	1,703
Property, plant and equipment	13	421	1,226	6	-
Total non-current assets		3,662	3,394	3,253	3,964
Current assets					
Trade and other receivables	14	319	188	266	143
Cash and cash equivalents	15	110	196	41	190
Total current assets		429	384	307	333
Total assets		4,091	3,778	3,560	4,297
Equity and liabilities					
Share capital	20	9,647	5,671	9,647	5,671
Share premium	20	2,177	2,144	2,177	2,144
Share-based compensation reserve	21	2,441	1,615	2,441	1,615
Interest in shares in EBT	21	(839)	(395)	(839)	(395)
Translation reserve		(314)	(263)	-	-
Accumulated losses		(10,968)	(6,629)	(11,783)	(6,373)
Other reserves		-	80	-	58
Merger relief reserve		1,200	1,200	1,200	1,200
Total equity		3,345	3,423	2,843	3,920
Current liabilities					
Trade and other payables	16	395	197	366	219
Deferred consideration	17	200	-	200	-
Total current liabilities		595	197	566	219
Non-current liabilities					
Borrowings	18	151	158	151	158
Total non-current liabilities		151	158	151	158
Total equity and liabilities		4,091	3,778	3,560	4,297

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CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION (Continued) AS AT 31 DECEMBER 2022

The Company made a loss of £5,433,000 for the year 2022 (2021 – loss of £1,152,000).

These financial statements were approved by the Board and were authorised for issue on 28 April 2023 and signed on their behalf by:



Charles G Bray
Chairman

Company number: 07496976

The notes on pages 58 to 89 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share capital £'000	Share premium £'000	Share-based compensation reserve £'000	Interest in shares in EBT £'000	Translation reserve £'000	Other Reserve £'000	Merger relief reserve £'000	Accumulated losses £'000	Total £'000
At 1 January 2021	4,301	2,144	1,348	(133)	(291)	80	1,200	(5,326)	3,323
Loss for the year	-	-	-	-	-	-	-	(1,369)	(1,369)
Other comprehensive loss	-	-	-	-	28	-	-	-	28
Transactions with owners:									
Transfer from other reserve to accumulated losses	-	-	-	-	-	-	-	66	66
Share based compensation	-	-	267	(262)	-	-	-	-	5
Issue of new shares	1,370	-	-	-	-	-	-	-	1,370
At 31 December 2021	5,671	2,144	1,615	(395)	(263)	80	1,200	(6,629)	3,423
Loss for the year	-	-	-	-	-	-	-	(4,383)	(4,383)
Other comprehensive loss	-	-	-	-	(50)	-	-	-	(50)
Transactions with owners:									
Discounting of loan notes	-	-	-	-	-	(36)	-	-	(36)
Transfer from other reserve to accumulated losses	-	-	-	-	-	(44)	-	44	-
Share based compensation	-	-	826	(444)	-	-	-	-	382
Issue of new shares	3,976	33	-	-	-	-	-	-	4,009
At 31 December 2022	9,647	2,177	2,441	(839)	(313)	-	1,200	(10,968)	3,345

Share based compensation reserve

The entry to the share based compensation reserve in the year is made up of £335,000 which was charged to the consolidated statement of comprehensive income (note 21) and £491,000 which related to warrants capitalised in connection with the Altus acquisition (note 10).

**COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022**

	Share capital £'000	Share premium £'000	Share-based compensation reserve £'000	Interest in shares in EBT £'000	Other Reserve £'000	Merger relief reserve £'000	Accumulated losses £'000	Total £'000
At 1 January 2021	4,301	2,144	1,348	(133)	80	1,200	(5,221)	3,719
Loss for the year	-	-	-	-	-	-	(1,152)	(1,152)
Transactions with owners:								
Other reserve movement	-	-	-	-	(22)	-	-	(22)
Share based compensation	-	-	267	(262)	-	-	-	5
Issue of new shares	1,370	-	-	-	-	-	-	1370
At 31 December 2021	5,671	2,144	1,615	(395)	58	1,200	(6,373)	3,920
Loss for the year	-	-	-	-	-	-	(5,432)	(5,432)
Transactions with owners:								
Discounting of loan notes	-	-	-	-	(36)	-	-	(36)
Transfer from other reserve to accumulated losses	-	-	-	-	(22)	-	22	-
Share based compensation	-	-	826	(444)	-	-	-	382
Issue of new shares	3,976	33	-	-	-	-	-	4,009
At 31 December 2022	9,647	2,177	2,441	(839)	-	1,200	(11,783)	2,843

Reserves

Share capital

Share premium

Share-based compensation reserve

Translation reserve

Other reserves

Merger relief reserve

Interest in shares in Employees Benefit Trust (EBT)

Accumulated losses

Description and purpose

Nominal value of the contributions made by shareholders in return for the issue of shares.

Amount subscribed for share capital in excess of nominal value.

Cumulative fair value of the charge/(credit) in respect of share options granted and recognised as an expense in the Income Statement.

The translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

The other reserve comprises differences arising from the discounting of loan notes.

The merger relief reserve comprises differences between the fair value and at par value of shares issued for the acquisition of subsidiary

The Company set up an Employees Benefit Trust on 6 March 2015 (the Equatorial EBT) for the benefit of its employees. The cost of shares held by the EBT are presented as a deduction from entity.

Accumulated losses represents total losses.

The notes on pages 58 to 89 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		£'000	£'000	£'000	£'000
Cash flow from operating activities					
Loss after tax		(4,383)	(1,369)	(5,433)	(1,151)
<u>Adjustments for:</u>					
Depreciation		22	2	-	-
Share based expense		335	267	335	267
Costs not paid cash		50	-	50	-
Interest expense		7	18	7	18
Inter-company interest income		-	-	(264)	(224)
Provisions for expected credit losses			64	2,444	64
Provision for impairment of investments	9		-	2,261	
Provision for impairment of goodwill	11	2,168	-	-	-
Impairment of property plant and equipment	13	877	-	-	-
Foreign exchange gains		(134)	(28)	-	-
Operating loss before working capital changes		(1,058)	(1,046)	(600)	(1,027)
<u>Changes in working capital:</u>					
(Increase) / decrease in trade & other receivables		81	337	89	381
Increase / (decrease) in trade & other payables		168	(490)	117	(294)
Net cash outflows from operating activities		(809)	(1,199)	(394)	(940)
Cash flow from investing activities					
Purchase of plant and equipment		(10)	(239)	(6)	-
Asset acquisition including directly attributable costs	10	(108)	-	(108)	-
Funds advanced to subsidiary		-	-	(482)	-
Net cash used in investing activities		(118)	(239)	(596)	-
Cash flow from financing activities					
Net proceeds from borrowings	18	-	567	-	567
Loan received	20	150	495	150	-
Cash proceeds from issue of shares		691	520	691	520
Net cash flow from financing activities		841	1,582	841	1,086
Net (decrease) / increase in cash & cash equivalents		(86)	144	(149)	141
Cash & cash equivalents at beginning of the year		196	52	190	49
Effect of exchange rate movements on cash		-	-	-	-
Cash and cash equivalents at end of the year		110	196	41	190

The notes on pages 58 to 89 are an integral part of these financial statements.

1. General information

Aterian plc ("the Company") is an investment company, focussed on African mineral resource investment opportunities. The Company operates through its 100% owned subsidiary, Eastinco Limited ("EME Ltd"), a Rwandan tantalum, tin and tungsten exploration company and Aterian Resources Limited which holds copper-silver and base metal exploration projects in the Kingdom of Morocco.

On 24 October 2022, the Company completed the acquisition of 15 mineral exploration projects covering 762 km² in the Kingdom of Morocco from Altus Strategies PLC (now called Elemental Altus Royalties Corp). The completion of the acquisition coincided with a move to the Standard Sector of the London Stock Exchange from the AQUIS Stock Exchange, and a change in name from Eastinco Mining and Exploration PLC to Aterian PLC, shortly thereafter.

The Company is incorporated and domiciled in the UK. The address of its registered office is 27-28 Eastcastle Street, London W1W 8DH.

The registered number of the company is 07496976.

2. Basis of preparation

2.1 General

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted for use in the United Kingdom ("UK adopted IFRS") and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for the valuation of assets acquired in an asset acquisition which are measured at fair value.

The financial statements have been rounded to the nearest thousand pounds.

The Company has taken the exemption under s408 Companies Act 2006 and has therefore not published its own profit and loss account in these financial statements.

During the year, the Group identified a number of presentational matters relating to the year ended 31 December 2021 which have been adjusted in the year ended 31 December 2022. On the basis that this is immaterial, and the errors relate to disclosures, a prior year adjustment was not made. In particular

- The financial statements for the year ended 31 December 2021 overstated the number (but not the value) of shares issued by 50,000,000 ordinary shares. Additionally, the brought forward number of shares in issue was overstated by 510 shares. These financial statements have corrected this by way of presentation restatement in Note 20. The basic and diluted loss per share in 2021 has remained unchanged at 0.31 pence.
- The financial statements for the year ended 31 December 2021 understated the number (but not the value) of options issued by 12,346,660 and these financial statements have corrected this by way of presentation restatement in Note 21.

2.2 Functional and presentation currency

The financial statements of the Group are presented in Pounds Sterling, which is also the functional currency of the Company. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency).

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Aterian Plc and its subsidiaries as at 31 December 2022. Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns
- Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
 - The contractual arrangements with the other vote holders of the investee;
 - Rights arising from other contractual arrangements; and
 - The Group's voting rights and potential voting rights

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full, on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

Business combinations are accounted for under the acquisition method. Under the acquisition method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Consolidated Financial Statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination, and directly expensed.

Any excess of the purchase consideration of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill, if any, is not amortised but reviewed for impairment at least annually.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

Intra-group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2.4 Business combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business and is accounted for using the acquisition method. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business consists of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs, have the ability to create outputs that provide a return to the Company and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs but can be integrated with the inputs and processes of the Company to create outputs.

When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs, the Company considers other factors to determine whether the set of activities or assets is a business.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Acquisition-related costs of a business combination, other than costs to issue equity securities, are expensed as incurred.

2.5 Asset acquisitions**Asset acquisitions**

Where the Company has determined that the assets acquired do not meet the definition of a business, the transaction is accounted for as an asset acquisition. In such cases, the Company identifies and recognises the individual assets acquired and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities on the basis of their fair values at the date of purchase. Such a transaction does not give rise to goodwill. At the Group level, the transaction is an acquisition of exploration and evaluation assets. At the Company level, the acquisition is treated as an investment.

When determining the initial measurement of an asset acquisition, the Company assesses both the fair value of the consideration paid as well as the fair value of each asset acquired and liability assumed. The consideration is presumed to equal to the fair value of the net assets acquired unless there is evidence to the contrary. The fair value of the consideration determines the cost to be allocated over the group of assets acquired and liabilities assumed. The fair values of the individual assets and liabilities are used to determine the proportional amount of that cost to be allocated to the identifiable assets and liabilities that make up the transaction. No provision for deferred tax is recognised on the acquisition.

Expenses incurred directly in relation to the acquisition are capitalised as part of the cost of the assets acquired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

2.6 Going concern

The financial statements have been prepared on a going concern basis. The Group has not yet earned revenues and as at 31 December 2022 was in the feasibility, optimisation and commissioning phase of its ore processing plant in Rwanda. In Morocco, each of its assets are in the early stages of exploration and feasibility assessment. Continuing operations of the Group are currently financed from funds raised from shareholders and this will likely continue to be the case until revenue is generated from mining and/or trading and subsequent ore sales. In the short term the Chairman of the Company has made available to the Company a working capital facility, but the Group will likely need to raise further funds in order to progress the Group from the exploration phase into feasibility and eventually into production of revenues.

As at 31 December 2022, the Group had cash and cash equivalents of £110,000 and a working capital facility of £500,000 of which £50,000 remains to be drawn. As at the date of this report, cash balances were approximately £218,000. The Company also hopes to raise additional equity to fund both day-to-day expenditure and potential growth although there can be no certainty that such funding will be forthcoming.

As part of their assessment, the Directors have prepared financial cash-flow forecasts on the basis that cost reduction and cost deferral measures can be implemented over the going concern period. The Company's base case financial projections show that the Group will continue to operate within the available facilities throughout the next 12 months. Much of the Group's planned exploration expenditure is discretionary and, if necessary, could be scaled back to conserve cash should circumstances coincide with our expectations.

The Directors have agreed, if circumstances require, to defer payment of their fees until such time as adequate funding is received and if necessary, scale back all discretionary expenditure including exploration expenditure.

The Directors have concluded that these circumstances give rise to a material uncertainty relating to going concern, arising from events or conditions that may cast significant doubt on the entity's ability to continue as a going concern if a further fund raise was unsuccessful. However, considering recent successful fund raises the Directors are confident that they can continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any adjustment that may arise in the event that the Group is unable to raise finance, realise its assets and discharge its liabilities in the normal course of business.

2.7 Changes in accounting policies

New standards, interpretations and amendments adopted from 1 January 2022

There were no new standards or interpretations impacting the Group that will be adopted in the annual financial statements for the year ended 31 December 2022, and which have given rise to changes in the Group's accounting policies.

Standards and interpretations in issue but not yet effective or not yet relevant

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effect annual periods beginning before or after
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);	1 st January 2023
IAS 8	Amendments regarding the definition of accounting estimates	1 st January 2023
IAS 12	Amendments regarding deferred tax on leases and decommissioning obligations	1 st January 2023
IFRS 17	Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	1 st January 2023

		Effect annual periods beginning before or after
IAS 1	Amendments to defer the effective date of January 2020 amendments regarding the disclosure of accounting policies	1 st January 2023
IFRS 16	Leases (Amendment – Liability in a Sale and Leaseback)	1 st January 2024
IAS 1	Presentation of Financial Statements (Amendment – classification of Liabilities as Current or Non-current)	1 st January 2024
IAS 1	Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)	1 st January 2024

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Group's financial statements.

2.8 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Directors are of the opinion that the Group is engaged in a one operating segment being exploration activity in Africa.

2.9 Accounting for interest in own shares held through an Employees Benefit Trust

The funds advanced to acquire the shares have been accounted for under IFRS as a deduction from equity rather than as an asset.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument of another.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit and loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(b) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, accruals and loan notes.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings, trade and other payables, and accruals.

After initial recognition, interest-bearing loans and borrowings, trade and other payables, and accruals are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to trade payables, other payables and accruals.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

2.11 Taxation

Current tax is calculated according to local tax rules, using tax rates and laws enacted or substantively enacted at the reporting date. Current and deferred tax is recognised in profit or loss unless it relates to an item recognised in other comprehensive income or equity in which case the related current tax or deferred tax is recognised in other comprehensive income or equity respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, determined using tax rates and laws that are substantively enacted at the reporting date and are expected to apply as or when the temporary differences reverse. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Property, plant and equipment

Property, plant, and equipment (PPE) is carried at cost less depreciation and accumulated impairment losses. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of PPE.

The Group assesses at each reporting date whether items of PPE are impaired.

Depreciation is provided on PPE, at rates calculated to write off the cost less the estimated residual value of each asset, on a straight-line basis, over their expected useful lives as follows:

Mining equipment	10 years
Mining Assets (incl exploration and evaluation expenditure)	8 years
Office equipment	4 years
Motor vehicles	5 years
Computer equipment	2 years
Land	not depreciated
Mine site	not depreciated

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

The Company capitalizes expenditures incurred in exploration and evaluation (E&E) activities as project costs, categorized as intangible assets (exploration and evaluation assets), when those costs are associated with finding specific mineral resources. Expenditure included in the initial measurement of project costs and which are classified as intangible assets relate to the acquisition of rights to explore. Capitalization of pre-production expenditure ceases when the mining property is capable of commercial production. Project costs are recorded and held at cost and no amortization is recorded prior to commencement of production. An annual review is undertaken of each area of interest to determine the appropriateness of continuing to capitalize and carry forward project costs in relation to that area of interest, in accordance with the indicators of impairment as set out in IFRS 6. An impairment provision of £877,000 has been made in the year ended 31 December 2022 (2021: nil) as more fully described in Note 13.

2.13 Intangible assets – Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to profit or loss. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date. An impairment provision of £2,168,000 has been made in the year ended 31 December 2022 (2021: nil) as more fully described in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

2.14 Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

2.15 Investment in subsidiaries

The Company, through its 100% owned Rwanda registered subsidiary, Eastinco Limited which was acquired on 15 October 2019, is actively engaged in mineral exploration and development of its portfolio of critical and strategic metals in Rwanda, with the focus on extracting and recovery of tantalum and tin.

Eastinco Limited also holds a metal trading license, issued by the authorities in Rwanda, which allows for the trading of metals from our mine supply and third-party producers and suppliers.

The Company also holds a portfolio of 15 highly prospective copper-silver and other base metal exploration projects in Morocco, acquired in October 2022 through its 100% owned Moroccan subsidiary, Aterian Resources Limited.

The Directors have reviewed evidence which might suggest whether the investments in the subsidiaries have become impaired.

In particular, the Directors reviewed whether there exist:

- significant financial difficulty in the subsidiaries;
- a breach of contract, such as a default or past-due event;
- it is becoming probable that the subsidiaries will enter bankruptcy or another financial reorganisation;
- the disappearance of any market for the debt of the subsidiaries because of financial difficulties; or
- the financial liabilities of the subsidiaries trade at a deep discount that reflects likely incurred credit losses.

As more fully described in Note 9, the Directors have considered the evidence in respect of the Company's investments in its Rwandan subsidiaries and made full impairment against such investment amounting to £2,261,000. The Company's subsidiaries as at 31 December 2022 were as follows:

	Shareholding	Nature of Business	Country of Incorporation
<i>Held directly:</i>			
Eastinco Limited	100%	Mining & exploration	Rwanda
Eastinco ME Ltd	100%	Mining & exploration	UK
Aterian Resources Ltd	100%	Mining & exploration	UK
<i>Held indirectly:</i>			
Musasa Mining Ltd	85%	Dormant	Rwanda
Kinunga Mining Ltd	70%	Mining & exploration	Rwanda
Atlantic Minerals Ltd	100%	Mining & exploration	Seychelles
Adrar Resources			
S.A.R.L.A.U.	100%	Mining & exploration	Morocco
Azru Resources			
S.A.R.L.A.U.	100%	Mining & exploration	Morocco
Strat Co Limited	100%	Dormant	Isle of Man

Notes:

- (i) The registered office of each of the UK subsidiaries is: Eastcastle House, 27/28 Eastcastle Street, London, United Kingdom, W1W 8DH.
- (ii) The registered office of each of the Rwandan subsidiaries is: Remera, Gasabo, Umujyi wa Kigali, Rwanda.
- (iii) The registered office of each of the Moroccan subsidiaries is: 18 Rue Jabel Tazekka, 4ème Etage, Appt 9, Agdal, Rabat, Morocco.
- (iv) The registered office of Strat Co Limited is: Alma House, 7 Circular Road, Douglas, Isle of Man, IM1 1AF.

2.16 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions and deposits with maturities of three months or less from inception.

2.17 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation of a foreign operation, assets and liabilities are translated at the closing rate at the reporting date, income and expenses where the average rate is not materially different to the rates of exchange ruling at the dates of the transactions are translated at average exchange rates. All resulting exchange differences shall be recognised in other comprehensive income and are accumulated in a separate component of equity. On disposal of the foreign operation the accumulated gains or losses previously recognised in equity are transferred to profit or loss and are recognised as a part of the overall profit or loss on disposal of the foreign operation.

2.18 Share-based payment arrangements

Equity-settled share-based payments are measured at fair value at the date of issue.

Aterian Plc has granted both share options and warrants that will be settled through the issuance of shares of the Company. The cost of equity-settled transactions is measured by reference to the fair value at the date on which they were granted and is recognised as an expense over the vesting period,

which ends on the date the recipient becomes fully entitled to the award. Fair value is determined by using the Black-Scholes option pricing model.

In valuing equity-settled transactions, no account is taken of any service and performance conditions (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for the recipients to become fully entitled to an award are considered to be non-vesting conditions. Market performance conditions and non-vesting conditions are taken into account in determining the grant date's fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in the cumulative expense since the previous reporting date is recognised in profit and loss, with a corresponding entry in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

Where the terms of the equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if the difference is negative.

Where an equity-based award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of the cancellation, and the cost not yet recognised in profit and loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense.

2.19 Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group has several joint venture agreements in relation to operating at the mining sites. These are not yet operational and therefore no assets or liabilities have been consolidated into these accounts as at 31 December 2022

2.20 Exploration, evaluation and development expenditures

Exploration expenditure

Exploration expenditures reflect the costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with the acquisition of mineral licences, prospecting, sampling, mapping, geophysical survey, laboratory work, diamond drilling and other work involved in searching for mineral deposits. All expenditures relating to exploration activities are expensed as incurred except for the costs associated with the acquisition of mineral licences which are capitalised.

Evaluation expenditure

Evaluation expenditures reflect costs incurred at projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition.

Evaluation expenditures include the cost of:

- establishing the volume (tonnage) and grade of deposits through drilling of core samples, trenching and sampling activities for an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralised material is commercially viable, including scoping, prefeasibility and final feasibility studies.

Evaluation expenditures are capitalised if management determines that there is evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when it is expected that the technical feasibility and commercial viability of extraction of the mineral resource can be demonstrated considering long-term metal prices. Therefore, prior to capitalising such costs, management determines that the following conditions have been met:

- There is a probable future benefit that will contribute to future cash inflows;
- The Group can obtain the benefit and control access to it; and
- The transaction or event giving rise to the benefit has already occurred.

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The evaluation phase is complete once technical feasibility of the extraction of the mineral deposit has been determined through the preparation of a reserve and resource statement, including a mining plan as well as receipt of required permits and approval of the Board of Directors to proceed with development of the mine. On such date, capitalised evaluation costs are assessed for impairment and reclassified to development costs.

Development expenditure

Development expenditures are those that are incurred during the phase of preparing a mineral deposit for extraction and processing. These include pre-stripping costs and underground or open-pit development costs to gain access to the ore that is suitable for sustaining commercial mining, preparing land, construction of plant, equipment and buildings and costs of commissioning the mine and processing facilities. It also includes proceeds received from pre-commercial production.

Expenditures incurred on development projects continue to be capitalised until the mine and mill move into the production stage. The Group assesses each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the nature of each mine construction project, such as the complexity of a plant or its location. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moved into the production stage. The criteria considered include, but are not limited to, the following:

- the level of capital expenditures compared to construction cost estimates;
- the completion of a reasonable period of testing of mine plant and equipment;
- the ability to produce minerals in saleable form (within specification); and
- the ability to sustain ongoing production of minerals.

If the factors that impact the technical feasibility and commercial viability of a project change and no longer support the probability of generating positive economic returns in the future, expenditures will no longer be capitalised and the capitalised development costs will be assessed for impairment.

2.21 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below:

Key judgements:**a) Acquisition of Aterian Resources Limited**

As part of its preparation of consolidated financial statements for the year ended 31 December 2022, the Company has considered relevant accounting guidance and, in particular, whether the acquisition of Aterian Resources Limited falls within IFRS3 Business Combinations. In determining whether the acquisition falls within the scope of IFRS 3 the Company has considered a number of factors outlined below.

A business combination must involve the acquisition of a business, which generally has three elements:

- Inputs – an economic resource (e.g. non-current assets, intellectual property) that creates outputs when one or more processes are applied to it
- Process – a system, standard, protocol, convention or rule that when applied to an input or inputs, creates outputs (e.g. strategic management, operational processes, resource management)
- Output – the result of inputs and processes applied to those inputs

Considering this guidance, management has determined that Aterian Resources' projects are in the exploratory phase and have not yet started revenue-generating operations. In particular, it holds research permits and a mining licence for mining projects, mainly copper, in Morocco.

In assessing whether there are inputs and substantive process, management has considered whether the business has outputs or not.

Management believes there are no such outputs present on acquisition. In these circumstances, when it does not have outputs, then inputs should include an organized workforce and other inputs that the workforce can develop or convert into outputs.

As an alternative to assessing whether the acquisition comprised inputs, substantive process and all other features of business, IFRS 3 introduced a new simplification option – The Concentration of fair value test.

Whist optional, it is relevant to the Company as the principal question in this test is:

Is substantially all of the fair value of the gross assets concentrated in a single identifiable asset or group of similar identifiable assets. The assembled workforce was small and of low value. No other assets were acquired. Management has assessed this to be the case and therefore considers the acquisition is not that of a business falling under IFRS 3, i.e. it is an asset purchase and the following accounting treatment applies:

- The total transaction price of the acquisition is allocated to individual items or group of similar items based on their relative fair values;
- No goodwill is recognised;
- Transaction costs are capitalised; and
- Contingent consideration is not recognised until it is confirmed whether or not the conditions are met. In particular, this applies to the Royalty Deeds and Musasa Royalty Deed.

In applying this test, management has judged that substantially all the fair value is concentrated in a group of assets, these being the Moroccan projects acquired. In particular, management considered:

- The Gross assets acquired (being exploration and evaluation assets) do not include cash and cash equivalents, deferred tax assets and goodwill arising from the effects of deferred tax liabilities.
- The fair value of the gross assets acquired includes any consideration transferred in excess of the fair value of net identifiable assets acquired.
- A single identifiable asset must include any asset or group of assets that would be recognised and measured as a single identifiable asset in a business combination.
- When assessing whether assets are similar, management has considered the nature of each single identifiable asset and the risks associated with managing and creating outputs from the assets (that is, the risk characteristics).

On the basis of the above, management has concluded that the acquired set of activities and assets is not a business.

Exploration and Evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalised. They are subsequently measured at cost less accumulated impairment. Once JORC-compliant (or equivalent) resources and/or reserves are established and development is sanctioned, E&E assets are to be tested for impairment and transferred to 'Mines under construction'. No amortisation is charged during the E&E phase.

Acquisition and other transaction expenses

The Company has considered how the costs of the acquisition, which involved both issuing new shares and Admission to the Official List (by way of Standard Listing) should be accounted for. In accordance with IAS 32 *Financial Instruments: Presentation*, the Company has allocated such costs as follows:

- Incremental costs that are directly attributable to issuing new shares should be deducted from equity where such shares are issued at a premium – in this case, all shares were issued at par so no deduction has been made and all such costs have been expensed – IAS 32.37; and
- Costs that relate to the stock market listing or are otherwise not incremental and directly attributable to issuing new shares, should be recorded as an expense in the statement of comprehensive income.
- Costs that relate to the acquisition have been capitalised.

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IAS 32.37 requires that: "The costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit)". Raising additional equity through the offering and issuance of new shares is an equity transaction for this purpose, but the listing procedure is not. Only costs attributable to the offer of new shares may be deducted from equity.

The acquisition and listing was a combined exercise. Certain costs, such as stamp duties and broking fees, are clearly attributable to raising additional equity. Other costs, such as listing fees, relate only to the listing and have been expensed. The costs of due diligence are considered to be related to the acquisition and thus, as an asset purchase, have been capitalised.

The Company has identified the following costs to be directly related to the acquisition and Admission:

Transaction costs	£
Total costs capitalised as part of the acquisition	87,958
Costs expensed in profit and loss	308,440
Total fair value of assets acquired	396,398

b) Going concern

In their assessment of going concern, the Directors have prepared cash flow forecasts which require a number of judgments to be made including the Directors' ability to access further financing and to implement cost saving and deferral measures, where necessary.

The Directors have prepared a cash flow forecast to 30 September 2024 which assumes that the Group is not able to raise additional funds within the going concern period and if that was the case, the forecasts demonstrate that mitigating measures can be implemented, or significant project expenditure delayed to reduce the cash outflows to the minimal contracted and committed expenditure while also maintaining the Group's licences and permits.

In this going concern analysis, the base case cash flow forecast has been prepared on the following bases:

- Separate budgets have been prepared for each of the Kinunga and Musasa projects in Rwanda and the Moroccan projects, as well as the Rwanda trading operations and corporate expenditure for the 18 months to September 2024.
- Each project has an assumed sampling, mapping, drilling testing and survey exploration programme with supporting overhead functions and capital expenditure in a phased approach.
- In Morocco, exploration is planned primarily for the Agdz and Tata permits, with lower levels of expenditure for Azra, Jebilet and others.
- Trading activity commencing in Q2 with the first sales proceeds being received in July 2023.
- In particular, the Company anticipates Ore purchases that will be sold to off-takers who are currently buying at between \$215 and \$225/Kg of Ta205. A trading facility is subject to financial due diligence and is expected to be concluded in May 2023. The facility will incorporate a funding schedule with funds being disbursed in tranches as agreed. Interest at 15% per annum will be payable monthly in arrears and secured by a first-ranking fixed charge over the Company's assets.
- Trade funding is provided for 100% of the commodity acquisition costs.
- Corporate expenditure is assumed to continue at current levels.
- New equity funds are not assumed although the Directors are in discussion with advisors and investors for an additional funding round. We have similarly excluded related fundraising costs.
- Inflationary assumptions have not been specifically factored as the impact is not considered material.

The significant judgements involved in this going concern assessment included consideration of a heightened inflationary environment and the availability of working capital facilities. In the Directors' judgement, many of the Group's expenditures are fixed in nature and as a consequence inflation doesn't represent a significant source of estimation uncertainty.

Based on their assessment of the financial position, the Directors have a reasonable expectation that the Group will be able to continue in operational existence for the next twelve months and continue to adopt the going concern basis of accounting in preparing these financial statements.

Key estimates:**a) Share-based payments**

The Company recognises compensation expense for share-based transactions by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires making assumptions and determining the most appropriate inputs to the valuation model and estimating the number of units expected to vest. This estimate is based on a Black and Scholes model which utilises a key number of assumptions. The inputs used in the valuations are presented in note 20.

The sensitivity to changes in volatility assumptions is particularly significant. An increase / decrease of 10% (from the 67% volatility rate assumed) would have the following impact on the share-based payment expense for the year and the amounts recognised within the purchase consideration of Aterian Resources, respectively:

	Expense	Purchase consideration
	£	£
10% increase in volatility	18,533	68,907
10% decrease in volatility	(18,807)	(71,790)

b) Impairment of intangible assets

The Group tests annually for impairment or more frequently if there are indications that the Company's investments or the Group's goodwill and exploration and evaluation assets might be impaired.

IFRS requires management to test for impairment if events or changes in circumstances indicate that the carrying amount of a finite life asset may not be recoverable.

For the year ended 31 December 2022, the Group performed a review for indicators of impairment in the values of its intangibles and evaluated key assumptions. These included considering any revisions to the mine plan, including current estimates of recoverable mineral reserves and resources, recent operating results and future expected production.

Management performed a detailed impairment review of the Rwandan exploration assets. In management's opinion, the recoverable amount of the Rwandan assets do not support either the Company's investment carrying value of £2,261,000 or the Group's goodwill of £2,168,000.

Management has determined that all expenditure capitalised in relation to the Group's Musasa Project should be fully impaired on the basis that all production activity has been suspended. Accordingly, the Group's goodwill of £2,168,000 and the Company's investment in Eastinco ME Limited, amounting to £2,261,000 have been impaired.

The Company's investment in Aterian Resources Limited of £3.2m was based on the agreed transaction price with Altus Strategies Plc. The Directors have not conducted detailed impairment testing at 31 December 2022 as no impairment triggers have been identified during the period since acquisition in October 2022. The data generated since acquisition and published on the Company's website demonstrates the strong potential for economic discovery. However, the Directors have given consideration to a research note from the Company's broker which was published when there were 10 projects held in Morocco by Altus. The Company acquired 15 projects and since this research, copper was identified on the Tata and Azrar projects. Tata has the potential to be large-scale and would significantly increase overall valuations. The research note prepared in 2021 assigned a \$5 million valuation to the 10 projects. In the Directors' opinion, based on test results since acquisition, the carrying value of the Moroccan assets would be no less than the agreed transaction price.

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3. Directors' remuneration

Director salaries	Fees and salaries	Share-based payment expense	2022 Totals	2021 Totals
	£'000	£'000	£'000	£'000
Executive Directors				
Charles Bray	26	3	29	-
Simon Rollason	24	-	24	200
Non-Executive Directors				
Simon Retter	-	1	1	-
Devon Marais	-	1	1	-
Alister Hume	-	-	-	-
Kasra Pezeshki	-	-	-	-
Mike Staten	-	-	-	-
	<u>50</u>	<u>5</u>	<u>55</u>	<u>200</u>

4. Administrative expenses

	2022	2021
	£'000	£'000
Directors' salaries	50	200
Staff costs	91	71
Auditor's remuneration	75	63
Travel expenses	12	1
Metallurgical tests	55	-
Legal expenses	194	129
Professional fees	216	361
Accounting fees	30	27
Depreciation	22	2
Other expenses	251	166
	<u>996</u>	<u>1,020</u>

Auditor's remuneration

	2022	2021
	£'000	£'000
Auditor's remuneration:		
- Audit fee	75	63
	<u>75</u>	<u>63</u>

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Staff costs

During the year the average number of employees (including Directors) was 22 (2021: 38).

Aggregate staff costs including directors comprise:	2022 £'000	2021 £'000
Salaries and wages	130	65
Staff welfare	3	2
Social security and pension contributions	8	4
Share capital issued as remuneration	-	200
	<u>141</u>	<u>271</u>

Key management personnel of the Group comprised the directors.

5. Impairment losses

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. As more fully described in Notes 11 and 13, the Group has made provisions to fully impair the carrying value of goodwill and property, plant and assets related to the Group's Musasa Project as follows:

	2022 £'000	2021 £'000
Impairment of goodwill (Note 11)	2,168	-
Impairment of property, plant and equipment (Note 13)	877	-
	<u>3,045</u>	

6. Finance costs

	2022 £'000	2021 £'000
Interest expense on loan notes	6	18
Interest on related party loan	1	-
	<u>7</u>	<u>18</u>

7. Taxation

	2022 £'000	2021 £'000
Current tax:		
UK taxation	-	-
Overseas taxation	-	-
	<u>-</u>	<u>-</u>
Total tax	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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Reconciliation of income tax

	2022	2021
	£'000	£'000
Loss before tax	(4,383)	(1,369)
UK corporation tax rate	19%	19%
Tax at expected rate of corporation tax	(833)	(260)
Effects of:		
Effect of overseas tax rates	(16)	(16)
Unutilised tax losses carried forward	849	276
Total tax	-	-

The United Kingdom has a 19% tax rate, Rwanda has a 30% tax rate and Morocco has a 31% tax rate. For the purposes of the reconciliation of tax expense, the UK rate of corporation tax 19% (2021: 19%) has been used. With effect from April 2023, the main rate of corporation tax was increased to 25%.

The Group had losses for tax purposes of approximately £6.4 million as at 31 December 2022 (£2.1 million as at 31 December 2021) which, subject to agreement with taxation authorities, are available to carry forward against future profits. Such losses have no expiry date. The tax value of such losses amounted to approximately £1.6 million (£530,000 as at 31 December 2021). A deferred tax asset has not been recognised in respect of such losses carried forward at the year end, as there is insufficient evidence that taxable profits will be available in the foreseeable future against which the deductible temporary difference can be utilised.

8. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	2022	2021
Earnings	£'000	£'000
Loss from continuing operations for the year attributable to the equity holders of the Company	(4,383)	(1,369)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	579,581,027	436,493,246
Basic and diluted earnings per share (pence)	(0.76)	(0.31)

The potential number of shares which could be issued following the exercise of options and warrants currently outstanding amounts to 1.63 Billion. Dilutive earnings per share equals basic earnings per share as, due to the losses incurred, there is no dilutive effect from the existing share options and warrants.

9. Investments

	Investment in Subsidiaries	
	2022	2021
	£'000	£'000
Investment		
Cost:		
At the beginning of the year	2,261	2,261
Additions (Note 10)	3,241	-
At 31 December	5,502	2,261
Impairment		
At the beginning of the year	-	-
Impairment provision	(2,261)	-
At 31 December	(2,261)	-
<i>Carrying Amount</i>		
At 31 December	3,241	2,261
Details of Subsidiaries are disclosed in Note 2.15.		

As more fully described in Note 13, mining activity at the Group's Musasa Project has been suspended until such a time as the wash plant becomes fully operational. Management concluded that the mine assets capitalised in Eastinco Limited should be fully impaired. Accordingly, management has concluded that the carrying value of the Company's investment should also be fully impaired on the basis that the carrying value represented the Company's investment cost in acquiring the Musasa Project. Accordingly, an impairment provision of the full carrying value of £2,261,000 has recognised.

10. Acquisition of Aterian Resources Limited

On 21 November 2021, the Company entered into a sale and purchase agreement with Altus Strategies Plc ("Altus" or "HoldCo") and Altus Exploration Management Ltd ("AEM" or the "Seller") to acquire:

- the 1 Ordinary share of £0.001 Aterian Resources Ltd (AEM's 100% owned subsidiary), (the "Company Sale Share"); and
- the one ordinary share of USD\$1.00 held by the Seller in Atlantic Minerals Limited (the "Seychelles Subsidiary"), constituting 50% of the entire issued share capital of the Seychelles Subsidiary,

(together, the "Sale Shares").

Completion of the acquisition took place on 24 October 2022. Aterian Resources Limited, an indirect subsidiary of Altus holds the licences for Altus's mineral projects in Morocco. These projects are all in the exploratory phase. Under the terms of the Acquisition Agreement, the total consideration to be paid by the Company to AEM was satisfied in full by:

Consideration

The aggregate price for the Sale Shares was to be satisfied in full by:

the allotment and issue of the Consideration Shares (being new Ordinary Shares representing no less than 17.5% of the Enlarged Share Capital of the Company (i.e. no less than 168,821,467 shares) to the Seller at the Issue Price of £0.01 per share) on Completion, credited as fully paid for a total consideration of £1,688,215, subject only to Completion and Admission together with the granting of the Initial Warrants (on the terms of the Warrant Deed and entering into the Royalty Deeds and the Musasa Royalty Deed; and the allotment and issue of Additional Consideration Shares at the Issue Price of £0.01 credited as fully paid, upon the later of the confirmation of the grant of the SAgSz Mining Licence and:

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- a) Admission, representing no less than 7.5% of the Enlarged Share Capital i.e. no less than 72,352,056 shares, of £723,520 (including the Additional Consideration Shares and the Consideration Shares), the Additional Consideration Shares being such number of shares that will ensure that if they had been in issue at Admission, when taken together with the Consideration Shares, they would in aggregate have been equal to 25.0% of the enlarged issued share capital of the Company as at Admission, i.e. 241,173,525 shares (including the Consideration Shares and the Additional Consideration Shares); and
- b) the granting of Initial Warrants and Additional Warrants.

The Initial Warrants were warrants granted to the Seller by the Company upon Admission to purchase such number of Buyer Shares as to represent 5% of the Enlarged Share Capital (48,234,705 shares) exercisable for a period of five years from Admission (subject to extension as set out in the Warrant Deed), with an exercise price equal to the First Exercise Price of £0.01; and

The Company also agreed to grant Additional Warrants to the Seller to purchase such number of Buyer Shares as to represent 5% of the Enlarged Share Capital (i.e. 48,234,705 shares) exercisable for a period of five years from Admission (subject to extension as set out in the Warrant Deed), with an exercise price of a 100% premium to the First Exercise Price or £0.02p.

The Company also agreed to make the following payments to the Seller:

- a) upon Completion £50,000 in cash to the Seller; and
- b) four subsequent payments of £50,000 each to the Seller within 30 days of the end of each subsequent quarter following the Completion Date with the final instalment being made on or before 18 months from the Completion Date i.e. a total cash payment of £250,000 over 18 months. At 31 December 2022, £200,000 remained outstanding.

Additional undertakings

The Company also agreed to:

- subject to a minimum amount raised, allocate a sum at least equal to the Agreed Work Amount from the proceeds raised from the Placing, in connection with the development of the Projects in accordance with a budget to be approved by the Board at Completion, within 12 months of Admission;
- procure that the Moroccan Subsidiaries pursuant to the Royalty Deeds grant to Altus Royalties or its Affiliate a 2.5% net smelter royalty in respect of their interest in Projects through the Licences, which will include a right for the Company to repurchase up to 1% of the net smelter royalty for USD500,000 per 0.5%; and
- if within the 12 months after Admission the Company raises further capital, the Company will procure that no less than 50% of the net amount raised will be used to repay the Seller for any amounts outstanding in relation to the £250,000 payment plan referred to above and any remaining balance will fund Moroccan mining exploration projects within the 12 months following the capital being raised.

If within the first 3 months after Admission the Company or any of the Moroccan Subsidiaries were granted a new mining licence in Morocco (not including licences which relate to the Rwandan Projects and the Moroccan Projects), the Company would procure that Altus Royalties (or its Affiliate) is granted a 2.5% net smelter return royalty over any production from that mining licence subject to a right for the Company to repurchase up to 1% of the net smelter royalty for USD500,000 per 0.5%.

If after 3 months of Admission but before the first anniversary of Admission the Company or any of the Moroccan Subsidiaries were granted a new mining licence in Morocco (not including licences which relate to the Rwandan Projects and the Moroccan Projects), the Company would procure that the Altus Royalties (or its Affiliate) is granted a 1.5% net smelter return royalty over any production from that mining licence subject to a right for the Company to repurchase up to 1% of the net smelter royalty for USD500,000.

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If Altus or its Affiliate procure that EME or an Affiliate of the Company are granted a new mining licence (not including licences which relate to the Rwandan Projects and the Moroccan Projects) within 24 months of Admission, then the Company will procure that Altus Royalties (or its nominee) are granted:

- i) a 1.5% net smelter return royalty over any production from such mining licences and,
- ii) grant to Altus Royalties (or its Affiliate) an additional 1.5% net smelter return royalty over any production from such mining licence (the "Additional Royalty")

with such royalties being granted on the substantially same terms as the Royalty Deed provided that EME and/or any Affiliate of the Company shall have the right to repurchase up to 1% of the net smelter royalty for USD500,000 per 0.5%.

On Admission EME entered into the Musasa Royalty Deed whereby it will grant to Altus Royalties a 0.5% net smelter royalty in respect of its interest in Musasa Project through the Rwandan Licence Application and an additional 1.5% net smelter royalty in respect of its interest in Musasa Project through the Rwandan Licence Application (Additional 1.5%) with the Additional 1.5% being conditional upon the Company, or its Affiliate, having a right to repurchase up to 1% of the net smelter royalty for USD500,000 per 0.5%.

The right to the 1.5% royalty and the right to the Additional Royalty are both conditional upon the Seller or one of its Affiliates purchasing new equity in the Company in any Qualifying Financing such that its percentage participation in the Qualifying Financing relative to the aggregate total of the capital raised in the Qualifying Financing is at least equal to 50% of the aggregate equity holding in the Company of the Seller and its Affiliates immediately prior to the Qualifying Financing Closing. In the event that this condition is not satisfied, the parties agreed that any 1.5% royalty so granted and Additional Royalty so granted shall be terminated upon the relevant Qualifying Financing Closing with no cost to the Company or any of its Subsidiaries. The parties will enter into such documentation as is reasonably required to terminate the relevant royalty deed.

In the event that the Takzim Permits in Morocco expire and the Company or any of its Affiliates obtains a new licence or permit over any of the ground that was covered by either of the Takzim Permits as at Completion (New Permit Application) then provided the Seller or its Affiliates provided all reasonable requested assistance in respect of the New Permit Application then the Buyer will procure that the Altus Royalties (or is Affiliate) is granted a 2.5% net smelter return royalty over any production from that mining licence on substantially the same terms as the Royalty Deed subject to (i) the royalty including a right for the Company to repurchase up to 1% of the net smelter royalty for USD500,000 with such royalties being granted and (ii) the Seller procuring that any royalties granted over the ground covered as at Completion by either of the Takzim Permits will be terminated.

Allocation of Purchase Price

The total transaction price of the acquisition has been allocated to individual items or group of similar items based on their relative fair values. In this case, the 15 projects acquired are considered to constitute a group of similar items.

No fair value adjustments were deemed necessary as book values were considered to approximate their fair values.

A summary of the acquisition is set out below. The total transaction price was £3,135,279. The Company has identified the following assets acquired:

	Fair value
Transaction price	£'000
Fair value of Consideration and Additional Consideration Shares	2,412
Grant of Initial and Additional Warrants (Note 21)	491
Deferred consideration payable in cash	250
Expenses incurred on acquisition, capitalised	88
Total transaction price	3,241
Total identifiable net assets acquired:	
Exploration and evaluation assets	3,241
Total fair value of assets acquired	3,241

The Company considers that the fair value of the assets acquired is equal to the consideration given (comprising the issue of shares at market value, warrants granted and valued by reference to Black-Scholes methods and deferred cash payable) plus expenses incurred directly on such acquisition. Accordingly, no gain or loss has been recognised on acquisition.

The Acquisition Agreement provided for contingent consideration in the form of royalties as described above. At the acquisition date these were determined to be deferred contingent consideration and the fair value has been assessed to be immaterial but will be recognised if or when it becomes probable and reasonably estimable. Likewise contingent consideration is payable on additional capital raised. At the acquisition date, this was determined to have nil value.

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Transaction costs of £87,958 have been capitalised as part of the acquisition and other transaction costs of £308,440 relating to the Admission of the Company's ordinary shares to the Official List of the London Stock Exchange have been expensed in the year ended 31 December 2022.

The total cash outflows capitalised amounted to £137,958, comprising £87,958 of expenses and £50,000 of deferred consideration.

11. Goodwill

Goodwill represents the excess consideration over the net assets on the acquisition of the Musasa Project held by Eastinco Ltd in 2019. Accordingly, the carrying value of goodwill was allocated to the Rwandan cash generating unit (CGU).

	2022	2021
	£'000	£'000
Cost:		
At the beginning of the year	2,168	2,168
At 31 December	2,168	2,168
Impairment:		
At the beginning of the year	-	2,168
Impairment provision	2,168	-
At 31 December	2,168	2,168
Carrying Amount		
At 31 December	-	2,168

Goodwill is reviewed at each reporting date. If any such indication exists, an impairment loss is recognised in the profit or loss as the difference between the carrying amount and the present value of estimated future cash flows.

The Directors have undertaken an impairment assessment as more fully described above in Note 2.21. Following their assessment, the Directors concluded that an impairment charge for the entire carrying value of £2.168,000 is necessary for the year ended 31 December 2022.

12. E&E Assets

The Company acquired the assets of Aterian Resources Limited in Morocco at a total transaction price of £3,135,279 as described in Note 10 above.

	Moroccan Assets	Total
	£'000	£'000
Cost		
At 1 January 2022	-	-
Additions	3,241	3,241
At 31 December 2022	3,241	3,241
Amortisation		
At 1 January 2022	-	-
Charge for the year	-	-
At 31 December 2022	-	-
Net book value		
At 31 December 2022	3,241	3,241

13. Property, plant and equipment Group

Cost	Mine £'000	Mining Equipment £'000	Office Equipment £'000	Motor vehicles £'000	Computer Equipment £'000	Processing Equipment £'000	Land £'000	Total £'000
At 1 January 2022	571	642	7	-	1	-	30	1,251
Foreign exchange adjustment	53	29	-	-	-	-	2	84
Additions	-	-	-	6	1	3	-	10
At 31 December 2022	624	671	7	6	2	3	32	1,345

Depreciation

At 1 January 2022	-	22	3	-	-	-	-	25
Charge for the year	-	20	1	-	1	-	-	22
Impairment provision	624	253	-	-	-	-	-	877
At 31 December 2022	624	295	4	-	1	-	-	924

Net book value

At 31 December 2022	-	376	3	6	1	3	32	421
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Cost	Mine £'000	Mining Equipment £'000	Office Equipment £'000	Motor vehicles £'000	Computer Equipment £'000	Processing Equipment £'000	Land £'000	Total £'000
At 1 January 2021	595	428	7	-	1	-	29	1,060
Foreign exchange adjustment	(28)	(20)	-	-	-	-	-	(48)
Additions	4	234	-	-	-	-	1	239
At 31 December 2021	571	642	7	-	1	-	30	1,251

Depreciation

At 1 January 2021	-	21	2	-	-	-	-	23
Charge for the year	-	1	1	-	-	-	-	2
At 31 December 2021	-	22	3	-	-	-	-	25

Net book value

At 31 December 2021	571	620	4	-	1	-	30	1,226
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The Property, Plant and Equipment held by the company is immaterial.

Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

At the end of June, the Company temporarily suspended operations on our Musasa Project based on the recommendation of Quiver Ltd, an independent processing consultancy, to undertake additional metallurgical test work to improve overall metal recoveries. While suspending production was a disappointment, the Company is excited at the prospect of potentially expanding the potential exploration licence area. The Company's view is to suspend further investment in production until such time as the new licence at Musasa is granted and then reassess the situation. The original application was made in May 2021.

Mining remains suspended until such a time as the wash plant becomes fully operational. The wash plant was not operational from July 2022 based on the recommendation of Quiver Ltd to suspend operations until metallurgical test work is completed to improve recoveries significantly. Current levels of metal recovery is not economically sustainable.

On the basis that mining has been suspended and low metal recovery, management has concluded that the mine assets capitalised in Eastinco Limited should be fully impaired on the basis they related specifically to capitalised exploration costs of the Musasa mine site, which is now essentially halted. Accordingly, an impairment provision of the full PPE mine site and associated equipment value of £877,000 is necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

14. Trade and other receivables

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Amounts owed by group undertakings due	-	-	6	1,703
Other debtors	-	128	-	83
Taxes receivable	86	-	54	-
Share subscriptions receivable	212	-	212	-
Prepayments	21	60	-	60
	319	188	272	1,846

The share subscriptions receivable comprises of monies due from four shareholders. Subsequent to the year-end £200,000 has been received.

Amounts owed by group undertakings are stated net of a provision of £2,444,000 (2021: £Nil).

15. Cash and cash equivalents

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Cash at bank and in hand	110	196	41	190

16. Trade and other payables

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Trade payables	287	75	192	30
Other payables	33	72	27	67
Amounts due by group undertakings due in less than one year	-	-	72	72
Accruals	75	50	75	50
	395	197	366	219

17. Deferred consideration

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Deferred consideration – Altus	200	-	200	-
	200	-	200	-

Deferred consideration is payable to Altus Exploration Management Ltd in respect of the acquisition of Aterian Resources Limited as set out in Note 10 above. £50,000 was paid on 4 November 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

18. Borrowings

	Group		Company	
Non-current liabilities	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loan from related party	151	-	151	-
Convertible loan notes	-	158	-	158
	151	158	151	158

Loan from a related party

On 17 October 2022, the Company entered into a working capital facility with the trustees of the C Bray Transfer Trust pursuant to which the C Bray Transfer Trust agreed to make available to the Company a Working capital facility of up to £500,000.

Up to £150,000 can be drawn down under the facility each quarter starting at Admission (25 October 2022). The facility will be available for two years. The facility is secured by a fixed and floating charge over all the property or undertaking of the Company.

Interest of 2% per annum accrues on undrawn amounts and interest of 9% per annum will accrue on drawn amounts. Interest will roll up and is repayable with the outstanding principal on the second anniversary of Admission. An arrangement fee of £10,000 was payable and has been added to the principal outstanding. C Bray, a director, is a beneficiary of the C Bray Transfer Trust.

Convertible loan notes

Convertible loan notes with a principal sum of £850,000 (~~gross of discounted finance charges of £42,000 to reflect the time value of money~~), which were interest-free and due for repayment on 31 December 2024, were converted into 85,000,000 Ordinary Shares of £0.01 each of the Company on 25 October 2022 as more fully described in Note 20 below.

19. Financial instruments

Categories of financial instruments	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost				
Other receivables	319	128	266	183
Cash and cash equivalents	110	196	41	190
	429	324	307	373
Financial liabilities measured at amortised cost				
Trade and other payables	395	197	366	219
Deferred consideration	200	-	200	-
Borrowings	151	-	151	-
Convertible loan notes	-	158	-	158
	746	355	717	377

Financial risk management objectives and policies

The Group is exposed through its operations to credit risk and liquidity risk. In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Group's risk management objectives and policies. Further details regarding these policies are set out below:

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of issued capital, reserves and retained earnings. The Directors review the capital structure on a semi-annual basis. As a part of this review, the Directors consider the cost of capital, the risks associated with each class of capital and overall capital structure risk management through the new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group is not subject to externally imposed capital requirements.

Market price risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The development and success of any project of the Group will be primarily dependent on the future prices of various minerals being exploited. Mineral prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company.

Future production from the projects is dependent on mineral prices that are adequate to make the projects economic. The Group reviews current and anticipated future mineral prices and adjusts the allocation of financial resources accordingly.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and cash and cash equivalents.

The Group manages its exposure to credit risk by the application of monitoring procedures on an ongoing basis. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group arise in respect of trade payables which are all payable within 12 months and borrowings which are repayable between one and two years. At 31 December 2022, total trade payables within one year were £507,000 (2021: £197,000), which is more than the Group's cash held at the year-end of £110,000. The borrowings are repayable after between one and two years. The Board monitors cash flow projections on a regular basis as well as information on cash balances, and manages such cash flows through short-term borrowings, including a working capital facility, and the raising of equity to support long-term expenditure.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Rwandan Franc ("RWF").

Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

At 31 December 2022, had the exchange rate between the Sterling and RWF increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets would amount to approximately £138k/£(113k). The Group does not hedge against foreign exchange movements.

20. Share capital

The Ordinary Shares issued by the Company have a 1p par value. The Ordinary Shares rank pari passu in all respects, including the right to attend and vote in general meetings, to receive dividends and any return of capital.

	2022			2021		
	Number of shares	Share Capital £'000	Share Premium £'000	Number of shares	Share Capital £'000	Share Premium £'000
Brought forward at 1 January	488,692,170	5,671	2,144	430,068,763	4,301	2,144
Shares issued for acquisition (a)	241,173,523	2,411	-	-	-	-
Shares issued for sterling (b)	85,405,000	854	-	25,000,000	250	-
Conversion of 2021 loan notes (c)	85,000,000	67	33	6,666,667	850	-
Conversion of loan 2019 notes (d)	20,000,000	200	-	-	-	-
Shares issued to EBT (e)	44,423,400	444	-	26,236,740	263	-
Other share issues	-	-	-	720,000	7	-
As at 31 December 2022	964,694,093	9,647	2,177	488,692,170	5,671	2,144

The Company issued the following shares in the year ended 31 December 2022:

- a) On the Company's Admission to the Official List and to trading on the London Stock Exchange's Main Market for listed securities on 25 October 2022, the Company issued 241,173,523 of £0.01 each in consideration for the acquisition of Aterian Resources Limited for a total non-cash consideration of £2,411,735.
- b) On the same date, the Company completed a Placing of 85,405,000 Ordinary Shares of £0.01 for consideration of £854,050 (£212,000 was outstanding as at 31.12.22 – see note 14).
- c) On Admission, outstanding Convertible Loan Notes issued in 2021 totaling £850,000 were converted into 85,000,000 Ordinary Shares at £0.01 each.
- d) On Admission, the Company issued 20,000,000 Ordinary Shares at £0.01 per Ordinary Share to certain CLN Holders for a total consideration of £200,000.
- e) On the same date, the Company issued 44,423,400 EBT Shares at £0.01 per EBT Share for a non-cash consideration of £444,234.

21. Share-based payment arrangements

Options

Equity settled share-option plan

The Company has established a trust for the benefit of the employees and former employees of the Company's Group and their dependants. The EBT is managed by a Trustee, who exercises independent decision making with respect to any voting of shares on behalf of Summerhill Trust.

The Company issued a total of 44,490,000 EBT options in 2022 as summarised below.

EBT Options

	2022	2021
	Number of EBT Options	Number of EBT Options
Outstanding at beginning of year	51,907,400	13,257,400
Granted during the year	44,490,000	38,650,000
Outstanding at end of the year	96,397,400	51,907,400

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

Options issued in 2022:

A total of 44,490,000 options were issued during the year, exercisable at £0.01 per ordinary share, such awards expiring on 30 December 2030. These include 30,250,000 options which were issued to Directors of the Company and 14,240,000 options issued to a former Director. These were granted subject to Admission.

The fair values of the options granted have been calculated using Black-Scholes model assuming the inputs shown below:

Share price	£0.0100
Exercise price	£0.0100
Time to maturity	8.19 years
Risk free rate	3.74%
Volatility	67.0%
Value	£0.0071

An expense of £317,000 has been recognised in the year (2021: £267,330) in respect of a share-based payment charge for the share options issued during the accounting period under the Employee Benefit Trust and CSOP.

The weighted average remaining life of the options at the end of 2022 was 6.70 years (2021: 4.38 years).

Warrants

The following warrants were issued as part of share subscriptions:

	2022		2021	
	Average exercise price per warrant	Number of warrants	Average exercise price per warrant	Number of warrants
Outstanding at beginning of year	2.65p	190,156,935	2.7p	58,718,666
First Altus warrants (ii)	1p	48,234,705	-	-
Second Altus warrants (iii)	2p	48,234,705	-	-
Novum warrants (iv)	1.5p	2,500,000	2.5p	139,438,269
Shard warrants (v)	1.5p	405,000		
Lapsed in the year	-	-	2.79p	(8,000,000)
Outstanding at end of the year	1.752.04p	289,531,345	2.65p	190,156,935

The total expense recognised in the Statement of Comprehensive Income during the year was £18,503 (2021: £nil). In addition, a total of £491,000 has been recognised as part of the Purchase Consideration in relation to the First and Second Altus Warrants, as more fully described in Note 10. The weighted average remaining life of the warrants at the end of 2022 was 3.31 years (2021: 3.55 years)

During the year, the following changes occurred:

- i. A total of 126,666,668 Warrants over Ordinary Shares with an original exercise price of £0.02 pursuant to the 2021 Warrant Instrument in connection with the issue of Pre-IPO Shares, were amended to reflect an adjusted exercise price of £0.015. These expire on 30 December 2024.
- ii. First Altus Warrant Instrument: On 17 October 2022, the Company created a warrant instrument pursuant to which the Company could issue 48,234,705 warrants over Ordinary Shares at an exercise price equal to the First Exercise Price being the weighted average of the price of the price of the Pre-IPO Fundraise (being the fundraising completed by the Company on 22 November 2021 consisting of the issue of £850,000 of CLNs and £100,000 of Ordinary Shares at £0.015 per new Existing Ordinary Share raising in aggregate £950,000) and the Issue Price of £0.01. The warrants are exercisable from the date of Admission and until the fifth anniversary of such date. The exercise of warrants under this instrument is subject to the shares that are the subject of the exercise not giving the warrant holder and those persons acting in concert with them for the purposes of the Takeover Code more than 29.9% of the Company share capital at any time.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2021

- iii. Second Altus Warrant Instrument: On 17 October 2022, the Company created a warrant instrument pursuant to which the Company could issue 48,234,705 warrants over Ordinary Shares at an exercise price equal to the Second Exercise Price being a 100% Premium to the First Exercise Price. The warrants are exercisable from the date of Admission and until the fifth anniversary of such date. The exercise of warrants under this instrument is subject to the shares that are the subject of the exercise not giving the warrant holder and those persons acting in concert with them for the purposes of the Takeover Code more than 29.9% of the Company share capital at any time.
- iv. Novum Warrant Deed: On 17 October 2022, the Company entered into a warrant deed pursuant to which the Company agreed to grant to Novum Corporate Finance subject to Admission 2,500,000 warrants over Ordinary Shares exercisable at 150% (£0.015) of the Issue Price (the "Novum Warrants"). These warrants are exercisable for a period of three years from Admission.
- v. Shard Warrant Deed: On 17 October 2022, the Company entered into a warrant deed pursuant to which the Company agreed to grant to Shard Capital Partners LLP subject to Admission 405,000 warrants over Ordinary Shares exercisable at 150% of the Issue Price (the "Shard Warrants"). These warrants are exercisable for a period of three years from Admission.

Fair value of share awards

The fair values for the Options and warrants granted in 2022 were calculated using the Black Scholes option pricing model. The inputs in the model were as follows:

	EBT Options	First Altus Warrants	Second Altus Warrants	Shard warrants	Novum Warrants
Share price at grant	£0.01	£0.01	£0.01	£0.01	£0.01
Average exercise price	£0.01	£0.01	£0.02	£0.015	£0.015
Expected life (years)	8.19	5	5	3	3
Risk-free interest rate	3.74%	3.74%	3.74%	3.74%	3.74%
Expected dividend yield	0%	0%	0%	0%	0%
Expected volatility	67%	67%	67%	67%	67%

The volatility was determined by reference to the historical volatility of the Company's share price at the time of grant.

The weighted average remaining life of the options at the end of 2022 was 5.68 years (2021: 3.55 years).

22. Reconciliation of liabilities from financing activities

Company and Consolidated financing cash flows Year ended 31 December 2022	Opening balances	Cash received / (paid)	Conversion of loan notes	Release of fair value discount	Closing balances
£'000	£'000	£'000	£'000	£'000	£'000
Borrowings	158	151	(200)	42	151
Totals	158	151	(200)	42	151

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

Consolidated financing cash flows Year ended 31 December 2021	Opening balances £'000	Conversion of loan notes £'000	Issue of shares to EBT £'000	Closing balances £'000
Borrowings	219	(61)	-	158
Totals	219	(61)	-	158

23. Related party transactions

Transactions with subsidiary companies:

Eastinco Ltd is a subsidiary and during the year, received total funds of £720,364 (2021: £210,438). Eastinco Ltd owes £2,222,815 (before impairment provisions) to Aterian PLC at the end of the year (2021: £1,502,451).

Eastinco ME Ltd is a subsidiary and is owed £17,962 by Aterian PLC at the end of the year (2021: £70,487).

Transactions with Directors

Charles Bray is a Director of the Company and during the year, Charles Bray received total fees of £26,086 (2021: £nil). Charles Bray is owed by the Company £20,514 at the end of the year (2021: £2,026 owed to the Company).

The Company has received a loan of £150,000 (2021: £nil) from IQ EQ (Jersey) Limited, trustee of Charles Bray Transfer Trust as more fully described above in Note 18.

Simon Rollason is a Director of the Company and during the year, Simon Rollason received total fees of £23,993 (2021: £200,000).

Edlin Holdings Limited is an Isle of Man company which invests and operates non-US based investments. The ultimate beneficial owners of Edlin Holdings Limited are Bray family members.

At the year end, Directors hold interests in Ordinary Shares, warrants and options as below:

Name	No. of Warrants	No. of Options	No. of Shares
Charles Bray	26,669,999	22,250,000	78,270,000
Edlin Holdings Limited*	19,333,334	-	36,000,000
Simon Rollason	-	-	20,000,000
D Marais	6,670,000	4,000,000	14,670,000

Details of Directors' remuneration during the year are given in Note 3.

24. Ultimate controlling party

The Directors consider that there is no controlling or ultimate controlling party of the Company.

25. Expenditure commitments

The Company is committed to paying deferred consideration to Altus Exploration Management Ltd, as more fully described in Note 9 amounting to four quarterly payments of £50,000 each to Altus Exploration Management Ltd, i.e. a total cash commitment of £200,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2022

26. Capital commitments

As at 31 December 2022, there were no capital commitments entered into by the Group (31 December 2021: nil).

27. Contingencies

With the exception of deferred contingent consideration described in Note 10, as at 31 December 2022, there were no contingent liabilities (31 December 2021: nil).

As mentioned earlier in the report, the Managing Director of the local Rwanda subsidiary, Eastinco Limited, charged with the Musasa wash plant operations, resigned from his role in late 2022. Regrettably, Daniel Hogan initiated legal proceedings against Eastinco Limited in Rwanda for i) compensation related to salary forgone during the senior management cash preservation period that was actioned during the COVID-19 Pandemic and ii) a related party payment for his personal vehicles being leased to the company. Despite Mr Hogan receiving share-based compensation matching that of the other senior managers over the period and his signing a waiver of claims upon resignation, and after attempts to resolve the related party matter amicably, Mr Hogan has chosen to pursue legal action against Eastinco Limited. We are confident that Eastinco Limited's position is strong, and we have retained legal counsel to defend the company. We remain committed to defending the interests of the company and will take all necessary steps, including the pursuit of legal action in both Rwanda and the United Kingdom, to protect our reputation and financial interests.

The Board of Directors determined that a restructuring of the Rwandan subsidiaries was warranted to mitigate and segregate the risk arising from exploration activities and operational activities. More specifically, a new holding company is being formed to hold the exploration project companies, while another company is being formed for the purpose of mineral trading operations. The transfer of the various assets and shares from Eastinco Limited, the existing sole holding and operating company, is pending the resolution of the Hogan dispute.

28. Events after the reporting date

There were no events that have occurred subsequent to 31 December 2022 that require disclosure in these financial statements.

29. Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement