Aterian PLC

("ATN" OR "Aterian")

Registered number: 07496976

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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Statement of Directors' Responsibilities in respect of the Condensed Consolidated Financial Statements

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

• an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

• material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of Aterian Plc are listed in the Company's annual report for 31 December 2022 and the Company's website: https://aterianplc.com/ There have been no changes since 31 December 2022.

The Interim Financial Statements were approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Charles Bray

Director

28 September 2023

Chairman's statement

I am pleased to announce the unaudited Interim Results of the Group for the half-year ending 30 June 2023.

These accounts relate to the Company for the first half of 2023 and reflect a loss of £636,000 arising from administrative costs; this corresponds to the Company's expenditure on overheads, operational and exploration costs. Additional expenditure was incurred on mineral exploration over the HCK project in Rwanda, establishing the mineral trading business in Rwanda, and conducting mineral exploration in Morocco.

Morocco Update

In October 2022, the Company acquired 50 licences covering 15 project areas with a total landholding of 762 km^2 in the Kingdom of Morocco ("Morocco"). The licences primarily target critical and strategic minerals such as copper, silver and other base metals and are held 100% by the Company's Moroccan subsidiaries. Elemental Altus Royalty Corporation has a 2.5% net smelter return ("NSR") royalty over each of the licences held by Aterian in Morocco.

In August 2023, the Company announced that 10 additional licences were granted to its Moroccan subsidiaries, expanding the overall portfolio to 17 projects, comprising 60 licences and a landholding of 897 km^2.

Below is a brief description of the projects explored during the reporting period.

The Agdz Project

The Agdz Project covers 34.46 km^2 and comprises a single mining licence, granted on 21 May 2021 for ten 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. 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. A recent re-interpretation of the available ground-based geophysics and ground geological mapping indicates that the main prospects identified occur in a potential dilutionary jog structural setting.

Five prospects, namely Makarn, Makarn North, Amzwaro, Miniere and Daoud, have been outlined 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). These five significant Cu-Ag prospects cover an area of approximately 8 km2:

- The 2.80 km long Makarn – Markarn North prospects, with results up to 26.5 % 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 14.75 % Cu and 13.8 g/t Ag
- The 0.70 km long Daoud prospect, with results up to 2.98 % Cu, 152 g/t Ag

576 m of reconnaissance 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 at Makarn North and 13.70 m at 0.36 % Cu and 13.26 g/t Ag at Amzwaro.

The Tata Project

The Tata Project covers 154.4 km2 and is located within the western Anti-Atlas Mountains of Morocco and lies 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 Managem Group operates.

Late Ediacaran to early Cambrian Adoudou Formation carbonate-rich sediments occurs within the Project along the margins of the Palaeoproterozoic Tagragra de Tata Inlier. Exploration work on the Project has identified copper mineralisation hosted within Adoudoudian sediments and the Cambrian Tata Group sediments.

The Adoudou Formation comprises sediments known to host significant sedimentary copper deposits in the Western and Central Anti-Atlas, including 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.

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 geological feature. Exploration results from rock chip sampling along 8 km of the strike of the sediments have reported up to 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. More recent fieldwork has observed copper mineralisation along a further 7 km of strike along the northern flank of the inlier (laboratory results from this work are pending).

The Azrar Project

The Azrar Project is situated in the western Anti-Atlas Mountains. It comprises an area of 99.3 km^2, located 155 km southeast of the port city of Agadir and 45 km southeast of the Tizert copper mine, which Managem Group operates. The western Anti-Atlas is dominated by Palaeoproterozoic to Neoproterozoic age inliers overlain unconformably by Cambrian to recent sedimentary and volcanic sequences.

Preliminary fieldwork has covered 50% of the project area, with copper and silver mineralisation identified over 5 separate zones, with several historic hard rock artisanal mining occurrences recorded. One target is an ENE-WSW trending fault zone traced along strike for c. 1.5 km, and remains open-ended, cross-cutting dolomitic sediments, and up to 8 m wide, with one sample returning 1.41 % Cu and 41 g/t Ag. The maximum copper value from samples collected along this structure is 3.45 % Cu. High-grade copper and silver have been reported from additional outcrop sampling, including 3.79 % Cu and 23 g/t Ag from a separate fault breccia sample. Results support earlier observations that prospective geological formations for stratiform sediment-hosted copper deposits occur within the project area, in addition to structurally controlled mineralisation features, such as fault zones.

The Jebilet Est Project

This Project covers 73.6 km^2 and lies approximately 200 km south of the capital city of Rabat, 35 km northeast of Marrakech, and 15 km from a rail line to the port of Casablanca. The Project occurs approximately 15 km east of the historic Bir N'Hass copper mine, with several known base metal and copper deposits and occurrences identified within the district (mineralisation hosted at Bir n Hass is not necessarily indicative of mineralisation at Jebilet Est).

The Jebilet Est Project is underlain by Palaeozoic metamudstones and quartzites proximal to Variscan (Hercynian)-age granite and mafic intrusive bodies. Initial reconnaissance has identified a significant network of copper-bearing veins and breccia zones. Multiple parallel quartz-carbonate veins with a general ENE orientation are mapped across the licences with the largest vein zone, up to 10 m wide, striking discontinuously for over 3 km. High copper grades, including 4.43 % Cu and 3.11 % Cu, have been returned from outcrop sampling, with an extensive vein system mapped in the western project area.

The Jafra Project

The Jafra Project covers 29.0 km^2 in the Western Meseta of north-central Morocco, 36 km northeast of Marrakech, 35 km east of the former Roc Blanc silver mine, and 32 km from the rail line to the port of Casablanca. The project is located on the eastern margin of an intrusive pluton within the metamorphic aureole. It hosts a historically mapped lead occurrence, coincident with apparent former artisanal mining associated with fault zones and a quartz-carbonate vein system. The Project lies 14km south of the Company's Jebilet Est Copper Project.

Reconnaissance has concentrated on two areas within the centre of the project, where several artisanal workings are identified on a prominent topographic feature trending across the project. All mapped workings appear to exploit quartz veins and fault zone breccia with visible sulphide mineralisation.

Surface scree covers much of the high ground; however, individual structures can be traced over 100 m along strike from the workings. Several breccia zones with variable widths up to 3 m have been identified and are typically composed of roughly parallel quartz-carbonate veins and breccia. Veins range from 1 to 30 cm wide with a general NE trend, cross-cutting the host metasiltstones. Rock chip sampling has reported high-grade silver and lead values up to 170 g/t Ag, 22.2 % Pb and 157 g/t Ag, 21.2 % Pb.

Rwanda Update

Aterian, through its 100% owned Rwanda registered subsidiary, Eastinco Limited, is actively engaged in mineral exploration and developing its portfolio of critical metals in Rwanda. The Company has three partnerships exploring and developing the lithium-tantalum(+niobium)-tin opportunities hosted within intrusive pegmatite dykes and sills. Eastinco Limited also holds a metal trading licence issued by the authorities in Rwanda, which will allow for trading metal concentrates from internal supply and third-party producers and suppliers.

Below is a brief description of the operational projects during the reporting period.

The HCK Project

The HCK Project covers 2,750 hectares in southern Rwanda with the licence held by Kinunga Mining Ltd, a Rwanda-registered joint venture company owned 70% by Eastinco Limited and 30% by HCK Mining Company Ltd. Aterian recently entered an earn-in Joint Venture Agreement with Rio Tinto Mining and Exploration Ltd ("Rio") over this project, where Rio can earn up to a 75% interest in the project through funding a two-stage US$ 7.5 million exploration programme.

Work conducted during the reporting period by the Company comprised a multi-method geophysical survey, sampling and geological mapping and the completion of an aerial drone topographic survey. From work completed, 19 individual pegmatite zones have been identified, with the main target, HCK-1, having an indicated strike length of c 2,500 m with widths up to 100 m in places.

The ground-based multi-method geophysical survey covered an area of 2.36 km2 over the HCK-1 target and comprised magnetometry, induced polarisation ("IP"), and electrical IP tomography ("IPT"). The survey was designed to provide information on the main geological controlling structures for the emplacement of the pegmatite bodies, the depth of weathering and recommended targets for detailed follow-up. Four sub-cropping pegmatite bodies were identified from the survey, further highlighting the strong structural control on pegmatite emplacement with the interpretation of at least three deformation events.

A pegmatite fertility analysis of the multi-element geochemistry from samples collected across the licence was conducted by an external consultant. The study involved analysing data by assessing metal ratios and associations to predict the lithium prospectivity of the pegmatites occurring on the licence. The study indicates that the HCK-1 pegmatite has encouraging evidence for Li-Ta enrichment, even though the Ta grades generally seem to be < 200 ppm; however, the Ta grades were not unexpected given the irregular metal distribution within these weathered and kaolinised pegmatites, with the samples collected from the near-surface environment. Given the deep tropical weathering, the enrichment of Li (16 samples > 150 ppm) is seen as encouraging for locating Li pegmatites at depth (below the weathering zone). The indicated presence of tourmaline and beryl from several localised zones along the strike of the HCK-1 pegmatite implies internal zonation and that the bedrock source pegmatite may comprise a more 'complex' pegmatites (which are generally the targets in LCT pegmatite exploration). The low Rb levels associated with anomalous Li may imply a non-mica lithium source and the low levels of phosphorus vectors toward a more spodumene-rich bedrock target.

Metal Trading

In January 2023, the International Tin Supply Chain Initiative ("ITSCI") programme for responsible mineral supply chains approved the Eastinco Limited ("Eastinco") application in Rwanda and granted Membership Status. 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 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (2016).

Since January, The Company has worked to establish a trading facility in Kigali, where concentrate products from small-scale miners and cooperatives can be received, upgraded and cleaned, processed and packaged for export in compliance with international guidelines. In tandem, the trading team has been building a potential supply chain by visiting and understanding the production capacity of over 30 small-scale mining operations in Rwanda.

Aterian's trading business model is to partner with several suppliers in Rwanda to support their mining operations by providing mining and processing equipment, capital investment and training. The first partner projects have been identified, and the Company is now conducting additional due diligence and technical planning. Basic mineral processing systems will be installed under a lease agreement, with the development of new access tunnels into the deeper levels of the mining areas. This new infrastructure and technical support should result in an immediate uplift in production by processing existing tailings material and a longer-term sustainable production uplift from accessing the deeper mineralised structures.

Charles Bray
Executive Chairman
28 September 2023

Principal Risks and Uncertainties

The Board considers strategic, operational and financial risks and identifies actions to mitigate those risks. These risk profiles are updated at least annually. The principal risks and uncertainties can be found in the Group's risk profile analysis can be found on pages 12 to 15 of our Annual Report for the year ended 31 December 2022, available from the Aterian plc website: https://aterianplc.com/

The principal risks and uncertainties which may impact results and prospects over the second half of the year and a summary of the key measures taken to mitigate those risks are as follows:

- Trading business

Eastinco Limited holds a metal trading licence issued by the authorities in Rwanda, which will allow for trading metal concentrates from internal supply and third-party producers and suppliers. Our trading business model is to partner with several suppliers in Rwanda to support their mining operations by providing mining and processing equipment, capital investment and training. The first partner projects have been identified, and the Company is now conducting additional due diligence and technical planning. The outcome of these procedures will have an impact on the timing and level of revenues which might be generated before the year end.

- Rio Tinto Joint Venture

On 31 July 2023, the Company signed a definitive Earn-In Investment and Joint Venture Agreement ("Agreement") with Rio Tinto Mining and Exploration Ltd ("RIO") and Kinunga Mining Ltd ("Kinunga"). The Agreement is for the exploration and development of lithium and by-products at its HCK Joint Venture project holding the HCK licence (the "Licence") in the Republic of Rwanda.

RIO has the option to incur work expenditure of US$3 million over a two-year period ("Stage 1") to earn an initial 51% interest in the Licence. RIO will also make cash payments to Aterian, totalling US$300,000, to reimburse previous operational expenses incurred by Aterian. An initial payment of US$200,000 is due upon completion of satisfactory due diligence by RIO, and an additional payment of US$100,000 will be due at the start of Stage 2.

The outcome of these procedures may impact on the prospects for and funding of this project.

- Funding of the Group

The Group has not yet earned revenues and as at 30 June 2023 was in the feasibility, optimisation and commissioning phase of its ore processing and trading facility 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 the monetisation of assets and this will likely continue to be the case until revenue is generated from mining and/or trading and subsequent ore sales.

As described in note 18 below, the Company raised additional equity in August to fund the Group's operations and potential growth.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 30 JUNE 2023

	Notes	6 months to 30-Jun-23 (Unaudited) £'000	6 months to 30-Jun-22 (Unaudited) £'000
Revenue		-	-
		-	-
Administrative expenses	5	(813)	(227)
Share-based payment expense	15	(36)	-
		(849)	(227)
Operating loss		(849)	(227)
Interest payable and similar charges	6	(9)	(6)
Loss before tax		(858)	(233)
Tax expense	7	-	-
Loss after tax		(858)	(233)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Loss on translation of foreign operations		(84)	(4)
Total comprehensive loss		(942)	(237)
Loss per share			
Basic and diluted loss per share (pence)	8	(0.09)	(0.04)

All activities relate to continuing operations.

The accompanying notes on pages 13 to 19 form part of these interim condensed financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30-Jun-23 (Unaudited) £'000	31-Dec-22 (Audited) £'000
Non-current assets			
Exploration and evaluation assets		**3,241**	3,241
Property, plant and equipment	**9**	**307**	421
Total non-current assets		**3,548**	3,662
Current assets			
Trade and other receivables	**10**	**241**	319
Cash and cash equivalents		**26**	110
Total current assets		**267**	429
Total assets		**3,815**	**4,091**
Equity and liabilities			
Share capital	**14**	**9,892**	9,647
Share premium	**14**	**2,177**	2,177
Share based compensation reserve		**2,477**	2,441
Interest in shares in EBT		**(839)**	(839)
Translation reserve		**(397)**	(313)
Accumulated losses		**(11,826)**	(10,968)
Merger relief reserve		**1,200**	1,200
Total equity		**2,684**	3,345
Current liabilities			
Trade and other payables	**11**	**438**	395
Deferred consideration	**12**	**200**	200
Total current liabilities		**638**	595
Non-current liabilities			
Borrowings	**13**	**493**	151
Total non-current liabilities		**493**	151
Total equity and liabilities		**3,815**	**4,091**

The Interim Condensed Financial Statements were approved and authorised for issue by the Board of Directors on 28 September 2023.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share capital	Share premium	Share-based compensation reserve	Interest in shares in EBT	Translation reserve	Other Reserve	Merger relief reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	5,671	2,144	1,615	(395)	(263)	80	1,200	(6,629)	3,423
Loss for the period	-	-	-	-	-	-	-	(233)	(233)
Other comprehensive loss	-	-	-	-	(4)	-	-	-	(4)
Transactions with owners:									
Transfer from other reserve to accumulated losses	-	-	-	-	-	-	-	24	24
Issue of new shares	142	-	-	-	-	-	-	-	142
At 30 June 2022	**5,813**	**2,144**	**1,615**	**(395)**	**(267)**	**80**	**1,200**	**(6,838)**	**3,352**
At 1 January 2023	9,647	2,177	2,441	(839)	(313)	-	1,200	(10,968)	3,345
Loss for the period	-	-	-	-	-	-	-	(858)	(858)
Other comprehensive income	-	-	-	-	(84)	-	-	-	(84)
Transactions with owners:									
Share-based compensation	-	-	36	-	-	-	-	-	36
Issue of new shares	245	-	-	-	-	-	-	-	245
At 30 June 2023	**9,892**	**2,177**	**2,477**	**(839)**	**(397)**	**-**	**1,200**	**(11,826)**	**2,684**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE 2023

	6 months to 30-Jun-23 (Unaudited) £'000	6 months to 30-Jun-22 (Unaudited) £'000
Cash flow from operating activities		
Loss before tax	**(858)**	(237)
Adjustments for:		
Depreciation	**11**	11
Share-based payment expense	**36**	-
Interest expense	**9**	6
Provisions against loans	**-**	(126)
Foreign exchange losses	**17**	19
Costs settled by the issue of shares	**245**	-
Operating loss before working capital changes	**(538)**	(327)
Changes in working capital:		
Decrease in trade & other receivables	**78**	111
Increase in trade & other payables	**43**	50
Net cash outflows flow from operating activities	**(419)**	(166)
Cash flow from investing activities		
Purchase of property, plant and equipment	**(4)**	(7)
Funds advanced to subsidiary pre-acquisition	**-**	(463)
Net cash used in investing activities	**(4)**	(470)
Cash flow from financing activities		
Amounts advanced to subsidiary	**-**	323
Proceeds from borrowings	**342**	-
Net proceeds from issue of shares	**-**	142
Net cash flow from financing activities	**342**	465
Net decrease in cash & cash equivalents	**(81)**	(171)
Cash & cash equivalents at beginning of the period	**110**	196
Effect of exchange rate movements on cash	**(3)**	(3)
Cash & cash equivalents at end of the period	**26**	22

ATERIAN PLC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX

MONTHS ENDED 30 JUNE 2023

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.

The condensed interim financial statements for the period ended 30 June 2023 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. These financial statements have been prepared in accordance with the accounting policies set out in, and are consistent with, the audited consolidated financial statements for the twelve months ended 31 December 2022. A copy of the statutory accounts for the year ended 31 December 2022 has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006 but drew attention, by way of emphasis, without qualifying the report, to the Company's assumptions on going concern which stated 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 indicated that a material uncertainty existed that may cast significant doubt on their ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter.

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

The principal accounting policies applied in the preparation of the Company's Financial Statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

This condensed consolidated interim financial statements for the half-year reporting period ended 30 June 2023 have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022, which has been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006, and any public announcements made by Aterian Plc during the interim reporting period.

The condensed interim financial statements are unaudited and have not been reviewed by the auditors and were approved by the Board of Directors on 28 September 2023.

The Financial Statements are presented in £'000 unless otherwise stated which is the Company's functional and presentational currency.

3. Going concern

The financial statements have been prepared on a going concern basis. The Group has not yet earned revenues and as at 30 June 2023 was in the feasibility, optimisation and commissioning phase of its ore processing and trading facility 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 30 June 2023, the Group had cash and cash equivalents of £26,000 and a working capital facility of £500,000 of which £nil remains to be drawn. As at the date of this report, cash balances were approximately £309,000. The Company raised additional equity in August as described in Note 18 and also hopes to generate revenues, monetise assets, and/or raise further 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.

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 additional finance, realise its assets and discharge its liabilities in the normal course of business.

4. New standards, interpretations and amendments adopted from 1 January 2023:

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Standards issued but not yet effective:

At the date of authorisation of these interim financial statements, certain standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases these standards and guidance have not been endorsed for use in the UK. The directors are evaluating the impact that these standards will have on the financial statements of the Group.

5. Operating expenses by nature

Administrative expenses	**Six months ended 30-Jun-23 (Unaudited) £'000**	Six months ended 30-Jun-22 (Unaudited) £'000
Directors' salaries	**(120)**	-
Staff costs	**(58)**	(50)
Auditor's remuneration	**(52)**	-
Travel expenses	**(6)**	(4)
Metallurgical tests	**(4)**	-
Legal expenses	**(24)**	(75)
Professional fees	**(318)**	(41)
Accounting fees	**(60)**	(13)
Depreciation	**(11)**	(11)

Geological survey costs	**(19)**	-
Trading expenses	**(49)**	-
Security costs	**(8)**	-
Other expenses	**(84)**	(33)
	(813)	(227)

Director salaries	**Fees and salaries £'000**	**Share-based payment expense £'000**	**Six months ended 30 June 2023 Totals £'000**	Six months ended 30 June 2022 Total £'000
Executive Directors				
Charles Bray	48	-	48	-
Simon Rollason	48	-	48	-
Non-Executive Directors				
Simon Retter	-	-	-	-
Devon Marais	14	-	14	-
Alister Hume	5	-	5	-
Kasra Pezeshki	5	-	5	-
	120	-	120	-

6. Interest payable and similar charges

Interest expense	**Six months ended 30-Jun-23 (Unaudited) £'000**	Six months ended 30-Jun-22 (Unaudited) £'000
Interest expense on loan notes	**-**	6
Interest on related party loan	**9**	-
	9	6

7. Taxation

Tax expense	**Six months ended 30-Jun-23 (Unaudited) £'000**	Six months ended 30-Jun-22 (Unaudited) £'000
Current tax:		
UK taxation	**-**	-
Overseas taxation	**-**	-
Deferred tax	**-**	-
	-	-

The Group has made no provision for taxation as it has not yet generated any taxable income.

The Group had losses for tax purposes of approximately £7.0 million as at 30 June 2023 (£6.4 million as at 31 December 2022) 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 £1.7 million as at 30 June 2023 (£1.6 million as at 31 December 2022). A deferred tax asset has not been recognised in respect of such losses carried forward at the period 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

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

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

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

	Six months ended 30-Jun-23 (Unaudited) £'000	Six months ended 30-Jun-22 (Unaudited) £'000
Earnings		
Loss from continuing operations for the period attributable to the equity holders of the Company	(858)	(233)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	976,870,824	535,799,217
Basic and diluted earnings per share (pence)	**(0.09p)**	(0.04p)

9. Property, plant and equipment

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 2023	624	671	7	6	2	3	32	1,345
Foreign exchange adjustment	-	(102)	(1)	-	-	-	(4)	(107)
Additions	-	4	-	-	-	-	-	4
At 30 June 2023	624	573	6	6	2	3	28	1,242
Depreciation								
At 1 January 2023	624	295	4	-	1	-	-	924
Charge for the period	-	9	1	-	1	-	-	11
At 30 June 2023	624	304	5	-	2	-	-	935
Net book value								
At 30 June 2023	-	269	1	6	-	3	28	307
At 1 January 2023	-	376	3	6	1	3	32	421

10. Trade and other receivables

	30-Jun-23 (Unaudited) £'000	31-Dec-22 (Audited) £'000
Taxes receivable	**81**	86
Loan to subsidiary	**76**	-
Unpaid share capital	**12**	212
Other debtors	**40**	-
Prepayments	**32**	21
	241	319

11. Trade and other payables

	30-Jun-23 (Unaudited) £'000	31-Dec-22 (Audited) £'000
Trade payables	**270**	287
Other payables	**127**	33
Accruals	**41**	75
	438	395

12. Deferred consideration

	30-Jun-23 (Unaudited) £'000	31-Dec-22 (Audited) £'000
Deferred consideration	**200**	200
	200	200

Deferred consideration is payable to Altus Exploration Management Ltd in respect of the acquisition of Aterian Resources Limited.

13. Borrowings

Non-current liabilities	30-Jun-23 (Unaudited) £'000	31-Dec-22 (Audited) £'000
Loan from related party	**493**	151
	493	151

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 from 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 Base Rate + 7.5% 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. Interest of £9,000 was payable for the period ended 30 June 2023.

14. 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.

	Six months ended 30 June 2023		
	Number of shares	Share Capital £'000	Share Premium £'000
Brought forward at 1 January 2023	964,694,093	9,647	2,177
Shares issued in the period	24,476,022	245	-
As at 30 June 2023	**989,170,115**	**9,892**	**2,177**

On 24 May 2023, the Company issued 24,476,022 New Ordinary Shares at their par value of 1p. The New Ordinary Shares were to compensate certain parties in lieu of cash compensation and serve as long term performance incentivisation.

15. Share-based payment arrangements

The total expense recognised in the Statement of Comprehensive Income during the period in respect of warrants over Ordinary Shares issued pursuant to the 2021 Warrant Instrument in connection with the issue of Pre-IPO Shares was £36,000 (2021: £nil). No warrants were issued, exercised or expired during the period ended 30 June 2023.

16. Related party transactions

Transactions with directors:

Charles Bray is owed £61,817 by the Company at 30 June 2023 (31 December 2022: £20,514 owed by the Company).

The Company received loans from IQ EQ (Jersey) Limited, trustee of Charles Bray Transfer Trust as more fully described above in Note 13.

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.

Charles Bray subscribed for 5,000,000 Ordinary Shares of the Company as part of the shares issued on 24 May 2023 described in Note 14.

Details of Directors' remuneration is set out above in Note 5.

17. Seasonality of the Group's business

There are no seasonal factors which materially affect the operations of the Group's business.

18. Subsequent events

Lithium Joint Venture with Rio Tinto in Rwanda

On 31 July 2023, the Company signed a definitive Earn-In Investment and Joint Venture Agreement ("Agreement") with Rio Tinto Mining and Exploration Ltd ("RIO") and Kinunga Mining Ltd ("Kinunga"). The Agreement is for the exploration and development of lithium and by-products at its HCK Joint Venture project ("Project") holding the HCK licence (the "Licence") in the Republic of Rwanda.

RIO has the option to incur work expenditure of US$3 million over a two-year period ("Stage 1") to earn an initial 51% interest in the Licence. RIO will also make cash payments to Aterian, totalling US$300,000, to reimburse previous operational expenses incurred by Aterian. An initial payment of US$200,000 is due upon completion of satisfactory due diligence by RIO, and an additional payment of US$100,000 will be due at the start of Stage 2.

Upon earning a 51% interest in the Licence, RIO can earn an additional 24% interest in the Licence by funding additional work expenditures of US$4.5 million over a three-year period ("Stage 2"). After Stage 2 RIO will, provided it contributes the additional funding, hold a 75% interest in the Licence.

RIO has agreed to a 2% net smelter royalty (NSR) over the project with a US$50 million cap that will be due by the future Joint Venture between RIO and Kinunga to a holder/holders to be notified by Aterian to RIO prior to the NSR agreement being entered into and such holder/holders to be subject to completion of satisfactory due diligence by RIO.

Under the terms of the Agreement, RIO has an exclusivity option to invest into Aterian's two other existing Rwandan projects, which will be subject to their own separate agreements. A management committee comprising representatives of both RIO and Aterian will be formed to provide financial and operational oversight. RIO will act as the operator for the Project.

Fundraising

On 9 August 2023, the Company raised gross proceeds of £1,000,000 (before expenses) from Directors, management, existing shareholders and new investors through the issue of 100,000,000 new ordinary shares ("New Ordinary Shares") at a price of 1.00 pence each.

The Executive Chairman and largest single individual shareholder, Charles Bray invested £500,000 in the Fundraise consisting of £200,000 of new equity capital and £300,000 from the conversion to equity of a short-term debt utilising a working capital facility provided to the Company. Luke Rogers, the Aterian COO subscribed for 800,000 new Ordinary Shares (£8,000). Simon Rollason, the Company's CEO, converted 3 months' salary into 2,500,000 New Ordinary Shares (£25,000).

For each subscribed New Ordinary Share, investors will receive newly issued warrants on a one-for-one basis. The warrants are split into 50% exercisable at 1p any time up to the first anniversary of Admission, with the remaining 50% exercisable at 1.2p at any time up until the second anniversary of Admission.

19. Reports

A copy of this half year interim report, as well as the annual statutory accounts to 31 December 2022 are available on the Company's website at www.aterianplc.com