PENSANA Plc

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Independent and sustainable

2024 ANNUAL REPORT

for the financial year ended 30 June

ENTER

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The directors of Pensana Plc (the company) submit herewith the annual financial report of Pensana Plc (consolidated entity) for the year ended 30 June 2024.

CORPORATE HIGHLIGHTS

- Finalisation of the revised Longonjo execution plan allowing for staged mine development, reducing upfront capital expenditure to US$217 million with US$105 million deferred until year three.
- Conclusion of a non-binding term sheet with the Longonjo lender consortium for a circa US$160 million project finance debt facility through its 84% owned subsidiary Ozango Minerais SA (Ozango) which owns 100% of the Longonjo Project.
- Deployment of the US$15 million Fundo Soberano de Angola (FSDEA) loan facility as part of a broader US$80 million investment (subject to due diligence and the finalisation of investment terms) to facilitate the development of the Longonjo Project.
- Zero recordable injuries in the period.

Post period-end:

- Further offtake and co-operation agreement signed with a major Japanese partner, Hanwa Co. Ltd.
- US$3.4 million technical assistance grant funding secured from the United States (US) International Development Finance Corporation (DFC), America's development finance institution for secure investment in emerging economies.
- Achievement of the EcoVadis gold medal indicating environmental, social and governance (ESG) performance among the top 5% of companies assessed.
- United Kingdom (UK) Minister for Africa Lord Collins accompanied by UK Ambassador to Angola Mr Roger Stringer inspected the ongoing development and works at Pensana's Longonjo Project.

OPERATIONAL HIGHLIGHTS

- Technical due diligence report on the Longonjo Rare Earth Project reported on by The Mineral Corporation to Absa Capital as the mandated lead arranger for potential debt funding of the project.
- Approval by one of Pensana's major potential customers of the product qualification specifications for Longonjo's proposed mixed rare earth carbonate (MREC) product.
- Commencement of early construction works at Longonjo to the value of US$15 million, including construction and development of the civil works for the camp, the rehabilitation of the access road to Longonjo camp and the agricultural demonstration plots under the Livelihood Restoration Plan (LRP).
- Ongoing mineralogical studies confirm processing potential of the rare earth host minerals at the Coola carbonatite and Sulima West exploration targets. Sulima West beneficiation testwork results graded the composite laterite sample at 8.4% TREO (total rare earth oxide) with 80% comprising magnetic iron and manganese oxides and 10% REE-rich monazite.

FY2024 RESULTS

TOTAL COMPREHENSIVE LOSS FOR THE PERIOD

US$6,818,628 (2023: US$5,189,120)

TOTAL LOSS AFTER TAX FOR THE PERIOD

US$5,818,045 (2023: US$4,302,823)

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

US$70,966,675 (2023: US$61,789,572)[1]

CASH AND CASH EQUIVALENTS

US$1,515,378 (2023: US$9,695,491)

[1] *Refer to note 5 to the financial statements for details of the restatement of prior year results.*

STRATEGIC REPORT

CHAIRMAN'S REVIEW

The Longonjo Project is one of the world's largest undeveloped rare earth projects. The re-engineering has made it one of the lowest capital expenditure projects among its peers which has considerably enhanced its ability to be financed and brought into production.

Dear shareholders,

On behalf of my board colleagues, I am pleased to present the Pensana 2024 annual report.

In last year's review, I highlighted that at the beginning of the 2023 calendar year, the company had entered into a non-disclosable exclusivity period with a major strategic mining house for an equity investment of US$220 million at 68.4 pence per share. The process did not complete due to internal issues at the mining house and, following discussions with our major shareholders, FSDEA (Angola Sovereign Wealth Fund) and M&G, supported by Angola's Ministry of Mineral Resources, Petroleum and Gas, a decision was taken to undertake a detailed review to bring the Longonjo operation into production as soon as practical under a reworked capital envelope.

A revised execution plan was agreed to, based on a staged development of the mine and processing facilities with a reduced upfront capital cost of US$217 million, with circa US$105 million, related largely to the national power grid connection, rail spur and subsequent expansion costs, deferred until year three following commissioning, proposed.

I am pleased to report that since then the team has finalised a revised feasibility study and reworked the capital and cost estimates to Class 2 standards and initiated early-stage roll-out of the revised execution plan on-site. Detailed due diligence thereon has been undertaken in parallel by the lender group over the past several months involving independent technical reviews on behalf of the lender consortium by The Mineral Corporation, Project Blue, Practara, GBM and PWC coupled with negotiating a non-binding US$160 million debt term sheet currently in the final stages of deliberation at the time of writing this report. Key long-lead items have been identified and orders placed for critical equipment required on-site and camp construction is currently underway.

FSDEA's continued support of the project over this period and their agreement to provide an initial US$15 million loan facility as part of the contemplated US$80 million investment (currently under consideration between FSDEA and an African bilateral agency), which will facilitate the equity component alongside the larger debt facility, for the US$217 million staged development, has been both crucial to maintaining project momentum and early on-site development as well as evidencing their continued support for what is a world-class rare earth development project.

During peak construction activity, the mine will employ over 650 personnel and contractors and once in production, it will create over 420 high-value full-time jobs and will be an important project in the region.

Angola is a growing mining jurisdiction attracting global investment from Rio Tinto, Anglo American, Trafigura, Mota Engil, the US Department of Energy and the European Union (EU) due to untapped geological endowment, excellent infrastructure and a highly supportive government.

On-site construction of the camp along with civil works and the rehabilitation of the access road to Longonjo

The US$550 million Lobito Corridor is anticipated to become one of Africa's most important rail transport systems and we are expecting it to have a very positive impact on the transport logistics during Longonjo's construction and on the reagent and product transport during operations. Significant ongoing capital investment over the period into the corridor is testimony to this and we are delighted to see Angola and the efforts of local and national government to uplift infrastructure and create regional development being actively realised.

Offtake and strategic positioning alongside our future client base have also been a crucial work stream over the period. Several major original equipment manufacturers (OEM) and government agencies have indicated their desire to partner with us once a route to production is evidenced by first-stage financing being secured and their positive accreditation of our sample production has been a significant endorsement as to the credibility of the Longonjo Project being a world-class rare earth producer.

The achievement of an EcoVadis gold medal indicating ESG performance among the top 5% of companies assessed alongside our ongoing Polestar collaboration to produce the world's first climate-neutral car, green bond accreditation from CICERO*, Norway's foremost institute for climate research, alongside our Blueprint for Sustainable Rare Earths, which outlines our aim to produce the lowest embedded carbon products in the rare earth industry, as well as deep and meaningful carbon reduction, with the company's goal of achieving net zero across the value chain by no later than 2040, continued to speak to our sustainability ambitions. This has been more fully reported in the environmental, social and governance report.

Despite the protracted lender review process against a challenging macroeconomic backdrop, we have overcome major challenges during the year. The re-engineered Longonjo Project positions it to be one of the lowest capital expenditure projects among its peers, thereby considerably enhancing its ability to be financed. We have made substantial progress with our financiers and offtake partners and are now on the cusp of commencing construction of one of the first major rare earth mines to be developed in over a decade.

This has been made possible by the ongoing financial support of our major shareholders. I would like to take this opportunity to thank Mr Armando Manuel, President of the board of FSDEA, and his team for their ongoing support of this important project.

We very much look forward to reporting to you on the continued progress of your company over the forthcoming 12 months.

Paul Atherley
Executive chairman

29 October 2024

* *Shades of Green, formerly part of CICERO, now part of S&P Global, provides independent research-based evaluations of green bond and sustainability financing frameworks to determine their environmental robustness. In December 2022, S&P Global acquired the Shades of Green business from CICERO.*

CHIEF EXECUTIVE OFFICER'S REVIEW

We have made significant progress in rapidly repositioning Longonjo into a staged project development.

Dear shareholders,

Over the period, our owner's team, along with key financial support from the Angolan Sovereign Wealth Fund (FSDEA), our major shareholder, has focused on implementing the decision to rapidly reposition our Longonjo Rare Earth Project and the Saltend separation facility into a staged development programme targeting first production in 2026.

The significant efforts have culminated in the finalisation of a Class 2 AACE study being completed providing a high degree of confidence around the capital estimates and contingencies and the lender appointed independent technical experts, The Mineral Corporation, being able to carry out a detailed review on the updated project. Additional reviews, among others, by Project Blue headed by Dr Nils Backeberg on Longonjo's product/marketing potential, reviews by large global audit and legal firms on finance, tax and fiscal frameworks and GmB (independent technical review on behalf of FSDEA) have further enhanced Longonjo's potential for development into a world-class rare earth project and provided the expert independent verification for our lender group to progress to their respective credit committees as part of the lender debt financing work streams currently underway.

With all preferred vendors of major and long-lead equipment items identified earlier in the year, engagement in preparation for project development has been initiated with initial payments for certain key equipment already being made. The period has further seen ongoing improvements and enhanced modularisation by the engineering teams enabling de-risked off-site pre-fabrication, testing and containerised transport ensuring a faster and more efficient construction phase in terms of schedule, equipment and manpower requirements.

The reduced US$217 million capital cost metallurgical plant is a downscaled version of the identical processing unit stages within the existing defined mining, comminution, flotation, thickening, calcining, leaching and product precipitation process route.

As highlighted in my interim report and now confirmed by the independent technical reviews over the second half of FY2024, the key points in the revised development implementation that allowed the team to rapidly facilitate the reworked phased development plan were that:

- existing permits remained intact including the Exploitation Licence, the Environmental and Social Impact Assessment (ESIA) construction permit, the Resettlement Action Plan (RAP) and the LRP as developed in conjunction with the local community and relevant provincial authorities;
- pre-production spend was minimised while still ensuring that the project's potential for generating economic benefits on a larger scale was not compromised;
- a standardised and globally saleable refined radionuclide-free mixed rare earth product from Angola is produced, independent of other developments;
- the modular sulphuric acid plant production unit capacity provides the pivot point around which the engineering and design work was undertaken and optimised;
- the historical testwork and pilot plant trials conducted in collaboration with equipment vendors continued to underpin the plant design criteria; and
- job creation in Angola along with training and skills transfer mechanisms remain intact.

Notable developments towards de-risking aspects of the project included:

- The SRK Consulting team finalising their geotechnical investigation in support of the dual-purpose tailings storage facility (TSF) detailed design over the period. The selected TSF site was confirmed as also being able to provide suitable excavated material for use in the TSF starter walls, pit haul roads, plant terracing and other construction-related requirements, thus mitigating the need to develop borrow-pit sources and associated licensing and material transport costs as well as reducing the overall environmental impact;
- Integration of the Longonjo Project bulk reagent consumption requirements (including sulphur and caustic soda) into the Trafigura/Mota Engil-led strategic mineral-focused Lobito Corridor port and rail concessions is being pursued as part of the ongoing operations readiness preparation. Logistical and operational expenditure benefits are obvious in terms of broader reagent supply to the existing Democratic Republic of the Congo (DRC) Copperbelt mines alongside the limestone which will be sourced from the existing quarries in the Lobito area; and
- Negotiation of global procurement and logistical support for the construction phase with Deugro, an internationally established freight-forwarding business with a specific relationship with their Africa-centric specialised project logistics division. This combination of global and local logistics to enable efficient movement of material to and from the project site is considered by management to contribute to significantly de-risking this aspect of the project.

The move downstream remains core to the group's business strategy but with the focus on bringing the Longonjo Project through financing and into development as the catalyst to unlocking our mine-to-magnet ambitions, on-site activity for the Saltend Project along with all significant engagements with third-party contractors continued to be put on hold while the financing options are being advanced. The existing intellectual property developed to date and core technical team expertise remain available to the group. Once Longonjo is in construction, attention will turn to the completion of the financing and development of the Saltend facility.

Over the period, the early-stage development activities on the Longonjo Project continued to be funded via a US$15 million bridging loan provided by FSDEA ahead of the main finance. The significant activities have been the civil works for the camp, the rehabilitation of the access road to the Longonjo railway station and the agricultural demonstration plots under the LRP.

The 4.5km road linking the site to the Benguela railway line has been upgraded. The enhanced road features include an improved roadbed substructure, a redefined road profile and rapid drainage systems. Serving as the primary route for inbound materials during construction and later for reagent import and the export of MREC in containers, the road connects the mine to the Longonjo station for rail access to the Port of Lobito for shipping.

Several kilometres of overhead powerlines, together with an underground water supply and effluent disposal system, were installed ahead of the arrival from South Africa of the Bushtec-designed camp at year-end. The camp will be the primary operations base for the construction team.

With well on 50 engineering contractors and Longonjo staff now working on-site in preparation for the commencement of main construction, there has been a very positive reaction to the activities on-site among the local community, in particular, with the creation of well-paid jobs and the successful implementation of the first phase of the LRP.

We have a strong team supporting the main construction, which is being managed by Mining Consultancy Company Limited (MCC), a leading project management team with a track record of delivering projects across Africa, including Angola. The engineering team is supported by ADP Group and ProProcess, both being African minerals specialists in the detailed design, construction and commissioning of modular mineral processing plants with extensive development experience in Angola. Additionally, our team within Angola continue to develop and progress in their careers with internal promotions of Angolan nationals to management positions in the roles of country manager and site manager.

Stakeholder engagement continues apace with regular meetings taking place over the period between the project team and key stakeholders. This includes local and national authorities, transitional leadership, project-affected people, training institutions and much more. This is supported by the continued operation of an active grievance mechanism with community engagement with the process. All grievances raised have continued to be resolved at step 1, between the complainant and Ozango staff.

In the UK, the business continues to explore research and development (R&D) opportunities and during the period, a studentship, in partnership with University of York and University of Leeds, commenced looking at the social impacts and opportunities from rare earth mining, using our Longonjo Project as a case study. This is in addition to the ongoing project funded by Innovate UK's CLIMATES fund to investigate, in partnership with University of Leeds, University of Hull,

Initial results at Sulima West are particularly encouraging with further testwork ongoing

Route2 and Polestar, opportunities across the value chain to support Pensana's objective of delivering a sustainable rare earth value chain.

Mineralogical studies have continued on the identified Coola and Sulima West targets, and we anticipate further results to be reported shortly. Subject to financing, exploration drilling of the most prospective targets is scheduled for the latter half of 2024 as we work to firm up initial results that are particularly encouraging in terms of both adding to the resource base of the company and opportunities for enhancing and prolonging the useful life of the planned development at Longonjo.

In restructuring the Longonjo Project, we are grateful also for the assistance rendered by the special task team appointed by H.E. Diamantino Azevedo, Minister of Mineral Resources, Petroleum and Gas to accelerate the development of the Longonjo Project. This task team is led by H. E. Dr Jânio da Rosa Corrêa Victor, the Secretary of State for Mines, to navigate any issues which may affect the project execution.

I am also thankful for the ongoing collaborative efforts of Eng. Jacinto Rocha, Chair of the National Agency for Mineral Resources, and H.E. Periera Alfredo, Governor of Huambo, alongside the support from the Longonjo municipality.

I also wish to thank the Angolan Sovereign Wealth Fund for their ongoing financial support, in the form of a US$15 million facility, towards maintaining project momentum at Longonjo.

The above engagements are a testament to the enthusiastic and continued support within the state organisations of Angola for the speedy development of Longonjo as a demonstration project for the stated policy of diversification of the Angolan economy.

Tim George
Chief executive officer (CEO)

30 October 2024

FIVE-YEAR PERFORMANCE

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder equity for the five years to 30 June 2024.

	Pensana Plc				
Description	**30 June 2024 US$**	**Restated[1] 30 June 2023 US$**	**30 June 2022 US$**	**30 June 2021 US$**	**30 June 2020 US$**
Statement of comprehensive income					
Finance and other (costs)/income	–	(28)	28	342	3,268
Net loss before tax	(5,818,045)	(4,302,823)	(11,712,022)	(9,583,772)	(4,076,220)
Net loss after tax	(5,818,045)	(4,302,823)	(11,712,022)	(9,370,862)	(4,076,220)
Weighted average number of ordinary shares (number)	285,997,684	254,074,694	229,019,699	199,554,645	155,723,451
Basic (loss) per share (US$ cents per share)	(2.03)	(1.69)	(5.11)	(4.70)	(2.62)
Diluted (loss) per share (US$ cents per share)	(2.03)	(1.69)	(5.11)	(4.70)	(2.62)
Statement of financial position					
Property, plant and equipment	57,354,414	47,969,254	31,277,770	18,507,768	–
Intangible assets	13,612,261	13,820,318	5,417,432	132,040	9,642,118
Net current (liabilities)/assets	(20,010,861)	(5,028,970)	1,683,787	17,528,826	5,219,066
Total equity attributable to equity shareholders	50,955,814	56,760,602	38,378,989	36,168,634	14,861,184
Share price history					
Share price at the start of the year (US$ cents)	33.1	72.0	150.5	18.6	16.2
Share price at the end of the year (US$ cents)	22.7	33.1	72.0	150.5	18.6
Market capitalisation (US$ million)	65.7	94.3	169.0	325.7	31.9

[1] *Refer to note 5 to the financial statements for details of the restatement of prior year results.*

OPERATIONAL REVIEW

The board is pleased to present its review of Pensana Plc, the rare earth exploration, mining and processing development group, whose flagship development asset is the Longonjo NdPr Project and the Coola Exploration Project in Angola alongside the Saltend rare earth processing hub in the UK.

PRINCIPAL ACTIVITIES

Pensana's operations are centred around rare earth exploration, mining and processing. Its flagship development assets are the Longonjo Neodymium and Praseodymium (NdPr) Project and the Coola Exploration Project in Angola alongside the Saltend rare earth processing hub in the UK.

The current year focused on the advancement of the Longonjo Project while continuing to explore the development of the Coola exploration property and downstream processing at Saltend. The timing around the development of these assets is largely dependent on strategic sequencing in line with the relevant financing frameworks being secured and evidence of ongoing support from the relevant governments and associated development agencies.

Activities conducted in the current year included the finalisation of the revised Longonjo feasibility study and execution plan allowing for the staged mine development through a reduced capital envelope which was supported by a full technical due diligence review. A non-binding term sheet with the Longonjo lender consortium was concluded following the completion of the revised feasibility study to cover the debt finance facility for the 84% owned subsidiary Ozango which owns 100% of the Longonjo Project.

Pensana has continued its focus on securing offtake for the first phase of the project by successfully signing a memorandum of understanding (MOU) with Hanwa. This MOU, in addition to existing MOUs with other potential offtake partners, is for 100% of the ultra-clean MREC produced from the Longonjo asset but can convert to offtake for the metal products once the downstream activities are complete.

Pensana has continued to evaluate the downstream market and continue our relationships with the magnet producers and has successfully been awarded several grant funding opportunities including a US$3.4 million grant from the DFC and €877,000 from the EU to pursue these developments.

Exploration activities mainly revolve around mineralogical studies to confirm processing potential of the rare earth host minerals at the Coola carbonatite and Sulima West exploration targets with future plans to advance metallurgical testwork programmes on the Coola concession orebodies and initial focus on the surface Sulima West laterite deposit to accelerate plans to use this as additional feedstock for the Longonjo processing plant.

Downstream beneficiation includes the development of a REE separation plant through the establishment of the Saltend refinery as an independent, sustainable supplier of key magnet metal oxides to a growing market, fuelled in part by the green energy transition, which is currently dominated by China. The Saltend facility is being designed to produce circa 12,500t per annum of rare earth oxides, of which 4,500t will be NdPr, representing around 5% of the global market.

OPERATIONAL AND FINANCIAL REVIEW

During the year ended 30 June 2024, the consolidated total loss for the year amounted to US$5,818,045 (2023: US$4,302,823), comprising mainly of administration expenses of US$6,294,336 (2023: US$5,375,576) and foreign exchange gains of US$562,611 (2023: US$1,381,041). The increase in total losses for the year of US$1,515,222 (+35%) compared to the prior year mainly comprises the following key variances:

- Higher administration costs of US$918,760 (+17%) largely driven by increased employee benefits as a result of the current year share-based payment provision compared to a full reversal of annual bonuses and share-based payments in the prior year (US$2,590,486), offset by lower costs incurred towards legal, travel, consulting and overhead costs (-US$1,335,024);
- Lower foreign exchange gains of US$818,430 (-59%). These gains and losses arise from the settlement of invoices in currencies other than the functional currencies (US$, GBP, AUD, AOA), as well as the translation of balances denominated in currencies such as the British pound and Australian dollar to the US dollar, where the balances are held in currencies other than the functional currency of the relevant company and reflect the movements in these currencies during the respective periods.

CURRENT YEAR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT **OF US$15 MILLION** AS PART OF LONGONJO EARLY CONSTRUCTION ACTIVITIES

PHASE 1 LONGONJO CAPITAL ESTIMATE **OF US$217 MILLION** ONE OF THE LOWEST CAPITAL NDPR PROJECTS GLOBALLY

COOLA SAMPLE GRADES OF **UP TO 8% TREO** AND POTENTIAL FOR LOW-COST BENEFICIATION AT LONGONJO

The total comprehensive loss for the year amounted to US$6,818,628 (2023: US$5,189,120), with the increase of 31% driven by higher losses for the period of US$1,629,508, as explained previously, combined with a higher foreign currency translation loss of US$115,720. Foreign currency translation relates to exchange differences arising on translation of foreign operations.

Net assets for the period ended 30 June 2024 amounted to US$50,955,814 (2023: US$56,760,602), mainly consisting of fixed assets capitalised as part of developing the Longonjo and Saltend Projects. The decrease in net assets of US$5,804,788 (-10%) compared to the prior year is mainly driven by a decrease in cash to support ongoing operations (-US$8,180,113), in the absence of additional equity placings during the period, offset by increased working capital balances mainly because of lower trade payable positions (US$3,987,805). Also included in net assets is an increase in property, plant and equipment of US$9,385,160 as part of early construction at Longonjo which was facilitated by a drawdown on the FSDEA bridging loan of US$10,434,138.

Cash generation remains a focus, with a decrease in cash for the period of US$8,180,113. Cash outflows during the period ended 30 June 2024 were mainly utilised in operating activities in the form of corporate costs incurred to support the development of the projects of US$5,559,603 (2023: US$5,753,905) and payments towards property, plant and equipment as part of early construction activities at Longonjo of US$14,639,915 (2023: US$13,990,532). Financing activities for the period consisted of proceeds from an FSDEA loan facility drawn of US$10,434,138 (total facility value of US$15,000,000), compared to prior year proceeds of US$23,904,234 raised through equity placements. Other cash inflows include R&D credits received of US$1,586,640 (2023: US$2,411,677).

On 11 April 2024, the company issued 3,592,000 £0.001 shares related to the vesting of legacy executive share awards totalling 2,250,000 shares granted in 2019/2020 and the short-term incentivisation of executive/management totalling 1,342,000 shares. No other equity placings were made during the financial year ended 30 June 2024.

Going concern

The directors have prepared a cash flow forecast for the period ending 31 December 2025 to support the going concern assessment, including estimated timing and sources of funds to support ongoing operations and project development.

In Angola, the group has secured a US$15 million loan facility secured over the indirect shareholding in the group's Angolan subsidiary. The loan is directly linked to the main finance structuring currently being contemplated by the lender group and to date has played a pivotal role in ensuring on-site activities and momentum continue while the lender group finalises their due diligence requirements. The undrawn balance as at 30 June 2024 of US$4,210,417 is expected to be sufficient to carry ongoing costs at Longonjo until main financing is concluded. The parent company is well advanced in its main financing work streams on the Longonjo Project and is aiming to complete the main financing in Q4 2024 which would enable restructuring of the FSDEA facility and provide funds for the wider project development.

Alongside the current Longonjo lender group process, Pensana has also secured a US$3.4 million technical assistance grant from the DFC which will support feasibility studies for increased processing capacity at Longonjo, downstream refining opportunities in Angola as well as testwork for the development of the Coola Project orebodies.

On the Saltend Project, the UK Department for Business and Trade (UK DBT) has offered Pensana a conditional grant of up to £4,000,000 towards the funding which will serve as a source of funding once the conditions are met.

The board notes that, alternative sources of funding will be required in the event that the grant funding is delayed, or the conditions are not met. The forecast indicates that immediate funding is required to settle existing project-related contractor balances in the UK and to also provide working capital to the group. Continuing support of these contractors will be required until the group has secured this required funding and then remain as the group subsequently moves towards main financing in the normal course of project development.

Additionally, the group would need to refinance the FSDEA facility in the event that the main financing, which will include the appropriate restructuring of the FSDEA loan, is not achieved. Given the support provided by the Angolan Government for the Longonjo Project to date, the directors anticipate such a restructuring to be successfully concluded.

During FY2024, the company's chairman, Mr Paul Atherley and the CEO, Mr Tim George made available a loan facility of £2 million (the facility) to the company to meet the underlying operating costs for the UK as required over the coming months, excluding the existing UK contractor balances and capital development costs. During July 2024, the chairman, Mr Paul Atherley, sold 1,500,000 ordinary shares and used the proceeds to make £250,000 available to the company under the facility as working capital support while it finalises its main fundraising for the Longonjo Project. To avoid incurring interest costs, the company settled the ensuing amount due under the facility by the issue to the chairman of 1,500,000 ordinary shares being equal to the number sold by the chairman, at an effective price of 16.666 pence per ordinary share. Following the issue of the repayment shares to repay the £250,000 debt due under the facility, the balance available under the facility reduced to £1.75 million. The board continues to engage proactively with the UK contractors to maintain support while further funding is secured to enable settlement, with non-binding letters of intent and agreements setting out the route to settlement under discussion with the key contractors.

It is anticipated that the contemplated financing across the group may include further issues of equity, export credit-backed debt financing and issuing a green bond.

The ability of the company and group to continue as a going concern is dependent on securing such additional funding given the forecast expenditure above.

Conditions regarding financing and cash flow mentioned above indicate a material uncertainty, which may cast significant doubt as to the company's and group's ability to continue as a going concern, and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

Refer to note 3 to the financial statements for more details on the going concern statement.

KEY PERFORMANCE INDICATORS

Given that the group is in the development stage for the Saltend and Longonjo Projects, in the exploration stage at the Coola Project, and has no revenue, the board considers usual financial key performance indicators (KPIs) as inappropriate in the measurement of value creation of the group. The board considers the carrying value of the development assets and the cash balance to be the most applicable KPIs at this stage of the group's development, further details of which have been given above. In addition to this, the directors consider that the detailed information in the operational review is the best guide to the group's progress and performance during the year.

The church site of cultural significance to the local community that will be excluded from the mine boundary

Further details are provided in the chairman's review, the chief executive officer's review and the technical development programme update as highlighted on **page 14**.

GEOPOLITICAL LANDSCAPE

During the year, the board regularly considered the impact of the Ukraine/Russia and Israel/Gaza wars and their potential impact on the company and the industry. The board is continuously monitoring supply chains, labour availability and future energy supply and is strategically positioning the group to mitigate any potential negative impact of these wars.

In the same regard, the board will also continue to monitor the outcome of various global elections, in particular the recent UK general elections and the EU and upcoming United States of America elections including any policy changes that might impact the strategic positioning of the company and the potential impact on the global marketability of our product.

PENSANA'S STRATEGY

From wind turbines to electric vehicles, bikes and trains to trucks, drones, industrial tools, automation, robotics and air conditioners, the electric motor is the driving force behind a cleaner energy future. As most industries prepare to make the shift to zero-emission solutions, demand for super-strong permanent magnets essential in these motors and generators is increasing.

Through the staged development of the Longonjo Mine and the Coola exploration and Saltend separation projects, Pensana aims to build an independent supply chain of rare earth minerals. The focus of the company over the coming year will be to secure the funding of Longonjo to continue the construction of the mine which will thereby secure production and revenue from as early as 2026.

Further development of the Coola exploration properties as well as downstream separation will be executed through strategic partnerships and funding support from external agencies with the aim to develop the various expansion opportunities alongside the Longonjo Rare Earth Project. Unlocking these opportunities will allow for synergies and seamless expansion of production output at Longonjo, with further metal beneficiation being a key driver to increasing value for the group.

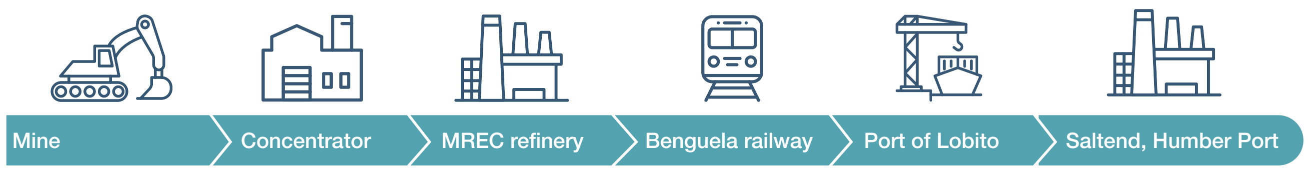
Pensana is of the view that provenance of critical rare earth materials supply, life cycle analysis and greenhouse gas (GHG) Scope 1, 2 and 3 emissions will all become significant factors in supply chains for major customers. The company intends to offer customers an independently and sustainably sourced supply of rare earth metal oxides and carbonates of increasing importance to a range of applications central to the energy transition in the industrial, medical, military and communications sectors.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Post period, Pensana completed the EcoVadis ESG screening and was successful in achieving a gold medal, which places the company among the top 5% of assessed businesses in any sector globally. EcoVadis is a market leader in ESG assessment and is used by companies globally to review performance of potential customers, suppliers and partners. This further enhances external recognition of the business' ESG performance already confirmed through a light green rating from the sustainable finance rating organisation CICERO (the CICERO Shades of Green rating for sustainable finance). The innovative methodology used by CICERO is aligned to the International Capital Market Association's Green Bond Principles.

Pensana continues to deliver against the ESG strategy outlined in the Pensana Blueprint for Sustainable Rare Earths (the Blueprint)[1] published in FY2022. This sets the business 11 wide-ranging objectives structured into four delivery areas, namely carbon, environmental, social and communities. These targets directly meet the needs of stakeholders and were developed based on the business' non-financial materiality matrix (also available in the Blueprint). The full list of ambitions and targets can be found in the Blueprint and includes an aim for deep and meaningful carbon reduction to be net zero by no later than 2040, to produce the lowest carbon rare earths and to develop infrastructure and skills so that communities local to our sites see a direct, long-term economic benefit from our presence. Specific details on the climate element of the Blueprint are further explained through our Task Force on Climate-related Financial Disclosures (TCFD) disclosure on **pages 48** to **57**.

[1] *Pensana Blueprint for Sustainable Rare Earths* – https://pensana.co.uk/wp-content/uploads/2022/09/Pensana_Blueprint_for_Sustainable_Rare_Earths.pdf



LONGONJO MINE

Longonjo is differentiated from other rare earth projects as a low capital expenditure development through the combination of low-cost mining of the 'free-dig' high-grade surface-weathered zone mineralisation of the deposit, the favourable location of the project adjacent to modern infrastructure reducing logistics costs and the company's strategy to adopt a double beneficiation process on-site and thereby ship a high-value, low-volume, high-purity mixed rare earth product.

Infrastructure advantages

The Longonjo Project lies just 4km from the sealed national highway and rail line that runs from the Port of Lobito under 300km to the west and the provincial capital of Huambo 60km to the east. The national grid power transmission line from the 2GW Laúca hydropower scheme in the north of Angola has been operational for the past three years and currently extends to Caala, some 45km to the east of the project.

The refurbished national highway EN260 connects Angola's second-largest city Huambo through the municipality of Longonjo to the Port of Lobito.

The railway extends from the border of the DRC and services the ports of Benguela and Lobito on the Atlantic coast of Angola.

Trafigura, Mota Engil and Vecturis are part of a consortium that has been awarded a 30-year concession to operate the 1,300km Lobito railway, which runs across Angola to the border of the DRC. To realise its full potential, the joint venture partners will invest more than US$450 million on the railway and associated infrastructure, and secure more than 1,500 wagons and 35 locomotives

The G7 Partnership for Global Infrastructure and Investment (PGI) prioritises infrastructure projects in developing countries, including through a series of investments in the Lobito Corridor to connect the African continent from sea to sea. In October 2023, PGI signed an MOU between the US, Angola, the DRC, the EU, Zambia, the African Development Bank and Africa Finance Corporation to develop the corridor, initiating a new rail line expansion to Zambia. In alliance, the DFC, in February 2024, approved a US$250 million investment, increased, in June 2024, with a US$553 million loan for development of the Lobito Atlantic Railway (LAR).

The LAR was previously refurbished between 2006 and 2014 by the China Railway Construction Corporation at a cost of US$1.83 billion employing 100,000 Angolans.

The Angolan government invested approximately US$2 billion for the refurbishment and upgrade of the Port of Lobito and associated infrastructure. The rail system links directly into the dry port, container and mineral terminals at the Port of Lobito. The container terminal is 414m long, the ore terminal has a 310m jetty and the dry dock has an area of 90,000m^2.

The new Laúca hydropower plant is in the north of the country in the middle section of the Kwanza River. The project consists of a main powerhouse with six units and an eco-powerhouse with one unit. The total capacity of HPP Laúca will be 2,070MW with a head of about 200m. It supplies renewable energy to meet the rapidly growing demand of the capital, Luanda, and feeds into the national grid to the south, to the city of Huambo and to within 45km of Pensana's Longonjo Project. The Longonjo Project anticipates tapping into this grid, post a final investment decision.

Technical development and metallurgical testwork programmes

Activities conducted in the current year included the finalisation of the revised Longonjo feasibility study and execution plan allowing for the staged mine development through a reduced capital envelope which was supported by a full technical due diligence review. This was managed by MCC, a leading project management team with a track record of delivering projects across Africa, including Angola. The engineering team is supported by ADP Group and ProProcess, both being African minerals specialists in the detailed design, construction and commissioning of modular mineral processing plants with extensive development experience in Angola.

Further pilot plant runs for the production of MREC for scrutiny by potential offtake partners continued during the year. This work was undertaken by Nagrom at their facility in Perth.

Health, safety and the environment

The business continues to prioritise and implement a zero-harm approach to health and safety and in the reporting period has had zero recordable injuries. However, we have had five recordable malaria cases in the period. The project area is an area of high malaria prevalence, and the business continues to deliver intensive malaria awareness training to all colleagues and provide appropriate mitigation equipment.

Regular site visits by key stakeholders, including the FSDEA visit in January 2024

The company's subsidiary, Ozango, retains environmental licence approval for the Longonjo site and continues to work with regulators to ensure a legal and compliant operation. This builds on the approved ESIA, with the most recent licence update approved in January 2023, having been originally accepted in FY2022.

Social and communities

The business continues to priortise the importance of liaison with the communities local to the project and continues to deliver against the project stakeholder engagement plan, which was developed in association with independent experts in the area. Regular targeted engagements are led by the site-based social and communities team led by experienced manager, Mr Magu Adriano.

The project has begun delivering an LRP. Through close collaboration between Pensana's local subsidiary, Ozango, and the municipality of Longonjo, various land options have been studied to resettle the subsistence farming lands affected by the mine footprint within the mining licence area. The business now has a preferred solution and has in the reporting period completed detailed studies on agricultural potential, land use and biodiversity to assess the availability of land and for the inputs and preparation required to bring the replacement land up to sufficient agricultural standard to at least match that of lands being displaced. The comprehensive LRP will include agricultural development and training for affected households to focus on improving economic opportunity from agriculture in the area. This programme will be co-delivered by Vuna Agri, an organisation experienced in developing agricultural programmes across Africa.

In FY2024, the project continued to support 28 households that have had land economically displaced as a result of the project. The project continues to engage with all those affected to date and in the future. Discussions in respect of the remainder of the RAP are ongoing with affected personnel, traditional leaders, the local administration and other relevant stakeholders.

Operational readiness

The recruitment drive started in 2022 and continued into 2023 to support the early works programme and to bolster the Ozango team on the ground in Longonjo. Engagement with local communities continued during 2023 and procedures for the employment of candidates were finalised. Recruitment activities were put on hold during Q2 2023 due to funding constraints, but have resumed post period-end.

Consultations continued with the relevant authorities in respect of preparation for the mine construction and operations activities including:

- Port of Lobito – in respect of the arrangements for the import of project containers and equipment during the construction period. Engagements also included discussions on the operational requirements for the importation of the reagents for the operational phase;
- The Trafigura/Mota Engil-led LAR consortium was awarded the licence to operate the Lobito logistics corridor from the Port of Lobito to the DRC. Meetings continued in respect of the arrangements for both the movement of goods for the operational phases;
- Rede Nacional de Transporte/Empresa Nacional de Electricidade de Angola – in respect of the bulk power requirements and connection to the hydroelectric power supply from the Huambo area; and
- Administração Geral Tributária – in respect of tax requirements for the project.

Additional operational readiness activities for the period included:

- ongoing review of the reagent requirements and identification of alternative sourcing options;
- development and review of group-level policies and procedures;
- development of documents for the Longonjo Project consisting of policies, procedures, standards and checklists for use in both the project and operational phases;
- engagement with various service providers on solutions for health, safety and the environment, procurement and maintenance management; and
- ongoing interaction with Deugro South Africa to manage the project logistics.

Project delivery team

Following the previous design work streams completed in the Wood front-end engineering design (FEED) study and the identification of long-lead equipment suppliers, Pensana has engaged with the African-based ADP Group and ProProcess to develop and implement the detailed design and execution plan within the initial US$217 million capital expenditure envelope. ADP Group, which is part of the Lycopodium Group, has designed, built and commissioned metallurgical plants in Angola since 1997, with particular emphasis on a modular approach to optimise regional fabrication, installation and commissioning time. ProProcess is an Africa-centric vertically integrated hydrometallurgy engineering and modular fabrication company which has serviced the global mining community for the past 14 years.

Expansion of the owner's team under MCC's (formerly Project Paradigm Partners) supervision continues to be an integral part of the Longonjo Project development to increase local capacity in the Angolan subsidiary, Ozango, and has matured well over the past two years. Initially assuming responsibility for the design and execution of the operational support infrastructure (electrical, civils, earthworks, camp and water infrastructure), the owner's team responsibilities now extend to overarching co-ordination of execution of the project as well as the procurement, construction, operational readiness and commissioning management activities.

PARTNERSHIPS AND COLLABORATION

During September 2024, the company signed a non-binding MOU with major Japanese trading group Hanwa. This includes an offtake arrangement for 20,000tpa of ultra-clean MREC from the Longonjo Mine over five years. The MOU also allows for co-operation in marketing and distribution of products globally and the opportunity for Hanwa to consider investment into downstream projects. This MOU is in addition to existing MOUs that cover for more than 200% of the stage 1 production of the Longonjo Project.

The Hanwa partnership will cater for the offtake of the initially produced MREC but also allows for the conversion to the oxide or metal products once the downstream facilities are available.

In January 2024, the company was nominated by the UK government to be considered as one of the strategic projects under the Minerals Security Partnership (MSP) programme. This is a collaboration of 14 countries and the EU to catalyse public and private investment in responsible critical minerals supply chains globally. The MSP submission is to cover the Longonjo mining and beneficiation facilities and downstream processing in the UK, including the metallisation plant providing some of the lowest embedded carbon products to our downstream customers.

The company has also received grant funding under the HORIZON-CL4-2024-RESILIENCE-01-08 Initiative to develop a small-scale pilot facility to demonstrate the sustainable electrochemical production of rare earth metal. The total value of the project is €1.2 million of which 70% is grant funded by the European Horizon project.

The company has further recently secured a US$3.4 million grant, post period end, under the technical assistance programme by the DFC, the US' development finance institution. The grant funds will support technical assistance activities in the form of feasibility studies for doubling the capacity of the existing Longonjo Mine design, the addition of downstream refining in Angola as well as testwork for the development of the Coola Project orebodies.

BOARD RESTRUCTURING

The company has been focusing internally around the need to restructure the size of the company's board so as to align it more appropriately with its current market capitalisation. In September 2024, non-executive directors Dr Beeton and Baroness Northover accordingly offered to resign from the board and their resignations have been accepted. The company extends its heartfelt gratitude and thanks for their valuable support and guidance provided since their respective appointments to the board. Both Dr Beeton and Baroness Northover will remain engaged with the company in an ongoing advisory capacity.

There have been no other changes to the board over the period.

FUTURE DEVELOPMENTS

The directors intend to continue to explore and develop the company's key existing projects with key focus on the exploration project at Coola as well as further expansion into separation of heavy rare earth oxides and further downstream expansion into magnet metal/alloy production and magnet recycling.

CORPORATE ACTIVITIES

Equity placings

July 2020

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

August 2020

On 11 August 2020, the company announced the conversion of 500,000 zero-cost performance rights into fully paid ordinary shares on listing on the London Stock Exchange (LSE).

August 2020

On 11 August 2020, the company issued 821,157 fully paid ordinary shares to third-party service providers at a price of AUD0.33 per share, for a total of US$0.2 million.

September 2020

On 25 September 2020, the group raised an additional US$8.6 million (net of share issuance costs) by way of a placing of 13,500,000 new ordinary shares with FSDEA.

January 2021

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

June and July 2021

On 25 June 2021, the group raised circa US$21.1 million (net of share issuance costs) via the placing of 12,500,000 fully paid ordinary shares to long-term shareholders, FSDEA and chairman, Mr Paul Atherley.

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

January 2022

On 6 January 2022, M&G invested £10.0 million in the company by way of a placement of 12,345,680 new ordinary shares.

August 2022

During August 2022, the group raised US$10.0 million via the placing of 12,331,334 shares with FSDEA.

January 2023

On 5 January 2023, M&G invested US$3.8 million in the company by way of a placement of 7,250,000 new ordinary shares.

May and June 2023

During May 2023, M&G invested US$5.2 million in the company by way of a placement of 15,000,000 new ordinary shares at a price of £0.275 per share.

During May and June 2023, FSDEA invested a total of US$5.2 million in the company by way of a placement of a total of 15,000,000 new ordinary shares at a price of £0.275 per share.

April 2024

In April 2024, the company issued shares in the aggregate amount of 3,592,000 to directors as part of the vesting of legacy executive share awards granted in 2019/2020 and senior management for short-term incentives.

July 2024

In July 2024, the company issued 1,500,000 ordinary shares to the chairman at an effective price of 16.666 pence per ordinary share to serve as repayment of the £250,000 loan proceeds under the directors' loan facility.

Successful construction of the main camp by global specialists Bushtec under the lead of the MCC owner's team

DIRECTORS' SECTION 172 STATEMENT

The long-term strategy of the company is to grow the assets through the staged development of the Longonjo Mine and the Coola exploration and Saltend separation projects with a view to building an independent supply chain of rare earth minerals. The focus of the company over the coming year will be to secure the funding for Longonjo in order to continue the construction of the mine and thereby secure production and revenue from as early as 2026. Leveraging years of industry experience, coupled with our targeting a guarantee for reliability and sustainability of supply, we aim to introduce innovative NdPr solutions to power magnets, wind turbines, hybrid motor vehicles and more all while creating value for our shareholders.

The company has a number of stakeholders and partners, and the board recognises that managing these relationships is critical to the success of the company, and that the success of the company will be to the benefit of all of its stakeholders. Activities conducted in the current year included the finalisation of the revised Longonjo feasibility study and execution plan allowing for the staged mine development through a reduced capital envelope which was supported by a full technical due diligence review. A non-binding term sheet with the Longonjo lender consortium was concluded following the completion of the feasibility study to cover the debt finance facility for the 84% owned subsidiary Ozango which owns 100% of the Longonjo Project.

In addition to the existing offtake MOUs in place, Pensana has continued its focus on securing potential further offtake partners for the first phase of the project by successfully signing an MOU with Hanwa. This MOU would be for up to 100% of the ultra-clean MREC produced from the Longonjo asset but can convert to offtake for the metal products once the downstream activities are complete.

Pensana has continued to evaluate the downstream market, will continue its relationships with the magnet producers and has successfully been awarded several grant funding opportunities including a US$3.4 million grant from the DFC and €877,000 from the EU to pursue these developments.

Exploration activities mainly revolve around mineralogical studies to confirm processing potential of the rare earth host minerals at the Coola carbonatite and Sulima West exploration targets and future plans to advance metallurgical testwork programmes on the Coola concession orebodies and initial focus on the surface Sulima West laterite deposit to accelerate plans to use this as additional feedstock for the Longonjo processing plant.

Equity placings during the current period were limited with cash flow mainly supported by the FSDEA bridging loan ahead of main financing. Grant funding and additional equity raises will be the main sources of funding in providing ongoing project development momentum; a critical step in ensuring the group continues working towards an operational readiness state alongside a final investment decision and associated main financing.

Key collaborations with Hanwa around offtake and downstream product development along with grant funding under the DFC technical assistance programme, the EU MSP programme and the European Horizon project add to our long-term ambitions of creating a truly sustainable independent rare earth processing hub with net zero carbon ambitions.

The company views its relationship with local communities as vital to its social licence to operate. There are two sides to this aspect: firstly, the company needs to consider, and therefore minimise, the potential negative or disruptive impacts of exploration and mining operations locally; and secondly, the company needs to communicate the benefits of such operations to the local economy. As part of the development of the ESIA on Longonjo, any potential impacts on the local communities have been comprehensively assessed and suitable mitigation measures established.

This has included the development of a stakeholder engagement plan including national government, provincial government, local authorities, traditional leaders and local communities living in the vicinity of the project. Both Ozango and Pensana have maintained regular dialogue with all stakeholders. As part of the mine and MREC development, the business is required to undertake a programme of economic displacement. A RAP has been authored and filed with the Angolan authorities and an LRP has been developed. Both of these were authored independently by reputable third parties, HCV Africa and Development Workshop, the latter a non-governmental organisation (NGO) specialising in land rights based in the Huambo province in Angola, with specialist agricultural support from Vuna Agri. The company will move into the implementation stage of the programme prior to construction commencing and will ensure that all affected are supported in ensuring food security and are offered opportunities for economic development. To deliver the LRP, the business has appointed Vuna Agri to provide expert agronomy support.

Engagement with the governments of Angola and the UK is another critical aspect of the company's strategy, and management has devoted considerable time to ensuring both governments have been supportive of the company. Much of this interaction has been through the Ministry of Mineral Resources, Petroleum and Gas, as well as other key departments, through written communication and meetings in Angola and with local council, and the Automotive Transportation Fund in the UK.

The relationships the company has with its key suppliers are vital, including those providing process engineering, mineral processing services, laboratory and analysis, as well as local suppliers and advisers. These relationships are evidenced by the creditors standing by the company.

The company has taken great care in the selection of its suppliers in order to ensure positive, mutually beneficial long-term relationships can be put in place, which maximises the quality of the services and goods received while remaining cost-competitive.

The company's workforce remains relatively small, however, this is growing steadily as the company progresses towards project development roll-out and production and, as the company continues to rely on its staff and workers, increased emphasis is being placed on the health, safety and well-being of the workforce, as well as ensuring employment terms are competitive and attractive.

The company is aware of the challenges that extractive industries face with regard to maintaining ethical standards at all levels, particularly in developing countries. Several national and international initiatives and regulations exist in this regard, but the board does not view this area as a matter of compliance, but rather one of competitive advantage. The company intends to bring its assets into profitable operation while always acting with the highest integrity and, in so doing, will play a part in developing a culture of responsible operations that can be replicated by other operators and industries in Angola and beyond. This is a critical aspect of the company's strategy and has been communicated to the government and local communities.

These wider relationships and challenges are considered by the board to be key elements of the group's strategy and critical to delivering long-term value to its members. The Pensana board has strong relationships with all of its shareholders, all of whom are treated with integrity and fairness.

GEOLOGY AND MINERAL RESOURCES

GEOLOGY

The Longonjo carbonatite is located within the north-east-orientated Lucapa Lineament of central Angola, as shown in **Figure 1**. Longonjo is a Cretaceous-age, sub-circular carbonatite diatreme, approximately 2.5km in diameter, which is intruded into Neoproterozoic granitic rocks. REE including NdPr (neodymium and praseodymium) mineralisation are widespread across the carbonatite.

A horseshoe-shaped ring of hills surrounds much of the carbonatite and consists of more resistant potassic and sodic-altered granitic country rocks (fenite) and carbonatite ring dykes. High-level explosion breccias of mixed carbonatite and fenite clasts form the bulk of the carbonatite body, with sub-vertical ring dykes and carbonate plugs cutting and intruding the northern and southern margins of the carbonatite and surrounding fenite.

A simplified geological interpretation of the carbonatite is shown in **Figure 2**. The fenite ring surrounding the carbonatite proper as illustrated also contains additional fenite bands and fenite-dominated breccias. The map in **Figure 2** also shows the drilling completed to September 2020 on which the Mineral Resource estimate described in this report is based.

Figure 1: Simplified geological map of Angola showing the Lucapa Belt

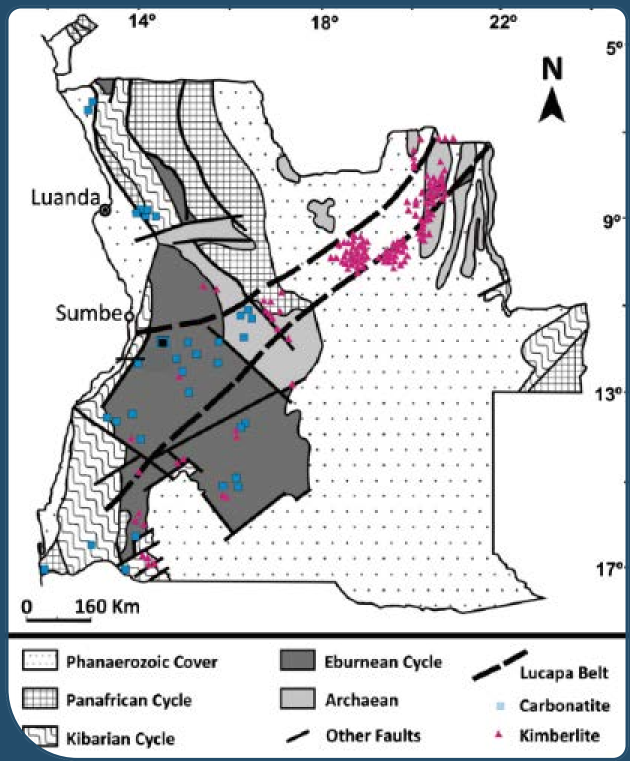
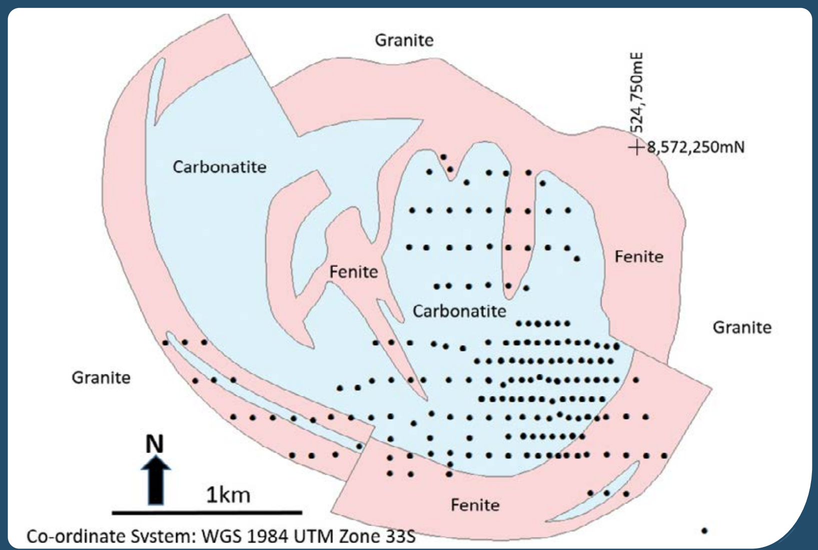


Figure 2: Simplified geological map of Longonjo with all drillhole collars as of September 2020



MINERAL RESOURCES

A 195-hole, 7,987m reverse circulation infill and extension drilling programme completed during 2020 was done in support of the geological studies. A series of high-grade intersections from this drilling were reported during 2020. COVID-19 restrictions delayed the transport of some samples, and the final batch of assay results was received in August 2020. The drilling programme confirmed the continuity of high-grade mineralisation in the weathered zone, proved some extensions to the deposit and provided a first test of the fresh rock potential of the project.

The company appointed international mining industry consultants, SRK Consulting, to complete a revised Mineral Resource estimate for Longonjo to incorporate the new drilling and, on 14 September 2020, announced an upgraded Measured, Indicated and Inferred Mineral Resource estimate of 313Mt at 1.43% REO including 0.32% NdPr* for 4,470,000t of REO including 990,000t of NdPr.

* *NdPr = neodymium and praseodymium oxide. REO = total rare earth oxides. A 0.1% NdPr cut is applied.*

Refer to the LSE announcement of 14 September 2020 for Mineral Resource estimate details. All material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

The upgraded estimate is summarised in the table below:

- It contains more than 2.3 times the previous estimate of the Measured and Indicated Resources used in the preliminary feasibility study[1] (announced on the Australian Securities Exchange (ASX) on 15 November 2019);
- The proportion of the resources reported in the Measured and Indicated categories has increased from 31% to 68%[2]; and
- The overall contained NdPr has increased by 35%[2].

[1] *Comparison of contained NdPr within the weathered zone Measured and Indicated categories at a 0.2% NdPr cut-off, November 2019, and new Mineral Resource estimates.*

[2] *Comparison of contained NdPr within the November 2019 and new total Longonjo Mineral Resource estimates at a 0.1% NdPr cut-off (Measured, Indicated and Inferred categories).*

Longonjo Mineral Resource estimate at 0.1% NdPr cut-off grade

Mineral Resource estimate category	Tonnes (million)	REO grade (%)	NdPr grade (%)	Contained REO (tonnes)	Contained NdPr (tonnes)
Measured	26	2.58	0.55	664,000	141,000
Indicated	165	1.51	0.33	2,490,000	536,000
Inferred	123	1.08	0.25	1,320,000	313,000
Total	**313**	**1.43**	**0.32**	**4,470,000**	**990,000**

REO includes NdPr. Any discrepancies in totals are due to rounding.

MINING ORE RESERVES

During September 2022, the competent person's statement for Longonjo's Ore Reserves was completed by Snowden Optiro and can be found on the Pensana website at https://pensana.co.uk/Company-Reports/.

The Longonjo Ore Reserves are classified using the guidelines of the 2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC).

In-pit Measured and Indicated Mineral Resources were used as the basis for deriving the Proved and Probable Ore Reserve estimates. These were converted to an Ore Reserve using Whittle software which generated optimised pit shells based on various modifying factors, geotechnical domains and forecast operational costs and sales pricing.

Approximately 13Mt Measured Mineral Resources were converted to a Proved Ore Reserve (about 45% of the total Ore Reserve), and 17Mt of the Indicated Resources were converted to Probable Ore Reserves. This classification assessment of Proved was based on the latest pilot plant and other testwork results, which relate to samples representative of the first seven years of production, completed metallurgical evaluation and due consideration of the modifying factors taken into account and referred to in the Ore Reserve Statement.

GEOLOGY AND MINERAL RESOURCES continued

The Ore Reserve estimate is summarised in the table below.

Longonjo Proved and Probable Ore Reserve September 2022 reported using a 0.3% NdPr (approximate) cut-off

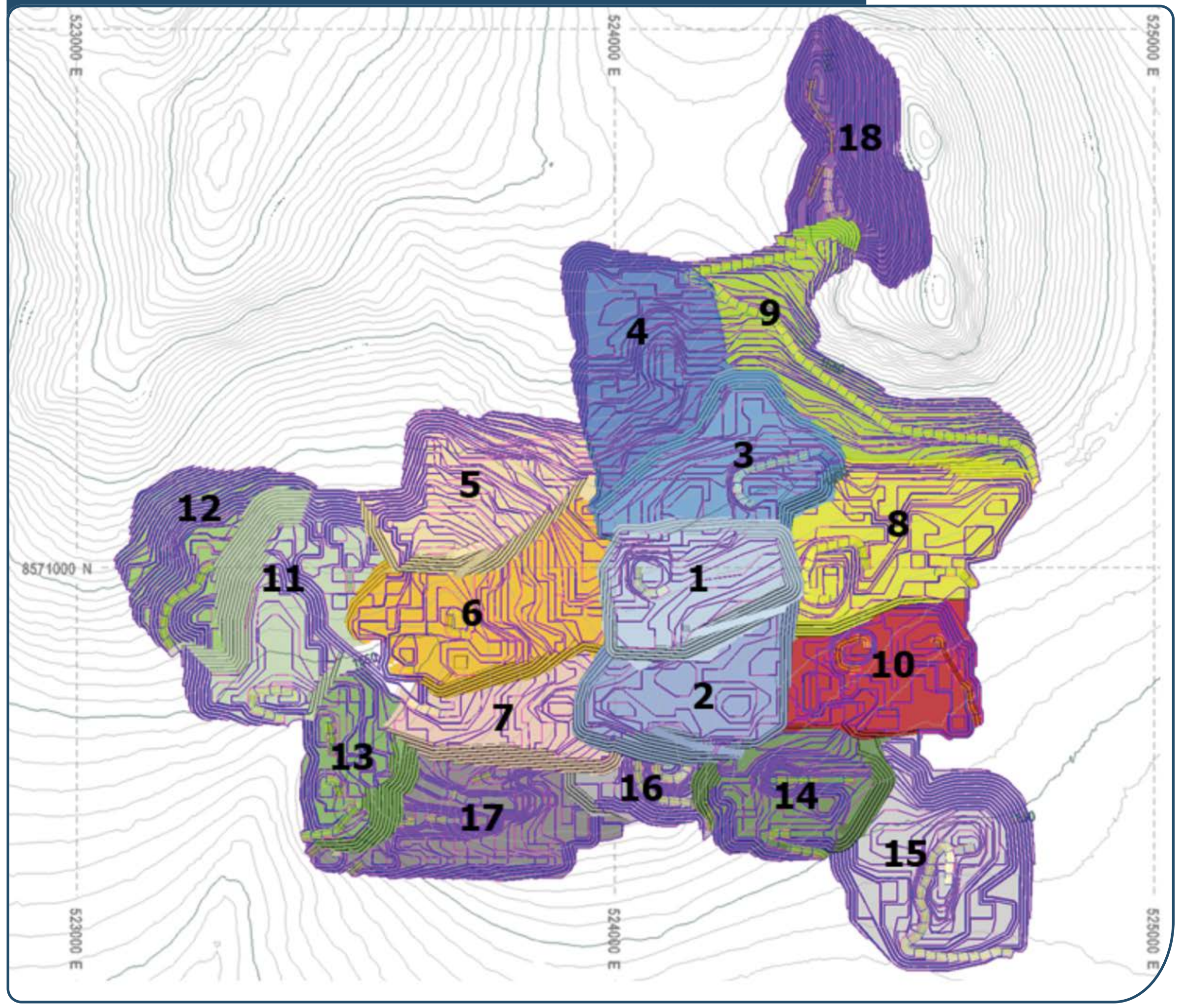
Classification	NdPr cut-off (%)	Tonnes (million)	NdPr (%)	TREO (%)	NdPr (tonnes)	TREO (tonnes)
Proved	0.3 – 0.4	13.3	0.67	3.19	89,300	424,000
Probable	0.3 – 0.4	16.8	0.46	2.05	77,000	323,000
Total	**0.3 – 0.4**	**30.1**	**0.55**	**2.55**	**166,000**	**767,000**

Notes:
- *Million tonnes are dry and rounded to one decimal place. Grades are rounded to three significant figures.*
- *No fixed cut-off is applied to the rare earths NdPr; the cut-off varies between 0.3% NdPr and 0.4% NdPr.*
- *The variable NdPr cut-off reflects the block cash flow positive method used to determine the economically viable portion of the resource.*
- *NdPr tonnes and grade are inclusive of the TREO and not additional to it.*

MINING

As part of the work performed relating to the Ore Reserve Statement, an updated pit optimisation was run confirming the 20-year potential life of mine. Figure 3 indicates the mining stages over 18 years, plus two more years of processing material in the concentrator and MREC plant from stockpiles.

Figure 3: Longonjo mining stage designs



COOLA EXPLORATION PROJECT

The Coola Exploration Project licence is located in Angola, approximately 160km east of the Port of Lobito. Pensana, through Coola Mining LDA in which Pensana holds a 90% interest, was granted the Coola exploration licence in May 2020 and has since completed multiple field programmes.

The Coola licence covered an initial area of 7,456km^2 which was reduced to 824km^2 following three years of intensive prospecting.

Systematic phased exploration of the licence over the past four years has led to the identification of two highly prospective REE-bearing complexes namely the Sulima West alkaline complex and the Coola carbonatite, 90km and 40km north of Longonjo, respectively. Recent exploration and evaluation have been focused on these two highly prospective, REE-bearing complexes.

In FY2024, detailed geophysical surveys were completed and interpreted, with further mapping, sampling and mineralogical studies conducted at both Sulima West and Coola. Bulk samples of REE ore-types from Sulima West and Coola were extracted for bench-scale metallurgical testwork.

The Sulima West ore-type comprises a surface laterite highly enriched in REEs. The composite laterite sample graded at 8.4% TREO, with 80% comprising magnetic iron and manganese oxides and 10% REE-rich monazite.

The Coola ore-type is a fresh pink dolomitic carbonatite which contains up to 10% bastnaesite. The composite carbonatite sample graded 4.0% TREO, with 85% carbonate minerals (dolomite and ankerite) containing minor Fe oxides, barite and quartz.

Initial detailed mineralogical investigations indicated good potential for separation and upgrading to a high-grade concentrate using simple magnetic and gravity processes. The magnetic and gravity separation testwork on both ore-types is currently ongoing.

Furthermore, the central caldera of the Coola carbonatite, identified from the geophysical surveys completed in 2023, is appearing highly prospective and drill testing for the presence of a weathered and oxidised potentially supergene-enriched central diatreme will be the next planned work stream over the next 12 months.

Additional samples taken for beneficiation testwork include the Sulima West apatite and the Coola carbonatite fluorite occurrences.

The Sulima West apatite sample graded at 22% phosphate and was upgraded to 42.6% using magnetic separation only. The Coola fluorite composite graded 73% fluorite and 8% goethite; magnetic separation testwork is ongoing.

These early results indicate the potential for low-cost physical beneficiation of the rare earth minerals and production of a high-grade REE concentrate at site which will then feed into the Longonjo processing plant.

The Coola Exploration Project licence is located in central Angola, north of Pensana's Longonjo rare earth refinery project

PRINCIPAL RISKS AND UNCERTAINTIES

The group is exposed to several risks and uncertainties which could have a material impact on its performance and long-term viability. The effective identification, management and mitigation of these risks and uncertainties are core focus areas of the group, as they are key to the company's strategy and objectives being achieved. Central to Pensana's approach to risk management is having the right board and senior management team in place, with such members combining extensive experience of the specialist worlds of rare earth mining, sales, health and safety, human resources (HR), skills development, diversity and transformation, finance, corporate governance and risk management, as well as in-depth knowledge of the local operating conditions in Angola and the UK and the regulatory environments of all of the countries in which Pensana operates or has a corporate presence. The board, supported by the audit and risk committee, oversees overall risk management. The executive committee is responsible for risk management processes and systems and drives a culture of individual employee accountability in implementing these.

PRINCIPAL RISKS

A summary of the risks identified as the group's principal external, operating and strategic risks (in no order of priority) is listed below.

Risk	Risk appetite	Risk rating	Change year-on-year	Nature of risk and management of risk
External risks				
Commodity price	Medium	High	↑	If the group is able to develop the Longonjo and Saltend Projects and/or the Coola Project for production and the market price of rare earth oxide decreases significantly for an extended period of time, the ability of the group to attract finance and ultimately generate profits could be adversely affected.
	Managing the risk The development phase of the projects has at all times included a significant focus on future market supply demand fundamentals including price forecasts which are supported by independent research reports, all of which continue to support the decision to continue with the development of the projects. Once operational, the group will primarily look to focus on managing its underlying production costs to mitigate price volatility. If appropriate, the group may also consider entering into binding offtake agreements with the goal of preserving future revenue streams. The group has, to date, not entered into any such contracts. During the year, engagements continued with several potential strategic partners with a view to securing binding offtake agreements in due course alongside the non-exclusive and non-binding memoranda of undertaking already entered into.			
Demand risk	Medium	Low	↔	The risk that forecast product demand may be lower than expected.
	Managing the risk The group actively monitors market demand, customer needs and potential new entrants into the rare earth industry. Engagement over the period with potential offtake partners has highlighted an increasing demand for the company's product and demand/supply fundamentals remain positive for the group's planned production.			

PRINCIPAL RISKS AND UNCERTAINTIES continued

Risk	Risk appetite	Risk rating	Change year-on-year	Nature of risk and management of risk
External risks continued				
Foreign exchange risk	Medium	Medium	↔	The group operates across multiple jurisdictions and is exposed to several currencies outside of its reporting currency, including the Angolan kwanza, Australian dollar, Euro and British pound.
	Managing the risk The group to date has raised finance in US dollars and British pounds to align to input costs in the various jurisdictions it operates within. On completion of main financing, consideration will be given to foreign currency hedging.			
Market supply concentration	Medium	High	↔	Currently, China is the dominant producer of the world's rare earth magnets. China could manipulate market prices of rare earth oxides to control the number of new entrants into the market.
	Managing the risk The group may consider entering into offtake agreements with the goal of preserving future revenue streams. The group has entered into strategic partnerships and memoranda of understanding with offtake customers and during the year looked to further entrench the potential partnering with these strategic OEMs with the provision of product test samples and the outlining of production profiles in preparation for main financing and construction.			
Country and political	Medium	Medium	↔	There are substantial risks associated with investments in emerging markets, such as Angola, where civil unrest, nationalist movements, political violence and economic crises are possible. Any changes in the political, fiscal and legal systems or conditions, or civil unrest in these countries, may affect the ownership or operation of the group's interests, in particular the Longonjo Project which could have a material adverse effect on the group's business, financial condition, results of operations and prospects. There is a risk that Angolan bank payments to service providers are not being made timeously causing a risk to the project in the form of lack of confidence in doing business in Angola.
	Managing the risk This is deemed a medium risk due to Angola's recent strong economic performance and the Angolan government's and FSDEA's (the group's largest shareholder) support and backing of the Longonjo Project. The group continues to maintain strong local and national government relations in Angola and vigorous compliance with local regulations. The group will continue to engage with Angolan banks and regulatory bodies on a regular basis. Facilities that allow for payments outside of Angola within current regulatory frameworks have been established.			

Risk	Risk appetite	Risk rating	Change year-on-year	Nature of risk and management of risk
Operating risks				
Attracting skilled employees	Low	Medium	↔	The group's ability to compete in the competitive natural resources and specialist rare earth chemical processing sectors depends upon its ability to retain and attract highly qualified management, geological and technical personnel. The loss of key management and/or technical personnel could delay the development of the Longonjo Project, exploration at the Longonjo Project and the Coola Project and development and commissioning of the Saltend refinery thereby negatively impacting the ability of the group to compete in the resources and chemical processing sectors. In addition, the group will need to recruit key personnel to develop its business as and when it moves to construction and ultimately operation of a mine, each of which requires additional skills.
	Managing the risk The board seeks to incentivise and retain key employees through an appropriate blend of short- and long-term incentivisation packages and share schemes that are appropriately aligned to the environment and conditions under which key management are operating. A project development team has been established for the construction phase at both Saltend and Longonjo, and key operating personnel are currently being recruited to ensure a smooth transition from construction and commissioning to sustainable operations.			

Accommodation units as part of the 350-person Longonjo camp installed on-site

Risk	Risk appetite	Risk rating	Change year-on-year	Nature of risk and management of risk
Operating risks continued				
Development of the Longonjo and Saltend Projects	Low	Medium	↔	The group's operations are at an early stage of construction development and future success will depend on the group's ability to manage the Longonjo and Saltend Projects (the projects) and the production of NdPr-rich mixed rare earth product at Longonjo for export to the Saltend processing plant and further processing into a rare earth oxide. In particular, the group's success is dependent upon the directors' ability to develop the projects by commencing and maintaining production at the sites, and there is no certainty that funding will be available. Development of the projects could be delayed or could experience interruptions or increased costs as a result of supply chain or inflationary pressures or may not be completed at all due to a number of factors, including but not limited to: • the group's ability to raise finance for the development of the projects; • changes in the regulatory environment; • non-performance by third-party contractors; • inability to attract, train (as required) and retain a sufficient number of workers; • changes in environmental compliance requirements; • unfavourable weather conditions or catastrophic events; • unforeseen escalation in anticipated costs of development, delays in construction or adverse currency movements resulting in insufficient funds being available to complete planned development; • increases in extraction costs including energy, material and labour costs; • lack of availability of mining equipment and other exploration services; and • shortages or delays in obtaining critical mining and processing equipment. There can therefore be no assurance that the group will complete the various stages of development necessary to begin generating revenue for the group at both the Longonjo and Saltend Projects, and any of these factors may have a material adverse effect on the group's business, results of operations and activities, financial condition and prospects.
	Managing the risk Through the engagement of independent industry experts in the geological, metallurgical, engineering, financial and environmental fields, as appropriate, alongside the in-house skill set which has significant mine development experience, the board seeks to mitigate the project development risk upfront through systematically addressing perceived risks. Funding models have incorporated contingencies for project development and logistical delays as well as the current high inflation environment. The group has recruited an owner's team to ensure active contract management to enforce any penalty clauses for project delays due to contractor delays.			

Risk	Risk appetite	Risk rating	Change year-on-year	Nature of risk and management of risk
Operating risks continued				
Logistics challenges and delays	Medium	Medium	↔	Global supply chain challenges could result in logistical risks for equipment and materials both for the project and operations phases.
	Managing the risk Management has put in place contingency plans in respect of potential logistics risks for equipment and materials. This may include bulk movement of consumables by road. During the year, the engineering team also focused extensively on modularisation opportunities for several aspects of the plant and associated infrastructure to facilitate transportation and construction build. The group further continues to work with Angolan government entities to ensure that key logistics and infrastructural networks are in place for Longonjo. In addition, the group continues to support group projects for renewable energy supply to Longonjo and Saltend as well as exploring independent options for Pensana.			
Strategic risks				
Financing	Low	High	↔	The company notes that, alternative sources of funding will be required in the event that contemplated grant funding is delayed, or the conditions are not met. Additional funding is required to settle existing project-related contractor balances in the UK and to also provide working capital to the group. Continuing support of these contractors will be required until the group has secured this required funding and then remain as the group subsequently moves towards main financing in the normal course of project development. Additionally, the group would need to refinance the FSDEA facility in the event that the main financing, which will include the appropriate restructuring of the FSDEA loan, is not achieved. Given the support provided by the Angolan Government for the Longonjo Project to date, the directors anticipate such a restructuring to be successfully concluded. It is anticipated that the contemplated financing across the group may include further issues of equity, export credit-backed debt financing and issuing a green bond. The ability of the company and group to continue as a going concern is dependent on securing additional funding given the forecast expenditure. The group is in pre-production phase and therefore has no revenues from operations currently. There is a risk that funding may not be available and/or the cost of financing may be higher than expected.
	Managing the risk The board continuously monitors the liquidity position of the group and benchmarks key targeted milestones against funding requirements to ensure adequate resources will be available. Furthermore, management and the board engage continuously with potential financiers, investors, sovereign wealth funds and lenders across the UK, Europe and Africa thereby keeping them abreast of project developments and the timing of potential fundraising. The group is currently in the process to raise financing on a phased approach with focus currently on the Angolan operation where engagement with a consortium of lenders has been ongoing and progressing over the year. Future funding of downstream projects may include issuing a green bond which, together with further issues of equity and debt financing, is expected to raise sufficient funding for the ongoing development of both the Longonjo and Saltend Projects.			

Risk	Risk appetite	Risk rating	Change year-on-year	Nature of risk and management of risk
Strategic risks continued				
Licence to operate	Low	Low	↔	To the extent approvals, community consent, licences and permits are not obtained, the group may be curtailed or prohibited from proceeding with planned exploitation, development and operations of the Longonjo and Saltend Projects and the exploration and potential exploitation of the Coola Project.
				Managing the risk The group continuously endeavours to foster strong relations with the Angolan and UK governments at a local and national level and ensures ongoing interaction with key stakeholders, including communities local to our sites and compliance with mandated licensing terms and requirements. The group has furthermore built in a holistic approach to its mine development plans at Longonjo in order for it to address the key areas of safety, social, environmental and local community obligations and thereby ensure opportunity for true long-term sustainability.
Dependence on the Longonjo Project for feedstock and revenue generation	Medium	Medium to low	↔	The group's primary source of feedstock into the Saltend refinery is currently focused on the exploration and development of the Longonjo Project. While the group does have an additional interest in the Coola Project, this is in very early stages of exploration and the viability of the licence area for commercial production is currently unknown. Therefore, any material adverse development affecting the progress of the Longonjo Project would have a material adverse effect on the group's business, financial performance, results of operations and prospects.
				Managing the risk With the group having expanded its scope to include the development of the Saltend refinery, the group has introduced an additional potential revenue-generating unit to its portfolio alongside the Longonjo Project as the Saltend refinery will have the capacity to process third-party feedstock thereby reducing the reliance on Longonjo feedstock. The group is currently in discussions with various third-party feedstock providers that can reduce or supplement the Longonjo feedstock. In addition, the group is actively progressing the Coola Exploration Project with the latest encouraging metallurgical samples highlighting a strong potential additional feedstock source into the group.

Risk	Risk appetite	Risk rating	Change year-on-year	Nature of risk and management of risk
Environmental risks				
Climate change – physical risks **Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns**	Medium	High	↔	The rapid pace of climate change is a risk for all businesses. Pensana has identified its exposure to climate change for a period beyond 10 years as a principal risk. This risk is a combined risk of all physical climate risks to the business. Internally reviewed risks which are grouped into the principal risk are: operational and physical asset risk to Pensana operational sites; exposure to the upstream supply chain for raw materials not adequately adapting to changes as a result of climate; and the effects of physical climate change on global availability of raw materials which may cause shortages, short-term price volatilities and loss of supply routes.
				Managing the risk The business has ensured climate change modelling has been considered as part of project development. Further modelling opportunities have been identified and will be deployed at relevant junctures in project development. The group is developing and will maintain comprehensive supply chain maps and will undertake regular climate assessments of supply routes focused on a risk basis. Longonjo's physical risks have been identified and assessed in accordance with International Finance Corporation (IFC) Performance Standards and as recommended by independent assessment through the ESIA.
Climate change – transitional risks **Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change**	Low	High	↔	Pensana could be exposed to transitional climate risks over 10 years into the future. This could include exposure with potential impacts on pricing, tax and public/customer perception. Public climate policy may increase taxation or costs and leave the business unable to compete on price with China and other new plants. Statute or OEM procurement rules may be integrated which directly restrict trade for material not meeting climate limits and requirements thus disqualifying Pensana from trade.
				Managing the risk The company will continue to monitor potential regulatory, financial market, customer and investor requirements on short- and medium-term horizons and ensure the business is well placed to comply with both current and future requirements. The group will continue to work with partners (including governments, NGOs and commercial partners) to explore carbon and impact reduction, including sourcing renewable energy and exploring innovative partnerships such as with Polestar on their Polestar 0 Project, which aims to produce a truly climate-neutral car by 2030 and an Innovate UK-funded research project to look at future net zero economy aligned opportunities.

CORPORATE GOVERNANCE REPORT

Dear shareholder,

I am pleased to introduce Pensana's governance statement under my tenure as chairman. Pensana is committed to upholding the highest standards of corporate governance and ethical business underpinned by a strong and effective governance system, which has been continually enhanced during this period in order to ensure the long-term success of the company. The governance highlights during this period include the following:

BOARD EVOLUTION AND SUCCESSION PLANNING

The Pensana board has the most suitable and appropriate balance of skills and expertise at board level for the company's current and future stages of development. The board as a whole, with its blend of experience and skills in rare earths, mining, exploration, finance, as well as the Angolan and UK operating environments, contains the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long term. The size and composition of the board is continually assessed within the context of the size and scale of the company's operations. Refer to the board of directors on **pages 66** and **67** for a breakdown on the directors details and their role in the company."

BOARD STRATEGY, PROCESS AND PERFORMANCE

The board will continue to ensure that sufficient financial and other resources are in place to ensure the successful implementation of Pensana's strategy.

CULTURE

As the company rapidly evolves and expands, the ongoing evaluation of our company culture is a necessary objective that the board will continue to focus on as one of its key criteria as we look to expand our world-class management team and develop the projects in Angola and the UK. This will include a non-negotiable commitment to health and safety and sustainable environmental practices, especially at an operational level at Longonjo, together with a 'can-do' attitude that has seen the company create the opportunity to build the world's first rare earth processing facility in over a decade and develop the world's first sustainable magnet metal supply chain to meet the burgeoning demand from electric vehicles and offshore wind turbines.

DIVERSITY

We remain committed to improving diversity levels throughout the workforce, management team and board. Key hires have and will continue to be targeted in the coming year to ensure our focus on diversity, with Women in STEM (science, technology, engineering and mathematics) initiatives and women in key managerial positions being key focus areas. During this period, Ms Geraldine Tchimbali Maquina was appointed as country manager for the Longonjo Project. Ms Maquina has a Degree in Geology from the University of St Andrews in the UK and a Master's in Business Management from the Quantic School of Business and Technology.

STAKEHOLDER ENGAGEMENT AND FEEDBACK

Positive relationships with our stakeholders continue to be essential for the long-term success of our business and we are continually looking to improve and strengthen our stakeholder engagement processes. Significant engagement with the Angolan government, FSDEA, local and national agencies in the UK, local communities and leaders continues on a regular basis and is seen as a key driver to building sustainable, long-term projects that will create a wider benefit for all involved.

GOVERNANCE POLICIES

Publicly disclosed policies as well as the company's code of conduct cover the business' approach to group governance including anti-bribery, corruption and diversity. More recently, the company finalised and published its whistle-blowing policy, along with its social and communities policy, both of which are available on the Pensana website.

GOVERNANCE UPDATES

The company has fully adopted the provisions as set out in the UK's Quoted Companies Alliance (QCA) Corporate Governance Code, which are deemed appropriate to our size and current scale. The development of our governance framework will continue to evolve and strengthen in line with, and in support of, the dynamic growth and development of the company. The company also notes the recent updates to the UK listing regime and categories. Pensana will continue to consider alternative listing categories available to it that may be more appropriate for its size and operations.

Paul Atherley
Executive chairman
29 October 2024

The board of directors of Pensana is responsible for establishing the corporate governance framework of the group.

The company is committed to implementing the best standards of corporate governance appropriate for the company's size and scale.

The company's corporate governance statement has been approved by the board and can be located on the company's website at **www.pensana.co.uk/corporate-governance**.

This statement outlines the main corporate governance practices in place for the period ended 30 June 2024, which comply with the application of the corporate governance principles as set out in the QCA Corporate Governance Code, unless otherwise stated.

INTRODUCTION

The company has adopted systems of control and accountability as the basis for the administration of corporate governance.

Additional information about the company's corporate governance policies and practices is set out on the company's website at **www.pensana.co.uk,** including the:

- code of conduct;
- securities trading policy;
- health and safety policy;
- environment policy;
- shareholder communications and continuous disclosure strategy;
- risk management policy;
- board charter;
- diversity policy;
- social and communities policy;
- whistle-blowing policy;
- modern slavery statement; and
- principles for sustainable procurement.

QCA CORPORATE GOVERNANCE CODE PRINCIPLES AND RECOMMENDATIONS

The company hereby discloses how the provisions of the QCA Corporate Governance Code have been followed during the financial year.

Principle 1	Application	Disclosure
Establish a strategy and business model which promote long-term value for shareholders	The board must be able to express a shared view of the company's purpose, business model and strategy.	The company's annual report, as read with the annual financial statements, sets out the company's business model and strategy including how the company intends to deliver shareholder value in the medium to long term. In summary, Pensana intends to build the world's first sustainable magnet metal supply chain to meet the burgeoning demand from electric vehicles and offshore wind turbines. In this regard, Pensana aims to construct a mine in Angola (Longonjo) producing ethically sourced rare earths and also to establish a rare earths processing hub at Saltend bringing back high-value manufacturing to the UK. Key challenges include construction and financing risks in relation to both Longonjo and Saltend. Pensana has obtained funding support from FSDEA in relation to commencement of mine construction at Longonjo, most recently in the form of a US$15 million bridging facility, and is in advanced discussions with a range of funders to put in place a fully financed solution for Longonjo. A non-binding Term Sheet setting out the indicative parameters for a Longonjo Project debt funding solution was concluded with a lender consortium in February 2024. Alongside the advancement of the Longonjo Project, the company will continue to explore the development of the Coola exploration property and downstream processing at Saltend. The timing around the development of these assets is largely dependent on strategic sequencing in line with the relevant financing frameworks being secured and evidence of ongoing support from the relevant governments and associated development agencies.

Principle 2	Application	Disclosure
The company should seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.	The board ensures that the shareholders are informed of all major developments affecting the company via the investor relations section of the company's website and through the release of regular media and Regulatory News Service announcements, all of which are also accessible via the company's website. The following additional information is available to shareholders via the company's website: • Information briefings to media and analysts; • Notices of all shareholder meetings, explanatory notes and documentation; and • Annual and interim reports. The company encourages shareholders to attend all general meetings of the company. Shareholders are also able to email or contact the company with any queries.

Principle 3	Application	Disclosure
The company should take into account wider stakeholder and social responsibilities and their implications for long-term success	The board needs to identify the company's stakeholders and understand their needs, interests and expectations. Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long term, then those matters must be integrated into the company's strategy and business model. Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.	The board, using a double materiality approach as well as through risk identification and mitigation workshops performed by senior management and reported to the board, has identified all material stakeholder groups in the areas in which it operates in both the UK and Angola, and management has created forums and mechanisms to communicate with stakeholders and to obtain feedback from stakeholders. Senior management are also in regular communication with key shareholders by means of shareholder meetings and stakeholders by way of interaction with senior representatives of those stakeholders. The ESG board sub-committee monitors key stakeholder engagement for the company and ensures that the company fulfils its environmental and social responsibilities as identified by management and the board. The company retains relationships with relevant stakeholders (including the Angolan Sovereign Wealth Fund, the Angolan National Mineral Resources Agency, the Ministry of Mineral Resources, Petroleum and Gas, local communities, the Humber Energy Cluster, universities, further education/colleges, schools, national elected officials, local elected officials, marketing bodies, wildlife and environmental bodies, unions and charities) and engages with each group with a focus on two-way communication. In Angola, the CEO and Longonjo country manager take responsibility for ensuring stakeholder feedback is listened to and where relevant acted upon. The chief commercial officer retains ownership of the stakeholder engagement process for the UK. Examples have included community support packages for those affected by economic land displacement as part of the Longonjo Project and additional data gathering exercises as part of the planning consent for Saltend.

Principle 4	Application	Disclosure
Embed effective risk management, considering both opportunities and threats, throughout the organisation	The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy. Companies need to consider their extended business, including the company's supply chain, from key suppliers to the end customer. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	The board is responsible for the oversight of the group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the company with the CEO having ultimate responsibility to the board for the risk management and control framework. The primary objectives of the risk management system at the company are to ensure: all major sources of potential opportunity for and harm to the company (both existing and potential) are identified, analysed and treated appropriately; business decisions throughout the company appropriately balance the risk and reward trade-off; regulatory compliance and integrity in reporting is achieved; and senior management, the board and investors understand the risk profile of the company. In line with these objectives, the risk management system covers: • operations risk; • financial reporting; • compliance/regulations; • health, safety, climate and the environment; • system/information technology process risk; and • the degree of risk tolerance and risk appetite in respect of each identified risk. The key risks, as identified, are disclosed annually in the company's annual report. The board has appointed an audit and risk committee which is chaired by a senior independent non-executive director. One of the functions of the audit and risk committee is to act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the group's internal control and risk management systems and processes.

Principle 5	Application	Disclosure
Maintain the board as a well-functioning, balanced team led by the chair	The board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements.	The board is chaired by an executive director and comprises a balance of independent non-executive directors and executive directors, details of whom are disclosed on the company's website and in the annual report. Non-executive directors are expected to make sufficient time available to fully engage with the activities of the board and relevant committees. This includes time preparing for meetings and reviewing relevant papers, the meetings themselves and subsequent follow-ups. Refer to **page 89** for details of the number of meetings. Executive directors are required to make sufficient time available to discharge their duties in executive office. The board has formed and is supported by the following committees, each of which is chaired by an independent non-executive director: • Audit and risk committee; • Remuneration committee; • ESG committee; and • Board nomination committee. The committees' terms of reference are disclosed on the company's website. Refer to **pages 66** and **67** for the board of directors and director's details. The number of board and committee meetings attended by each director is recorded annually in the company's annual report on **page 89**.

Principle 6	Application	Disclosure
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. As companies evolve, the mix of skills and experience required on the board will change, and the board composition will need to evolve to reflect this change.	The composition of the board ensures that combined skills, experience and personal qualities of the board match the requirements of the company in its current stage of development. The board is assisted by a lead independent director who chairs the audit and risk committee as well as the remuneration committee. In addition, a senior independent director chairs the ESG committee and serves on the remuneration committee. If any of the directors feel that their skill sets need to be updated in any particular area, refresher training options will be investigated and provided as necessary. The company secretary is in attendance at all board and committee meetings and provides independent advice to the board and board committees on all governance matters. The profiles of each director are disclosed on the company's website and are published in the annual report on **pages 66** to **67**. The board as a whole, with its blend of experience and skills in rare earths, mining, exploration, finance, as well as the Angolan and UK operating environments, contains the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long term.

Principle 7	Application	Disclosure
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors. The board performance review may be carried out internally or, ideally, externally facilitated from time to time.	An internal valuation of the board composition has been conducted. Appropriate and effective board composition has recently been considered within the context of the size and scale of the company's operations and activities. The board nomination committee monitors on a continual basis, succession plans for each director and the board. Pensana's nomination committee is responsible for reviewing the skills, expertise, composition and balance of the board on an ongoing basis as part of the company's succession planning. When considering new appointments, a brief is prepared, and an independent external search agency is utilised to identify potential candidates. The committee continues to focus on succession planning, reviewing the programmes which the company has in place to grow talent within Pensana. As part of our succession practices, the nomination committee will continue to review programmes in place to assimilate talent into leadership and specialist positions. No formal board performance evaluation has been undertaken in the period. A board performance evaluation will be conducted during FY2025 following a full year in office of the reconstituted board.

Principle 8	Application	Disclosure
Promote a corporate culture that is based on ethical values and behaviours	The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.	The board is committed to creating a corporate culture which is underpinned by the highest ethical values and the following by every director and employee of sound ethical behaviours. The board ensures that ethical corporate values guide the objectives and strategy of the company. The company has a code of conduct that sets out the principles and standards which the board, management and employees of the company are encouraged to strive to abide by when dealing with each other, shareholders and the broader community. The board endeavours to ensure that the sound ethical corporate culture of the company is recognisable throughout the disclosures in the annual report, website and any other statements issued by the company. Principles for sustainable procurement have been developed by the company, which reference the code of conduct and require compliance on matters such as avoiding discrimination, bribery and corruption, ethical practice generally and transparency from all suppliers on these matters. The board evaluation process to be conducted and referenced in Principle 7 above will establish means of monitoring and assessing on an ongoing basis the state of the corporate culture of the company.

Principle 9	Application	Disclosure
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board	The company should maintain governance structures and processes in line with its corporate culture and appropriate to its size and complexity.	The board is of the opinion that its governance structures and processes are suitable for the current size and complexity of the company and applicable for its present stage of development. The board is committed to ensuring that the governance structures as reported on in the annual report will evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company. The chairman leads the board and is primarily responsible for the effective working of the board, including the following: • In consultation with the board, ensures good corporate governance and sets clear expectations with regard to company culture, values and behaviour; • Sets the board's agenda and ensures that all directors are encouraged to participate fully in the activities and decision-making process of the board; • Is the ultimate custodian of shareholders' interests; • Engages with shareholders and other governance-related stakeholders, as required; and • Meets with the senior independent director and with the non-executive directors without the executive directors present, in order to encourage open discussions and to assess the executive directors' performance. The CEO is primarily responsible for implementing Pensana's strategy established by the board and for the operational management of the business including the following: • Leads and provides strategic direction to the company's management team; • Runs the company on a day-to-day basis; • Implements the decisions of the board and its committees, with the support of the executive committee; • Monitors, reviews and manages key risks; • Ensures that the assets of Pensana are adequately safeguarded and maintained; • Leads by example in establishing a performance-orientated, inclusive and socially responsible company culture; and • Chairs the executive committee and is a member of the ESG committee, thereby having direct involvement in the strategic management of Pensana's ESG matters.

Principle 9 (continued)	Application	Disclosure
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board (continued)	The company should maintain governance structures and processes in line with its corporate culture and appropriate to its size and complexity.	The audit and risk committee assists the board in discharging its oversight responsibilities relating to audit and risk matters. The ESG committee assists the board in discharging its ESG-related oversight responsibilities. The remuneration committee assists the board in discharging its oversight responsibilities relating to remuneration and the company's executive directors, senior executives, management and non-management. The remuneration committee also comprises the nomination committee. The function of the nomination committee is to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the board. Work undertaken by board committees during the year included: **Audit and risk committee:** Oversaw the external audit process and monitors implementation of recommendations. Also provided independence for putting a directors' facility in place. **Nomination and remuneration committee:** Oversaw the issue of shares in accordance with the company share incentive scheme (remuneration committee). **ESG committee:** Oversaw the ESG strategy, including publication of policies on Pensana's website such as the social and communities and whistle-blowing policies, the sustainability award by EcoVadis, as well as the RAP at Longonjo. **Board:** Oversaw the process of obtaining, a bridging facility from FSDEA and putting in place a directors' facility for the company.

Principle 10	Application	Disclosure
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.	The annual report includes details of the key reportable activities of all board committees during the year. An audit and risk committee report is included in the company's annual report on **pages 91** to **93**. A directors' remuneration report is included in the company's annual report on **pages 68** to **83**. A principal risks and uncertainties report as well as a section 172 statement are included in the company's annual report on **pages 26** to **33** and **pages 20** and **21**, respectively. The results of all voting at a shareholders' meeting will be disclosed on the company's website.

The results of shareholder voting at the 1 December 2023 annual general meeting (AGM) is summarised in the table below.

Item	Number of votes for	Number of votes against	Number of votes withheld	Number of votes at chairman's or proxy's discretion
Statutory accounts	113,826,590 (99.999%)	1,000 (0.001%)	6,450 (0.006%)	3,734 (0.003%)
To approve the directors' remuneration report	113,797,601 (99.985%)	17,075 (0.015%)	19,364 (0.017%)	10,234 (0.009%)
To approve the directors' remuneration policy	113,721,252 (99.955%)	51,496 (0.045%)	61,292 (0.054%)	3,734 (0.003%)
To re-elect Dr Jeremy John Beeton as a director	113,795,266 (99.988%)	13,714 (0.012%)	25,060 (0.022%)	3,734 (0.003%)
To re-elect Mr Steven Lawrence Sharpe as a director	113,795,266 (99.988%)	13,714 (0.012%)	25,060 (0.022%)	3,734 (0.003%)
To reappoint BDO LLP as the auditor	113,760,591 (99.984%)	17,933 (0.016%)	55,516 (0.049%)	3,734 (0.003%)
To authorise the audit and risk committee to determine the remuneration of the auditor	113,803,963 (99.999%)	1,224 (0.001%)	28,853 (0.025%)	3,734 (0.003%)
To authorise the directors to issue new ordinary shares or grant rights to subscribe for or convert securities into ordinary shares	113,772,807 (99.964%)	41,281 (0.036%)	19,952 (0.018%)	3,734 (0.003%)
Disapplication of pre-emptive provisions	113,679,025 (99.898%)	115,530 (0.102%)	39,485 (0.035%)	3,734 (0.003%)
Additional disapplication of pre-emptive provisions, for purposes of financing	113,664,429 (99.894%)	120,109 (0.106%)	49,502 (0.044%)	3,734 (0.003%)
To authorise the purchase of ordinary shares	113,774,410 (99.962%)	43,056 (0.038%)	16,574 (0.015%)	3,734 (0.003%)
That a general meeting other than an AGM may be called on not less than 14 clear days' notice	113,813,180 (99.992%)	8,960 (0.008%)	11,900 (0.010%)	3,734 (0.003%)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Pensana remains committed to embedding ESG at the core of its strategy and in day-to-day decision-making. The business has achieved a gold medal from EcoVadis, one of the leading ESG rating agencies, placing it in the top 5% of businesses for sustainability worldwide[1].

Pensana launched its ambitious Blueprint for Sustainable Rare Earths (the Blueprint) in FY2022. This document, approved by the board's ESG sub-committee, represents Pensana's detailed ESG strategy and provides a mapped-out plan of how Pensana intends to achieve 11 sustainability ambitions from across the ESG suite over the short, medium and long term. These ambitions include, among others, a commitment to deep and meaningful carbon reduction (achieving net zero no later than 2040), an aim to produce the lowest carbon rare earth products and a plan to protect and enhance nature. Pensana continues to ensure that delivery of each of these 11 ambitions remains core to all its decision-making[2].

Pensana, has post period received a gold medal from the EcoVadis sustainability rating platform. EcoVadis is one of the leading rating agencies and the gold medal places Pensana among the top 5% of companies assessed cross-sector. The assessment is broad-ranging and covers the environment, labour and human rights, ethics and sustainable procurement.

Pensana takes its responsibility towards addressing high ESG standards very seriously. To support the desire to build the world's first sustainable magnet metal supply chain, a full-time sustainability manager has been employed since the early stages of the company's work and serves as a member of the executive committee reporting directly to the CEO. The CEO has responsibility for the delivery of ESG at Pensana and the board oversees ESG and its associated impacts through a mandated board sub-committee chaired by non-executive director Ms Alison Saxby. Mr Danny McNeice (sustainability manager) also attends these meetings to provide management reports. The committee is responsible for the approval of the company's sustainability strategy and is responsible for the delivery of the Blueprint and was previously involved in the authoring and approval of the Blueprint. The Blueprint also includes approval of the company's determination of materiality of non-financial issues. This remains valid as of FY2024. The ESG committee retains responsibility for overseeing the effectiveness of the company's performance in all elements of ESG.

In FY2022, Pensana identified its material data points for internal and external reporting and will report against the same metrics in FY2024, which provide disclosure of three consecutive years of data. While not all of these are yet applicable, data deemed applicable for external reporting by the company, based on the current levels of operations, is published on **pages 58** to **61**.

The company remains committed to its membership of the United Nations Global Compact and the TCFD. The latter saw Pensana register as a supporter and disclose against the recommendations when this was a voluntary action prior to the legislative requirement. Pensana is pleased that such disclosure is now mandatory across the sector, and the company has duly reported fully against the recommendations of the TCFD. The business further highlights its commitment to aligning its work to other respected standards, especially those relevant to the financing of new infrastructure projects, including the Equator Principles, the IFC Performance Standards and World Bank Environmental and Social Standards (World Bank Standards). A full list of external standards and commitments is available in the Blueprint.

Progress continues towards developing a sustainable and traceable value chain. Pensana views its ESG responsibilities in the context of its value chain, including opportunities to influence both upstream and downstream activity. It continues

1 *Top 5% of businesses rated by EcoVadis* – https://support.ecovadis.com/hc/en-us/articles/210460227-Understanding-EcoVadis-Medals-and-Badges#h_01J33AFR7DPFQ2NNKTXWZD5GB6

2 *Pensana Blueprint for Sustainable Rare Earths* – https://pensana.co.uk/wp-content/uploads/2022/09/Pensana_Blueprint_for_Sustainable_Rare_Earths.pdf

to demonstrate this commitment through partnerships with other businesses across the value chain. This includes the partnership with Swedish electric vehicle manufacturer Polestar as a member of their Polestar 0 Project and research projects with academic institutions and other corporate partners which share similar values for leading sustainability practice. Pensana continues its engagement with industry and beyond to influence policy and processes internationally. Pensana remains a member of the Critical Minerals Alliance in the UK and the Rare Earths Industry Association. Additionally, the business' sustainability manager is a member of the British Standards Institute's rare earth technical committee.

ESG risk identification is incorporated into the company's risk process with ESG risks embedded within its primary risk matrix, which, in turn, is reviewed by the audit and risk committee. The general effectiveness of the approach is reviewed by the ESG committee, including the management of health, safety and environmental risks. Risks specific to climate change beyond a period of 10 years, the environment and our social licence to operate are disclosed in the principal risks and uncertainties section (refer to **page 33**).

Through the integrated risk assessment processes for climate change, Pensana has identified long-term climate change as a principal risk to the company. This risk covers climate change more than 10 years into the future. Pensana has already completed modelling of the physical risk to the Saltend site as part of the UK statutory requirements for the planning process and has undertaken a high-level desk-based review of climate risk in Angola. The detail of this and the scenarios and climate change models used can be seen in the TCFD disclosure starting on **page 48**. The company has developed qualitative risk and opportunity assessments from transitional risk using internal expertise.

The company views R&D into ESG issues and opportunities as crucial to its future strategy. Pensana has successfully secured funding for two projects. The first is an Innovate UK-funded project which commenced in the period. This £316,643 project, working in partnership with Polestar, Route2 and the Universities of Leeds and Hull, is reviewing and measuring ESG impacts across the six capitals of integrated reporting (manufactured, natural, social, human, intellectual and financial) and will then use the data to identify future opportunities to reduce the negative impacts and increase the positive impacts of ESG across the NdPr magnet value chain. The second project is a PhD studentship funded through the White Rose Doctoral partnership and hosted by the Universities of Leeds and York. The studentship is using our Longonjo Project as a case study of the socio-economic impacts of rare earth mining.

Longonjo camp energy consumption is all self-generated from on-site solar power

CLIMATE AND CARBON

The extraction and processing of rare earths is crucial to global decarbonisation efforts, as they are an essential component of wind turbines and electric vehicles. These products will displace fossil carbon emissions and are forecast to be in high demand. The International Energy Agency (IEA) has forecast that there could be a sevenfold increase by 2040 in demand for REEs for use in clean energy technologies[1].

This section provides a progress update for three of Pensana's objectives from the Blueprint:

- Provide a reliable and sustainable source of separated rare earth metals and compounds, essential to global decarbonisation products;
- Produce the rare earth products with the lowest embedded carbon on the market; and
- Promote deep and meaningful carbon reduction across our entire value chain, to be net zero no later than 2040.

As part of its commitment to being climate aware, Pensana voluntarily became a partner of the TCFD before this became mandatory. It has been required to disclose against the recommendations of the TCFD from FY2023, with Pensana voluntarily disclosing in FY2022 and with this year's disclosure, three complete years of disclosure are now available. Pensana has disclosed in a measure consistent with the TCFD recommendations and recommended disclosure.

To ensure Pensana supports the demand from customers and investors not only to develop products to reduce the impact of climate change, but products that themselves have a low carbon footprint, the company instructed Route2, a leading consultancy in quantifying sustainability impacts, to develop a product life cycle carbon emissions analysis aligned to the GHG Protocol Product Life Cycle and Reporting Standard. This comprehensive study was completed in FY2023. Findings were presented across the business, including to the ESG board sub-committee and C-suite senior management. This work not only quantified the impacts of the engineering and design already completed, but also demonstrated where future material carbon emissions are likely to be in the value chain, allowing a targeted strategic approach to their reduction particularly through the evolution of partnerships and research. The screening will be reviewed as part of the Innovate UK-funded research project detailed on **page 44**. This project will further understand where there are negative material ESG impacts across the value chain, including those from climate change and identifying where mitigations may be possible.

Furthermore, Pensana continues to strive to embed low-carbon design into its planning. This has included the electrification of key plant items and planning of logistics, benefiting from the siting of the Longonjo Mine adjacent to the newly refurbished Benguela railway, which runs directly to the Port of Lobito.

[1] *International Energy Agency – The Role of Critical Minerals in Clean Energy Transitions.*

The company discloses details on its carbon and climate performance through the TCFD disclosure starting on **page 48** and ESG data on **pages 58** to **61**.

PROTECTING THE NATURAL ENVIRONMENT

Ozango, the subsidiary responsible for the operation of the Longonjo site, has received installation licence approval for the operation of the mine site for the life of mine and has had zero environmental licence breaches in the reporting period and since the project inception.

Pensana is committed to making every effort to protect and enhance the natural environment and included an objective in the Blueprint to "integrate leading practice across our business to protect and enhance the natural environment in and around our operations" and has committed, as part of the design, to develop a tree curtain around the site aligned to the principles of rewilding, contributing to habitat gain in the area.

While the project has been structured to identify risk areas early in the process, and therefore reported on risk mitigations in the previous reporting period, the company remains committed to embedding protection of the environment within its decision-making and is working towards ISO14001. While there are no recognised or registered protected areas for biodiversity adjacent to the proposed mining area, Pensana has made a commitment to reduce the area of the mining plan to avoid an area of high-conservation value within the mine lease boundary. This habitat is home to species of conservation concern including the endemic Angolan Cave Chat (Xenocopsychus ansorgei). Additionally, all staff continue to be trained on ecological challenges, and a select group of competent staff are trained to deal with any ad hoc wildlife sightings safely and ethically.

Furthermore, environmental management and risk alleviation are high-priority areas throughout the operations. All operations will be compliant with environmental legislation and the Equator Principles, the IFC Performance Standards and World Bank Environmental and Social Standards. Applying high operating standards has included ensuring that the planned construction of the TSF meets the requirements of the Global Industry Standard on Tailings Management and that comprehensive monitoring and reporting plans are designed and integrated early in the construction process in the event that any risks emerge. Monitoring programmes to understand any wider environmental impact of the business (including on the local community) are underway and in the reporting period additional monitoring programmes (in addition to previous activities) were implemented to further monitor noise and dust. A rehabilitation plan has been developed, and requirements under Angolan legislation for rehabilitation have been met. This plan will continually evolve throughout the life of mine and will consider, in addition to safety, the role of the business as a steward of the land and will research optimised rehabilitation plans considering economy, ecology and carbon. An experienced environment co-ordinator remains in post, who will provide expertise to ensure compliance with all environmental licence requirements and build stakeholder relations in-country. Despite the fact that the business has noted it does not operate in a water stressed area[1], Pensana considers its water consumption seriously and as such has designed the Longonjo process to facilitate water recycling within the operational processes to reduce the demand required from the local water supply. Pensana continues on its track towards its ambition as part of the Blueprint to "implement a world-class rare earth recycling scheme displacing some of the need for mining and reducing landfilling" and continues to explore circular economic opportunities through partnerships and research programmes.

OUR COLLEAGUES, THEIR SAFETY AND THE COMMUNITIES IN WHICH THEY LIVE

Health and safety

Pensana completed a full review of its health and safety governance and management system at group level in FY2022 and has updated its structure to adapt to the growing business, with a continual improvement philosophy applied by the company. In FY2024, the business reviewed its reporting and management processes and introduced performance indicators to co-ordinate progress internally. Pensana continues to develop, review and update documented processes, performance indicators and reporting procedures to ensure senior management can effectively oversee the health and safety implementation at each of the subsidiaries. The company continues to report health and safety statistics based on the International Council on Mining Metals (ICMM) Health and Safety Performance Indicators.

Each subsidiary leads and is responsible for its own health and safety performance. The group CEO remains responsible for overseeing health and safety performance across the group with the group's audit and risk committee responsible for board oversight. The business continues to work towards ISO45001 certification for each of its operating subsidiaries.

All staff are encouraged to engage in good health and safety procedures through regular briefings, site walkabouts and easy-to-access hazard and incident reporting. Pensana has developed practices for monitoring and mitigating risks where they exist in current operations, including the encouragement of hazard identification by staff. As part of the evolution of the management system, project areas are in place to further develop the company's approach to occupational health, action tracking, incident investigation, auditing, worker consultation, specialist work areas and training. The company has appointed an experienced Angolan health and safety co-ordinator to co-ordinate the programmes on-site in Longonjo.

In the period, the business has had zero recordable injuries and a total of five recordable cases, all of which were disease cases from malaria. The Longonjo area, in which the project is located, has high malaria prevalence. The business is cognisant of this and regularly runs training sessions and malaria awareness campaigns. The lost time injury rate for the period returned to zero as a result of no incidents in the 12-month period.

Pensana has placed the health and safety of our colleagues as a highly material issue to the business and the Blueprint contains an ambition to implement a zero-harm approach to health and safety.

Communities

Pensana takes the social implications of its business impacts seriously and is aware of both the potential challenges and the positive impacts we can have on an area. In FY2024, Pensana published a social and communities policy highlighting our commitments in this work stream. This policy is publicly available via the Pensana website[2].

The business continues the deployment of an IFC and World Bank Standards-aligned RAP and LRP. Currently, 28 project-affected households remain in receipt of fortnightly transitional support and the project has enacted the initial discussions with the next phase of project-affected households. The business continues to move forward with a fully consented land-for-land compensation model, with full support provided to ensure agricultural lands are developed and livelihoods are fully restored. This work is being supported by Vuna Agri, a company specialising in delivering LRP programmes across the African continent. The project will not relocate any houses; the displacement is only economic land-based resettlement.

As part of the project, stakeholder engagement is vitally important and ensuring strong relations with communities and other key stakeholders is key to delivering a successful project. In previous periods, a stakeholder engagement plan including national government, provincial government, local authorities, traditional leaders and local communities living in the vicinity of the project, was developed and Ozango is now delivering the requirements of that plan. Through continued engagement, the project continues to build relations and its understanding of the community dynamics and will continue to develop the project in liaison with all key stakeholders. As part of the engagements, a grievance mechanism remains operational, with the opportunity for grievances to be submitted via paper through post boxes in each of the affected settlements, via telephone or in person at either our site or our transitional support warehouse in the Longonjo town centre. In FY2024, all grievances which were raised were dealt with at step 1 in the process, which is resolution between Ozango and the complainant directly. Although it has never been used, step 2 is available and involves the escalation of the grievance to a committee including key local personnel in the local community. Post period, a legal dispute has been raised in the local legal system outside of the boundary of the grievance mechanism, requesting further negotiation of the settlement. The project is aware of this and had already made provision for further discussions with the community based on feedback received through the projects communication channels.

The business has continued the development of agricultural test and demonstration plots. The plots on the mine site continue to operate and to test different agricultural practices, including seed types and crop types to identify the most effective yields for the area. This coupled with the use of these plots for agricultural training and demonstration will assist in the delivery of an effective LRP. To further support this development, two 1 hectare plots have also been purchased within the allocated replacement land to demonstrate to the local communities that the quality of soil and potential agricultural yield in these areas can satisfy their existing livelihoods.

It is the company philosophy that all employees, regardless of whether they are permanently appointed or not, will receive relevant formal and on-the-job vocational training (technical, supervisory and management) as well as health, safety and mine induction training. This will enable them to develop to their full potential and to work safely and efficiently in a culture that is conducive to ongoing learning and development. In-house training is ongoing and a training matrix is in place which details 52 different courses of training across various disciplines. The approach to training and development will be continually developed as the project progresses.

Over the period and to date, the project has been successful in developing internal candidates to a point where they have been selected for internal promotion. In the period, existing employees have been promoted to the positions of country manager, site manager, driver and chef. As the headcount increases, the necessary structures to encourage internal promotion will be developed and embedded in the day-to-day business culture.

The project is engaging with a number of Angolan training institutions to facilitate recruitment and skills development for early career candidates. A memorandum of agreement was drafted between Ozango and the Eduardo dos Santos University and one intern has completed a placement in the social and livelihoods team. A number of other training facilities have been engaged e.g. Centro Integrado de Formação Tecnológica and Instituto Nacional de Emprego e Formação Profissional and post period, we have approved the placement of five trainees in the fields of health and safety, environmental, construction and agronomy.

Infield water quality monitoring

[1] *Using WRI Aqueduct, the mine location is situated in an area with low water stress risk both now and out to 2050 under all scenarios in the Aqueduct model –* https://www.wri.org/aqueduct

[2] https://pensana.co.uk/corporate-governance/

Ozango continues to identify employment opportunities for the local community and as an example in this period, Ozango facilitated and paid for 30 local people to attend basic technical training (various disciplines) through Ministério da Administração Publica Trabalho e Segurança Social. These trainees are in our pool of potential employees and a number of them have already been contracted for temporary work in assisting with the building of the accommodation and office structures.

HR and HR-related policies, procedures and processes are in place and are the basis for our HR practices. Development of these continues and all documents will be available in both Portuguese and English to ensure that all our employees have a full understanding of the content.

As Ozango grows its employee base in the Longonjo area, the company is aiming, as far as possible, to recruit local staff for the operation of our sites to ensure we are providing opportunities for the communities local to our operations.

This all feeds into the objective in the Blueprint of developing infrastructure and skills so that communities local to our sites see a direct, long-term, economic benefit from our presence. This will, as with all ambitions, be delivered in three phases: construction, optimisation and operations. The key strategic target for the business in the construction phase is to recruit to ensure all roles are filled to enable safe operations at Longonjo and Saltend, with a focus on providing local employment.

OPERATING AN ETHICAL BUSINESS WITH STRONG CORPORATE GOVERNANCE

Pensana continues to develop its already robust approach to ethics and corporate governance. In the reporting year, the business has rolled out training to colleagues globally on human rights, corruption, bribery and modern slavery as well as updated the whistle-blowing process to improve accessibility to colleagues and beyond. This is demonstrated within this section, alongside the corporate governance report, which forms part of this annual report. A working group remains in place to continue to develop corporate and operational policies and procedures, especially within the Ozango subsidiary, proportionate with the identified business risk. The governance report can be viewed on **pages 34** to **42**.

In this reporting period, Pensana published its third modern slavery report (for FY2023) aligned to the requirement under section 54 of the Modern Slavery Act 2015. This demonstrated the business' approach to the issue including the organisational structure, risk identification, policies, due diligence and the effectiveness of the approach.

The business takes sustainable procurement seriously and has in place a pre-screening process for suppliers and a sustainable procurement policy, in the form of principles which must be adhered to by all suppliers and contractors to the business. The pre-screening process requires disclosure to Pensana of information across the business' four ESG work streams i.e. climate and carbon, protecting the natural environment, operating an ethical business with strong corporate governance and colleagues and communities. Businesses are contractually required to adhere to these requirements which also includes access for audit and reasonable access to data.

The company remains committed to equality and opportunity in all forms and actively promotes anti-discrimination across all its workplaces. Pensana's data on its gender split can be seen on **page 61**. The business recognises that it does not yet fully comply with the Financial Conduct Authority listing rules on diversity and inclusion on company boards. The company has a strong director team with an appropriate skill set but will continue to work towards compliance as board vacancies arise.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Pensana has taken great strides to ensure that addressing climate change, and specifically the requirements of the TCFD, have been embedded in the development of the business. This disclosure represents the company's performance for FY2024 and highlights our developments in the reporting year.

For the purposes of compliance, the ESG committee and senior management believe this disclosure adheres to the requirements of the TCFD and considers that they have given sufficient information to be consistent with the TCFD framework in the current year.

1. GOVERNANCE

1a
Describe the board's oversight of climate-related risks and opportunities

Disclosure

The board has ultimate responsibility for group risk and opportunity. It has an established audit and risk sub-committee to monitor these closely. Climate risks are integrated and therefore reported and managed via the same channels as other risks across the business. For more information on the audit and risk committee, refer to **page 91**.

The board has an ESG sub-committee to have specific and focused oversight of the climate and carbon work stream. It reviews the effectiveness of the company's approach to all ESG areas, including addressing climate risks. The sustainability manager submits a report to each ESG committee meeting which contains an update on progress against the requirements of the TCFD and further highlights areas of relevance to the committee, including progress against targets. Frequency and attendance at ESG committee meetings can be found on **page 89**.

The board has demonstrated the importance of climate, among ESG issues, to the business through the formation of the ESG committee chaired by an ESG specialist, Baroness Northover. Part of the mandate of the ESG committee is to critique and review the company's performance in effectively considering climate-related issues in all elements of decision-making. Both the audit and risk committee and the ESG committee mandate the consideration of climate-related issues in all elements of decision-making.

Currently, the board oversees progress against the targets and goals through a qualitative approach through sustainability manager reports, which are received at all ESG sub-committee meetings. The work remains ongoing to develop a monitoring plan for progression against ESG targets. The board continues to oversee progress against the targets and goals through a qualitative approach through sustainability manager reports. This is in addition to the annual figures on energy, carbon and water which are published in this report (**pages 58** and **59**).

Progress during FY2024

The board has been kept abreast of ESG-specific risk and interest areas of Longonjo-related financing. As part of the due diligence, detailed interest has been taken in our carbon reduction credentials and climate mitigation aligned to international standards and lender requirements.

As an example of board oversight on business direction, the ESG committee, as per FY2023, has noted potential legislative and investment rule changes in both the short and medium term and has therefore directed the company to ensure it is adequately prepared to meet these requirements and be ready for the opportunity provided by customers looking to source sustainable and compliant materials.

1b
Describe management's role in assessing and managing climate-related risks and opportunities

Disclosure

Senior management oversees risk across the business in each of their respective areas, with climate risks being expressly included and escalated as required through operational teams to management. The CEO retains overall responsibility for the performance of the climate mitigation system and thus reporting of such activity to the board and associated sub-committees. The CEO is supported by the sustainability manager, who has technical expertise in the area of climate risk. As climate risks are integrated, where technical support is required, it is provided by internal expertise and, where relevant, external experts are appointed. Climate-related risks are considered on the short-, medium- and long-term time horizons.

Climate risks and opportunities are reported integrally with other business risks to the audit and risk committee, with the ESG committee overseeing the effectiveness of the system with respect to climate. Specific risks and risk areas were identified through the company's risk identification process with support provided by the company's sustainability manager where required in assessing risk ratings and if risks should be added to risk registers. The sustainability manager heads up the business-wide climate risk and opportunity identification process and ensures cross-business risks are identified.

Please read in conjunction with disclosure 3a (**page 54**).

Progress during FY2024

A company-wide climate risk and opportunity review was completed in FY2022 and risk categories were added to the group risk register directly related to climate. This was reviewed in FY2023 and FY2024, with no material changes identified in 2024.

2. STRATEGY

2a
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

Disclosure
Pensana has identified three time horizons for the assessment of climate risk and opportunity, aligned to the business' current development plan. They provide a structure against which risk impact and risk appetite can be assessed. The three horizons are:
- Short term – Less than three years, which aligns to our construction and early operations phases;
- Medium term – Three to 10 years which aligns to our business optimisation period; and
- Long term – Beyond 10 years.

Pensana remains on a journey towards fully embedding tackling climate change within its corporate governance, and more details on this can be found in the Blueprint on the Pensana website at **https://pensana.co.uk/sustainability/**.

Pensana has identified its core business strategy as a climate-related opportunity. There will be an increase in demand for neodymium permanent magnets driven by sustainable technologies, leaving a significant shortfall if additional supply is not hastily created. This material will be required to be produced sustainably to align to the demands of the market, and Pensana has developed its core strategy to develop a product to address the shortfall in demand from the green technology transition in a sustainable, low-carbon manner. Pensana has further embedded its commitment by developing its medium-term strategy to move towards embedding recycled feedstock and embracing circular economy opportunities. Additional opportunities embraced over the short term include exploration of renewable power and consideration of low-carbon technology and electrification throughout the design process.

The company has identified, as part of the integrated risk process, a number of risk areas which align directly or indirectly to climate change. Each of these is then assessed on its own merits and each is assessed separately against all three time horizons. As a result of this process, Pensana has identified the potential of both physical and transitional risk of climate change over a period beyond 10 years (long term) as a principal risk to the business (refer to **page 33**). While identified as risks, the company did not identify the physical or transitional risks in the short and medium term as principal to the business.

The company's risk assessment process assesses all risks on a matrix which considers likelihood and impact. The likelihood process is adjusted for climate change with an assessment for each risk three times, once against each of the three distinct time horizons (short term, medium term and long term). The process for assessing impact has impact ratings across each of the following categories: revenue, cost, safety and health; environment; regulatory; public stakeholders and socio-economic. The highest of the risk scoring categories is used to score each risk with the highest risks identified being reviewed by senior management and where required, reported and to the audit and risk committee.

As the process works by assessing individual risks, examples of the specific risks which contributed to the identification of the physical and transitional climate change risks over 10 years into the future as a principal risk include:

Transitional
- Public climate policy increases taxation or costs and leaves the business unable to compete on price with China and other new plants, including carbon leakage;
- Carbon-intensive value chain activity does not decarbonise and becomes exposed to carbon pricing and taxation regimes thus increasing price (including transportation and supply);
- Remaining presence of hard-to-abate GHG emissions in operations affecting 'net zero', carbon costs and corporate reputation; and
- Statute or OEM procurement rules are developed which directly restrict trade for material not meeting climate limits and requirements, thus disqualifying Pensana from trade.

2a continued
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

Physical
- Upstream supply chain not adapted for climate change, from both physical asset risk and availability of resources causing increased availability shortages, short-term price volatilities and loss of supply routes;
- Physical climate risk to transportation of material through the value chain either by ship, air, road or rail including both the transportation phase and associated loading, unloading and storage logistics leading to preferred supply routes becoming unusable, thus creating supply backlogs or the requirement for alternative supply routes and logistics infrastructure; and
- Water-related physical climate impacts from drought and flooding for operations, power supply and wider community use in Angola creating supply shortages or operational outages.

One of the major aggravating factors in the assessment of the long-term risk is the lack of reliable data on rare earth production and the lack of reliable and granular data on climate change in Angola. While Pensana has endeavoured to use the most current and relevant information available, further information is still needed. Pensana continues to take additional steps to model the risks directly associated with the projects to develop more robust risk assessments while taking parallel opportunities to educate stakeholders on the importance of rare earth materials and the need to address data gaps.

Pensana discloses geography and sector specific risks in a manner integrated within its existing frameworks. Therefore those risks which reach appropriate thresholds are disclosed via principal risks. The business believes, given its size and current status, this is sufficient to provide information relevant to the recommendation.

Progress during FY2024
Pensana continues work focused on developing a robust understanding of the scale of the risk to the company from climate change. In order to gain a more detailed and bespoke understanding of the climate risks to the business, Pensana has in this period:
- commenced a research project working alongside chemical engineering expertise from the University of Hull, OEM Polestar and impact measurement expertise from UK-based consultancy Route2 to specifically review the GHG assessment produced in 2022 and identify future GHG reduction opportunities and wider options to reduce negative and increase positive ESG impact, this project remains ongoing;
- continued liaison with potential customers and strategic partners, such as OEMs, to understand the dynamic of their future demand and the risks they foresee in their supply chains to enable Pensana to be abreast of customer-driven future required mitigation. This includes continued liaison with Polestar as part of the partnership with the Polestar 0 Project (refer to **page 44**); and
- engaged with financial partners to explore climate mitigation and opportunities in the financing process.

Additionally, design work through the optimisation process has continued to identify further de-risking opportunities including:
- identifying water savings, water recycling opportunities and increased water consumption efficiency to reduce reliance on requirements for water abstraction; and
- working with value chain partners to identify their climate risk profile to enable further development of Pensana's understanding of its supply chain risk.

Pensana continued monitoring the development of data (currently a risk to accurate physical climate risk modelling) and opportunities to undertake a localised physical climate risk assessment of the Longonjo site and the associated logistics.

2b
Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning

Disclosure
Climate change has had a significant influence on the business. The core strategy and development plan are focused on a market opportunity to sell a product identified as being essential for reaching global net zero i.e. neodymium permanent magnets. The board agreement to the Blueprint demonstrates the core importance of ESG to its strategy, including performance related to the climate and location of resources to ensure this can be delivered. Refer to **page 13** on strategy.

Pensana has taken a number of decisions to address the risks and opportunities of climate change. This has included resourcing studies into financing and/or sourcing renewable power and optimising electrification and reducing water consumption/increasing water recycling in the business' planned operations.

Pensana's target to embed deep and meaningful carbon reduction across its value chain, and to be net zero no later than 2040, will be reached through a robust and thorough business-wide approach. Currently, engineering and procurement teams are reviewing opportunities to reduce emissions before construction commences. This includes sourcing renewable power, plant electrification and efficient design for logistics. Going forward, the company will continually review future reduction opportunities including those in procurement (for example, reagents) and those downstream (such as a circular economy). Driven by customer demand and the requirement to meet future expected regulations, this carbon reduction strategy has engaged staff and resources, including capital allocation, across the business involved in product development and marketing, sales, R&D and supply chain and sourcing. In addition to external resources, the company has established partnerships with other similarly-minded businesses such as the electric vehicle manufacturer Polestar (refer to **page 44**). For more information on the target and product screening, refer to **page 45** and **57**.

As a result of customer demand and forthcoming regulations in the areas of carbon and climate, the company has prioritised addressing the associated risks and reviewing opportunities to access the market. As a result of this, it has committed to developing low-carbon products and has invested in R&D, staff resources, project capital and operational costs directly associated with addressing these risks.

While climate change models demonstrate a likely increase in price, there remains a risk as to the exact pricing. Pensana has considered this and it can be seen as a principal risk (refer to **page 33**). In terms of wider financial impacts, Pensana has identified climate change over 10 years as a principal risk. Therefore, the business will develop its knowledge in this respect on a pathway aligned to that of the company's development. The primary short-term driver of activity in this regard and the key driver of the principal risk rating of long-term climate change is to address data gaps in climate knowledge, especially for our Longonjo operations in Angola. Filling these data gaps, alongside the development of detailed process design and development, will further facilitate a greater understanding of wider financial impacts including those associated with revenue, procurement spend and future mitigation and adaptation capital expenditure.

Away from deep and meaningful carbon reduction, the wider transitional risks have been considered in the company's financial planning. Directed by the board, the business has ensured continued resource availability through the employment of a senior sustainability expert who sits on the company's executive committee and reports directly to the CEO.

The company has opted against a detailed transition plan at this point as the current focus remains, at this point, to ensure initial design and operational strategy are robust against future scenarios. The business acknowledges that transition plans are important and will switch focus to transition once it develops an understanding of its operational baseline. The business has committed via the Blueprint to embed deep and meaningful carbon reduction with net zero no later than 2040 into strategy, which will be overseen by the board.

The approach to physical risk has involved detailed climate forecasts (refer to recommendation 2c). As required by regulation, this has entailed changes to the design process (for example, stormwater mitigation design) for both sites, resulting in increases in the project capital expenditure.

Progress during FY2024
Pensana completed an independent (Route2) and full GHG product analysis (aligned to the GHG Protocol Product Standard) in FY2022 to identify the areas exposed to carbon risk and to identify opportunities to continually reduce the emissions of our product aligned to a 1.5°C pathway. Updates are being made to this currently through the Innovate UK-funded research programme with outputs expected during FY2025 (refer to **page 45**).

In partnership with the Universities of Leeds and Hull, Route2 and Polestar, Pensana has secured funding from Innovate UK's CLIMATES fund to investigate further ESG opportunities across the NdFeB magnet value chain. Pensana has contributed to the delivery of this project and outcomes will include exploring future strategic opportunities for carbon reduction across the value chain (**page 44**).

2c
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Disclosure
Pensana's strategy to develop a sustainable supply of rare earths was tested against two of the IEA's climate scenarios from its World Energy Model. Using its stated policies scenario and its sustainable development scenario, the models showed a threefold and sevenfold increase in demand for rare earths for clean energy technologies by 2040, respectively. The sustainable development scenario represents a well below 2°C scenario and the stated policies scenario is a more conservative benchmark considering actions put in place to achieve benchmarks globally. Under both scenarios, Pensana's strategy and business plan to supply sustainable rare earths demonstrated robust strength in a sector essential to global net zero moving towards 2040, aligning to Pensana's long-term time horizon (>10 years) and within the life of the projects. Furthermore, while Pensana acknowledges the transitional risk of rare earth demand not increasing as suggested by the forecasts (which would in turn undermine the strategy of producing a product with a future demand shortfall), it is satisfied this risk is very low.

The company then reviewed third-party evidence in order to model future pricing of the rare earths market in which it will sell its products. Using both climate modelling and price forecast modelling (which incorporates climate change mitigation change in demand), for the life of mine, Pensana has tested its potential future revenue models and ensured that its future market and therefore core revenue stream is well placed to take advantage of the future increases in demand from green technology. While climate change models demonstrate a likely increase in price, there remains a risk as to the exact pricing. Pensana has considered this and it can be seen as a principal risk (refer to **page 33**).

As Pensana does not have revenue in excess of a one billion US dollar equivalent, it believes the scenarios analysed are adequate to provide sufficient assurance of business strategy robustness under multiple scenarios.

As part of the planning application process for the Saltend refinery site, the Hedon SFRA L2 Infoworks ICM model was utilised as a basis for the hydrological modelling exercise to allow the company to plan for flood risk mitigation at the site. This mandated modelling as part of the planning application has ensured the Saltend site has been designed to withstand a flood event.

Refer to **page 13** on business strategy.

Progress during FY2024
Pensana has stress-tested its core business strategy against climate scenarios developed by the IEA. Models used were reviewed in FY2024 and the IEA models used in 'The Role of Critical Minerals in Clean Energy Transitions' and the report 'Global rare earths strategic planning outlook Q1 2023', published by Wood Mackenzie, were considered best available.

3. RISK MANAGEMENT

3a
Describe the organisation's processes for identifying and assessing climate risks

Disclosure
Pensana has identified three time horizons over which it identifies climate risk (refer to **page 50**).

Pensana works on an integrated approach to climate risk. Colleagues in each business area are expected to include both physical and transitional climate risks within their own assessments. This is supported by technical expertise from the in-house ESG team and, where relevant, external consultancies. The company encourages all colleagues to use available data and the ESG team furnishes staff with relevant data where required. It has already established data collection methods for water and carbon and can therefore use these growing multi-year databases to monitor local changes due to climate change and in turn use these in the future to stress test climate models and risk assessments.

Colleagues are expected to consider the impacts of emerging and existing climate legislation and associated impacts on their own work areas, with additional support, where required, provided by technical expertise from the in-house ESG team and, where relevant, external consultancies. The ESG team, led by the sustainability manager, leads the process of identifying legislation and associated risk at a group level reporting this through existing channels, including risk, to the board.

Each climate risk is assessed separately for each of these three time horizons to allow management to understand the risks over the different time horizons and direct mitigations and capital as suitable. Each risk is assessed by competent management of the relevant business area and through the ESG team's climate expertise. Risks are assessed for both consequence and likelihood using a custom risk matrix defined by an external expert in risk frameworks to suit the needs of the project. Climate risks are each assessed three times, once against each of the climate horizons using an internal framework developed by an independent experienced risk analyst. This framework is used across the company in all functional areas to ensure that climate risks are treated on a level parallel to other risks, such as reputation, finance, etc.

For risks assessed as high risk, these are reported to the board and where relevant reported in the company's principal risk register (refer to **page 29**).

Please read in conjunction with disclosure 1b (**page 49**).

Progress during FY2024
Continued collection of further data on resource availability at the Longonjo Project to increase the quality of any future modelling was undertaken.

Pensana made comprehensive progress in FY2022 in this area and the focus in FY2023 and FY2024 has been on consolidation and continual review of these developments. The business still considers these current.

For reference, in FY2022, developments implemented were:

- an amendment to the group risk process to include an adapted rating system for climate risks aligned to the main system but adjusted to cater for three timescales (<three years; three to 10 years; >10 years); and
- completion of the maiden transitional risk and opportunity assessment.

In FY2024, the business reviewed the transitional risk and opportunity assessment and noted no material changes.

3b
Describe the organisation's processes for managing climate-related risks

Disclosure
Climate risk management is integrated into business processes. Risks are overseen by the group audit and risk committee which has overall responsibility for the company's risk appetite. Risks are managed throughout the company through an escalation process. All business functions have direct responsibility for their own risks, with technical support from the specialist sustainability team where required. Risks that are deemed of sufficient impact or likelihood are escalated to group management (using an internally designed risk matrix that scores all risks as high, medium or low based on likelihood and impact), including C-suite, and from there, risks are escalated to the audit and risk committee. The group ESG committee has an independent role to ensure the effectiveness of the climate risk management process, among ESG risk processes. For group risk management, refer to **page 26** and recommendation 2a.

Progress during FY2024
Management instructed and ensured an update of a group-wide climate risk screening including transitional and physical risks as per FY2023, with no material changes identified.

3c
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Disclosure
Pensana's approach to climate risk is wholly integrated with its approach to risk with a slight adjustment in the assessment of the risks from climate change. Each climate change risk is separately assessed against each of the short-, medium- and long-term time horizons identified in recommendation 2a.

Refer to **page 26** for the group's risk management process.

Climate expertise is provided in-house through the sustainability function with additional support for specialist areas contracted as required.

Progress during FY2024
Management reviewed those risks relevant to climate change as part of the regular risk review process and updated risk and impact ratings where relevant. As a result, the long-term (>10 years) physical and transitional risks remain principal risks to the business.

4. METRICS AND TARGETS

4a
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy

Disclosure
Pensana has identified its material ESG issues as part of the Blueprint and has set a series of challenging ambitions. These are broken down into four work streams, with climate and carbon identified as one (refer to **page 58**), and a series of measures and KPIs set to measure progress against its strategy.

This includes performance and measurement of company-wide and product-level GHG data (**page 58**) and water (**page 59**).

Pensana has disclosed data for its operations but as it remains pre-operational, the publishing of historical trends is not yet relevant. Information on the forward-looking modelling and expected pricing can be seen on **page 53** and the disclosure recommendation 2c.

Pensana does not yet link climate indicators and performance to remuneration at any level of the organisation.

Progress during FY2024
Pensana has ensured the continued evolution of its material non-financial data reporting suite.

4b
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks

Disclosure
Refer to the ESG data tables starting on **page 58**.

As disclosed in recommendation 2a (**page 50**), Pensana has identified the long-term transitional risk from carbon emissions as part of its principal risk profile and has identified a low appetite for this risk. Refer to **page 33** for more information on transitional risks specific to carbon.

Progress during FY2024
In FY2022, the company completed a product-level GHG screening. This is being updated as part of Pensana's Innovate UK-funded research project which will, among other ESG aims, address potential future carbon reduction and climate risks and opportunities. Refer to **page 44**.

The business continues to disclose actual Scope 1 and 2 emissions on an annual basis and now discloses the last three years of data to allow monitoring of trends.

Product-level GHG emissions will be reviewed as part of the ongoing Innovate UK research project, which is due for completion in FY2025 (refer to **page 44**).

4c
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Disclosure
Pensana has committed to developing a sustainable supply chain for rare earths. Through the publication of the Pensana Blueprint for Sustainable Rare Earths, Pensana has committed to a series of strategic ambitions and targets relating to climate. These include:

- providing a reliable and sustainable source of separated rare earth metals and compounds, essential for global decarbonisation products;
- producing the rare earth products with the lowest embedded carbon on the market;
- promoting deep and meaningful carbon reduction across our entire value chain, to be net zero no later than 2040; and
- integrating leading practice across our business to protect and enhance the natural environment in and around our operations (which includes water within its scope).

The company's current focus on working towards targets is a qualitative approach to deep and meaningful carbon reduction, i.e. engineering and design are being empowered to reduce emissions where financially and technically feasible. For example, this has heavily included electrification of carbon-intensive plant items. The business currently believes the actions being taken are appropriate for the stage of development it is currently at. While no quantitative or interim targets were approved and monitored in FY2024, management and the board will review interim targets and KPIs on a periodic basis and will consider both qualitative and quantitative metrics during reviews once operational, currently targeting first production in 2026.

The business' deep and meaningful carbon reduction target has been developed by reviewing the GHG screening exercise completed by Route2, consideration of net zero targets across the key supply sectors (wind turbines and electric vehicles) and national-level targets, especially in Europe. Pensana acknowledges there are knowledge gaps in the work required to achieve this, but has invested in R&D and in corporate-level partnerships (such as Polestar) to both address these knowledge gaps and work towards identifying solutions.

The company has based its carbon calculations for Scope 1, 2 and 3 on the GHG Protocol on a basis of operational control albeit not yet including Scope 3 emissions (refer to **page 58**). The company envisions it will use the GHG Protocol's 'The Product Life Cycle Accounting and Reporting Standard' to monitor the ambition to produce the rare earth products with the lowest embedded carbon on the market. Indeed, this standard has already been used for baselining as the GHG product screening was completed using this standard. Pensana will continue to review the effectiveness of this standard to review this ambition.

Refer to **page 58** to **61** for information on metrics and targets.

Progress during FY2024
Pensana continues to monitor progress against the strategic approach published in the Pensana Blueprint for Sustainable Rare Earths.

Pensana has continued to develop partnerships and R&D programmes (refer to **page 45**) to further improve the business' knowledge of future investment and changes needed to reach a net zero target across the value chain.

ESG DATA FOR THE PERIOD ENDED 30 JUNE 2024

Climate and carbon

Data point	Angola	UK*	Total	Methodology
Scope 1 GHG emissions[1+]	FY2024: $125tCO_2e$ FY2023: $110tCO_2e$ FY2022: $97tCO_2e$	FY2024: $0tCO_2e$ FY2023: $0tCO_2e$ FY2022: $0tCO_2e$	FY2024: $125tCO_2e$ FY2023: $110tCO_2e$ FY2022: $97tCO_2e$	Calculated using the GHG Protocol and based on a boundary of operational control using emissions factors published by the Department for Environment, Food and Rural Affairs in the UK[1 2].
Scope 2 market-based GHG emissions[1+]	FY2024: $0tCO_2e$ FY2023: $0tCO_2e$ FY2022: $0tCO_2e$	FY2024: $0tCO_2e$ FY2023: $0tCO_2e$ FY2022: $0tCO_2e$	FY2024: $0tCO_2e$ FY2023: $0tCO_2e$ FY2022: $0tCO_2e$	Calculated using the GHG Protocol and based on a boundary of operational control. The business does not yet import any electricity into its operations.
Scope 3 emissions	FY2024: n/a FY2023: n/a FY2022: n/a	FY2024: n/a FY2023: n/a FY2022: n/a	FY2024: n/a FY2023: n/a FY2022: n/a	The company has not reported Scope 3 emissions as it is not yet feasible with the nature of the project to do so.
Emissions intensity[+]	FY2024: n/a FY2023: n/a FY2022: n/a	FY2024: n/a FY2023: n/a FY2022: n/a	FY2024: n/a FY2023: n/a FY2022: n/a	In order to meet the requirements of the Streamlined Energy and Carbon Reporting Regulation, Pensana is required to report an emissions intensity. However, as it has zero revenue and zero product output, a relevant intensity cannot be calculated.

* *Pensana currently has no facilities under operational control in the UK. Only corporate office-based functions of our colleagues and not the offices themselves are within the operational control boundary in the UK.*

\+ *Indicates data disclosed as required under the Streamlined Energy and Carbon Regulations.*

1 *A Corporate Accounting and Reporting Standard – Revised Edition.*

2 *Greenhouse gas reporting: conversion factors 2022 –* https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

Where no figure is quoted for a prior reporting period, no disclosure was made.

Environment and ecology

Data point	Angola	UK*	Total	Methodology
Permit or compliance breaches (environmental)	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	Upheld breaches of environmental permits or government-induced conditions such as planning consents against the business.
Energy consumption directly from electricity	FY2024: 905kWh FY2023: 540kWh FY2022: 1,300kWh	FY2024: 0kWh FY2023: 0kWh FY2022: 0kWh	FY2024: 905kWh FY2023: 540kWh FY2022: 1,300kWh	Calculated using the GHG Protocol and based on a boundary of operational control; note the company does not yet import any electricity into its operations. Energy consumption from electricity reported for Angola is all self-generated from on-site solar power.
Energy consumption not from electricity	FY2024: 458,200kWh FY2023: 401,600kWh FY2022: 388,300kWh	FY2024: 0kWh FY2023: 0kWh FY2022: 0kWh	FY2024: 458,200kWh FY2023: 401,600kWh FY2022: 388,300kWh	Calculated using the GHG Protocol and based on a boundary of operational control. Consists solely of diesel oil, with the energy factor taken from 'Carbon emission factors and calorific values from the UK Greenhouse Gas Inventory (2022)' [3].
Total energy consumption[+]	FY2024: 459,200kWh FY2023: 402,100kWh FY2022: 389,600kWh	FY2024: 0kWh FY2023: 0kWh FY2022: 0kWh	FY2024: 459,200kWh FY2023: 402,100kWh FY2022: 389,600kWh	Calculated using the GHG Protocol and based on a boundary of operational control.
Water import – from groundwater	FY2024: $3,600m^3$ FY2023: $750m^3$ FY2022: $1,500m^3$	FY2024: $0m^3$ FY2023: $0m^3$ FY2022: $0m^3$	FY2024: $3,600m^3$ FY2023: $750m^3$ FY2022: $1,500m^3$	Water that is being held in, and can be recovered from, an underground formation (as defined by CDP[4]).
Water import – from fresh surface water	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	Water that is naturally occurring water on the earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers and streams, and has a low concentration of dissolved solids (less than 10,000mg/l total dissolved solids) (as defined by CDP[4]). No Pensana sites are yet connected to fresh water supplies.
Water import – from third party	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	This includes water provided by municipal water suppliers, public or private utilities and wastewater from any other organisation (as defined by CDP[4]). No Pensana sites are yet connected to municipal water supplies.

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\+ *Indicates data disclosed as required under the Streamlined Energy and Carbon Regulations*

3 *Carbon Emission Factors and Calorific Values from the UK Greenhouse Gas Inventory (Ricardo Energy & Environment, 2021) to support the UK ETS* https://www.gov.uk/government/publications/using-uk-greenhouse-gas-inventory-data-in-uk-ets-monitoring-and-reporting-the-country-specific-factor-list

4 *Definitions taken from the CDP Water questionnaire (accessed September 2022):* https://www.cdp.net/en/guidance/guidance-for-companies

Where no figure is quoted for a prior reporting period, no disclosure was made.

Colleagues and community

Data point	Angola	UK*	Total	Methodology
Total recordable cases	FY2024: 5	FY2024: 0	FY2024: 5 FY2023: 5 FY2022: 0	Total recordable cases is the total of recordable incidents and recordable disease cases as defined by the ICMM5[5]. All five recordable cases in FY2024 were recordable disease cases of malaria contracted while working on-site in Angola. Refer to **page 46**.
Total recordable injury frequency rate (per million hours)			FY2024: 0 FY2023: 5.15 FY2022: 0	A recordable injury case is a new case of sufficient severity that it requires medical treatment beyond first aid or results in the worker's inability to perform his or her routine work function on the next calendar day. Refer to **page 46**. Reported as a single metric including employees of Pensana Plc, Pensana Metals Limited and Ozango Minerais, and project owner's teams and contractors associated with the respective projects, excluding those contracted directly on the Saltend project.
Total recordable fatalities	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	A fatality is defined as the death of a worker from an occupational injury or disease. A fatality is recorded when death is a direct result of an occupational injury or disease[5].
% grievances raised and resolved between Ozango and individual raising grievance	FY2024: 100% FY2023: 100%	FY2024: n/a FY2023: n/a	FY2024: 100% FY2023: 100%	Grievances were raised through official grievance mechanism systems for the mine site and the powerline project; these were resolved at step 1 between Ozango and the individual raising the grievance.
% grievances raised referred to independent committee and resolved	FY2024: 0% FY2023: 0%	FY2024: n/a FY2023: n/a	FY2024: 0% FY2023: 0%	Grievances raised through official grievance mechanism systems for the mine site and the powerline project resolved at step 2 through the independent committee stage (refer to **pages 46** and **47**). It should be noted zero grievances reached this stage as all were resolved at step 1.

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5 *For the purpose of health and safety reporting, Pensana uses the ICMM Health and Safety Performance Indicators Guidance published in 2021. As per the guidance, all frequency rates are calculated per 1,000,000 hours worked. The guidance from the ICMM (accessed September 2022) can be accessed at* https://www.icmm.com/website/publications/pdfs/health-and-safety/2021/guidance_health-and-safety-indicators.pdf

Where no figure is quoted for a prior reporting period, no disclosure was made.

Ethical business and corporate governance

Data point	Angola	UK*	Total	Methodology
Breaches upheld relating to ethical business	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	Breaches of ethical conduct upheld by the business after being raised and investigated.
Breaches raised via internal whistle-blowing	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	FY2024: 0 FY2023: 0 FY2022: 0	Queries raised via internal whistle-blowing were upheld as breaches after investigation.
Gender split on the board	FY2024: Male 71%/Female 29% FY2023: Male 71%/Female 29% FY2022: Male 83%/Female 17%			% members of the Pensana Plc board broken down by gender as of 30 June 2024.
Gender split in the workforce	FY2024: Male 80%/ Female 20% FY2023: Male 85%/ Female 15% FY2022: Male 85%/ Female 15%	FY2024: Male 71%/ Female 29% FY2023: Male 68%/ Female 32% FY2022: Male 64%/ Female 36%	FY2024: Male 77%/ Female 23%[6] FY2023: Male 80%/ Female 20% FY2022: Male 80%/ Female 20%	% employees within Pensana Plc and all subsidiaries under operational control as of 30 June 2024.

* *Pensana currently has no facilities under operational control in the UK. Only corporate office-based functions of our colleagues and not the offices themselves are within the operational control boundary in the UK.*

6 *Includes one male employee contracted through Pensana Metals Limited based in Australia.*

Where no figure is quoted for a prior reporting period, no disclosure was made.

Tim George
Chief executive officer

29 October 2024

OUR PEOPLE

OUR PEOPLE

Pensana is committed to developing its people and providing training and development opportunities for those it employs and the communities in which it operates.

COUNTRY MANAGER

Geraldine Tchimbali Maquina

Mrs Maquina joined Ozango as a junior geologist for Coola Mining in 2020. Having gained experience in the field as a geologist, she opted to move into the role of junior site manager in 2021 and evolved to site services manager for the project in 2022. Mrs Maquina further developed her skills in management and administration and in the reporting period was promoted to the role of country manager for Ozango taking the lead for all operations in-country.

SITE MANAGER

Benedito Dumbo

Mr Dumbo is an Angolan national who has recently been appointed as Longonjo site manager, having been promoted from the role of site officer. He joined the business in July 2021, having achieved a Degree in Mining Engineering from Camborne School of Mines of University of Exeter (UK), in the role of site officer, where his responsibilities included monitoring of maintenance systems and equipment on-site, monitoring site safety and assisting with geotechnical investigations, drilling supervision and accommodation camp requirements. In his current, role he is now responsible for the effective management of the site operations.

BUSINESS MANAGER

Melanie Jackson

Mrs Jackson joined the business as an executive assistant to the chief commercial officer and the wider UK project delivery team. After building strong relationships with stakeholders, demonstrating a high level of organisational skills and showing a commitment to the project and her development, Mrs Jackson was promoted into the role of business manager for the business' Plc function. Here, she supports the C-suite and management team in delivering on the business' core mission remaining ever-focused on developing effective business operations and achieving best practice.

COMMUNITY LIAISON OFFICER

Antonio Kavita

Mr Kavita joined the business in 2015 as a driver. After demonstrating ability in the fields of networking and social engagement, as well as being fluent in the local language of Umbundu, he was offered the role of community liaison officer in 2021. He now works in this role leading engagements with various stakeholders in the Longonjo area including local communities, traditional leaders, the police and other public authorities.

AGRICULTURAL INTERN

Teresa Madaleno

Ms Madaleno completed a six-month internship role at the project during the reporting period. She recently graduated from the local-based José Eduardo dos Santos University in Huambo with a Degree in Agricultural Engineering. During her internship, she applied her knowledge and expertise and assisted in monitoring and supervising the development of the project's agricultural demonstration plots from plantation to harvest.

GOVERNANCE

BOARD OF DIRECTORS

DIRECTORS AND DIRECTORS' DETAILS

PAUL ATHERLEY
Executive chairman
Appointed: 13 May 2018

Mr Atherley is the founding director of Pensana Plc. He has pioneered the establishment of an independent and sustainable rare earth processing hub in the UK and value-added mineral processing in Angola. He is a highly experienced senior resources executive with wide-ranging international and capital markets experience. He graduated as a mining engineer from Imperial College London and has held a number of mine management, senior executive and board positions during his career.

He served as executive director of the investment banking arm of HSBC Australia where he undertook a range of advisory roles in the resources sector. He has completed a number of acquisitions and financings of resource projects in Europe, China, Australia and Asia.

Mr Atherley is a strong supporter of Women in STEM (science, technology, engineering and mathematics) and has established a scholarship which provides funding for young women to further their education in science and engineering.

Other current directorships of listed companies:
- Alkemy Capital Investments Plc (January 2021 to present)
- Co-founder and member of the investment committee of the Arch Sustainable Resources Fund (March 2023 to present)

Former directorships of listed companies in the past three years:
- None

TIM GEORGE
Executive director/ chief executive officer
Appointed: 22 April 2019

Mr George is a minerals engineer with over 30 years of experience in the mining and engineering sectors, with broad experience in mining project development throughout sub-Saharan Africa.

He holds an Honours Degree in Minerals Engineering from Leeds University and spent over a decade in production management at several Anglo American operations in Africa along with plant design and feasibility studies in various base and precious metal projects.

His history in Angola started in 1998 in the construction and engineering sector, migrating to chairman and CEO of Xceldiam, an Angola-focused AIM-listed diamond exploration company and subsequently, as a non-executive director of a Scandinavian dual-listed resources entity with assets in sub-Saharan Africa including Angola.

Other current directorships of listed companies:
- None

Former directorships of listed companies in the past three years:
- None

ROBERT KAPLAN
Executive director/ finance director
Appointed: 31 March 2022

Mr Kaplan is a chartered accountant with over 20 years' operating experience in the African mining sector. His addition to the Pensana team brings a broad skill set in both UK and sub-Saharan corporate finance together with experience in mining operations in Angola, South Africa and Tanzania.

Mr Kaplan joined Pensana from LSE-listed Petra Diamonds Limited where, in his role as finance manager corporate and head of treasury, he was involved in a number of mine financings including two US dollar bond issues totalling US$1 billion, a number of African lender facilities totalling over US$750 million and, most recently, an equity rights issue of US$178 million on the LSE. Prior to this, he was financial director of Xceldiam, an Angola-focused AIM-listed diamond exploration company.

Other current directorships of listed companies:
- None

Former directorships of listed companies in the past three years:
- None

STEVEN LAWRENCE SHARPE
Independent non-executive director
Appointed: 29 September 2021

Mr Sharpe is a highly experienced natural resources financier and has been involved with financing of some US$6 billion over his 37-year career. He is an executive board member of EIT Raw Materials. He was formerly the president and CEO of Euromax Resources Limited, senior vice president of European Goldfields Limited, managing director at Canaccord Genuity, managing director at Endeavour Financial, assistant general manager at Standard Bank London Limited and assistant director of N M Rothschild & Sons Limited.

Other current directorships of listed companies:
- None

Former directorships of listed companies in the past three years:
- None

ALISON SAXBY
Independent non-executive director
Appointed: 17 August 2022

Ms Saxby is an industry-leading expert with over 35 years of experience in industrial minerals and metals. Her expertise includes pricing, deep market knowledge, research and communications gained through consultancy projects, minerals trading and commercial reports. She was previously a managing director at metals consultancy Roskill, where she led the strategic direction of the company's research and products through a period of growth, with a focus on critical minerals. Prior to that, she held roles at Fastmarkets as an independent consultant.

Ms Saxby was recently a member of the UK government's Critical Materials Global Expert Mission to both Canada and the United States of America for Innovate UK-KTN and is working with Edumine to provide educational courses on critical materials. She is the author of numerous publications on critical and other minerals and originally trained as a mineral engineer.

Other current directorships of listed companies:
- None

Former directorships of listed companies in the past three years:
- None

REMUNERATION REPORT

STATEMENT OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The remuneration report outlines remuneration awarded to directors and non-executive directors during the year.

Pensana was admitted to the Official List of the Financial Conduct Authority (standard segment) and commenced trading on the LSE's Main Market for listed securities on 6 July 2020. Pensana has since that date looked to develop its remuneration framework in accordance with Schedule 8 to the Accounting Regulations.

As part of this process, the remuneration committee completed a major review of the remuneration policy in 2021. This review considered the latest governance developments, independent evaluations of market trends, the evolving views of shareholders alongside input from the committee's independent advisers. Consequently, several recommended changes were proposed and submitted at the last AGM held on 1 December 2023. A resolution to approve the directors' remuneration report was tabled for consideration by shareholders. A total of 113,814,676 votes were cast with 98.98% of shareholders voting in favour and 0.2% voting against.

During the financial year ended 30 June 2024, the remuneration committee focused on realigning the interests of the executive team with the long-term success of the company.

The unique challenges of the project and the requirements of the team over the past 12 months to re-engineer a phased Longonjo programme alongside updated feasibility studies and proof of product to satisfy lender due diligence requirements has meant the remuneration committee has had to actively engage with management as it looked for mechanisms to ensure ongoing incentivisation of the team. With the contemplated share awards earmarked for allocation in FY2023 not having been granted due to delays in securing main financing in the prior period, alongside the lapsing of the FY2022 awards, reincentivisation was high on the committee's agenda.

At this stage of the company's development, with a phased approach being adopted towards the development of the company's projects, the awards under the long-term incentive (LTI) plan are largely related to the financing of the Longonjo Project and its construction completion parameters. Awards linked to progress with the Longonjo Project financing and development were awarded in the period. The committee also made use of short-term share awards in recognition of management's efforts over the past two years.

Pensana is committed to providing competitive and performance-based remuneration packages to our directors and while the lapsed share incentive plans during the prior period were a disappointing development, the remuneration committee recognises the significant progress that has been made over the period in progressing the Longonjo Project. Consequently, while the remuneration committee believes that the overall framework of the LTI plan remains entirely appropriate, it is the interplay between the KPIs of the short-term incentive (STI) and LTI plans that will continue to be focused on to ensure that any awards align with our company's strategic objectives and updated project milestones.

Our intention is to ensure that our directors and key management are appropriately incentivised to contribute to the company's success. We will keep shareholders informed of any developments relating to the incentive plans in subsequent reports.

We recognise the importance of fostering a culture of accountability and alignment with shareholders' interests, and we remain dedicated to reviewing our remuneration policies and incentive structures to ensure they are effective and reflective of our company's performance and future prospects, while aligning to market comparators and trends.

For the purposes of this report, key management personnel of the group are identified as those persons having the authority and responsibility for planning, directing and controlling major activities of the company and the group, directly or indirectly. Refer to the board of directors on **pages 66** and **67** for a breakdown on the directors' details and their role in the company.

Shareholders will be asked to approve the annual remuneration report as an ordinary resolution at the AGM in December 2024.

The company's auditor, BDO LLP, is required by law to audit certain disclosures and where disclosures have been audited, they are indicated as such.

S Sharpe

Steven Sharpe
Chairman of the remuneration committee

29 October 2024

OVERVIEW OF THE POLICY AND HOW IT WAS APPLIED FOR FY2024

Fixed remuneration	
Salary	
Influenced by role requirements, performance of the individual, level of experience and market positioning.	No increases were awarded to executive directors during FY2024. With effect from 1 July 2024, executive director base annual salaries, reflected in British pounds to align to their contract terms, were as follows: • Mr Paul Atherley – £288,750 (2023: £288,750); • Mr Timothy George – £315,000 (2023: £315,000); and • Mr Robert Kaplan – £220,000 (2023: £220,000).
Benefits	
Provision of an appropriate level of benefits for the relevant role and local market.	Executive directors do not currently receive any benefits.
Variable remuneration	
Annual bonus	
Linked to key financial, operational, health, safety and the environment, socio-economic development and strategic goals of the company, which reflect critical factors of success.	Maximum opportunity for FY2024 of 150% of salary. The committee reviewed the annual bonus targets for FY2024 to ensure that they are aligned to our strategic priorities and completion of main financing. The bonus scorecard for FY2024 was linked to: • completion of main financing; • initiation of construction at Longonjo; • health and safety objectives; and • ESG objectives. Annual bonuses are subject to a clawback provision, which may apply for up to two years following the end of the performance period. Bonuses in the form of 735,000 shares were awarded to executives during the year.
LTI plan	
Aligned with shareholders and motivating the delivery of long-term objectives.	1,925,000 share awards were issued to executives during the year. Awards are currently reviewed under four performance conditions: absolute total shareholder return (TSR) (market-based), ESG, full financing of the Longonjo Project and construction completion of the Longonjo Project. LTI awards are subject to a two-year holding period post vesting to further align executive remuneration to shareholder interests. The LTI awards are also subject to a clawback provision, which applies for up to two years following the end of the relevant performance period.

Shareholding guidelines	Aligned with shareholders. Shareholding guidelines of 200% of salary.
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The committee is mindful of ensuring that our remuneration arrangements are clear and transparent for both participants and shareholders. When considering changes to our remuneration policy, the committee engaged with major shareholders and key proxy bodies and took their comments into account.
Simplicity The remuneration structures should be easily understood, avoid complexity and be easy to operate.	Pensana's remuneration framework is focused on simplicity, consisting of fixed remuneration, an annual bonus and a single LTI plan.
Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The committee takes risk factors into account when setting and assessing remuneration arrangements. The performance framework includes a balanced range of measures which include construction roll-out, future anticipated production, financial, health and safety and ESG measures. The remuneration framework provides the committee with discretion to adjust incentive outturns or to claw back remuneration in certain circumstances.

ANNUAL REMUNERATION REPORT

THE FOLLOWING INFORMATION HAS BEEN AUDITED:

Single total figure of remuneration for the year ended 30 June 2024

	Salaries and fees US$	Total fixed US$	Short-term share awards Bonuses[1] US$	Benefits US$	Options and rights[2] US$	Total variable US$	Total 2024 US$
Non-executive directors[3]							
S Sharpe	66,130	66,130	–	–	–	–	66,130
J Beeton	66,130	66,130	–	–	–	–	66,130
L Northover	66,130	66,130	–	–	–	–	66,130
A Saxby	66,130	66,130	–	–	–	–	66,130
Executive directors							
T George	367,512	367,512	120,924	–	115,123	236,047	603,559
P Atherley	363,712	363,712	–	–	–	–	363,712
R Kaplan	277,114	277,114	76,275	–	92,098	168,373	445,487
Key management							
R Smith	262,500	262,500	76,275	–	–	76,295	338,795

[1] *Granted shares as a short-term incentivisation. The valuation in the table above is based on the 7 November 2023 grant date price of 30 pence. Shares were issued on 8 April 2024 post receipt of a non-binding term sheet from the lender group and remain unsold as at the date of this report. All share awards remain subject to final remuneration committee approval before they can be exercised by the holder.*

[2] *The options and rights represent the legacy shares awarded in 2019 that vested during the year as per the initial three-year time-weighted measurement criteria having been met on 31 December 2023. No performance shares relating to FY2022 and FY2023 vested during the year.*

[3] *There have been no changes to non-executive director fees in the current and prior years. No additional fees were paid to the non-executive directors during FY2024.*

Single total figure of remuneration for the year ended 30 June 2023

	Salaries and fees US$	Total fixed US$	Bonuses[1] US$	Benefits US$	Options and rights[2] US$	Total variable US$	Total 2023 US$
Non-executive directors							
S Sharpe[4]	159,693	159,693	–	–	–	–	159,693
J Beeton	63,275	63,275	–	–	–	–	63,275
S Bates[3]	63,275	63,275	–	–	–	–	63,275
L Northover	55,893	55,893	–	–	–	–	55,893
Executive directors							
T George	330,975	330,975	–	–	224,384	224,384	555,359
P Atherley	348,010	348,010	–	–	–	–	348,010
R Kaplan	265,151	265,151	–	–	179,507	179,507	444,658
Key management							
R Smith	262,500	262,500	–	–	–	–	262,500

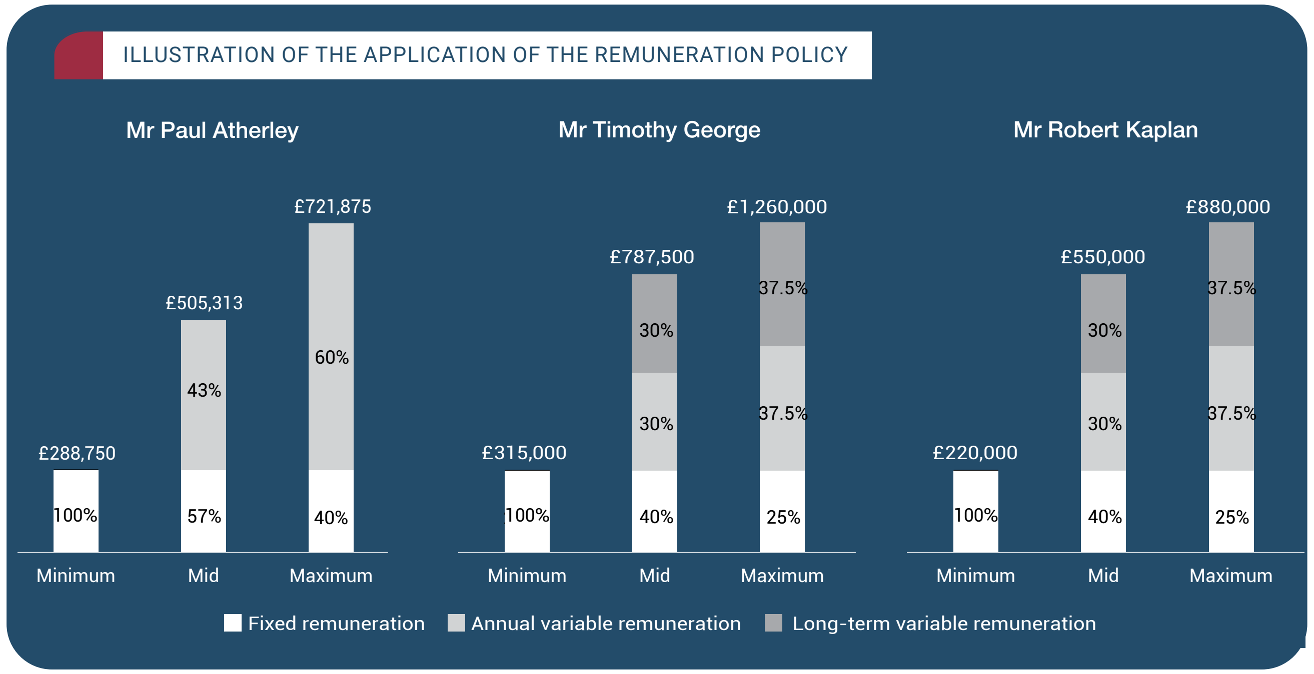
[1] *No bonuses were paid for FY2022 and the related bonus charges were reversed in FY2023. No bonuses were provided or paid in FY2023.*

[2] *The options and rights represent the legacy shares that vested during the year. No performance shares relating to FY2022 and FY2023 vested during the year.*

[3] *Appointed on 17 August 2022.*

[4] *At the request of the board, Mr Sharpe assumed significant additional duties for the period January 2023 to May 2023 relating to the proposed strategic investment by a third party. As compensation for these duties, he received US$48,209 in addition to the director fee of US$56,420.*

The graph below is unaudited.



The charts above have been compiled using the following assumptions:

Fixed remuneration	Salary as at 1 July 2024
Variable remuneration	• Annual bonus: maximum award of 150% of base salary; and • LTI plan: maximum award of 150% of base salary.

PERFORMANCE SCENARIOS

Minimum	Fixed remuneration only
Medium	Fixed remuneration plus variable pay for the purpose of illustration as follows: • Annual bonus: assumes a bonus payout of 50% of maximum; and • LTI: assumes vesting of 50% of maximum.
Maximum	Fixed remuneration plus variable pay for the purpose of illustration as follows: • Annual bonus: assumes a bonus payout of 100% of maximum; and • LTI: assumes vesting of 100% of maximum.

ADDITIONAL NOTES TO THE TOTAL REMUNERATION TABLE

For FY2025, the committee has determined that the base salaries (per annum) for the executive directors will remain unchanged as set out below.

	Base salary from 1 July 2024 £	Base salary from 1 July 2023 £
Executive directors		
T George	315,000	315,000
P Atherley	288,750	288,750
R Kaplan	220,000	220,000

SHARE-BASED PAYMENTS

Performance rights

2024

During the year, no performance rights were issued to directors and key management personnel.

2023

During the prior year, no performance rights were issued to directors and key management personnel.

Share-based options

2024

During the year, no options were issued to directors and key management personnel.

2023

During the prior year, no options were issued to directors and key management personnel.

Share-based option holdings of key management personnel as at 30 June 2024

Name	Balance as at 1 July 2023 Number	Granted Number	Vested in shares Number	Balance as at 30 June 2024 (beneficial interest) Number
T George	(416,666)	–	(416,667)	–
R Kaplan	(333,334)	–	(333,333)	–

Share-based option holdings of key management personnel as at 30 June 2023

Name	Balance as at 1 July 2022 Number	Granted Number	Vested in shares Number	Balance as at 30 June 2023 (beneficial interest) Number
T George	833,333	–	(416,667)	416,666
R Kaplan	666,667	–	(333,333)	333,334

LTI PLAN SHARE AWARDS

2024

Share awards were issued to executive directors and key management personnel in November 2023.

These awards are subject to four performance conditions, namely:

- Total shareholder return (35% of award);
- Successful financing of the Longonjo stage 1 development of US$200 million (25% of award);
- 50% construction completion of the Longonjo Project on a cost basis (25% of award); and
- Measured annually on the health, safety, security and environment framework (15% of award).

The vesting period for these shares is three years from 1 July 2023.

2023

No new awards were granted during 2023.

2022

The company established an employee incentive plan and share awards were issued to executive directors and key management personnel during FY2022 for the first time as follows:

These awards were subject to six performance conditions, namely:

- financing of the Longonjo Project (12.5% of award);
- financing of the Saltend Project (12.5% of award);
- construction completion of the rare earth separation facility (RESF) (12.5% of award);
- first production at the RESF (12.5% of award);
- TSR – annual compound share price growth of 20% plus dividends over a three-year period (35% of award); and
- Lost time injury frequency rate (LTIFR) target ratio of zero, subject to industry standard and remuneration committee review.

The vesting period for these shares is three years from 1 July 2021.

Due to the delay in securing the main financing on the Saltend and Longonjo Projects, certain share incentive performance conditions relating to the FY2022 LTI share plan awards have not been met or are unlikely to be met. These specifically related to financing of the Longonjo Project (12.5% of award), financing of the Saltend Project (12.5% of award), construction completion of the RESF (12.5% of award) and first production at the RESF (12.5% of award). As a result of the lapsing of these awards, the directors will not receive the shares or related benefits outlined in the original plan agreements. The share-based charges recognised in prior periods relating to these awards were reversed during FY2023.

Of these share awards, 15% related to the LTIFR portion is likely to vest, following approval of the remuneration committee.

STI PLAN SHARE AWARDS

Short-term bonus awards were granted to executive directors and key management personnel on 7 November 2023 totalling 1,342,000 shares. These shares were issued on 8 April 2024. The share awards were in recognition of the past two years of service by the management team and the repositioning of the Longonjo Project into a phased project development alongside an updated feasibility study. For the purposes of the issuance, the committee made reference to an independent valuation carried out during the FY2023 due diligence finance process which had a valuation of 60 pence per share There are no additional performance conditions attached to the share awards, however, executives cannot exercise the shares without the prior approval of the committee.

Share awards issued to executive directors and key management personnel

2024 share awards issued

Name	Grant date	Quantity of shares awarded	Vesting period
T George	8 November 2023	750,000	Three years ending 30 June 2026
R Kaplan	8 November 2023	475,000	Three years ending 30 June 2026
R Smith	8 November 2023	700,000	Three years ending 30 June 2026
		1,925,000	

Share awards issued to executive directors and key management personnel

2023 share awards issued

No share awards were issued to executive directors and key management personnel.

Name	Grant date	Quantity of shares awarded in FY2022	Quantity of shares cancelled in FY2023	Quantity of shares cancelled in FY2024	Share awards balance as at 30 June 2024	Vesting period
T George	16 May 2022	708,333[1]	354,166[1]	247,917	106,250	Three years ending 30 June 2024
R Kaplan	16 May 2022	487,500[1]	243,750[1]	170,625	73,125	Three years ending 30 June 2024
R Smith	16 May 2022	400,000	200,000	140,000	60,000	Three years ending 30 June 2024
		1,595,833	797,916	558,542	239,375	

[1] *The FY2021 allocation was added to the FY2022 allocation due to the expanded scope around the FEED study and the associated timing delays. As the KPIs could not be finalised, management agreed to defer the allotment and have it included in the FY2022 share award. The value of these shares is estimated at US$516,395.*

Of these share awards, 50% related to the financing and construction KPIs were deemed unlikely to vest and were cancelled in FY2023. In FY2024, 35% that were subject to TSR KPIs were cancelled with the balance of 15% being subject to LTIFR KPIs subject to final approval by the committee in FY2025.

Shareholdings of key management personnel in the company

The interests of key management personnel in the shares of the company, held directly or indirectly, as at 30 June 2024 were as follows. The company does not have a minimum requirement or guideline for director shareholdings.

Name	Balance as at 1 July 2023 Number	Received on vesting of performance rights (issued) Number	Received on issue of short-term bonus awards Number	Purchases during the period Number	Balance as at 30 June 2024 Number
P Atherley	13,427,898[1]	–	–	1,016,218	14,444,116
J Beeton	–	–	–	–	–
L Northover	–	–	–	–	–
S Sharpe	–	–	–	–	–
A Saxby	–	–	–	–	–
T George	1,250,000	1,250,000[2]	325,000[3]	40,495	2,865,495
R Kaplan	1,000,000	1,000,000[2]	205,000[3]	–	2,205,000

[1] *These include historical share awards prior to the group's listing on the LSE (9,069,861), share purchases on the LSE during FY2021 (500,000) and vested and issued share options of 3,858,037.*

[2] *Last third of the legacy shares vested on 31 December 2023 and 2,250,000 shares were issued on 8 April 2024.*

[3] *Short-term bonus awards were issued on 8 April 2024 post the release of the group's interim results and the associated updates to the market.*

The interests of key management personnel in the shares of the company, held directly or indirectly, as at 30 June 2023 were as follows:

Name	Balance as at 1 July 2022 Number	Received on vesting of performance rights (issued) Number	Received on vesting of performance rights Number	Purchases during the period Number	Balance as at 30 June 2023 Number
P Atherley	13,427,898[2]	–	–	–	13,427,898
J Beeton	–	–	–	–	–
L Northover	–	–	–	–	–
S Sharpe	–	–	–	–	–
A Saxby	–	–	–	–	–
T George	1,250,000	–	416,667[1]	–	1,250,000
R Kaplan	1,000,000	–	333,333[1]	–	1,000,000

[1] *Vested as at 31 December 2022 but unissued as at 30 June 2023 and therefore excluded from the total balance. Legacy performance rights reclassified during FY2021. Refer to the share-based option holding table on* ***page 72****.*

[2] *These include historical share purchases prior to the group's listing on the LSE (9,069,861), share purchases on the LSE during FY2021 (500,000) and vested and issued share options of 3,858,037.*

Payments to past directors

No payments were made to past directors in the year ended 30 June 2024 (2023: US$nil).

Payments for loss of office

No payments for loss of office were made in the year ended 30 June 2024 (2023: US$nil).

THE FOLLOWING SECTION IS UNAUDITED:

Relative importance of spend on pay

The following table sets out the percentage change in payments to shareholders and overall expenditure on pay across the group:

	2024 US$	2023 US$	2022 US$	2021 US$	2020 US$	2019 US$
Non-executive directors[5]						
S Sharpe[2]	66,130	159,693	50,183	–	–	–
L Northover	66,130	63,275	66,232	45,222	–	–
J Beeton	66,130	63,275	66,232	22,410	–	–
A Saxby	66,130	55,893	–	–	–	–
S Bates	–	–	16,558	48,983	–	–
M Hohnen[4]	–	–	–	62,349	33,500	30,089
N Maclachlan[4]	–	–	–	62,384	33,500	30,089
Executive directors[5]						
T George	367,512	330,975	364,531	232,327	200,863	33,335
P Atherley[3]	363,712	348,010	364,273	56,483	50,205	45,134
R Kaplan	277,114	265,151	62,920	–	–	–
D Hammond	–	–	–	177,090	180,411	150,445
S Mison	–	–	–	–	–	108,320
Other						
Payments to shareholders	–	–	–	–	–	–
Group employment costs[6]	3,928,481	1,701,642	5,439,626	2,578,814	1,723,500	–

	Change from 2023 to 2024[1] %	Change from 2022 to 2023 %	Change from 2021 to 2022 %	Change from 2020 to 2021 %	Change from 2019 to 2020 %
Non-executive directors[5]					
S Sharpe[2]	(59)	218	–	–	–
L Northover[4]	5	(4)	46	–	–
J Beeton[4]	5	(4)	196	–	–
A Saxby	–	–	–	–	–
S Bates	–	–	(66)	–	–
M Hohnen[4]	–	–	–	86	11
N Maclachlan[4]	–	–	–	86	11
Executive directors[5]					
T George	11	(9)	57	16	503
P Atherley[3]	5	(4)	545	13	11
R Kaplan[4]	5	321	–	–	–
D Hammond	–	–	–	(2)	20
S Mison	–	–	–	–	–
Other					
Payments to shareholders	–	–	–	–	–
Group employment costs[6]	152	(69)	111	50	–

[1] *% change movements for 2023 to 2024 are a function of translation at different GBP:US$ exchange rates unless stated otherwise. There have been no salary increases in the current year.*
[2] *At the request of the board, Mr Sharpe assumed significant additional duties for the period January 2023 to May 2023 relating to a proposed strategic investment by a third party. In compensation for these duties, he received US$48,209 in addition to the director fee of US$56,420.*
[3] *Served as executive chairman since 1 July 2021.*
[4] *The percentages shown for these directors are skewed due to their appointments commencing partway through the year.*
[5] *Directors' remuneration represents salaries and fees, being the fixed remuneration per annum.*
[6] *% change movements for 2023 to 2024 are a result of the current year share-based payment provision compared to a full reversal of annual bonuses and share-based payments in the prior year. Refer to note 7 for more details on employee benefits and employee wages and salaries.*

Pay ratios

During FY2023 and FY2022, the company fell below the 250 UK employee limit. As a result thereof, using the two-year rule, the company was exempt from reporting pay ratios for FY2024.

Annual percentage change in single-figure remuneration for the year ended 30 June 2024

	Year	Short-term share awards US$	Bonuses[4] US$	Options and rights US$	Total US$	% change year-on-year[1]
Non-executive directors						
S Sharpe	2024	66,130	–	–	66,130	(58.5)
	2023	159,693[2]	–	–	159,693	
L Northover	2024	66,130	–	–	66,130	4.5
	2023	63,275	–	–	63,275	
J Beeton	2024	66,130	–	–	66,130	4.5
	2023	63,275	–	–	63,275	
A Saxby[3]	2024	66,130	–	–	66,130	18.31
	2023	55,893	–	–	55,893	
Executive directors						
P Atherley	2024	363,712	–	–	363,712	4.5
	2023	348,010	–	–	348,010	
T George	2024	367,512	120,924	115,123	603,559	8.6
	2023	330,975	–	224,384	555,359	
R Kaplan	2024	277,114	76,295	92,098	445,507	0.1
	2023	265,151	–	179,507	444,658	

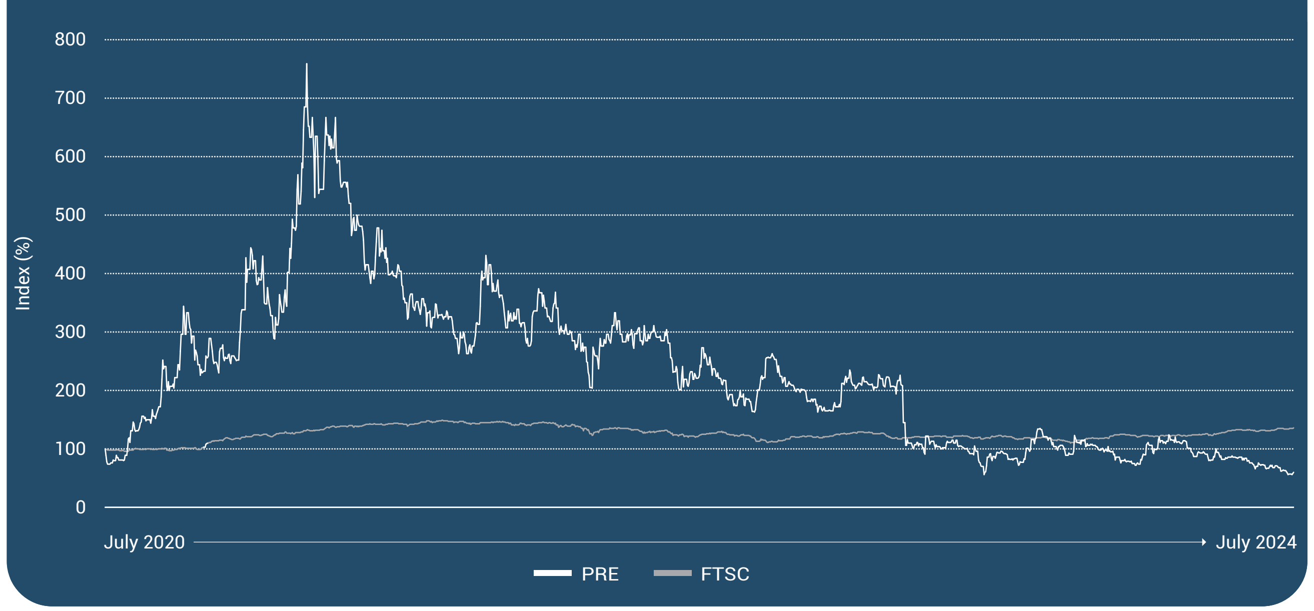
[1] *% change movements year-on-year are a function of translation at different GBP:US$ exchange rates unless stated otherwise. There have been no salary increases in the current year.*
[2] *At the request of the board, Mr Sharpe assumed significant additional duties for the period January 2023 to May 2023 relating to a proposed strategic investment by a third party. In compensation for these duties, he received US$48,209 in addition to the director fee of US$56,420.*
[3] *Appointed on 17 August 2022.*
[4] *Received shares as a short-term incentivisation. These were valued at the grant date of 7 November 2023 at 30 pence; the shares were issued on 8 April 2024. The shares remain unsold as at the date of the report and are subject to final approval by the committee should executives wish to trade.*

The following table sets out the total remuneration and incentive plan pay-outs for the CEO over a five-year period:

	Single total figure of remuneration US$	Annual bonus pay-out (% of maximum) US$
2024	603,559	20
2023	555,359	0
2022	1,181,468	47
2021	2,498,580	88
2020	289,330	29

The following graph illustrates the company's performance over the past five years relative to the FTSE Developed Small Cap Index. For purposes of comparison, the share price has been retranslated into a British pound equivalent at the daily AUD/GBP exchange rate for the period that the company was listed on the ASX prior to its listing on the LSE on 6 July 2020. The directors believe this comparison is appropriate as it compares the company to an index comprising small cap stocks below the US$150 million free float-adjusted market cap.

PENSANA VS FTSE SMALL CAP INDEX



Consideration by the directors of matters relating to directors' remuneration

Due to the nature of the group's current financial position and the extended due diligence processes with the lender consortium, the remuneration committee considered that the executive directors' remuneration be aligned to that of FY2023 until such time as main financing is completed. Similarly, the board considered the non-executive directors' remuneration for the year ended 30 June 2024 within the same parameters with no changes proposed.

Shareholder voting

At the AGM on 9 December 2021, there was an advisory vote to adopt the remuneration policy. Of the 71,909,111 proxy votes validly appointed, 71,558,022 (99.51%) voted in favour. Due to 98.88% votes in favour of the policy, the policy is deemed satisfactory from a shareholder perspective.

Refer to **page 42** of the corporate governance report for details of the total number of votes cast, votes for and against, as well as votes withheld during the AGM for each resolution passed.

Service contracts

All executive directors and key management personnel have full-time contracts of employment with the company; non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company or its associated companies with a fixed notice term which currently exceeds six months. Directors' notice periods were considered sufficient during the period to ensure an effective handover of duties should a director leave the company. These will be considered for review as to their appropriateness during the current financial year.

The termination provisions are as follows:

Description	Notice period	Payment in lieu of notice
Employer-initiated termination without reason	Six months	Six months
Termination for serious misconduct	None	None
Employee-initiated termination	Six months	Six months

Key terms of employment contracts

Contracts for services of key management personnel and relevant executives

Remuneration and other terms of employment for the directors and other key management personnel are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature. The termination provisions are as follows:

Mr Paul Atherley – Executive chairman
(effective 1 July 2021)
(previously non-executive chairman – effective 13 May 2018)

Mr Atherley has entered into a letter of appointment with the company in respect of his appointment as executive director/chairman.

Base terms:

- Letter of appointment as executive director/chairman, agreement effective from 1 July 2021 and has no set term;
- Base remuneration which is a monthly salary and will be reviewed annually (£288,750 per annum); and
- An STI of up to 150% of base salary will be reviewed annually and will be paid on achievement of near-term milestones (KPIs) in accordance with the bonus scorecard for the period in question.

Mr Timothy George – Chief executive officer
(appointed 22 April 2019)

Base term

- Base remuneration which is a monthly salary and will be reviewed annually (£315,000 per annum).

Incentive package

- An STI of up to 150% of base salary which will be reviewed annually and will be paid on achievement of near-term milestones (KPIs) in accordance with the bonus scorecard for the period in question; and
- LTI share awards based on a maximum of 150% of base salary with vesting over a three-year period linked to six performance conditions: absolute TSR (market-based), the LTIFR, full financing of the Longonjo Project, full financing of the Saltend Project, construction completion of the RESF and production of the RESF.

Mr Robert Kaplan – Finance director
(effective 31 March 2022)
(previously chief financial officer, appointed 1 January 2020)

Base term:

- Base remuneration which is a monthly salary and will be reviewed annually (£220,000 per annum).

Incentive package:

- An STI of up to 150% of base salary which will be reviewed annually and will be paid on achievement of near-term milestones (KPIs) in accordance with the bonus scorecard for the period in question; and
- LTI share awards based on a maximum of 150% of base salary with vesting over a three-year period linked to six performance conditions: absolute TSR (market-based), the LTIFR, full financing of the Longonjo Project, full financing of the Saltend Project, construction completion of the RESF and production of the RESF.

Non-executive directors

The company's Constitution provides that the directors may be paid out of company funds, as remuneration for their services, a sum determined from time to time by the company's shareholders in general meeting, with that sum to be divided among the directors in such manner as they agree.

Directors' remuneration for their services as directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. The maximum sum of directors' remuneration may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to shareholders. There is provision for directors who devote special attention to the business of the company or who perform services which are regarded as being outside the scope of their ordinary duties as directors, or who at the request of the board engage in any journey on company business, to be paid extra remuneration determined by the board. Directors are also entitled to reimbursement for their reasonable travel, accommodation and other expenses incurred in attending company or board meetings, or meetings of any committee engaged in the company's business.

Payments to past directors

No payments were made to past directors in the year ended 30 June 2024 (2023: nil).

Directors' remuneration policy report

The following section sets out the group's remuneration policy (the policy report). It is intended that this policy report will be put forward to shareholders for approval at the 2024 AGM and will thereafter come into immediate effect following the AGM.

Remuneration principles

Pensana's culture is performance-driven within a high-growth environment requiring significant time, effort and commitment. We have a management team that is highly experienced within the specialist world of rare earth mining and chemical engineering, which therefore requires unique skill sets to be brought to bear. Against this background, our approach to remuneration is guided by the following overarching principles:

- The employment terms for executive directors and senior management are designed to attract, motivate and retain high-calibre individuals who will drive the performance of the business. The group competes for talent in the niche rare earth sector and we aim for packages to be competitive in this market;
- Remuneration packages should be weighted towards performance-related pay;
- Performance measures should be tailored to Pensana's strategic goals, and targets should be demanding;
- Share-based rewards should be meaningful – the committee believes long-term share awards provide alignment with the long-term interests of shareholders and the company; and
- Remuneration structures should take into account best practice developments, but these should be applied in a manner that is appropriate for Pensana's industry and specific circumstances.

Review process and changes to the policy report

The committee completed a major review of the remuneration policy in 2021, culminating in its approval at the AGM in December 2021. This review considered the latest governance developments, independent evaluations of market trends and the evolving views of shareholders alongside input from the committee's independent advisers. Input was also received from the company's management, while ensuring that any conflicts of interest were suitably mitigated. Notable new features of the remuneration structure that were introduced were:

- A post-vesting holding period under the LTI plan will now form part of the policy report;
- Post-employment shareholding requirements have been introduced; and
- LTIs will be extended to a standard three-year measurement term and will be subject to malus and clawback.

Certified forklift training operation delivered by Bureaus Veritas Angola

Having established the remuneration policy at the December 2021 AGM, the committee recognised that this should not be a static process and, as such, during the current period, continued to follow the latest governance developments and market trends, so as to ensure that the remuneration policy remained fully fit for purpose.

Salary Purpose and link to strategy	• To attract and retain executive directors of the calibre required by the business. • This is a core element of the remuneration package.
Operation	• The base salaries for executive directors are determined by the committee taking into account a range of factors including: – the scope of the role; – the individual's performance and experience; and – positioning against comparable roles in other mining companies of similar size and complexity. • Base salaries are normally reviewed annually with changes effective from the start of the financial year on 1 July.
Maximum opportunity	• In determining salary increases, the committee is mindful of general economic conditions and salary increases for the broader company employee population. • More significant increases may be made at the discretion of the committee in certain circumstances, including (but not limited to): – where an individual's scope of responsibilities has increased; – where, in the case of a new executive director who is positioned initially on a lower starting salary, an individual has gained appropriate experience in the role; and – where the positioning is out of step with salaries for comparable roles in the market.
Benefits Purpose and link to strategy	To provide market-competitive benefits.
Operation	• The benefit policy is to provide an appropriate level of benefit for the role taking into account relevant market practice. • Under the current arrangements, executive directors do not receive any benefits, however, consideration is being given to: – a benefits allowance of 10% of salary in respect of both benefits and pension; and – group life, disability and critical illness insurance. • The committee retains the discretion to provide reasonable additional benefits based on individual circumstances (for example, travel allowance and relocation expenses for new hires or pension arrangements).
Maximum opportunity	The benefit provision will be set at an appropriate level taking into account the cost to the company and the individual's circumstances.
Annual bonus Purpose and link to strategy	To motivate and reward performance measured against annual key financial and operational strategic goals of the company, which reflect critical factors of success.
Operation	Short-term annual incentive based on performance during the financial year. Awards will be subject to malus and clawback provisions.
Maximum opportunity	Maximum award of up to 150% of base salary.
Performance measures	• The amount of bonus earned is based on performance against financial, operational, strategic and personal measures. • The committee reviews the performance measures annually and sets targets to ensure that they are linked to corporate priorities and are appropriately stretching in the context of the business plan. • Prior to determining bonus outcomes, the committee considers performance in the round to ensure that actual bonuses are appropriate. The committee retains the discretion to amend the formulaic outcome if considered appropriate and to ensure fairness to both shareholders and participants.

LTI plan Purpose and link to strategy	• To motivate and reward for the delivery of long-term objectives in line with the business strategy. • To create alignment with the shareholder experience and motivate long-term objectives.
Operation	• Awards of conditional shares (or equivalent) which would normally vest based on performance over a period of three years. • Awards granted from FY2021 will be subject to a post-vesting holding period. • Awards may accrue dividend equivalents. • Awards will be subject to malus and clawback provisions.
Maximum opportunity	Maximum award of up to 200% of salary and a normal award of 150% of salary.
Performance measures	• Vesting is normally based on performance against financial, operational and strategic measures. • The committee determines targets each year to ensure that targets are stretching and represent value creation for shareholders, while remaining motivational for management. • The committee retains the discretion to amend the formulaic outcome if considered appropriate and to ensure fairness to both shareholders and participants. • The committee has additional discretion to make downward adjustments in the event that a significant increase in the share price leads to potentially excessive rewards.
Shareholding guidelines	It is the company's policy that each of the executive directors holds a meaningful number of Pensana shares. The guideline is to build and maintain a minimum of two years' basic salary for the applicable director. Newly appointed executive directors will normally have five years from the date of appointment to reach this guideline.
Malus and clawback provisions	In line with best practice, the vesting of LTI awards is subject to malus and clawback provisions. The malus provision enables the committee to exercise discretion to reduce, cancel or impose further conditions on an award prior to vesting or exercise (as the case may be). The clawback provision enables the committee to require participants to return some or all of an award after payment or vesting. Both provisions may be applied in circumstances including: • a serious misstatement of the company's audited results; • gross misconduct; • payments based on erroneous data; or • a serious failure of risk management.

For and on behalf of the board:

Steven Sharpe
Chairman of the remuneration committee

29 October 2024

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with United Kingdom (UK)-adopted international accounting standards and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors are required to prepare the consolidated financial statements and have elected to prepare the company financial statements in accordance with UK-adopted international accounting standards. Under company law, the 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 for 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 they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business; and
- prepare a directors' report, a strategic report and a directors' remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

WEBSITE PUBLICATION

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 UK 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.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DISCLOSURE GUIDANCE AND TRANSPARENCY RULES REQUIREMENTS 4

The directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with the UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group; and
- the annual report includes a fair review of the development and performance of the business and the financial position of the group and company, together with a description of the principal risks and uncertainties that they face.

This responsibility statement and the directors' report were approved by the board of directors on 29 October 2024 and are signed on its behalf by:

Paul Atherley
Executive chairman

DIRECTORS' REPORT

The directors of Pensana Plc (the company) submit herewith the annual financial report of Pensana Plc (consolidated entity) for the year ended 30 June 2024.

DIRECTORS AND DIRECTORS' DETAILS

The names and particulars of the directors of the company during or since the end of the financial year are stipulated on **pages 66** and **67**.

CAPITAL STRUCTURE

Note 15 to the financial statements sets out the capital structure and summary of equity placements of the company.

DIVIDENDS

No dividends have been paid or proposed since the start of the financial year, and the directors do not recommend the payment of a dividend in respect of the financial year.

FINANCIAL INSTRUMENTS

Note 22 to the financial statements sets out the risks in respect of financial instruments. The board reviews and agrees overall treasury policies, delegating appropriate authority to the finance director. Treasury operations are reported at each board meeting and are subject to weekly internal reporting.

PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK

The principal risks and uncertainties section on **pages 26** to **33** sets out the company's exposure and mitigation relating to price risk, credit risk, liquidity risk and cash flow risk.

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

During the current and previous years, the group did not make any political contributions and charitable donations.

RESEARCH AND DEVELOPMENT

During the year, Pensana continued research and development (R&D) efforts in relation to the optimisation of production of high-purity rare earth products from Longonjo and Saltend.

BRANCHES OUTSIDE THE UK

The company has no branches outside the UK.

ACQUISITION OF OWN SHARES

The company did not acquire any of its own shares during the financial year ended 30 June 2024.

EMPLOYEE ENGAGEMENT

Details of how the directors have engaged with employees and how the directors have had regard to employee interests and the effect of that regard, including on the principal decisions taken by the company during the financial year, are included in the section 172 statement contained within the strategic report (refer to **page 20**).

BUSINESS RELATIONSHIPS

Details of how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others and the effect of that regard, including on the principal decisions taken by the company during the financial year, are included in the section 172 statement contained within the strategic report (refer to **page 20**).

FUTURE DEVELOPMENTS

In addition to the mine development at Longonjo, the directors intend to continue to explore and develop the company's existing projects with key focus on the exploration project at Coola and ongoing consideration of moving further downstream into metal/alloy production.

BOARD APPOINTMENTS

There were no new board appointments during the year.

BOARD DIVERSITY DISCLOSURE

As of 30 June 2024, Pensana assessed its board diversity in accordance with the requirements outlined in the QCA corporate governance code. The following are the results of our evaluation:

Gender diversity

As at 30 June 2024, Pensana's board of directors consisted of seven individuals, of which two were women. This represents 29% of the total board composition, under the minimum recommended requirement of at least 40% of individuals on the board being women. Pensana has therefore not met this target.

Senior positions held by women

As at 30 June 2024, Pensana's board of directors includes the following senior positions:

Executive chairman: Mr Paul Atherley
Chief executive officer: Mr Timothy George
Finance director: Mr Robert Kaplan
Independent non-executive director:
Baroness Lindsey Northover
Independent non-executive director: Dr Jeremy Beeton
Independent non-executive director: Ms Alison Saxby
Independent non-executive director: Mr Steven Sharpe

Of these positions, two are held by women, indicating that Pensana has met the requirement of having at least one of the specified senior positions on its board held by a woman.

Minority ethnic background

As at 30 June 2024, Pensana's board of directors includes no individuals from minority ethnic backgrounds, and has therefore not met the requirement of having at least one person from a minority ethnic background on the board.

Non-met targets and reasons

Pensana is committed to promoting diversity and inclusion at all levels of the organisation. However, we regret to report that we have not met the diversity targets in this reporting period as stated above.

With Pensana focusing on establishing an independent supply chain of rare earths, the processes with regard to adherence to diversity targets, recruitment and succession planning with the board of directors are still in the process of being formalised.

We recognise the importance of addressing these gaps and are actively implementing measures to improve board diversity. As part of the envisaged independent board evaluation planned for FY2025, the board composition and diversity will be evaluated and an action plan will be put together to address board diversity including recruitment strategies.

Pensana remains committed to achieving greater diversity and inclusivity within our board and will provide regular updates on our progress in future reports. By making these disclosures, Pensana demonstrates its commitment to transparency and accountability regarding board diversity, as required by UK company disclosure requirements.

POST BALANCE SHEET EVENTS

During July 2024, the chairman, Mr Paul Atherley, sold 1,500,000 ordinary shares and used the proceeds to make £250,000 available to the company under the directors' loan facility (the facility) of £2 million. To avoid incurring interest costs the company settled the ensuing amount due under the facility through the issue to the chairman of 1,500,000 ordinary shares being equal to the number sold by the chairman, at an effective price of 16.666 pence per ordinary share. Following the issue of the repayment shares to repay the £250,000 debt due under the facility, the balance available under the facility reduced to £1.75 million.

In September 2024, the company secured a US$3.4 million technical assistance grant from the US International Development Finance Corporation (DFC) which will support feasibility studies for increased processing capacity at Longonjo, downstream refining opportunities in Angola as well as testwork for the development of the Coola Project orebodies.

CORPORATE GOVERNANCE STATEMENT

The disclosure guidance and transparency rules require certain information to be included in a corporate governance statement set out in a company's directors' report. In common with many companies, Pensana has an existing practice of issuing, within its integrated annual report, a corporate governance report that is separate from its directors' report. Refer to **page 34** for the corporate governance report.

HEALTH AND SAFETY POLICY

The company is committed to developing a culture which supports the health and safety of all employees, contractors, customers and communities associated with its business and operations.

ENVIRONMENT POLICY

The company is committed to protecting and ensuring it does no harm to the natural environment around the sites on which it operates. Refer to the environmental, social and governance (ESG) report on **page 43** for further details on the company's environmental initiatives and reporting, as well as relevant statements regarding emissions.

ANTI-SLAVERY AND HUMAN TRAFFICKING

The group is committed to upholding high ethical standards throughout all aspects of its business, as well as respecting and safeguarding the human rights of all its stakeholders. This commitment is based on the belief that business should be conducted honestly, fairly and legally. We expect all employees, suppliers, contractors and other stakeholders to share our commitment to high moral, ethical and legal standards. As the group looks to develop its mine at Longonjo, actions are being taken to prevent occurrences of slavery or human trafficking in our business and supply chain for the current financial year and beyond.

ANNUAL GENERAL MEETING

This report and the financial statements will be presented to shareholders for their approval at the next annual general meeting (AGM). The notice of the AGM will be distributed to shareholders during the month of November.

AUDITOR

BDO LLP became the company's auditor with effect from 21 February 2020. A resolution for BDO LLP's reappointment will be proposed at the forthcoming AGM.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

As at the date of this report, the serving directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SHARES UNDER LONG-TERM INCENTIVE SCHEMES, OPTIONS OR ISSUED ON EXERCISE OF OPTIONS

As at the date of this report, there were 1,925,000 long-term incentive (LTI) awards issued to the executive directors (30 June 2023: 797,917). There are no unissued shares or interests under option (30 June 2023: 750,000).

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the financial year, the company paid a premium of US$217,180 in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company and any related body corporate against a liability incurred by such a director, secretary or executive officer. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the company or of any related body corporate against a liability incurred by an officer.

DIRECTORS' COMMITTEES

The following sets out the composition of the directors' committees.

Audit and risk committee

L Northover*
S Sharpe
A Saxby

Remuneration committee

J Beeton*
L Northover*
S Sharpe
A Saxby

Nomination committee

J Beeton*
L Northover*
S Sharpe
A Saxby

ESG committee

T George
L Northover*
A Saxby

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings and committee meetings held during the financial year:

	Board meetings		Audit and risk committee		Remuneration committee		Nomination committee		ESG committee	
	Number eligible to attend	Attended	Number eligible to attend	Attended	Number eligible to attend	Attended	Number eligible to attend	Attended	Number eligible to attend	Attended
P Atherley	6	6	–	–	–	–	–	–	–	–
T George	6	6	–	–	–	–	–	–	3	2
J Beeton*	6	6	3	2	2	2	2	2	3	3
L Northover*	6	6	3	3	2	2	2	2	3	3
S Sharpe	6	6	3	3	2	2	2	2	3	3
R Kaplan	6	6	3	3	2	2	2	2	–	–
A Saxby	6	6	3	3	2	2	2	2	3	3

* *In September 2024, non-executive directors Dr Beeton and Baroness Northover resigned from the board and their resignations have been accepted. No other board appointments were made at the time of this report release date.*

DIRECTORS' INTERESTS IN THE COMPANY

The following table sets out each director's relevant interest in fully paid ordinary shares, performance rights and options in the company at the date of this report:

Directors	Fully paid ordinary shares	Share plan awards[1]	Share option awards
P Atherley	14,444,116	–	–
T George	2,865,495	247,917	–
R Kaplan	2,205,000	170,625	–
J Beeton	–	–	–
L Northover	–	–	–
A Saxby	–	–	–
S Sharpe	–	–	–

[1] *FY2022 LTI share awards.*

Refer to the share awards issued table on **page 73** and to the shareholdings table on **page 74** for more details. Approval by and signature on behalf of the board:

Paul Atherley
Executive chairman

29 October 2024

AUDIT AND RISK COMMITTEE REPORT

Dear shareholder,

As the chairman of the committee, I am pleased to have this opportunity to summarise some of the key developments during the year, as well as our ongoing responsibilities and objectives.

The audit and risk committee plays a vital role at Pensana by ensuring that the group has effective and appropriate risk management and internal control systems, backed up by comprehensive financial, governance and reporting functions and, as we look to make a further stepped change in the group's history, with the imminent move towards the main financing and project developments in the UK and Angola, I will ensure that the audit and risk committee provides the appropriate guidance, governance and oversight to management in order to help facilitate the effective delivery of the projects.

FINANCIAL REPORTING

As part of its role, the audit and risk committee assessed the audit findings that were considered most significant to the financial statements including those areas requiring significant judgement and/or estimation. The key areas of consideration during the year were as follows:

GOING CONCERN

In line with the board's strategy to maintain momentum on both the Longonjo and Saltend Projects, regular meetings were held by the committee with management throughout the period so as to assess the technical teams' progress during the re-engineered staged development approach at Longonjo, early-stage project development and funding arrangements currently underway as part of the debt and equity financing structures.

In 2024, ongoing operations and early-stage development at Longonjo were mainly funded from existing cash balances, sourced through 2023 equity raises, along with a drawdown against the US$15 million loan facility from Fundo Soberano de Angola (FSDEA) (ring-fenced to Longonjo), ensuring the ability to progress engineering and initial construction activities ahead of anticipated main financing at Longonjo.

The directors have prepared a cash flow forecast for the period ending 31 December 2025 to support the going concern assessment, including estimated timing and sources of funds to support ongoing operations and project development.

In Angola, the group has secured a US$15 million loan facility secured over the indirect shareholding in the group's Angolan subsidiary. The loan is directly linked to the main finance structuring currently being contemplated by the lender group and to date has played a pivotal role in ensuring on-site activities and momentum continue while the lender group finalises its due diligence requirements. The undrawn balance as at 30 June 2024 of US$4,210,417 is expected to be sufficient to carry ongoing costs at Longonjo until main financing is concluded. The parent company is well advanced in its main financing work streams on the Longonjo Project and is aiming to complete the main financing in Q4 2024 which would enable restructuring of the FSDEA facility and provide funds for the wider project development.

In addition to ongoing traction in Angola, post year-end Pensana has also secured US$3.4 million technical assistance grant funding from the DFC which will support feasibility studies for increased processing capacity at Longonjo, downstream refining opportunities in Angola as well as testwork for the development of the Coola Project orebodies.

On the Saltend Project, the UK Department for Business and Trade (UK DBT) has offered Pensana a conditional grant of up to £4,000,000 towards the funding which will serve as a source of funding once the conditions are met.

The board notes that, alternative sources of funding will be required in the event that the grant funding is delayed, or the conditions are not met. The forecast indicates that immediate funding is required to settle existing project- related contractor balances in the UK and to also provide working capital to the group. Continuing support of these contractors will be required until the group has secured this required funding and then remain as the group subsequently moves towards main financing in the normal course of project development.

Additionally, the group would need to refinance the FSDEA facility in the event that the main financing, which will include the appropriate restructuring of the FSDEA loan, is not achieved. Given the support provided by the Angolan Government for the Longonjo Project to date, the directors anticipate such a restructuring to be successfully concluded.

As disclosed in note 3 to the financial statements, a material uncertainty in respect of going concern is considered to exist and the committee evaluated this conclusion and disclosures.

The committee reviewed the cash flow forecasts and strategic plans covering among others offtake, financing, strategic collaborations and exploration prepared by management, including the assumptions made. Having considered the cash flow forecast, risks and sensitivity analysis, the committee was satisfied with management's forecast and judgement that the going concern basis of preparation remained appropriate.

In addition, the committee assessed the disclosures in respect of going concern and concluded that they were appropriate.

AUDIT AND RISK COMMITTEE REPORT continued

IMPAIRMENT ASSESSMENT OF LONGONJO AND SALTEND

Judgement was exercised in assessing the extent to which impairment existed as at 30 June 2024 in respect of the Longonjo and Saltend Projects. In forming this assessment, internal and external factors were evaluated, including those that applied last year. Management determined that no impairment existed having considered the company's market capitalisation relative to the group's net asset value, the progression of Longonjo and the contemplated staged development of Saltend, the financial life of mine plan, feasibility study equivalent assessments and the associated Ore Reserve Statement and the competent person's reports covering the Longonjo and Saltend Projects. These reviews further included more recent independent technical reviews performed as part of the lender due diligence covering technical, financial, regulatory and ESG aspects. The underlying financial life of mine plan involves estimates regarding commodity prices, production and reserves, operating costs and capital development together with discount rates and demonstrates significant headroom.

Based on management's assessment, we are satisfied that no impairment was required. As the committee, we reviewed and evaluated both the internal and external factors, considered the broader rare earth market and the disclosures in the financial statements and ensured that the critical judgements associated with the impairment assessment, required under International Financial Reporting Standards (IFRS), were incorporated.

AUDIT TENDERING AND AUDIT EFFECTIVENESS

BDO LLP was first appointed as the external auditor of the group in 2020, when a formal tender was conducted to appoint the new external auditor. During 2024, Ms Jill MacRae took over from Mr Ryan Ferguson as the BDO lead partner following his rotation after being part of the engagement team since 2020. Another audit tender must be concluded on or before the 2030 audit and the audit and risk committee will continue to review the appropriate timing of such tender.

In accordance with the guidance set out in the Financial Reporting Council's 'Practice Aid for Audit Committees', the assessment of the external audit has not been a separate compliance exercise, or an annual once-off exercise, but rather it has formed an integral part of the audit and risk committee's activities. This has allowed the audit and risk committee to form its own view on audit quality and on the effectiveness of the external audit process, based on the evidence it has obtained during the year.

During the year, BDO was subject to a review by the Financial Reporting Council's (FRC) Audit Quality Review (AQR) team, as part of the FRC's ongoing process for listed businesses, in respect of the audit for the year ended 30 June 2023. I have had several discussions with the FRC and BDO at various stages of the review. The Audit Committee has discussed the observations with BDO and is satisfied with BDO's response and commitment to address the findings raised.

TERMS OF REFERENCE

The committee's terms of reference have been approved by the board and follow published guidelines which are available from the company secretary. The audit and risk committee currently comprises three directors: Mr Steven Sharpe (chairman) (senior independent non-executive director), Baroness Lindsay Northover (senior independent non-executive director) and Ms Alison Saxby.

The qualifications of the audit and risk committee members are summarised as follows:

- Mr Steven Sharpe – BA(Hons); and
- Ms Alison Saxby – BEng(Hons).

The audit and risk committee's prime tasks are to:

- review the scope of the external audit, to receive regular reports from the auditor and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgement and estimation;
- monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
- assess key risks and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the group's risk management control and processes;
- act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the group's internal control and risk management systems and processes;
- consider each year the need for an internal audit function;
- advise the board on the appointment of the external auditor and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work, and discuss the nature and scope of their audit work;
- participate in the selection of a new external auditor and agree the appointment when required;
- undertake a formal assessment of the auditor's independence each year which includes:
  - pre-approval and a review of non-audit services provided to the group and related fees;
  - discussion with the auditor of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;
  - a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the rotation of the audit partner; and
  - obtaining written confirmation from the auditor that, in their professional judgement, they are independent.

MEETINGS

The committee meets prior to the annual audit with the external auditor to discuss the audit plan and again prior to the publication of the annual results. These meetings are attended by the external audit partner, chairman, finance director and company secretary. Additional formal meetings are held as necessary.

	Audit and risk committee	
	Number eligible to attend	Attended
L Northover*	3	3
S Sharpe	3	3
A Saxby	3	3

* *In September 2024, non-executive director Baroness Northover resigned from the board and her resignation has been accepted.*

During the past year, the committee:

- met with the external auditor and discussed their reports;
- approved the publication of the annual and half-year financial results;
- considered the going concern position of the group and company and the planned equity placings and financing requirements;
- considered and approved the annual review of internal controls;
- considered control environment improvement recommendations by the auditor;
- decided that due to the size and nature of the operation, there was not a current need for an internal audit function; and
- agreed the independence of the auditor and approved their fees for audit-related services.

EXTERNAL AUDITOR

BDO LLP held office throughout the year and acts as the external auditor for the group.

AUDIT FEES

Refer to note 27 to the financial statements for detail disclosure on audit fees.

Steven Sharpe
Chairman of the audit and risk committee

29 October 2024

INDEPENDENTAUDITOR'SREPORT

Opinion on the financial statements

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 30 June 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Pensana Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity, the company statement of cash flows and notes to the financial statements, material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Directors on 21 February 2020 to audit the financial statements for the year ended 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ended 30 June 2020 to 30 June 2024. We remain independent of the Group and the Parent Company 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 other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the going concern section in Note 3 to the financial statements, which indicates that the Group and the Parent Company are dependent on securing additional funding; contractors support of existing project- related contractor balances until the additional funding is secured; and on finalising the main financing workstreams on the Longonjo Project which includes appropriate restructuring of the Fundo Soberano de Angola ("FSDEA") loan. These are not guaranteed. As stated in the going concern section in Note 3, these events or conditions, along with other matters as set forth in the going concern section in Note 3, indicate that material uncertainties exist that may cast significant doubt on the ability of the Group and the Parent Company to continue as going concerns. Our opinion is not modified in respect of this matter.

Given the material uncertainties noted above and our risk assessment, we considered going concern to be a key audit matter.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting, and in response to the key audit matter included:

- Discussing any potential risks to going concern with the Directors and the Audit and Risk Committee including their assessment of risks and uncertainties associated with the development of the operations in both Angola and the United Kingdom. This included challenging the basis of delays to date in securing the project funding. We formed our own assessment of risks and uncertainties based on our understanding of the business and the mining sector.
- Obtaining the Board's paper and associated cash flow forecast in respect of the Directors' assessment of going concern and challenging the key underlying judgements and assumptions. In doing so we compared forecast operating and capital expenditures to recent actuals and evaluated the extent to which forecast cash receipts are committed by agreeing this to available documentation. We evaluated the licence obligations and commitments and checked if they had been appropriately included in the forecast.

  In addition, we compared the operating and capital costs in the prior year's forecast to the actual costs incurred to evaluate management's ability to estimate accurately;
- Obtaining written representations by internal legal counsel and the Board confirming that no legal proceedings had been initiated against the Group, and obtaining correspondences with key suppliers to search for contradictory evidence;
- Making inquiries of the Directors regarding potential funding options related to the wider Longonjo and Saltend Projects, inspecting correspondence with potential investors and proposals, and obtaining written representation regarding the Board's conclusion that funds can be accessed to meet the Group's liquidity requirements.
- Reviewing the financial statement disclosures regarding going concern to assess if the disclosures are appropriate and consistent with the Directors' going concern assessment.
- Inquiring from management and reviewing minutes of Board meetings and Regulatory News Service (RNS) announcements to identify additional matters that could impact the Parent Company and the Group's going concern.
- Reviewing external legal confirmations to confirm if there were pending litigations and claims against the company relating to unsettled creditor balances that may impact the going concern assessment.
- Reviewing confirmations from creditors in relation to balance outstanding and changes to the contractual terms of balance owed (if any).
- Agreeing government grants awarded to the Group to supporting documentation.
- Reviewing correspondences and having discussions with FSDEA on the terms of the US$15m bridging loan facility to assess the Directors' restructuring plan.

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

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

OVERVIEW

Coverage	89% (2023: 85%) of Group loss before tax 92% (2023: 94%) of Group total assets		
Key audit matters		2024	2023
	1. Material uncertainty related to going concern	Yes	Yes
	2. Carrying value of the Longonjo development asset	Yes	Yes
	3. Carrying value of the Saltend asset under construction and intangible asset	Yes	Yes
Materiality	***Group financial statements as a whole*** $740,000 (2023: $720,000) based on 1% (2023: 1%) of total assets.		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group 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.

Pensana Plc is a Company registered in the UK and listed on the Standard Segment of the London Stock Exchange in the UK. The Group's principal operations are located in Angola and the UK. In approaching the audit we considered how the Group is organised and managed. We assessed the business as being principally two projects comprising the Longonjo development project and the Saltend development project.

Our Group audit scope focused on the Group's significant components which comprised the Angolan operating subsidiary, the Australian operating subsidiary and the UK parent company. The significant components were subject to full scope audits conducted by the Group engagement team using a team with mining sector experience. The remaining non-significant components were principally subject to analytical review procedures, performed by the Group engagement team, with specific procedures performed on any significant balances impacting the Group results.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Making enquiries of Management to understand the actions they have taken to identify climate-related risks and their potential impact on the financial statements;
- Performing a qualitative risk assessment which took into consideration the sector in which the Group operates and how climate change affects the sector;
- Reviewing climate-related disclosures in the front-end of the Annual Report for consistency with disclosures made in the financial statements;
- Completing a TCFD disclosure review in respect of governance, strategy, risk management, metrics and targets and comparing this to FCA reporting guidance for listed entities; and
- Reviewing minutes of Board and Audit & Risk Committee meetings and other papers related to climate change and performing a risk assessment as to how the Group's commitments may impact the Group's financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in Management's going concern assessment and in management's judgements and estimates in relation to the assessment of impairment of non-current assets.

We also assessed the consistency of Managements disclosures included as Environmental, social and governance report on **page 43** with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

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, including those 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.

In addition to the matter described in the "material uncertainty related to going concern" section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of the Longonjo development asset. See Note 3 and Note 4 for details of the accounting policy and critical accounting estimate and judgments relating to this key audit matter.	At 30 June 2024, the Group held a development asset on the consolidated statement of financial position as detailed in Note 12, totalling $52.9m relating to the Longonjo Project. As detailed in Note 4, there are judgements and inherent uncertainties around the recoverability of development assets. Management and the Board are required to assess whether there are any potential impairment indicators which would indicate that the carrying value of the asset at 30 June 2024 may be lower that its recoverable amount. Management is required to include appropriate disclosure in the financial statements, specifically in relation to key estimates and judgements. Management identified impairment indicators on the Longonjo Project as at year end. Given the materiality of the development asset in the context of the Group's statement of financial position, and the significant management judgements and estimates involved in the assessment of impairment indicators and performing an impairment test, we considered this to be a focus area for our audit and a key audit matter.	Our audit procedures included the following: • We obtained and reviewed management's impairment indicator assessment for the Longonjo CGU for reasonableness. We considered if the impairment indicator assessment complied with the relevant accounting framework. We noted that management identified impairment indicators. • We obtained management's impairment model and tested the mathematical accuracy and mechanics of the model. • We reviewed the licences to confirm the Group held legal title to the Longonjo Project and evaluated legal advice obtained by the Group. • We reviewed the license commitments and the entity's compliance with these commitments. • We made enquiries of Management regarding the future of the Longonjo Projects and threats to viability. • We reviewed key assumptions in the impairment model and challenged the appropriateness of key assumptions, such as Capex, Opex, ore estimates with reference to the bankable feasibility study and external evidence where available. • We researched the market outlook and trends on publicly available information in regard to rare earth commodity prices and checked the reasonability of forecasted prices to available market data. • We recalculated the discount rate used in the impairment model. • We performed sensitivities on key inputs to the model. • We evaluated Management's consideration and incorporation of climate change risks. • We assessed Management's independent expert's competence and capabilities by having discussions with them to understand their experience, results of work performed and reading their terms of engagement with the Group to identify any matters that could have affected their independence and objectivity or imposed scope limitations. • We assessed the appropriateness of the disclosures included in the financial statements with regards to the requirements of the relevant accounting standards. **Key observations:** Based on the procedures performed, we found the judgement and estimates made by Management regarding the determination of the recoverable amount of the Longonjo development asset to be reasonable.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of the Saltend asset under construction and intangible asset See Note 3 and Note 4 for details of the accounting policy and critical accounting estimate and judgments relating to this key audit matter	At 30 June 2024, the Group held an asset under construction on the statement of financial position as detailed in Note 12, totalling $4.3 million and intangible assets of $13.2 million relating to the Saltend Project. As detailed in Note 4, there are judgements and inherent uncertainties around the recoverability of assets under construction and intangible asset. Management and the Board are required to assess whether there are any potential impairment indicators which would indicate that the carrying value of the asset at 30 June 2024 may be lower that its recoverable amount. Management is required to include appropriate disclosure in the financial statements, specifically in relation to key estimates and judgements. Management identified impairment indicators on the Saltend project as at year end. Given the materiality of the Saltend assets in the context of the Group's statement of financial position, coupled with the judgements involved in determining if indicators of impairment exist, and estimates involved in estimating if the carrying value is supportable, we have considered this to be a key audit matter.	Our audit testing over the carrying value of intangible assets and assets-under-construction related to the Saltend project included: • We reviewed Management's impairment indicator assessment for Saltend asset-under-construction CGU. We considered if the impairment indicator assessment complied with the relevant accounting framework. We noted that management identified impairment indicators. • We obtained management's impairment model and tested the mathematical accuracy and mechanics of the model. • We reviewed key assumptions in the model and challenged the appropriateness of key assumptions, such as Capex, Opex, ore estimates with reference to external evidence where available. • We researched the market outlook and trends on publicly available information in regard to rare earth commodity prices and checked the reasonability of forecasted prices to available market data. • We recalculated the discount rate used in the impairment model. • We performed sensitivities on key inputs to the model. • We evaluated Management's consideration and incorporation of climate change risks. • We reviewed the planning permission to confirm the Group held permission to develop the Saltend site and evaluated the status of the Agreement for Lease in relation to the site. • Through enquiries, we challenged management on the plans of the Saltend project for threats to the viability of the project. • We assessed the competence of management's experts relied upon in determining key estimates and assumptions in the model. • Assessed the appropriateness of the disclosures included in the financial statements with regards to the requirements of the relevant accounting standards. **Key observations:** Based on the procedures performed, we found the judgement and estimates made by Management regarding the determination of the recoverable amount of the Saltend asset-under-construction and intangible asset to be reasonable.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	GROUP FINANCIAL STATEMENTS		PARENT COMPANY FINANCIAL STATEMENTS	
	2024 US$	2023 US$	2024 US$	2023 US$
Materiality	740,000	720,000	666,000	410,000
Basis for determining materiality	1% of total assets	1% of total assets	1% of total assets capped at 90% of Group Materiality	1.5% of total assets (excluding intercompany)
Rationale for the benchmark applied	Materiality has been based on total assets as the Group and the Parent Company are in the development phase of their operations and are not generating revenue or making profits. We consider total assets to be one of the principal considerations for users of the financial statements. Parent company materiality was revised from 1.5% of total assets to the lower of 1% of the Parent Company's total assets and 90% of group materiality given the increased development activity in the UK component while ensuring the materiality remained below Group materiality.			
Performance materiality	481,000	470,000	433,000	267,000
Basis for determining performance materiality Rationale for the percentage applied for performance materiality	65% (2023: 65%) of materiality considering factors such as the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's internal controls and Management's attitude towards proposed adjustments.		65% (2023: 65%) of materiality considering factors such as the expected total value of known and likely misstatements (based on past experience), our knowledge of the Parent Company's internal controls and Management's attitude towards proposed adjustments.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 22% and 81% (2023: 25% and 60%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $163,000 to $600,000 (2023: $180,000 to $430,000). In the audit of each component, we further applied performance materiality levels of 65% (2023: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of $14,800 (2023: $14,600). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the 2024 Annual Report other than the financial statements and our auditor's report thereon. 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.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

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 Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
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 from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

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 the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, including the Audit and Risk Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be UK-adopted international accounting standards, the Listing Rules of the Financial Conduct Authority, the Companies Act 2006, tax legislation in the UK, Australia and Angola, mining legislation, environmental legislation and the QCA corporate governance code.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation, employment laws and the UK Bribery Act 2010.

Our procedures in respect of the above included:

- Reviewing minutes of meeting of those charged with governance and market announcements for any instances of non-compliance with laws and regulations;
- Involvement of tax specialists to support our planning phase risk assessment and involvement of tax specialists in relation to R&D credits;
- Reviewing correspondence with regulatory and tax authorities, where applicable, for any instances of non-compliance with laws and regulations; and
- Enquiring with Management and those charged with governance if there are aware of any actual or suspected non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Reviewing minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these; and
- Involving our specialist forensics audit support team to support the engagement team in the assessment of potential fraud risks.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls via posting inappropriate journal entries and management bias regarding the following key accounting estimates and judgments:

- Material uncertainty relating to going concern; and
- Impairment of non-current assets.

Our procedures in respect of the above included:

- Testing the appropriateness of journal entries made throughout the year which met specific risk-based criteria by agreeing them to supporting documentation;
- Evaluating cash calls provided to the Angolan operating subsidiary for unusual characteristics;
- Selecting certain immaterial accounts for tests of detail to introduce unpredictability into the audit;
- Assessing the judgements made by Management when making key accounting estimates and judgements, and challenging Management on the appropriateness of these estimates and judgements, specifically around key audit matters as discussed above;
- Performing detailed reviews of the Group's year end adjusting entries and investigating any that appear unusual as to their nature or amount to supporting documentation; and
- Performing a detailed review of the Group's consolidation entries and investigating any that appear unusual with regards to their nature or amount to corroborative evidence.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

DocuSigned by:
Jill MacRae
6103657B0565403...

Jill MacRae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom
29 October 2024

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2024

	Note	30 June 2024 US$	30 June 2023 US$
Administration expenses	7	(6,294,336)	(5,375,576)
Impairment of financial assets	10	(86,320)	(308,260)
Foreign currency exchange gain		562,611	1,381,041
Loss from operations		(5,818,045)	(4,302,795)
Finance costs		–	(28)
Loss before income tax		(5,818,045)	(4,302,823)
Income tax	8	–	–
Total loss for the year		(5,818,045)	(4,302,823)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(1,000,583)	(886,297)
Total comprehensive loss for the year		(6,818,628)	(5,189,120)
Net loss for the period is attributable to:			
Owners of Pensana Plc		(5,818,045)	(4,302,823)
Total comprehensive loss is attributable to:			
Owners of Pensana Plc		(6,818,628)	(5,189,120)
Loss per share attributable to owners of Pensana Plc			
Basic (cents per share)	17	(2.03)	(1.69)
Diluted (cents per share)	17	(2.03)	(1.69)

Notes to the financial statements are included on **pages 107** to **136**.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Note	30 June 2024 US$	Restated[1] 30 June 2023 US$	1 July 2022 US$
ASSETS				
Non-current assets				
Property, plant and equipment	12	57,354,414	47,969,254	31,277,770
Intangible assets	11	13,612,261	13,820,318	5,417,432
Total non-current assets		70,966,675	61,789,572	36,695,202
Current assets				
Cash and cash equivalents	9	1,515,378	9,695,491	2,930,162
Trade and other receivables	10	2,089,554	2,515,234	2,400,011
Total current assets		3,604,932	12,210,725	5,330,173
Total assets		74,571,607	74,000,297	42,025,375
LIABILITIES				
Current liabilities				
Trade and other payables	13	12,826,210	17,239,695	3,646,386
Loans and borrowings	14	10,789,583	–	–
Total current liabilities		23,615,793	17,239,695	3,646,386
Total liabilities		23,615,793	17,239,695	3,646,386
Net assets		50,955,814	56,760,602	38,378,989
EQUITY				
Issued capital	15	361,440	356,898	295,425
Share premium		70,826,007	70,826,007	47,043,782
Reserves		45,729,198	46,522,193	47,681,455
Accumulated losses		(65.960,831)	(60,944,496)	(56,641,673)
Total equity		50,955,814	56,760,602	38,378,989

[1] *Refer to note 5 for details of the restatement of prior year results.*

The notes on **pages 107** to **136** form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 29 October 2024 and are signed on its behalf by:

Steven Sharpe
Chairman of the audit and risk committee

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2024

	Fully paid ordinary shares US$	Share premium US$	Accumulated losses US$	Merger reserve US$	Foreign currency reserve US$	Share-based payments reserve US$	Equity reserve US$	Total US$
Balance as at 1 July 2022	295,425	47,043,782	(56,641,673)	45,748,045	688,259	1,745,151	(500,000)	38,378,989
Loss for the year	–	–	(4,302,823)	–	–	–	–	(4,302,823)
Other comprehensive income	–	–	–	–	(886,297)	–	–	(886,297)
Total comprehensive loss for the year	–	–	(4,302,823)	–	(886,297)	–	–	(5,189,120)
Issue of shares (note 15)	61,473	24,143,839	–	–	–	–	–	24,205,312
Capital raising costs	–	(361,614)	–	–	–	–	–	(361,614)
Share-based payments	–	–	–	–	–	(272,965)	–	(272,965)
Balance as at 30 June 2023	356,898	70,826,007	(60,944,496)	45,748,045	(198,038)	1,472,186	(500,000)	56,760,602
Balance as at 1 July 2023	**356,898**	**70,826,007**	**(60,944,496)**	**45,748,045**	**(198,038)**	**1,472,186**	**(500,000)**	**56,760,602**
Loss for the year	**–**	**–**	**(5,818,045)**	**–**	**–**	**–**	**–**	**(5,818,045)**
Other comprehensive income	**–**	**–**	**–**	**–**	**(1,000,583)**	**–**	**–**	**(1,000,583)**
Total comprehensive loss for the year	**–**	**–**	**(5,818,045)**	**–**	**(1,000,583)**	**–**	**–**	**(6,818,628)**
Issue of shares (note 15)	**4,542**	**–**	**801,710**	**–**	**–**	**(806,252)**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**1,013,840**	**–**	**1,013,840**
Balance as at 30 June 2024	**361,440**	**70,826,007**	**(65,960,831)**	**45,748,045**	**(1,198,621)**	**1,679,774**	**(500,000)**	**50,955,814**

Notes to the financial statements are included on **pages 107** to **136**.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2024

	Note	30 June 2024 US$	30 June 2023 US$
Cash flows from operating activities			
Operating cash flows	22	(5,559,603)	(5,753,905)
Net cash used in operating activities		(5,559,603)	(5,753,905)
Cash flows from investing activities			
R&D tax credit		1,586,640	2,411,677
Payments for property, plant and equipment and intangibles	22	(14,639,915)	(13,990,532)
Net cash used in investing activities		(13,053,275)	(11,578,855)
Cash flows from financing activities			
Proceeds from short-term debt	14	10,434,138	–
Interest paid		–	28
Proceeds from issues of equity securities		–	24,265,820
Share issue costs		–	(361,614)
Net cash generated from financing activities		10,434,138	23,904,234
Net (decrease)/increase in cash and cash equivalents		(8,178,740)	6,571,474
Cash and cash equivalents at the beginning of the year		9,695,491	2,930,162
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,373)	193,855
Cash and cash equivalents at the end of the year	9	1,515,378	9,695,491

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2024

1. GENERAL INFORMATION

The consolidated financial statements present the financial information of Pensana Plc and its subsidiaries (collectively, the group) for the year ended 30 June 2024 in United States dollars (US$). Pensana Plc (the company or the parent) is a public company limited by shares listed on the Main Market of the London Stock Exchange and incorporated in England and Wales on 13 September 2019. The registered office is located at 107 Cheapside, Second Floor, London, EC2V 6DN, United Kingdom.

The company is focused on rare earth exploration, mining and processing, whose flagship development assets are the Longonjo NdPr Project and the Coola Exploration Project in Angola alongside the Saltend rare earth processing hub in the UK.

In early 2020, Pensana Metals Limited redomiciled the group to the UK pursuant to a scheme of arrangement in which Pensana Metals Limited became a wholly owned subsidiary of Pensana Plc. Prior to the transaction, the company was incorporated on 13 September 2019 and was a wholly owned subsidiary of Pensana Metals Limited.

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

2. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Changes in accounting policies and disclosures

From 1 July 2023, the group and parent company have adopted the following standards and interpretations, mandatory for annual periods beginning on or after 1 January 2023:

Standard	Description	Effective date
IFRS 17[1]	IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies – Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*	1 January 2023
Amendments to IAS 8	IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment – Definition of Accounting Estimates)	1 January 2023
Amendments to IAS 12	IAS 12 *Income Taxes* (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	1 January 2023

[1] *Endorsed with 'carve out' for the annual cohort requirements with minimal impact on accounts.*

2. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS continued

Accounting standards and interpretations issued but not yet effective

There are several standards, amendments to standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the group and parent company have decided not to adopt early.

Standard	Description	Effective date
Amendments to IFRS 16 *Leases*	Amendments to IFRS 16 *Leases* – Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements*	Classification of Liabilities as Current or Non-current – Amendments to IAS 1 *Presentation of Financial Statements*	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements*	Non-current Liabilities with Covenants – Amendments to IAS 1 *Presentation of Financial Statements*	1 January 2024
Amendments to IAS 7	Supplier Finance Arrangements – Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*	1 January 2024
Amendments to IAS 21	Lack of Exchangeability – Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18	IFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19	IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

Management has reviewed and considered these new standards and interpretations and none of these are expected to have a material effect on the reported results or financial position of the group and parent company.

3. MATERIAL ACCOUNTING POLICIES AND GOING CONCERN

Basis of preparation

The consolidated financial statements of the group are prepared in accordance with UK-adopted international accounting standards. The parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

The principal accounting policies adopted by the group in the preparation of the financial statements are set out as follows.

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

The consolidated financial statements are presented in United States dollars (US$) rounded to the nearest dollar.

Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, adjusted for the treatment of certain financial instruments, as explained in the accounting policies. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Going concern

The group financial statements and the parent company financial statements have been prepared on a going concern basis. The directors are of the opinion that the group and the parent company will be able to meet their obligations as and when they fall due for a period of at least 12 months from the date of approval of the financial statements. The going concern assessment of the parent company has been performed as part of the group's going concern assessment.

As at 30 June 2024, the group was in a net asset position of US$50,955,814 (2023: US$56,760,602) and net current liabilities position of US$20,010,861 (2023: US$5,028,970). In addition, the group reported a net loss after income tax of US$5,818,045 (2023: US$4,302,823) and experienced cumulative net cash outflows from operating and investing activities of US$18,612,878 (2023: US$17,332,760).

3. MATERIAL ACCOUNTING POLICIES AND GOING CONCERN continued

Going concern continued

Cash and cash equivalents totaled US$1,515,378 at the year-end (2023: US$9,695,491). Cash and cash equivalents as at the date of approval of this financial statements amounted to US$1,601,389, including subsequent drawdowns against the FSDEA loan. Undrawn FSDEA loan amounted to US$430,217 as at this date.

The directors have prepared a cash flow forecast for the period ending December 2025.

During the FY2024, the company's chairman, Mr Paul Atherley and the CEO, Mr Tim George made available a loan facility of £2 million (the facility) to the Parent company to meet the underlying operating costs for the UK as required over the coming months, excluding the existing UK contractor balances and capital development costs. In July 2024, the chairman sold 1,500,000 of his ordinary shares in the company and used the proceeds to make £250,000 available to the parent company under the facility as working capital support, while the group finalises its main fundraising for the Longonjo Project. To avoid incurring interest costs, the parent company settled the £250,000 under the facility by the issue to the chairman of 1,500,000 ordinary shares being equal to the number sold by the chairman, at an effective price of 16.666 pence per ordinary share. Following the issue of the repayment shares, the balance available under the facility reduced to £1.75 million.

During the year, in Angola, the group secured a US$15 million loan facility (the "FSDEA loan"), secured over the indirect shareholding in the group's Angolan subsidiary. The loan is directly linked to the main finance structuring currently being contemplated by the group, and the loan facility is expected to be part of a broader US$80 million investment (subject to due diligence and the finalisation of investment terms) to facilitate the development of the Longonjo Project. The undrawn balance as at 30 June 2024 of US$4,210,417 is expected to be sufficient to cover ongoing costs at Longonjo until main financing is concluded. However, as disclosed in note 14, the loan was repayable on 30 September 2024. While the loan has not been formally extended, the directors have been in discussions with the lenders not to recall the loan. The directors have no current expectation that the loan will be called. The group is well advanced in its main financing workstreams on the Longonjo Project, with the conclusion of a non-binding term sheet with the Longonjo lender consortium for a circa US$160 million project finance debt facility through its 84% owned subsidiary, Ozango Minerais SA (Ozanga) which owns 100% of the Longonjo Project, and is aiming to complete the main financing arrangements in Q4 2024 which would enable settlement of the FSDEA loan, and provide funds for the wider Longonjo project development.

In addition to ongoing traction in Angola, post year end, Pensana has also secured a US$3.4 million of Technical Assistance grant funding secured from the US International Development Finance Corporation (DFC) which will support feasibility studies for increased processing capacity at Longonjo, downstream refining opportunities in Angola as well as test work for the development of the Coola project orebodies. The initial 10% mobilisation request has been submitted to DFC and is currently being processed.

On the Saltend Project, the UK Department for Business and Trade (UK DBT) has offered Pensana a conditional grant of up to £4,000,000 towards the funding which will serve as a source of funding once the conditions are met.

The board notes that alternative sources of funding will be required in the event that the grant funding is delayed, or the conditions are not met.

The forecast indicates that immediate funding is required to settle existing project- related contractor balances in the UK and to also provide working capital to the group. Continuing support of these contractors will be required until the group has secured this required funding and then remain as the group subsequently moves towards main financing in the normal course of project development.

Additionally, the group would need to refinance the FSDEA loan in the event that the main financing, which will include the appropriate restructuring of the FSDEA loan, is not achieved. Given the support provided by the Angolan Government for the Longonjo Project to date, the directors anticipate such a restructuring to be successfully concluded.

In assessing the going concern basis of preparation, the directors have also considered the availability of funding and its impact on the progression of the Longonjo Project in Angola and the Saltend Project in the UK. Similarly, the directors have also considered the impact of the ongoing geopolitical landscape, including ongoing global wars and elections as it relates to costs, marketability of our product and the potential volatility in the debt and equity markets.

The directors have continued to actively engage with institutional investors and financing institutions in the UK, Europe and Africa to discuss opportunities around potential future financing in anticipation of a final investment decision being taken to initiate main project development.

3. MATERIAL ACCOUNTING POLICIES AND GOING CONCERN continued

Going concern continued

Such additional funding, including the option to utilise existing loan facilities, will be required to meet the group's committed and planned development expenditure across the forthcoming year. The ability of the parent company and group to continue as a going concern is dependent on securing such additional funding.

Despite the ongoing engagements, the directors note that the required funding outlined above has not been secured at the date of approval of these financial statements and the availability of such funding on terms that would be acceptable is not guaranteed. Similarly, the grant from the UK DBT remains conditional and is dependent on progression of the main financing, while settlement of the FSDEA loan is similarly dependent on the main financing.

The parent company and the group are therefore dependent on securing additional funding; contractors support of existing project-related contractor balances until the additional funding is secured; and on finalising the main financing workstreams on the Longonjo Project which includes appropriate restructuring of the FSDEA loan and if not successful, will impact securing the UK DBT Grant and lead to a refinance of the FSDEA loan. These are not guaranteed. These circumstances indicate the existence of material uncertainties which may cast significant doubt on the group's and the parent company's ability to continue as going concern. Therefore, the group and the parent company may be unable to realise their assets and discharge their liabilities in the normal course of business.

The directors have a reasonable expectation that the required funding will be secured; contractors support of existing project-related contractor balances will be obtained; and that the main financing workstreams on the Longonjo Project which includes appropriate restructuring of the FSDEA loan will be finalised. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements of the parent company and the group.

The group and the parent company financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as going concerns.

Principles of consolidation

The consolidated financial information comprises the financial statements of Pensana Plc and its subsidiaries as at 30 June 2024.

Subsidiaries are all those entities controlled by the company. Control is achieved 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.

A list of controlled entities is shown in note 21. Specifically, the group controls an investee if and only if the group has:

- 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; and
- the ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement 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 group reassesses 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. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. For the period under consideration, no non-controlling interest is applicable and the minorities have a free-carry on the Longonjo Project up until such point as main construction starts which is subject to main financing.

In the company's financial statements, investments in subsidiaries are carried at cost less impairments.

Group reconstruction and merger accounting principles

The company was incorporated on 13 September 2019 as a wholly owned subsidiary of Pensana Metals Limited. The company subsequently acquired 100% of the share capital of Pensana Metals and its subsidiary companies for the effective issuance of 152,973,315 shares to the shareholders of Pensana Metals Limited further to the scheme of arrangement approved on 22 January 2020 and completed on 5 February 2020.

3. MATERIAL ACCOUNTING POLICIES AND GOING CONCERN continued

Principles of consolidation continued

Group reconstruction and merger accounting principles continued

The shares issued to the former shareholders of Pensana Metals Limited comprised 50,000,000 shares with a nominal value of £0.001 per share subscribed for incorporation of the company by Pensana Metals Limited which were transferred to CHESS Depositary Nominees Proprietary Limited (a subsidiary of the Australian Securities Exchange (ASX)) for use in the scheme of arrangement and 102,973,314 shares with a nominal value of £0.001 per share additionally issued by the company to CHESS Depositary Nominees Proprietary Limited for use in the scheme of arrangement. CHESS Depositary Nominees Proprietary Limited subsequently issued CHESS Depositary Instruments in proportion to the interests the former shareholders of Pensana Metals held in that company for trading on the ASX with 152,973,315 CHESS Depositary Instruments issued for trading. The transaction represented a group reconstruction and common control transaction.

The accounting for common control transactions is scoped out of IFRS 3 and, accordingly, the group has developed an accounting policy with reference to methods applied in alternative generally accepted accounting principles. Consequently, the consolidated financial statements are presented as if the company has always been the holding company for the group and the group has elected to apply merger accounting principles. Under this policy, the company and its subsidiaries are treated as if they had always been a group. The results are included from the date the subsidiaries joined the group and the comparatives reflect the results of the company and its subsidiaries. No fair value adjustments occurred as a result of the transaction and the assets and liabilities are incorporated at their predecessor carrying values.

Under the Companies Act 2006, the transaction was considered to meet the qualifying criteria for merger relief. Accordingly, shares issued by the company as part of the scheme of arrangement are recorded at nominal value. The difference between the share capital and the investment is recorded in a merger reserve.

Under IAS 27, the investment is measured at cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the scheme of arrangement i.e. the net asset value of the company acquired as part of the common control transaction. Accordingly, the investment was initially recorded at US$11,756,018.

Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision maker, being the executive management team.

Foreign currency translation

Functional and presentation currency

The functional currency of each of the group's operations is measured using the currency of the primary economic environment in which that entity operates.

The functional currency of the company is British pounds. The functional currency of its Australian subsidiaries is Australian dollars. The functional currency of its Angolan subsidiaries is United States dollars and the functional currency of the Portuguese entities is Euro. The presentational currency of the group and parent company is US dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income. The gain or loss arising from translation of non- monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in equity or profit or loss are also recognised in equity or profit or loss, respectively).

The financial results and position of foreign subsidiaries whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences shall be recognised in other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES AND GOING CONCERN continued

Principles of consolidation continued

Foreign currency translation continued

Transactions and balances continued

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

Unrealised gains and losses arising on the translation of loans to subsidiaries into the currency in which they are denominated and that are not expected to be repaid in the foreseeable future are treated as part of the net investment in foreign operations.

Foreign currency translation

Transactions and balances

The unrealised foreign exchange gains and losses attributable to foreign operations are taken directly to the consolidated statement of other comprehensive income and reflected in the foreign currency translation reserve. Such unrealised gains and losses are recycled through the consolidated income statement on disposal of the group's shares in the entity. Unrealised gains and losses arising on the translation of loans to subsidiaries into the currency in which they are denominated and that are expected to be repaid in the foreseeable future are recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of less than three months.

Financial instruments

Financial assets

All of the group's financial assets are measured at amortised cost.

Financial assets at amortised cost

Financial assets that are held within a business model whose objective is 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 are classified and measured subsequently at amortised cost.

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for other receivables, as well as for inter-company receivables at company level. 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 effective interest rate. 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.

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities measured at amortised cost using the effective interest method.

Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the group, prior to the end of the period, that are unpaid and arise when the group and company become obligated to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Exploration and evaluation expenditure

Exploration and evaluation assets are initially measured at cost and include the acquisition of sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. Exploration and evaluation expenditure incurred by or on behalf of the group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- the rights to tenure of the area of interest are current; and
- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

3. MATERIAL ACCOUNTING POLICIES AND GOING CONCERN continued

Principles of consolidation continued

Exploration and evaluation expenditure continued

Once a development decision has been taken based on finalisation of a definitive feasibility study or a bankable feasibility study (or equivalent), all past evaluation expenditure in respect of the area of interest is reclassified as capitalised costs of development within property, plant and equipment. Capitalised development costs have not been depreciated to date; depreciation will commence upon commissioning of the assets.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

R&D tax credits

R&D tax credits are recognised when reliable estimates of the future benefits have been made and when it is reasonably certain that the tax credit will be received. R&D tax credits related to capital expenditure are deferred on the balance sheet and netted off against the development asset associated with the grant.

Impairment

The group assesses at each reporting date whether there is an indication that an asset has been impaired and, for exploration and evaluation costs, whether the above carry forward criteria are met.

Where an indicator of impairment is identified, and an impairment test is performed, and if the recoverable amount is lower than the carrying amount, an impairment is recorded. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is assessed for impairment and the balance is classified as a development asset within property, plant and equipment.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Costs are capitalised during construction until commercial levels of production are achieved after which the relevant costs are depreciated. The accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated costs in respect of areas of interest are written off or a provision made in the statement of comprehensive income when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas within property, plant and equipment are amortised over the life of the area of interest to which such costs relate on the production output basis. Provisions are made where farm-in partners are sought and there is a possibility that carried forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached, or the group undertakes further exploration in its own right on those properties, the provisions would be reviewed and, if appropriate, written back.

Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The carrying value of the plant and equipment also includes costs eligible for capitalisation. Other costs relating to plant and equipment are expensed when incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings.

Development assets and assets under construction are depreciated once commissioning of the assets occurs. Depreciation will be charged over the useful life of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset	Depreciation rate
Motor vehicles	25%
Office equipment	33.33%
Computer equipment	33.33%
Plant and machinery	10%
Buildings	2%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Borrowing costs that are directly attributable to the construction of a qualifying asset, are capitalised.

3. MATERIAL ACCOUNTING POLICIES AND GOING CONCERN continued

Principles of consolidation continued

Property, plant and equipment continued

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Intangible assets

Recognition and measurement

Intangible assets are recognised at cost and capitalised when the costs can be measured reliably, and it is probable that there will be future economic benefits. Intangible assets that are deemed to have indefinite lives and intangible assets that are not yet ready for use are not amortised; they are reviewed annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and services tax (GST) and value added tax (VAT)

Expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the Australian Taxation Office or other government authorities. In these circumstances, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. GST or VAT receivable from, or payable to, either the Australian Taxation Office or other government authorities has been accounted for and included as part of receivables or payables in the statement of financial position.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for restoration and rehabilitation will be recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of benefits will be required to settle the obligation and the provision can be measured reliably. The estimated future obligations will include the costs of restoring the affected exploration and evaluation areas contained in the group's tenements.

The provision for future restoration will be the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs will be reviewed annually and any changes in the estimate reflected in the present value of the restoration provision at each reporting date. The initial estimate of restoration and rehabilitation relating to development assets will be capitalised into the cost of the related asset and amortised on the same basis as the related asset. Changes in the estimate of the provision for restoration and rehabilitation will be treated in the same way, except that the unwinding of the effect of discounting on the provision will be recognised as a finance cost rather than being capitalised into the cost of the related asset. As at 30 June 2024, the group has not recognised any provision for restoration and rehabilitation. The group does not have any obligation yet, due to the limited disturbances to date as the group is still in the early stages of developing the projects, including the construction camp at Longonjo.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Significant accounting judgements

Impairment indicator assessment of development assets (note 12)

The ultimate recovery of the value of the group's development assets as at 30 June 2024 is dependent on the successful development and commercial exploitation, or alternatively, the sale of the Longonjo Project.

Judgement was exercised in assessing the extent to which impairment indicators existed as at 30 June 2024 in respect of the Longonjo Project and associated balances. In forming this assessment, internal and external factors were evaluated.

The impairment indicators considered were as follows:

- Significant change in the NdPr price and price outlook;
- Revised strategy and sequencing around developing the projects, including timing of execution; and
- Management updated the latest financial models with a revised price outlook from an independent third-party forecast and with the latest timing as part of executing the various projects.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Significant accounting judgements continued

Impairment indicator assessment of development assets (note 12) continued

Management considered the company's market capitalisation relative to the group's net asset value. The underlying financial life of asset involves estimates regarding commodity prices, production and reserves, operating costs and capital development together with discount rates and demonstrates significant headroom.

After performing in-depth reviews, including sensitivities around key value drivers, management determined that no impairment existed.

Impairment indicator assessments of the company's investment in subsidiaries and loans to subsidiaries

The ultimate recovery of the value of the company's investment in subsidiaries and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, the sale of the Longonjo and Saltend Projects.

In assessing potential impairment of investment indicators and inter-company receivables (applying an ECL approach for the latter), the directors exercised judgement over the reasonableness of projections and considered the status of both the Longonjo and Saltend Projects, together with the implied economic value of the assets. The carrying value of the investment in subsidiaries and loans to subsidiaries are held at the lower of cost or net realisable value.

Climate change

Management has considered the impact of climate change in preparing these consolidated financial statements. These considerations, which are integral to the group's strategy and operations, were considered in the following areas:

- The judgements involved in the evaluation of indicators of impairment for the group's development assets and assets under construction (note 4);
- The judgements used in the evaluation of the group's exploration and evaluation assets for impairment (note 4); and
- The evaluation of the residual values and economic useful lives of property, plant and equipment (note 12).

The effects of climate-related strategic decisions are incorporated into management's judgements and estimates, as these relate to the future cash flow projections underpinning the recoverable amounts of mining interests, when the decisions have been approved by the board, and the implementation of these is likely to occur. The considerations with respect to climate change did not have a material impact on the key accounting judgements and estimates noted above in the current year, however, the emphasis on climate-related strategic decisions, such as a focus on decarbonisation, further electrification and sourcing of renewable power may have a significant impact in future periods.

Significant accounting estimates and assumptions

Share-based payment transactions (note 25)

The group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using a stochastic model to value awards with market-based conditions and a Black-Scholes valuation model for awards that are not subject to market-based performance conditions. These models require estimates for inputs such as share price volatility and total shareholder return. The share-based payment arrangements are expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest. At each reporting date, vesting assumptions are reviewed to ensure they reflect current expectations and immediately recognise any impact of the revision to original estimates. Judgement is required as to the likelihood of the vesting conditions being met, such as the progress of financing of various projects, the lost time injury frequency rate, progress of construction of the projects, etc. If fully vested share options are not exercised and expire, then the accumulated expense in respect of these is reclassified to accumulated losses.

Impairment assessment of Saltend intangibles (note 11)

The ultimate recovery of the value of the Saltend intangibles as at 30 June 2024 is dependent on the successful development and commercial exploitation of the Saltend facility or the sale thereof.

An impairment assessment is performed annually. Judgement was exercised in assessing the extent to which impairment existed as at 30 June 2024 in respect of the Saltend Project and associated balances. In forming this assessment, internal and external factors were evaluated, including those that applied last year. Management determined that no impairment existed having considered the company's market capitalisation relative to the group's net asset value, and the contemplated staged development of Saltend. The underlying financial life of asset involves estimates regarding commodity prices, production and reserves, operating costs and capital development together with discount rates and demonstrates significant headroom.

5. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

An error was identified in the prior year results (30 June 2023), whereby accruals were understated by US$2,374,604 and development assets understated by US$2,374,604. No other previous financial years are materially impacted by this restatement.

	30 June 2023 (Previously reported) US$	Restatement US$	30 June 2023 (Restated) US$
Property, plant and equipment	45,594,650	2,374,604	47,969,254
Trade and other payables	(14,865,091)	(2,374,604)	(17,239,695)

6. OPERATING SEGMENTS

Description of segments

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

The group has identified that it has two operating segments, related to the activities in Angola and Saltend (UK). Corporate relates to operations in Australia and Portugal which consist of corporate and head office-related costs.

	Angola US$	UK US$	Corporate US$	Total US$
2024				
Non-current assets – opening balance	43,846,788	17,942,784	–	61,789,572
Non-current assets – additions/movements	9,192,733	(15,630)	–	9,177,103
Non-current assets – closing balance	53,039,521	17,927,154	–	70,966,675
Current assets	782,157	1,463,964	1,358,811	3,604,932
Current and non-current liabilities	(1,371,948)	(20,698,799)	(1,545,046)	(23,615,793)
Cash and cash equivalents	35,532	126,585	1,353,261	1,515,378
Administration expenses	(1,850,565)	(4,211,896)	(231,875)	(6,294,336)
Operating loss	(1,795,998)	(3,224,381)	(797,666)	(5,818,045)
Depreciation	(34,013)	(6,591)	–	(40,604)
Loss before tax	(1,795,998)	(3,224,381)	(797,666)	(5,818,045)
Loss for the year	(1,795,998)	(3,224,381)	(797,666)	(5,818,045)
2023				
Non-current assets – opening balance	30,228,932	6,466,270	–	36,695,202
Non-current assets – additions[1]	13,617,856	11,476,514	–	25,094,370
Non-current assets – closing balance[1]	43,846,788	17,942,784	–	61,789,572
Current assets	120,189	11,304,434	786,102	12,210,725
Current and non-current liabilities[1]	(4,205,215)	(12,298,921)	(735,559)	(17,239,695)
Cash and cash equivalents	30,594	8,883,904	780,993	9,695,491
Administration expenses	(1,795,341)	(3,495,167)	(85,068)	(5,375,576)
Operating loss	(689,624)	(3,178,374)	(434,797)	(4,302,795)
Depreciation	51,607	6,417	133	58,157
Loss before tax	(689,624)	(3,178,403)	(434,796)	(4,302,823)
Loss for the year	(689,624)	(3,178,403)	(434,796)	(4,302,823)

[1] *Refer to note 5 for details of the restatement of prior year results.*

Non-current assets consist mainly of development assets and assets under construction. Additions and depreciation of non-current assets are disclosed in note 12.

7. OTHER EXPENSES

	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Administration expenses		
General administration costs	1,531,969	1,953,918
Audit and non-audit fees	256,517	193,854
Consultant fees	219,602	480,133
Travel expenses	146,319	388,593
Legal fees	41,110	451,380
Operating lease rental expenses		
Lease payments (short-life leases)	129,734	147,899
Depreciation on non-current assets		
Property, plant and equipment	40,604	58,157
Employee benefits and employee wages and salaries[1]		
Performance rights and options granted to directors, officers and employees	1,013,840	(272,965)
Directors' fees and employee benefits	2,763,115	1,794,683
Social security costs	151,526	179,924
Total administration expenses	6,294,336	5,375,576

[1] *Key management personnel remuneration, disclosed in note 24, includes amounts in employee benefits disclosed above. Information in respect of the highest-paid director is provided in the remuneration report.*

The group employed 51 people as at 30 June 2024 (30 June 2023: 56 people). The average number of full-time employees in the group, is as follows:

	Average 30 June 2024 Number	Average 30 June 2023 Number
Administration, finance and marketing	17	18
Technical and exploration	11	12
Environmental and governance	2	2
Operations	21	24
Total	51	56

Foreign currency exchange gains/losses

The foreign currency exchange gain of US$562,611 (2023: US$1,381,041 gain) comprises realised foreign exchange movements on retranslation of monetary balances and unrealised foreign exchange movements on inter-company loans which are considered repayable in the foreseeable future.

8. INCOME TAXES

	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Current taxation		
Current tax charge/(credit)	–	–

No liability to corporation tax arose in the ordinary activities for the year ended 30 June 2024 or 30 June 2023.

The tax assessed for the year utilised the standard rate of tax in the UK of 25% (2023: 25%).

The differences are explained as follows:

	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Loss from continuing operations before tax	(5,818,045)	(4,302,823)
Loss on continuing activities multiplied by the rate of corporation tax in the UK of 25% (2023: 25%)	(1,454,511)	(1,075,706)
Tax effects of:		
Different tax rates in overseas jurisdictions	3,747	(1,704)
Amounts which are not deductible (taxable)	276,142	(39,083)
Deferred tax assets not recognised	1,006,205	1,116,493
Prior year adjustment	168,417	–
Total tax credit	–	–

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

- assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The company is subject to 25% income tax in the UK. In Australia, Pensana Metals Limited is subject to a corporation tax rate of 26%. In Tanzania, all subsidiaries are subject to 30% corporation tax. In Angola, Ozango Minerais SA (Ozango) and Coola Mining are subject to 25% corporation tax.

Longonjo benefits from a six-year tax holiday in Angola from the commencement of production until the exoneration period expires.

No deferred tax asset has been recognised in respect of the tax losses carried forward as the recoverability is dependent on the future profitability of the individual entities within the group, the timing of which is considered uncertain. The unrecognised potential deferred tax asset created during the year was US$1,006,205 (30 June 2023: US$1,116,493). The total unrecognised potential deferred tax asset in respect of losses carried forward is US$20,272,332 (30 June 2023: US$15,561,711). These unused tax losses do not expire. There are no unused tax credits for which no deferred tax asset is recognised.

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Cash at bank and on hand	1,515,378	9,695,491
	1,515,378	9,695,491

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Trade receivables	39,817	34,756
Prepayments	51,052	184,744
R&D tax receivables	509,503	1,037,336
VAT receivables	1,204,665	934,641
Other receivables	284,517	323,757
	2,089,554	2,515,234

VAT receivables increased year-on-year, mainly due to increases in VAT receivable balances at Ozango due to increased work performed on-site.

Of the other receivables as at 30 June 2024, US$1,290,063 (gross) (30 June 2023: US$1,239,059) relates to payment pending as part of the equity raise completed on 25 June 2021. The net amount included in the closing balance as at 30 June 2024 was US$193,510 (30 June 2023: US$280,893).

Management has taken legal advice from their external counsel and has issued a letter of demand to the debtor. The company's broker has maintained full security over the shares originally issued for trading and an ECL provision of US$86,320 has been recognised in the year (30 June 2023: US$308,260).

11. INTANGIBLE ASSETS

Saltend intangible assets

	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Carrying value		
Balance at the beginning of the year	13,577,069	5,236,226
Additions	176,971	9,452,299
R&D government grant deferred	(509,503)	(1,037,336)
Adjustment on currency translation	(28,973)	(74,120)
Balance at the end of the year	13,215,564	13,577,069

These costs were capitalised in respect of the Saltend Project and have been classified as intangible assets given their nature, being consulting fees relating to process design and testwork. The decrease in additions year-on-year reflects the reduction in work carried out at Saltend, as the group awaits additional financing for the project to continue.

Coola exploration and evaluation expenditure

	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Carrying value		
Balance at the beginning of the year	243,249	181,206
Additions	153,448	62,043
Balance at the end of the year	396,697	243,249
Total intangibles	13,612,261	13,820,318

The above amounts represent capitalised costs of exploration incurred at the Coola Project in Angola carried forward as an asset in accordance with the accounting policy set out in note 3. The ultimate recoupment of the exploration and evaluation expenditure in respect of the areas of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or, alternatively, the sale of the underlying areas of interest for at least their carrying value.

There are no assets pledged as security and there are no contractual commitments for the acquisition of intangible assets.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings US$	Plant and equipment US$	Restated[1] Develop-ment asset US$	Assets under construc-tion[2] US$	Motor vehicles US$	Office equipment US$	Computer equipment US$	Restated[1] Total US$
2024								
Cost								
Balance as at 1 July 2023	28,310	33,021	43,504,012	4,272,967	214,239	7,325	34,092	48,093,966
Adjustment on currency translation	–	–	(318,566)	(58,539)	–	–	(233)	(377,338)
R&D government grant deferred	–	–	(549,304)	–	–	–	–	(549,304)
Additions	10,216	5,446	10,276,472[3]	55,125	–	658	4,439	10,352,356
Balance as at 30 June 2024	38,526	38,467	52,912,614	4,269,553	214,239	7,983	38,298	57,519,680
Depreciation								
Balance as at 1 July 2023	6,460	10,359	–	–	88,538	3,628	15,727	124,712
Charge for the year	1,844	3,610	–	–	24,828	758	9,564	40,604
Adjustment on currency translation	–	–	–	–	–	–	(50)	(50)
Balance as at 30 June 2024	8,304	13,969	–	–	113,366	4,386	25,241	165,266
Net book value								
As at 30 June 2023	21,849	22,662	43,504,012	4,272,967	125,701	3,697	18,366	47,969,254
As at 30 June 2024	30,222	24,498	52,912,614	4,269,553	100,873	3,597	13,057	57,354,414

[1] *Refer to note 5 for details of the restatement of prior year results.*
[2] *Assets under construction relate to Saltend.*
[3] *Interest of US$355,445 relating to the bridging loan was capitalised during the year.*

12. PROPERTY, PLANT AND EQUIPMENT continued

	Buildings US$	Plant and equipment US$	Restated[1] Develop-ment asset US$	Assets under construc-tion[2] US$	Motor vehicles US$	Office equipment US$	Computer equipment US$	Restated[1] Total US$
2023								
Cost								
Balance as at 1 July 2022	28,310	17,675	29,969,013	1,217,581	83,384	7,325	21,281	31,344,569
Adjustment on currency translation	–	–	(599,055)	(20,244)	–	–	(602)	(619,901)
R&D government grant deferred	–	–	(1,155,382)	–	–	–	–	(1,155,382)
Additions	–	15,346	15,289,436	3,075,630	130,855	–	13,413	18,524,680
Balance as at 30 June 2023	28,310	33,021	43,504,012	4,272,967	214,239	7,325	34,092	48,093,966
Depreciation								
Balance as at 1 July 2022	3,828	5,344	–	–	48,923	2,590	6,114	66,799
Charge for the year	2,632	5,015	–	–	39,615	1,038	9,857	58,157
Adjustment on currency translation	–	–	–	–	–	–	(244)	(244)
Balance as at 30 June 2023	6,460	10,359	–	–	88,538	3,628	15,727	124,712
Net book value								
As at 30 June 2022	24,482	12,331	29,969,013	1,217,581	34,461	4,735	15,167	31,277,770
As at 30 June 2023	21,849	22,662	43,504,012	4,272,967	125,701	3,697	18,366	47,969,254

[1] *Refer to note 5 for details of the restatement of prior year results.*
[2] *Assets under construction relate to Saltend.*

There are no assets pledged as security except for the company's shareholding in Ozango that acts as security for the bridging loan facility from FSDEA. Refer to note 14. Refer to note 18 for capital commitments for the acquisition of property, plant and equipment.

13. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2024 US$	CONSOLIDATED Restated[1] 2023 US$
Trade and other payables	10,571,451	13,003,570
Accrued expenses[1]	2,210,275	4,186,457
Statutory liabilities	44,484	49,668
	12,826,210	17,239,695

[1] *Refer to note 5 for details of the restatement of prior year results.*

14. LOANS AND BORROWINGS

	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Interest-bearing liabilities (current)		
Bridging loan facility	10,789,583	–
Total	10,789,583	–

Net cash and borrowings

	Note	CONSOLIDATED 2024 US$	CONSOLIDATED 2023 US$
Cash and cash equivalents	9	1,515,378	9,695,491
Borrowings		(10,789,583)	–
		(9,274,205)	9,695,491

	Borrowings US$	Cash US$	Total US$
Net cash/(borrowings) at 1 July 2023	–	9,695,491	9,695,491
Net cash used in operating activities	–	(5,559,603)	(5,559,603)
Net cash used in investing activities	–	(13,053,275)	(13,053,275)
Net proceeds from loans and borrowings	(10,434,138)	10,434,138	–
Capitalisation of interest on borrowings	(355,445)	–	(355,445)
Foreign exchange movements	–	(1,373)	(1,373)
Net cash/(borrowings) at 30 June 2024	(10,789,583)	1,515,378	(9,274,205)

On 7 August 2023, the company obtained a bridging loan facility from FSDEA which is secured over the company's shareholding in Ozango. The facility carries interest at 2% plus three-month SONIA (Sterling Overnight Index Average) and was repayable by 28 February 2024. The repayment date was subsequently extended to 19 April 2024 and again to 30 September 2024.

The FSDEA facility is currently under review as part of the main financing for Longonjo, which will include the appropriate restructuring of the FSDEA loan. Given the support provided by the Angolan Government for the Longonjo Project to date, the directors anticipate such a restructuring to be successfully concluded.

By 30 June 2024, US$10.4 million of the facility was drawn down and the average interest rate incurred during the period was 7.19%.

15. ISSUED CAPITAL

	2024 Number	2024 US$	2023 Number	2023 US$
CONSOLIDATED				
Fully paid ordinary shares				
Balance at the beginning of the period	285,180,873	356,898	235,599,539	295,425
Share placement	2,250,000	2,845	12,331,334	14,993
Share placement	1,342,000	1,697	7,250,000	8,626
Share placement	–	–	15,000,000	18,927
Share placement	–	–	15,000,000	18,927
Balance at the end of the financial year	288,772,873	361,440	285,180,873	356,898
COMPANY				
Fully paid ordinary shares				
Balance at the beginning of the period	285,180,873	356,898	235,599,539	295,425
Share issue	2,250,000	2,845	12,331,334	14,993
Share issue	1,342,000	1,697	7,250,000	8,626
Share placement	–	–	15,000,000	18,927
Share placement	–	–	15,000,000	18,927
Balance at the end of the financial year	288,772,873	361,440	285,180,873	356,898

Placements during the year ended 30 June 2024

On 8 April 2024, the company issued 3,592,000 £0.001 shares related to the vesting of legacy executive share awards totalling 2,250,000 shares granted in 2019/2020 and the short-term incentivisation of executive/management totalling 1,342,000 shares.

Placements during the year ended 30 June 2023

On 5 August 2022, the company issued 12,331,334 fully paid ordinary shares to FSDEA at a price of £0.67 per share and raised US$10 million.

On 5 January 2023, the company issued 7,250,000 fully paid ordinary shares to M&G Investment Management at a price of £0.44 per share and raised US$3.8 million.

On 9 May 2023, the company issued 15,000,000 fully paid ordinary shares to M&G Investment Management at a price of £0.28 per share and raised US$5.2 million.

On 9 May 2023, the company issued 15,000,000 fully paid ordinary shares to FSDEA at a price of £0.28 per share and raised US$5.2 million. The issue was done in two tranches, where the balance of the shares was issued on 27 June 2023.

16. RESERVES

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Fully paid ordinary shares	Represents fully paid ordinary shares in the company of £0.001 par value. The company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interest in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the board.
Share premium	Represents the difference between the par value of the shares issued and the subscription or issue price less share issue costs.
Foreign currency reserve	Represents foreign exchange differences arising from the translation of the financial statements of entities in the group denominated in a currency other than United States dollars.
Share-based payments reserve	The reserve includes the grant of share options and performance rights to executives, senior employees and consultants. Amounts are transferred out of the reserve and into issued capital when the options, share awards or performance rights are converted to equity. Further information about share-based payments can be found in note 25 to the financial statements.
Equity reserve	This relates to the company's purchase of an additional 14% equity in its Angolan subsidiary company, Ozango, for US$500,000 from non-controlling interests in FY2029. Ozango holds the title to the Longonjo NdPr Project.
Accumulated losses	Cumulative net losses and other adjustments recognised in the statement of comprehensive income.
Merger reserve	The company issued shares at par value as part of a group reorganisation to acquire 100% of the share capital of Pensana Metals. The difference between fair value and par value arising in the group at the date of the group reorganisation is recorded in the non-distributable merger reserve as part of the transaction. The company-level merger reserve represents the difference between the investment and nominal value of shares issued in the scheme of arrangement.

17. LOSS PER SHARE

	2024 cents per share	2023 cents per share
Basic loss per share		
From continuing operations	2.03	1.69
Total basic loss per share	2.03	1.69
Diluted loss per share		
From continuing operations	2.03	1.69
Total diluted loss per share	2.03	1.69

17. LOSS PER SHARE continued

Basic loss per share

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

	2024 US$	2023 US$
Net loss	(5,818,045)	(4,302,823)
Losses used in the calculation of basic loss per share from continuing operations	(5,818,045)	(4,302,823)
Losses used in the calculation of diluted loss per share attributable to ordinary shareholders	(5,818,045)	(4,302,823)

	2024 Number	2023 Number
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	285,997,684	254,074,694
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	285,997,684	254,074,694

The weighted average is calculated by adjusting the number of shares outstanding at the beginning of the period by the number of shares issued during the period, multiplied by a time-weighting factor to reflect the proportion of the period for which those shares were outstanding. Diluted loss per share equals basic loss per share as no anti-dilutive factors exist.

As at year-end, there are no share options in issue (2023: 750,000).

Share awards were issued to employees and management in November 2023. Refer to note 25 for more details of the share awards.

18. DIVIDENDS

No dividends were paid or proposed during the current or previous financial year.

19. COMMITMENTS FOR EXPENDITURE

The group has certain obligations to perform exploration work and expend minimum amounts of money on mineral exploration tenements.

No provision is required for minimum expenditure requirements in respect of tenements.

Operating leases

The group has entered into leases with Regus Serviced Offices and Parkway Business Centre Limited in the UK, as well as with Workspace in South Africa. The group also has leases in Angola for offices in Luanda and Huambo, as well as a warehouse.

The leases are currently operating on a short-term basis. As the group is expanding, lease commitments have been kept to a minimum as it is likely that bigger premises will be required in the near future, hence the reason for the leases not being extended or are not anticipated to be extended beyond a 12-month period at inception.

19. COMMITMENTS FOR EXPENDITURE continued

Operating leases continued

There are no restrictions placed upon the lessee by entering into these leases.

	CONSOLIDATED		COMPANY	
	2024 US$	2023 US$	2024 US$	2023 US$
Operating lease expenditure				
Less than one year[1]	46,750	79,722	41,958	74,515
	46,750	79,722	41,958	74,515

[1] *The short-term lease commitments that are less than one year have been reviewed under IFRS 16, and the short-term lease exemption has been applied.*

Exploration commitments

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

	CONSOLIDATED	
	2024 US$	2023 US$
Exploration and evaluation expenditure		
No longer than one year	–	5,718
Longer than one year and not longer than five years	–	–
Longer than five years	–	–
	–	5,718

Capital commitments

Capital expenditure contracted for at the reporting date but not yet incurred was as follows:

	CONSOLIDATED		COMPANY	
	2024 US$	2023 US$	2024 US$	2023 US$
Capital expenditure	1,006,698	3,784,108	–	–

The expenditure relates primarily to the Longonjo Project in Angola, as well as the Saltend Project in the UK.

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

21. INTERESTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Principal activity	Registered office	OWNERSHIP INTEREST 2024 %[1]	OWNERSHIP INTEREST 2023 %[1]
Parent entity					
Pensana Plc	United Kingdom		107 Cheapside Second Floor London, EC2V 6DN, UK		
Controlled entities					
Saltend Magnet Metals Limited[2]	United Kingdom	Manufacturing	107 Cheapside Second Floor London, EC2V 6DN, UK	100	100
Pensana Metals Limited[2]	Australia	Mining	202/37 Barrack St Perth WA 6000 Australia	100	100
Carlton Resources Proprietary Limited	Australia	Holding company	202/37 Barrack St Perth WA 6000 Australia	100	100
Carlton Miyabi Tanzania Limited	Tanzania	Holding company	Plot 8, Block 41 Capri Point PO Box 10116 Mwanza – Tanzania	100	100
Carlton Kitongo Tanzania Limited	Tanzania	Holding company	Plot 8, Block 41 Capri Point PO Box 10116 Mwanza – Tanzania	100	100
Bright Star Tanzania Limited	Tanzania	Holding company	Plot 8, Block 41 Capri Point PO Box 10116 Mwanza – Tanzania	100	100
Rift Valley Resources (Africa) Proprietary Limited	Australia	Holding company	202/37 Barrack St Perth WA 6000 Australia	100	100
Rift Valley Resources Tanzania Limited	Tanzania	Holding company	Plot 8, Block 41 Capri Point PO Box 10116 Mwanza – Tanzania	100	100
Tasman Goldfields Australia Operations Proprietary Limited	Australia	Holding company	202/37 Barrack St Perth WA 6000 Australia	100	100
Sable Minerals Proprietary Limited	Australia	Holding company	202/37 Barrack St Perth WA 6000 Australia	100	100
Sable Min Unipessoal Lda (previously Sable Minerals GmbH)[2]	Portugal	Holding company	Avenida 5 de Outubro nº 124, 7º Piso Distrito: Lisboa Concelho: Lisboa Freguesia: Avenidas Novas, Portugal	100	100

21. INTERESTS IN CONTROLLED ENTITIES continued

Name of entity	Country of incorporation	Principal activity	Registered office	OWNERSHIP INTEREST 2024 %[1]	2023 %[1]
SBLRTHS Unipessoal Lda (previously Sable Rare Earths GmbH)[2]	Portugal	Holding company	Avenida 5 de Outubro nº 124, 7º Piso Distrito: Lisboa Concelho: Lisboa Freguesia: Avenidas Novas, Portugal	100	100
Ozango Minerais SA[3]	Angola	Mining	BairroTalatona - Condomínio Dolce Vita Edifício n.º 1B, quinto andar, porta 5B Luanda, Angola	84	84
Coola Mining LDA[3]	Angola	Exploration	BairroTalatona - Condomínio Dolce Vita Edifício n.º 1B, quinto andar, porta 5B Luanda, Angola	90	90
Mtemi G (Tanzania) Limited	Tanzania	Holding company	Plot 8, Block 41 Capri Point PO Box 10116 Mwanza – Tanzania	100	100
Mtemi O (Tanzania) Limited	Tanzania	Holding company	Plot 8, Block 41 Capri Point PO Box 10116 Mwanza – Tanzania	100	100
Mtemi U (Tanzania) Limited	Tanzania	Holding company	Plot 8, Block 41 Capri Point PO Box 10116 Mwanza – Tanzania	100	100

[1] *All shareholdings are held via ordinary shares.*
[2] *Shares held directly by Pensana Plc*
[3] *Pensana Plc is the immediate and ultimate controlling party of the group as at 30 June 2024. During the exploration phase on the projects, the minority shareholders are entitled to free-carry; as such, no non-controlling interest is currently recognised on the Longonjo or Coola Projects. The parent entity and its controlled entities are not within a tax-consolidated group.*

22. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement are reconciled to the related items in the statement of financial position as follows:

	CONSOLIDATED 2024 US$	2023 US$
Cash and cash equivalents	1,518,378	9,695,491

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

	CONSOLIDATED 2024 US$	2023 US$
Net loss	(5,818,045)	(4,302,823)
Add/less non-cash items		
Depreciation	40,604	58,157
Share-based payments	1,013,840	(272,965)
Unrealised foreign exchange gains	(562,611)	(1,381,041)
Impairment of financial assets	86,320	308,260
Increase in trade and other receivables	(188,473)	(702,950)
(Decrease)/increase in trade and other payables	(131,238)	539,457
Net cash used in operating activities	(5,559,603)	(5,753,905)

Reconciliation of trade and other receivables and trade and other payables movements in the statement of financial position to movements in cash flow from operating activities as shown above:

	CONSOLIDATED 2024 US$	2023 US$
Trade and other receivables		
Trade and other receivables movement as per the statement of financial position	425,680	(115,223)
Impairment of equity debtor as non-cash movement	(86,320)	(308,260)
Movement in R&D tax credits received	(527,833)	(218,959)
Proceeds from issues of equity securities	–	(60,508)
Movement in trade and other receivables in cash flows from operating activities as per the above table	(188,473)	(702,950)
Trade and other payables		
Trade and other payables movement as per the statement of financial position	(4,413,485)	13,593,309
Unrealised foreign exchange (gains)/losses and movements	(30,338)	(994,666)
Capital items included in working capital	4,312,585	(14,048,490)
Interest paid	–	(28)
Movement in trade and other payables in cash flows from operating activities as per the above table	(131,238)	539,457

22. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS continued

Reconciliation of additions to property, plant and equipment and intangibles to payments for property, plant and equipment and intangibles used in investing activities

		CONSOLIDATED	
	Note	2024 US$	Restated[1] 2023 US$
Additions to property, plant and equipment	12	(10,352,356)	(18,524,680)
Additions to Saltend intangible assets	11	(176,971)	(9,452,299)
Additions to exploration and evaluation	11	(153,448)	(62,043)
Total additions		(10,682,775)	(28,039,022)
Capital items included in working capital[2]		(3,957,140)	14,048,490
Payments for property, plant and equipment and intangibles		(14,639,915)	(13,990,532)

[1] *Refer to note 5 for details of the restatement of prior year results.*
[2] *Include interest capitalised of US$355,445 (2023: nil).*

23. FINANCIAL INSTRUMENTS

Financial risk management objectives

Senior management and the board monitor and manage the financial risk relating to the operations of the group and company. The group's activities include exposure to market price risk, foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management programme focuses on managing these risks and implementing and monitoring controls over the cash management function. Owing to the unpredictability of finance markets, senior management and the board seek to minimise potential adverse effects on financial performance. There have been no substantive changes in the group and company's exposure to financial instrument risks, their objectives, policies and processes for managing these risks or the methods to measure them.

Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 3 and 4 to the financial statements.

Capital risk management

The group and company are not currently exposed to market price risk from its financial instrument holdings.

The group and company manage their capital to ensure that they will be able to continue as a going concern. The group and company also currently use a short-term bridging loan as capital. Refer to note 14. The group undertakes its exploration and evaluation and development activities through its subsidiaries. None of the group's entities are subject to externally imposed capital requirements. The group intends to use a variety of capital market issues to meet anticipated funding requirements.

Market price risk

The group and company are involved in the exploration and development of mining tenements for rare earths. Revenue from any future mining associated with metal sales, the acquisition and disposal consideration for mining tenements and the ability to raise funds through equity and debt will be largely dependent on the commodity price for resources at the time of the transaction. The group and company actively monitor factors that could impact market prices including market demand, customer needs and potential new entrants into the rare earth industry. The group and company are not currently exposed to market price risk from financial instrument holdings.

23. FINANCIAL INSTRUMENTS continued

Market interest rate risk continued

The group and company are exposed to interest rate movements through their short-term bridging loan. The group and company's cash flow interest rate risk for assets primarily arises from cash at bank and deposits which are subject to market bank rates. Cash deposits with banks and financial institutions are managed by senior management and the board in accordance with the group and company's internal policy. There is interest payable on the group's short-term bridging loan.

The group and company continually monitor their exposure to interest rates and are comfortable with their exposure given the relatively short term of the bridging loan.

A 1% change in interest rates on interest-bearing assets for the group will increase or decrease net loss and accumulated losses by US$15,154 (2023: US$96,952).

A 1% change in interest rates on interest-bearing assets for the company will increase or decrease net loss and accumulated losses by US$1,187 (2023: US$86,621).

Interest of US$355,445 relating to the bridging loan was capitalised during the year. There are no other borrowings currently and therefore changes in interest rates will not affect the net loss and accumulated losses of the company or the group.

Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance sheet date, to recognised financial assets is the carrying amount of those assets, net of any provisions for estimated credit losses, as disclosed in the statement of financial position and notes to the financial statements. The group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments or customer contracts entered into by the group, other than cash deposits and the outstanding proceeds due from the June 2021 equity placing as disclosed in note 10. The group's internal policy requires deposits to be held with financial institutions holding a benchmark credit rating. At the balance sheet date, the majority of cash and deposits was held with Barclays Bank which has a Fitch rating of A+ as at period-end.

Financial instruments and cash deposits

Cash deposits with banks and financial institutions are managed by senior management and the board in accordance with the group and company's internal policy. We are exposed to credit risk from our investing activities that include balances with banks and financial institutions of US$1,515,378 (30 June 2023: US$9,695,491). The balance with banks and financial institutions for the company was U$118,655 (30 June 2023: US$8,662,086).

Trade and other receivables

As at 30 June 2024, the group was exposed to trade and other receivables of US$324,335 (2023: US$358,514). The company was exposed to trade and other receivables of US$310,198 (2023: US$349,352). An impairment analysis is performed at each reporting date by senior management on all trade and other receivable balances. The maximum exposure to credit risk for trade and other receivables at the reporting date is the carrying value of each class of financial asset. In respect of other receivables that were past due by more than 90 days, an estimated credit loss allowance has been recognised based on the estimated lifetime credit loss. Refer to note 10 for further details.

Foreign currency risk

The group and company are exposed to fluctuations in foreign currencies arising from the purchase of goods and services and the holding of assets and liabilities in currencies that are not the functional currency of the relevant group entity. In general, the group does not enter into any material derivatives to manage these currency risks.

23. FINANCIAL INSTRUMENTS continued

As at 30 June 2024, the group had exposure to other foreign currencies; primarily the following exposure to Australian dollar, British pound and the Angolan kwanza that is not designated in cash flow hedges:

	CONSOLIDATED		COMPANY	
	2024 US$	2023 US$	2024 US$	2023 US$
Level of exposure of foreign currency risk				
Carrying value of foreign currency balances				
Cash and cash equivalents include balances denominated in:				
Australian dollar	9,850	740,443	654	653
British pound	77,100	4,579,577	69,170	4,357,759
Angolan kwanza	35,530	30,589	–	–
Euro	1,045	381	–	–
Trade and other receivables include balances denominated in:				
British pound	242,986	349,566	242,986	349,566
Angolan kwanza	14,033	–	–	–
Trade and other payables include balances denominated in:				
Australian dollar	40,896	23,618	–	1,332
British pound	9,185,681	11,750,719	9,111,978	11,088,348
Japanese yen	7,526	6,695	7,526	6,695
Angolan kwanza	1,283,167	1,086,278	–	–
South African rand	11,400	52,559	11,400	48,210

The group and company's exposure to foreign currency arises where a company holds monetary assets and liabilities denominated in a currency different to the functional currency of the holder of the instrument which is the US dollar. The following table shows the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the group's foreign currency financial instruments.

	GROUP		COMPANY	
	Effect of 10% strengthening of US$ on net earnings and equity		Effect of 10% strengthening of US$ on net earnings and equity	
	2024 US$	2023 US$	2024 US$	2023 US$
Angolan kwanza	123,360	105,770	–	–
British pound	886,559	1,132,405	879,982	1,015,439

23. FINANCIAL INSTRUMENTS continued

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors who have built an appropriate liquidity risk management framework for the management of the group and company's short-, medium- and long-term funding and liquidity management requirements. With reference to the current going concern commentary (note 3), the group will look to manage liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities. The group received a bridging loan facility from FSDEA during the year which is secured over the company's shareholding in Ozango. By 30 June 2024, US$10.4 million of the facility was drawn down.

Maturity profile of financial instruments

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows as at 30 June 2024 and 30 June 2023.

	Less than 1 year US$	1 to 5 years US$	5+ years US$	Total
2024				
GROUP				
Financial liabilities				
Interest-bearing	10,789,583	–	–	10,789,583
Non-interest-bearing	12,781,726	–	–	12,781,726
COMPANY				
Financial liabilities				
Interest-bearing	10,789,583			10,789,583
Non-interest-bearing	23,647,495			23,647,495
2023				
GROUP				
Financial liabilities				
Non-interest-bearing	17,190,028	–	–	17,190,028
COMPANY				
Financial liabilities				
Non-interest-bearing	25,155,339	–	–	25,155,339

24. KEY MANAGEMENT PERSONNEL COMPENSATION

	CONSOLIDATED	
	2024 US$	2023 US$
Short-term employee benefits	1,535,358	1,456,721
Share-based payment	705,818	33,160
	2,241,176	1,489,881

This includes compensation for two executive directors (2023: two), five non-executive directors (2023: five), and one executive director (2023: one). Further details of the key management personnel compensation can be found in the directors' remuneration report.

25. SHARE-BASED PAYMENTS

Performance rights

2024

During the year, no performance rights were issued to directors and key management personnel.

2023

During the year, no performance rights were issued to directors and key management personnel.

The use of performance rights was a legacy arrangement under the previous ASX listing of the then parent Pensana Metals Limited.

Options

2024

During 2024, no share-based options were issued.

2023

During 2023, no share-based options were issued.

25. SHARE-BASED PAYMENTS continued

Reconciliation of options outstanding

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

	Number of options 2024	Weighted average exercise price 2024	Number of options 2023	Weighted average exercise price 2023
Balance at the beginning of the financial year	750,000	–	1,500,000	–
Issued or to be issued during the financial year	–	–	–	–
Vested during the financial year	(750,000)	US$0.103	(750,000)	US$0.103
Expired during the financial year	–	–	–	–
Balance at the end of the financial year	–	–	750,000	US$0.103
Exercisable at the end of the financial year	–	–	750,000	–

25. SHARE-BASED PAYMENTS continued

Share awards

2024

Share awards were issued to executive directors in November 2023 as follows.

These awards are subject to four performance conditions, namely:

- Total shareholder return (35% of award);
- Successful financing of the Longonjo stage 1 development of US$200 million (25% of award);
- 50% construction completion of the Longonjo Project on a cost basis (25% of award);
- Measured annually on the health, safety, security and environment framework (15% of award).

The vesting period for these conditions is 8 November 2023 to 30 June 2026. The grant date fair value was calculated using the market-based measure. No dividends are attributable during the vesting period.

Refer to the remuneration committee report on **page 68** of this annual report for more detail.

The fair value of the share awards issued to executives was calculated using both a stochastic simulation model, as well as a Black-Scholes pricing model.

The key assumptions used in the models for shares granted during the year ended 30 June 2024 were as follows:

Share awards	8 November 2023
Quantity of shares issued	1,925,000 shares
Fair value of shares issued	US$611,310 (£497,000)
Performance period	Three years
Volatility	83.79%
Risk-free interest rate	4.45%
Dividend yield	0%
Weighted average share price on grant and valuation date	US$0.32 (£0.26)

2023

No share awards were issued to executives during 2023.

Share awards issued to employees

Share awards were issued to employees in November 2023. These awards are subject to two performance conditions, namely:

- Successful financing of the Longonjo stage 1 development of US$200 million (50% of award);
- 50% construction completion of the Longonjo Project on a cost basis (50% of award).

The performance period is three years. There are no market-based vesting conditions on the share awards.

The fair value of the share awards is detailed below, and the share-based payment charge is charged to profit evenly between the grant and vesting dates. No dividends are attributable during the vesting period. The share awards have an exercise price of nil.

Share awards issued to employees continued

The fair value of the restricted shares issued in 2024 was calculated using the Black-Scholes pricing model. The key assumptions used in the model for shares granted during the year ended 30 June 2024 were as follows:

Share awards	8 November 2023
Quantity of shares issued	1,125,000 shares
Fair value of shares issued	US$403,440 (£328,000)
Performance period	Three years
Volatility	83.79%
Dividend yield	0%
Weighted average share price on grant and valuation date	US$0.36 (£0.29)

No share awards were issued to employees during 2023.

26. RELATED PARTY TRANSACTIONS

Parent entity

The parent entity of the group is Pensana Plc which is incorporated in the UK.

Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 21 to the financial statements.

Transactions with key management personnel and related parties

The aggregate compensation made to key management personnel is disclosed in note 24 to the financial statements, and details of the compensation have been provided in the remuneration report which forms part of the directors' report.

On 27 June 2023, FSDEA, one of the company's long-term shareholders, provided a US$15 million loan facility to the facilitate the development of the Longonjo Project. The loan facility was formally executed on 7 August 2023. Refer to note 14 for further details of the bridging loan. Pensana advanced £49,000 to Mr Kaplan in August 2023 for relocation expenses. The balance outstanding at 30 June 2024 was £49,913. Pensana received a loan facility from two of its directors for £2 million in March 2024 to facilitate working capital costs in the UK. There was no funds drawn down against the facility as at 30 June 2024.

27. FEES PAYABLE TO BDO LLP FOR THE AUDIT OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

	CONSOLIDATED	
	2024 US$	2023 US$
Fee payable to BDO LLP as the company's external auditor for the audit of the company's annual financial statements	203,613	150,654
Fee payable to BDO LLP as the company's external auditor for non-audit services to the group[1]	52,904	43,200

[1] *During the period, there were audit-related service fees of US$52,904 (2023: US$43,200) incurred by BDO LLP with respect to the half-year interim review.*

28. SUBSEQUENT EVENTS

During July 2024, the chairman, Mr Paul Atherley, sold 1,500,000 ordinary shares and used the proceeds to make £250,000 available to the company under the directors' loan facility (the facility) of £2 million. To avoid incurring interest costs, the company settled the ensuing amount due under the cacility through the issue to the chairman of 1,500,000 ordinary shares being equal to the number sold by the chairman, at an effective price of 16.666 pence per ordinary share. Following the issue of the repayment shares to repay the £250,000 debt due under the facility, the balance available under the facility reduced to £1.75 million.

In September 2024, the company secured a US$3.4 million technical assistance grant from the DFC which will support feasibility studies for increased processing capacity at Longonjo, downstream refining opportunities in Angola as well as testwork for the development of the Coola Project orebodies.

COMPANY ANNUAL FINANCIAL STATEMENTS

COMPANY STATEMENT OF FINANCIAL POSITION

for the financial year ended 30 June 2024

	Note	30 June 2024 US$	30 June 2023 US$
ASSETS			
Non-current assets			
Investment in subsidiaries	C3	13,560,586	13,627,499
Trade and other receivables	C2	67,765,848	50,621,963
Property, plant and equipment	C5	4,254,864	3,353,594
Intangible assets	C6	12,447,465	13,577,069
Total non-current assets		98,028,763	81,180,125
Current assets			
Cash and cash equivalents	C1	118,655	8,662,086
Trade and other receivables	C2	888,294	2,417,360
Total current assets		1,006,949	11,079,446
Total assets		99,035,712	92,259,571
LIABILITIES			
Current liabilities			
Trade and other payables	C4	23,318,243	25,198,149
Loans and borrowings	14	10,789,583	–
Total current liabilities		34,107,826	25,198,149
Total liabilities		34,107,826	25,198,149
Net assets		64,927,886	67,061,422
Equity			
Issued capital	14	361,440	356,898
Share premium		70,826,007	70,826,007
Reserves		13,267,292	13,300,904
Accumulated losses		(19,526,853)	(17,422,387)
Total equity		64,927,886	67,061,422

The notes to the financial statements, included on **pages 142** to **146**, form an integral part of these financial statements.

The company's loss for the financial year was US$2.9 million (2023: US$2.8 million). The company has taken advantage of the section 408 exemption in the Companies Act 2006 not to present a separate statement of comprehensive income.

The financial statements were approved by the board of directors and authorised for issue on 29 October 2024 and are signed on its behalf by:

S Sharpe

Steven Sharpe
Chairman of the audit and risk committee

Registered number: 12206525. Pensana Plc (the company) is incorporated in the UK, registered in England and Wales and domiciled in the UK.

COMPANY STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2024

	Note	30 June 2024 US$	30 June 2023 US$
Cash flows from operating activities			
Operating cash flows	C8	(1,520,078)	(5,329,653)
Net cash used in operating activities		(1,520,078)	(5,329,653)
Cash flows from investing activities			
R&D tax credit		1,037,336	–
Funding of group companies		(17,143,885)	(11,004,774)
Payments for property, plant and equipment and intangibles	C8	(1,350,601)	(1,683,586)
Net cash used in investing activities		(17,457,150)	(12,688,360)
Cash flows from financing activities			
Interest paid		–	28
Proceeds from issues of equity		–	24,265,820
Proceeds from issue of short-term debt		10,434,138	–
Share issue costs		–	(361,614)
Net cash generated from financing activities		10,434,138	23,904,234
Net (decrease)/increase in cash and cash equivalents		(8,543,090)	5,886,221
Cash and cash equivalents at the beginning of the year		8,662,086	2,550,436
Effects of exchange rate changes on the balance of cash held in foreign currencies		(341)	225,429
Cash and cash equivalents at the end of the year	C1	118,655	8,662,086

The notes to the financial statements, included on **pages 142** to **146**, form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2024

	Issued share capital US$	Share premium US$	Shares to be issued US$	Accumulated losses US$	Merger reserve US$	Foreign currency reserve US$	Share-based payments reserve US$	Total US$
Opening balance as at 1 July 2022	295,425	47,043,782	–	(14,610,674)	11,557,230	386,743	1,607,144	46,279,650
Loss for the year	–	–	–	(2,811,713)	–	–	–	(2,811,713)
Other comprehensive income	–	–	–	–	–	22,752	–	22,752
Total comprehensive income for the year	–	–	–	(2,811,713)	–	22,752	–	(2,788,961)
Issue of shares (note 14)	61,473	24,143,839	–	–	–	–	–	24,205,312
Capital raising costs	–	(361,614)	–	–	–	–	–	(361,614)
Share-based payments	–	–	–	–	–	–	(272,965)	(272,965)
Balance as at 30 June 2023	356,898	70,826,007	–	(17,422,387)	11,557,230	409,495	1,334,179	67,061,422
Opening balance as at 1 July 2023	356,898	70,826,007	–	(17,422,387)	11,557,230	409,495	1,334,179	67,061,422
Loss for the year	–	–	–	(2,906,176)	–	–	–	(2,906,176)
Other comprehensive income	–	–	–	–	–	(241,200)	–	(241,200)
Total comprehensive income for the year	–	–	–	(2,906,176)	–	(241,200)	–	(3,147,376)
Issue of shares (note 14)	4,542	–	–	801,710	–	–	(806,252)	–
Share-based payments	–	–	–	–	–	–	1,013,840	1,013,840
Balance as at 30 June 2024	361,440	70,826,007	–	(19,526,853)	11,557,230	168,295	1,541,767	64,927,886

The notes to the financial statements, included on **pages 142** to **146**, form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the financial year ended 30 June 2024

BASIS OF PREPARATION
The basis of preparation for the Pensana Plc company financial statements is set out within the consolidated financial statements.

The company's results are presented in US dollars, the presentation currency of the group, and are rounded to the nearest dollar.

Material accounting policies, new accounting pronouncements and going concern
The accounting policies applied, new accounting pronouncements and going concern are consistent with those adopted and disclosed in the group financial statements for the year ended 30 June 2024. Refer to note 4 Significant accounting judgements: Impairment indicator assessments of the company's investment in subsidiaries and loans to subsidiaries for details of the impairment indicator assessments performed.

Information included in the notes to the consolidated financial statements
The following information has also been included in the notes to the consolidated financial statements as disclosed above:

Note 15 – Issued capital
Note 16 – Reserves
Note 17 – Commitments for expenditure
Note 20 – Contingent liabilities and contingent assets
Note 23 – Financial instruments
Note 24 – Key management personnel
Note 25 – Share-based payments
Note 27 – Auditor's remuneration
Note 28 – Subsequent events

C1. CASH AND CASH EQUIVALENTS

	30 June 2024 US$	30 June 2023 US$
Cash at bank and on hand	118,655	8,662,086
	118,655	8,662,086

C2. TRADE AND OTHER RECEIVABLES

	2024 US$	2023 US$
Current		
Prepayments	38,846	103,517
R&D tax receivables	509,503	1,037,336
VAT receivables	29,746	927,155
Other receivables	310,199	349,352
	888,294	2,417,360
Non-current		
Amounts owed by group undertakings	67,765,848	50,621,963
Total	68,654,142	53,039,323

C2. TRADE AND OTHER RECEIVABLES continued
Balances with subsidiaries at the period-end were:

	30 June 2024 US$	30 June 2023 US$
Pensana Metals Limited	16,355,697	15,927,182
Ozango Minerais SA	10,320,144	9,330,288
Coola Mining Lda	54,145	49,667
SBLRTHS Unipessoal Lda	3,142,469	2,446,635
Sable Min Unipessoal Lda	35,798,591	21,912,122
Saltend Magnet Metals Limited	2,094,802	956,069
Total	67,765,848	50,621,963

Amounts owed by group undertakings are unrestricted and payable on demand, but the directors do not anticipate that they will be paid within 12 months and therefore have classified them as non-current. As part of the company's going concern assessments, the directors have assessed the ECLs, the viability of the project considered alongside the macro environment reviewed and evidenced no need for adjusting the carrying value of the company's loan receivables. Refer to note 4 Significant accounting judgements for the impairment indicator assessments performed.

Pensana Plc is the immediate and ultimate controlling party of the group as at 30 June 2024. Refer to note 21 to the consolidated financial statements.

C3. INVESTMENTS IN SUBSIDIARIES
Investments of US$13.6 million (30 June 2023: US$13.6 million) represent the Parent Company's investment in subsidiary companies as at year end. Investments in subsidiaries stated at cost less, where appropriate, provisions for impairment.

Refer to note 21 for details of interests held in subsidiaries.

C4. TRADE AND OTHER PAYABLES

	30 June 2024 US$	30 June 2023 US$
Inter-company loan payable to Pensana Metals	13,500,926	13,567,544
Trade payables	9,130,905	11,185,722
Statutory liabilities	34,304	42,809
Accrued expense	652,108	402,074
Total	23,318,243	25,198,149

C5. PROPERTY, PLANT AND EQUIPMENT

	Development asset US$	Assets under construction[1] US$	Computer equipment US$	Total US$
2024				
Cost				
Balance as at 1 July 2023	82,791	3,261,650	19,570	3,364,011
Additions	355,445	1,409	1,026	357,880
Reclassification	–	607,068	–	607,068
Adjustment on currency translation	(407)	(56,900)	(96)	(57,403)
Balance as at 30 June 2024	437,829	3,813,227	20,500	4,271,556
Depreciation				
Balance as at 1 July 2023	–	–	10,418	10,418
Charge for the year	–	–	6,325	6,325
Adjustment on currency translation	–	–	(51)	(51)
Balance as at 30 June 2024	–	–	16,692	16,692
Net book value				
As at 30 June 2023	82,791	3,261,650	9,153	3,353,594
As at 30 June 2024	437,829	3,813,227	3,808	4,254,864
2023				
Cost				
Balance as at 1 July 2022	89,945	1,217,795	16,706	1,324,446
Additions	–	2,064,099	3,466	2,067,565
Adjustment on currency translation	(7,154)	(20,244)	(602)	(28,000)
Balance as at 30 June 2023	82,791	3,261,650	19,570	3,364,011
Depreciation				
Balance as at 1 July 2022	–	–	4,244	4,244
Charge for the year	–	–	6,418	6,418
Adjustment on currency translation	–	–	(245)	(245)
Balance as at 30 June 2023	–	–	10,417	10,417
Net book value				
As at 30 June 2022	89,945	1,217,795	12,462	1,320,202
As at 30 June 2023	82,791	3,261,650	9,153	3,353,594

[1] *Assets under construction relate to Saltend.*

C6. INTANGIBLE ASSETS

	2024 US$	2023 US$
Carrying value		
Balance at the beginning of the year	13,577,069	5,236,226
Additions	12,959	9,452,299
R&D government grant deferred	(509,503)	(1,037,336)
Reclassification	(607,068)	–
Adjustment on currency translation	(25,992)	(74,120)
Balance at the end of the year	12,447,465	13,577,069

C7. EMPLOYEE COSTS

	2024 US$	2023 US$
Short-term employee benefits	1,300,342	1,268,893
Share-based payments	1,013,840	(272,965)
	2,314,182	995,928

The company employed 16 people as at 30 June 2024 (30 June 2023: 18 people).

C8. NOTES TO THE STATEMENT OF CASH FLOWS

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

	30 June 2024 US$	30 June 2023 US$
Net loss before tax	(2,906,176)	(2,811,713)
Add/less non-cash items		
Depreciation	6,325	6,418
Share-based payments	1,013,840	(272,965)
Impairment of financial assets	86,320	308,260
Foreign exchange losses	(1,112,307)	(582,236)
Decrease/(increase) in trade and other receivables	914,913	(801,951)
Increase/(decrease) in trade and other payables	477,007	(1,175,466)
Net cash used in operating activities	(1,520,078)	(5,329,653)

C8. NOTES TO THE STATEMENT OF CASH FLOWS continued

Reconciliation of trade and other receivables and trade and other payables movements in the statement of financial position to movements in cash flow from operating activities as shown previously:

	CONSOLIDATED	
	2024 US$	2023 US$
Trade and other receivables		
Trade and other receivables movement as per the statement of financial position	1,529,066	(1,470,520)
Impairment of equity debtor as non-cash movement	(86,320)	(308,260)
Movement in R&D tax credits received	(527,833)	1,037,336
Proceeds from issues of equity securities	–	(60,508)
Movement in trade and other receivables in cash flows from operating activities as per the previous table	914,913	(801,951)
Trade and other payables		
Trade and other payables movement as per the statement of financial position	(1,879,906)	8,444,766
Unrealised foreign exchange gains and movements	1,021,706	216,074
Capital items included in working capital	1,335,207	(9,836,278)
Interest paid	–	(28)
Movement in trade and other payables in cash flows from operating activities as per the previous table	477,007	(1,175,466)

Reconciliation of property, plant and equipment and intangibles additions for the period to net cash flows from investing activities

		CONSOLIDATED	
	Note	2024 US$	2023 US$
Additions to property, plant and equipment	C5	(357,880)	(2,067,565)
Additions to intangible assets	C6	(12,959)	(9,452,299)
Total additions		(370,839)	(11,519,864)
Capital items included in working capital[1]		(979,762)	9,836,278
Payments for property, plant and equipment and intangibles (cash flow investing activities)		(1,350,601)	(1,683,586)

[1] *Include interest capitalised of US$355,445 (2023: nil).*

ABBREVIATIONS

AGM	Annual general meeting
AIM	Alternative Investment Market of the London Stock Exchange
AOA	Angolan kwanza
ASX	Australian Securities Exchange
AUD	Australian dollar
Blueprint	Pensana Blueprint for Sustainable Rare Earths
°C	Degrees Centigrade
CAPEX	Capital expenditure
CEO	Chief executive officer
CGU	Cash-generating unit
CICERO	Centre for International Climate Research Shades of Green, formerly part of CICERO, now part of S&P Global, provides independent research-based evaluations of green bond and sustainability financing frameworks to determine their environmental robustness. In December 2022, S&P Global acquired the Shades of Green business from CICERO.
CO_2	Carbon dioxide
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
DFC	US International Development Finance Corporation
DRC	Democratic Republic of the Congo
ECL	Expected credit loss/es
ESG	Environmental, social and governance
ESIA	Environmental and Social Impact Assessment
EU	European Union
Fe	Iron
FEED	Front-end engineering design
FRC	Financial Reporting Council
FSDEA	Fundo Soberano de Angola
FTSC	FTSE Small Cap
FTSE	Financial Times Stock Exchange
FY	Financial year
GBP	British pound
GHG	Greenhouse gas
GST	Goods and services tax
GW	Gigawatt
HR	Human resources
IAS	International Accounting Standards
ICMM	International Council on Mining and Metals
IEA	International Energy Agency
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ISAs (UK)	International Standards on Auditing (UK)
ISO	International Organisation for Standardisation
JORC	2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves
km	Kilometre
km^2	Square kilometre
KPI	Key performance indicator
kWh	Kilowatt hour
LAR	Lobito Atlantic Railway
LRP	Livelihood Restoration Plan
LSE	London Stock Exchange
LTI	Long-term incentive
LTIFR	Lost time injury frequency rate
m	Metre
m^2	Square metre
m^3	Cubic metre
MCC	Mining Consultancy Company Limited
mg/l	Milligrams per litre
MREC	Mixed rare earth carbonate
MSP	Minerals Security Partnership
Mt	Million tonnes
MW	Megawatt
NdFeB	Neodymium iron boron
NdPr	Neodymium and praseodymium
NGO	Non-governmental organisation
OEM	Original equipment manufacturer
Ozango	Ozango Minerais SA
PGI	G7 Partnership for Global Infrastructure and Investment
QCA	Quoted Companies Alliance

ABBREVIATIONS continued

R&D	Research and development
RAP	Resettlement Action Plan
REE	Rare earth element
REO	Rare earth oxide
RESF	Rare earth separation facility
RNS	Regulatory News Service
STEM	Science, technology, engineering and mathematics
STI	Short-term incentive
t	Tonne
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes (t) of carbon dioxide (CO_2) equivalent
tpa	Tonnes per annum
TREO	Total rare earth oxide
TSF	Tailings storage facility
TSR	Total shareholder return
U	Uranium
UK	United Kingdom
UK DBT	UK Department for Business and Trade
UNICEF	United Nations Children's Fund
US	United States
US$	United States dollar
VAT	Value added tax
WRI	World Resources Institute

CORPORATE DIRECTORY

Directors	Mr Paul Atherley – Executive chairman Mr Timothy George – Executive director/chief executive officer Mr Robert Kaplan – Finance director Ms Alison Saxby – Non-executive director Mr Steven Sharpe – Non-executive director
Chief executive officer	Mr Timothy George
Chief operating officer	Mr Rocky Smith
Company secretary	St James's Corporate Services Limited
Registered office	107 Cheapside Second Floor London EC2V 6DN, United Kingdom
Share registry UK	Computershare The Pavilions, Bridgwater Road Bristol BS13 8AE, United Kingdom
Auditor	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Lawyers UK	Simmons and Simmons City Point, 1 Ropemaker Street London EC2Y 9SS United Kingdom
LSE code	PRE
Website	**www.pensana.co.uk**
Pensana Plc	Company registration number: 12206525