Regulatory Story

Xtract Resources plc - XTR

Final Results

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Xtract Resources plc
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Xtract Resources Plc
("Xtract" or "the Company")

Final Results

Xtract Resources Plc (AIM:XTR) announces its final results for the year ended 31 December 2015, a year in which the Company achieved significant milestones in order to deliver on its growth objectives and shareholder value.

Financial highlights

- Revenue received from concentrate £0.35m (2014: £1.14m)
- Net loss of £4.58m (2014: £2.95m)
- Administrative and operating expenses of £2.43m (2014: £2.34m)
- Project costs of £0.14m (2014: £0.21m)
- Cash of £3.76m (2014: £0.16m)
- Net assets of £7.55m (2014: £1.60m)

Operational highlights

- Acquired the Manica Gold project
- Successfully addressed flexibility problems at Chepica Gold mine
- Raised equity and debt capital to advance all projects
- Advanced Manica BFS on time and within schedule

Corporate highlights

- Strengthened management team
- Further strengthened strategic alliance with MTI

Jan Nelson, CEO of Xtract Resources commented: "In 2015 momentum continued and the team has made significant progress to deliver on our 5-year plan of becoming profitable gold producer. We are 3 years into this journey and are confident that we will deliver on our vision within the remaining 24 months. We have resolved the flexibility issues at the Chepica mine and continue to invest capital to grow our production profile. The Manica asset will allow us to realise significant cash flow that will enable us to execute on our strategy and deliver shareholder value without any significant dilution."

The Annual Report will be posted to shareholders today, including Notice of the Annual General Meeting of Xtract Resources Plc which will be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG on Thursday, 30 June 2016 at 11:00am.

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Chairman's Statement

Dear Shareholder,

In 2015 momentum continued and the team has made significant progress to deliver on our 5-year plan of becoming a profitable gold producer. We are 3 years into this journey and are confident that we will deliver on our vision within the remaining 24 months. We have reviewed several projects in the period under review but I will focus on the Manica project and Chepica mine as these in particular were expected to enable us to add value for shareholders through capital appreciation and physical gold production.

On 29 June 2015 Xtract announced the acquisition of the Manica gold project in Mozambique from Auroch, an Australian listed Company. The acquisition was by cash and shares with a total consideration of US$12.5 million. The preliminary figures produced by Auroch suggested that the mine could produce revenues of some US$55 million per annum with pay back taking less than 3 years. The total life of the project was expected to be 8 years of which half would be from surface mining and half from underground. During the period under review the Company made certain revisions to the deal structure as it carried out further due diligence with a view to optimising metallurgy and extending mine life. The Company has sought to add value to the Manica project throughout the time of its ownership. As part of the funding for the acquisition Xtract raised a total of £4.4 million at 0.3p per ordinary share.

The Company recognised that there was an opportunity for alluvial gold to be mined as a separate venture and consequently on the 20 October 2015 Xtract entered into an agreement with MTI to work a separate project on a joint venture basis which would come into effect upon completion of the transaction. In essence the project required that MTI finance the capital for the plant whilst Xtract operate the plant and provide funding for such operation. It is envisaged that any profits from the operation will be shared on an equal basis between MTI and Xtract. This agreement was considered in the best interest of Xtract since no new capital had to be found and that the alluvial material would have to be removed in any case to access the proposed open pit workings.

The Chepica mine progressed albeit not without some technical challenges and sadly a fatal accident in December 2015 resulted in two fatalities at the mine. The Board and Management were greatly saddened by this incident and for the families and loved ones of the deceased. Following an independent review, the Company was exonerated for any blame or liability in connection with the tragic deaths.

The technical challenges at the Chepica mine have been in maintaining sufficient development tunnels in order to supply feed to the processing plant at the required rate. The objective throughout has been to proceed to stoping, i.e. three dimensional mining, as soon as possible. Mine planning required forward knowledge of the gold grades that would be worked during the next five year plan. To this end we embarked on a surface drilling programme which identified and delineated continuing reef systems particularly at the Colin mine.

The progress made in improving mining flexibility and building up volume from underground was addressed in the period under review and represents a significant milestone in the development of the mine. The progress made at Chepica was temporarily impacted by the stoppage of the plant due to the reported fatalities, although the mine is now delivering forecasted gold grades as the team has resolved the issues in getting the recoveries in the plant back to the required levels. The team is committed to continuing to improve recoveries and good inroads are being made in this regard.

My previous reports have spoken much about the very difficult financing circumstances, commodity prices and poor shareholder perception to natural resource companies of any size. We sense a renaissance within our sector and the Board feels that we must be in a position to take advantage of what might be a very short turn around in prospects. For the last five years we have lived in an environment of too many projects and no money. We believe by this time next year or earlier there will be a reversal whereby funding will become available and project flow will dry up.

In May 2016 the Board received an offer from MTI to purchase the entire Manica project for a cash sum of US$17.5 million, subject to due diligence. On 25 May 2016, the Board, after due and careful consideration, accepted the offer. The prime reason for the decision is that a strong cash position will allow Xtract to take best advantage of current opportunities in the mining resource space which may not be available or affordable by the year end. Whilst the Board has considerable confidence in the Manica project there is a consensus opinion that such a cash offer will take the Company into an arena of better earnings and prospects consistent with the expertise of the Board and Management.

Finally I would like to thank all of my fellow Directors and Management for their tenacity and sterling work during the period under review up to the point of issuing this annual report.

Colin Bird
Non- Executive Chairman

6 June 2016

Strategic Report

Writing a strategic review to shareholders for the period ending December 2015 is always challenging as a lot has happened at Xtract since the period end. As a result, starting with a review of what has transpired without giving some perspective would not do this annual report or shareholders justice. Therefore I am going to start this report with my view of the future before I put our activities for the year into perspective.

The future - where are we going?

There are a number of systemic issues that face a junior mining company such as Xtract. It is important for all our stakeholders to understand these issues, as it is these very issues that impact our current and future performance and therefore shape our strategic compass. The bottom line is that we will not realise our vision if these issues are not navigated. Strategy is ultimately about choice as we adapt to realise shareholder value. The timing of when we realise certain deliverables is also influenced by these issues and in turn effect share price and market capitalisation.

The first issue is, how do we buy an asset? When building a junior mining company such as Xtract from a position where there are no assets in the Company, the only commodity that we have to trade is our shares. Shares are issued to acquire assets (as a junior normally does not have cash in the bank to buy anything) and then these assets need cash to be operated and developed. This means the company issues more shares to have enough working capital to get to steady state production. Adequate working capital is the second issue that is important. Without enough working capital wrong decisions can often be taken at an operational level.

The third issue is single asset risk. Having only one asset means that all one's eggs are in one basket and if something goes wrong then the entire company is at risk. Not every project that is developed becomes a success. One normally cycles through a few projects before one becomes a success. Therefore the Company normally is focused on acquiring more than one project or asset to address this problem. This is obviously done without losing focus. Unfortunately this once again leads to the issue of more shares.

The fourth issue is that of operational set-backs and timing. Despite management's best endeavours things do go wrong from time to time that impacts on production delivery. This influences cash flow and therefore requires the company to come to market from time to time to issue more shares to address such cash crunches.

Issuing shares causes dilution to existing shareholders, which is typically not well received. To make matters worse, placing shares for cash can often be carried out at a discount to the current share price. The fourth issue is therefore growth (either operational or capital). Share price dilution can only be absorbed if there is growth over a certain period of time.

In addition to these internal issues the Company also faces external issues such as fluctuation in commodity prices and global market forces that impact on revenue realised from production. External forces also impact the share price especially in the case of a fluctuation in the gold price.

In summary, it is the Board's responsibility to manage risk and navigate the following key issues that ensure that the business remains viable:

Issue	Approach to mitigate risk
Single asset risk	Acquisition of other assets
Working capital	Combination of debt and equity finance
Growth	Re-cycling assets

All of this takes place within a certain time period which guides our shareholders as to how much they are willing to invest (their risk appetite) and what their expectation is in terms of how long before they realise return on their investment.

Management must be allowed the flexibility to make certain decisions relating to the issues mentioned above to ultimately arrive at a point where a certain level of shareholder value is returned. Shareholders must also remember that as long as management successfully navigates the issues above, shareholder value is created. This might not be evident immediately or in the short term in for example share price appreciation but it will unlock returns over the medium to long term.

Xtract is building a junior gold mining house that will be profitable and be able to fund its future growth. We have not arrived at this point yet but have made considerable progress in getting to this point. A mining company is not built in one year and we have set ourselves a period of 5 years to achieve this. We started this journey in June of 2013 under my leadership and are now 3 years along the path of reaching the goal we set ourselves. This means we have only another 24 months to get to achieving our vision and reaching our destination.

I am confident that we will achieve our objectives and the operational summary that follows will clearly map out what has been done to reach our end goal.

2015 was a transitional year for Xtract, one in which we acquired a significant project with the acquisition of the Manica Gold Project in Mozambique and addressed the significant challenges presented to us at Chepica Gold and Copper Mine in Chile. Committed to our strategy we evaluated the copper opportunity at O'Kiep and Carolusberg, which did not meet with our stringent criteria for our acquisition strategy and so elected not to proceed with the acquisition having completed a detailed evaluation of the project.

Manica Gold Project, Mozambique

The Board was delighted to sign an agreement in June 2015, to conditionally acquire the Manica gold project in Mozambique from Auroch Minerals NL, an ASX listed Company. The acquisition was approved by Auroch shareholders in October 2015 and completed in March 2016, when Xtract received approval from the Mozambican mining authorities.

The project was expected to deliver 50koz of gold production when in production, at a cash cost of US$549/oz and has excellent infrastructure. At the time of signing the deal, the project had a JORC Compliant resource of 900koz (9.5Mt @3.01g/t in situ, which has increased to 1.257moz (17.3Mt @2.26g/t) following the independent technical report, completed by Minxcon (Pty) Ltd in May 2016.

The BFS remains on track to be completed within Q2 of 2016.

Manica Alluvial Gold Project

Part of the Manica project included the Manica Alluvial Gold Project, and in October 2015 we signed a Joint Venture Agreement ('JV') with Mineral Technologies International Limited ('MTI') to mine the alluvial project, which it expects will produce c32,000oz gold per annum (16,000oz gold per annum attributable to Xtract).

Importantly, MTI will fund the construction of the alluvial gold plant, and Xtract will operate the plant. Gold produced will be attributed on a 50:50 basis and Xtract was to be responsible for the operating costs of the project.

Sale of Manica Gold Project - Post reporting period

Post the reporting period the Board accepted an offer to sell the Manica asset for US$17,500,000 subject to certain conditions being met. The decision to sell this asset enables the Company to more quickly realise capital growth from the asset without having to raise significant equity or debt capital and therefore incurring significant dilution. Manica represent an example of how management has added value to the project in a very short period of time and have recycled it to acquire other assets that will allow us to realise our vision within 24 months. Should the sale not go through the Board has an alternative strategy that will allow the Company to continue to develop the asset without dilution to shareholders.

Chepica Gold and Copper project, Chile

Development at Chepica gained good momentum in the first half of 2015, with operations team working strategically in order to create mining flexibility in addition to appointing a contract mining team which led to improved efficiencies and lower operating costs.

Over the next few months, development work accelerated, which led to several discoveries of new gold bearing reefs including two at the Salvadori prospect, in March and May, and the Colin prospect in June.

Production continued to build steadily and in April the milling capacity at Chepica was increased to 10,000 t/month following the installation and commissioning of a new ball mill and the upgrade of the two existing mills.
In April, gold grades increased ten-fold, to over 400g/t, as ore from Salvadori II was processed.
We were pleased to renegotiate the earn-in option agreement on Chepica, with payment schedule deferred, and the renegotiation of the option payments remains ongoing.
On and off reef development was increased in June, with two additional reefs developed for stoping
Due to major earthquake activity on 17 September 2015 (Santiago, 250km north of the mine, was affected by a magnitude 8.3 earthquake) the main access haulage at the Chepica Main prospect was submitted to major stress**.** Management took the decision that the haulage was unsafe and could not be used or re-supported and, put plans in place to re-develop a new haulage to access the ore-body from a different position**.**
Safety remains a priority and the impact of this was that the main areas ready for stoping would only be accessed in late December.
It was with great sadness that we had to report two fatal accidents, which occurred on surface at Chepica in December 2015 and our thoughts and support remain with the families.
The Company temporarily shut down the processing plant whilst a risk assessment was carried out. The Inspectors of both Mines and Works were required to sign off on the changes implemented as a result of the risk assessment. Sign off came in early February 2016, following which the processing plant was restarted. This inevitably impacted production in Q1 2016, and the project was expected to mill c30,000 tonnes in Q2 2016 as it got back on track to achieving its production targets.
The issue of flexibility with regard to volume at the mine has been resolved and we are now generating enough rock from underground to feed the mills at a rate of 10,000 tons per month.
The grade at the mine is also running at expected levels. Recoveries at the mine remains problematic and is one of the key issues we are focusing on at the current time.
O'Kiep and Concordia Copper Tailings Projects, South Africa
In March 2015, we signed a Deed of Assignment with Mineral Technologies International ("MTI") for an option to acquire the O'Kiep sulphide copper tailings project in the Northern Cape Province of South Africa. The Deed of Assignment was renegotiated in May resulting in a reduced cash payment of US$2.875m, saving 19% of the total consideration due. The terms included the issue of 69,752,768 new ordinary shares of 0.01p to the value of c.US$375,000.
On 3 February, 2016 the Company announced that it had received the results from the metallurgical and recovery test laboratory and following a detailed evaluation, concluded that the recoveries are too low to produce a viable copper concentrate. The Board therefore elected not to move ahead with the tailings project and there would be no further liabilities or costs incurred in respect of O'Kiep and Carolusberg.
Funding
In 2015, Xtract raised a total of £9.15 million through three Placings in the first half of the year:
· In March, the Company raised £1.75m at 0.15p which enabled underground development work to accelerate at Chepica.
· In May, a second fund raising was completed raising £3.0m at 0.25p, which enabled Xtract to make progress with its acquisition strategy as well as for ongoing development at Chepica. In addition, Xtract was able to repay the outstanding balance of its loan agreement with YA Global Master
· The third placing was completed in June, raising £4.4m at 0.30p, which was raised as part of the consideration for the Manica acquisition.

Outlook

We have resolved both the volume and grade problems at the Chepica Mine. Drilling has shown that we have multiple reef systems along strike with a considerable down dip extent. We are almost on reef at the Chepica main adit that we had to re-develop after the earthquake. We have therefore successfully resolved the flexibility issues at the mine and have built the production profile up after the two fatalities that stopped production for almost 3 months. Getting back to the required recoveries in the plant is the last issue we are in the process of resolving at the mine. Despite this we continued to fund all our activities at the mine and advance the completion of the BFS at Manica.

The offer for Manica post period will allow us to strengthen the balance sheet considerably and allow significant capital growth that combined with production growth from the Chepica mine will allow us to achieve our stated strategy of becoming a profitable gold mining company within the remaining 24 months we have set ourselves.

At the same time we address all the issues mentioned at the beginning of this strategic report that will ensure that the business is able to mitigate all internal and external issues and realise shareholder value.

In addition the Board has put in place several alternative plans should the Manica sale not realise as is expected that will allow us to achieve the same result but with slight changes.

We are therefore well positioned to create value for our shareholders. In addition the cash from the sale of Manica will allow the Company to capitalise on potential opportunities to add to Xtract's production profile in the future.
I look forward to an exciting year for the Company.

Thank you to our team and shareholders for your support.

Yours sincerely,

Jan Nelson
Chief Executive Officer

6 June 2016

Consolidated Income Statement
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Continuing operations			
Concentrate Revenue		350	1,144
Less: Cost of sales		(288)	(910)
Gross Profit:		62	234
Administrative and operating expenses		(2,426)	(2,343)
Project expenses		(147)	(205)
Operating loss		(2,511)	(2,314)
Other gains and (losses)		610	-
Finance (cost)/income		(371)	(635)
Impairment of Intangible assets	4	(2,217)	-
Impairment of Financial asset available for sale		(86)	-
(Loss)/profit before tax		(4,575)	(2,949)
(Loss)/profit for the period from continuing operations		(4,575)	(2,949)
(Loss) for the period		(4,575)	(2,949)
Attributable to:			
Equity holders of the parent		(4,575)	(2,949)
		(4,575)	(2,949)
Net (loss)/profit per share			
Continuing		(0.07)	(0.09)
Basic (pence)	3	(0.07)	(0.09)
Continuing		(0.07)	(0.09)

Diluted (pence)	3	(0.07)	(0.09)

Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED 31 DECEMBER 2015

	Group Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
(Loss) for the year	(4,575)	(2,949)
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Gains on revaluation of available-for-sale investment taken to equity	(483)	(828)
Exchange differences on translation of foreign operations	167	(2)
Other comprehensive income / (loss) for the year	(316)	(830)
Total comprehensive income / (loss) for the year	(4,891)	(3,779)
Attributable to:		
Equity holders of the parent	(4,891)	(3,779)
	(4,891)	(3,779)

Consolidated Statement of Financial Position
AS AT 31 DECEMBER 2015

GROUP

	Note	As at 31 December 2015 £'000	As at 31 December 2014 £'000	
Non-current assets				
Intangible assets	4	4,992	4,632	
Property, plant & equipment	5	1,309	1,195	
Investment in subsidiary		-		-
Financial assets available for sale		-	570	
		6,301	6,397	
Current assets				
Trade and other receivables		1,744	1,031	
Derivative financial instruments		-	36	
Inventories		45	-	
Cash and cash equivalents		3,763	163	
		5,552	1,230	
Total assets		11,853	7,627	
Current liabilities				
Trade and other payables		3,555	3,719	
Interest bearing		-	462	
Amounts due to subsidiaries		-	-	
		3,555	4,181	

Net current assets/(liabilities)		1,997	(2,951)
Non-current liabilities			
Other payables		312	1,500
Provisions		167	81
Reclamation and mine closure provision		266	266
Total liabilities		4,300	6,028
Net assets/(liabilities)		7,553	1,599
Equity			
Share capital	6	2,253	1,776
Share premium account		48,688	38,742
Warrant reserve		500	205
Share-based payments reserve		440	591
Available-for-sale reserve		-	483
Foreign currency translation reserve		(229)	(396)
Accumulated losses		(44,099)	(39,802)
Equity attributable to equity holders of the parent		7,553	1,599
Total equity		7,553	1,599

The financial statements of Xtract Resources PLC, registered number 5267047, were approved by the Board of Directors and authorised for issue. It was signed on behalf of the Company by:

Joel Silberstein
Director

6 June 2016

Consolidated Statement of Changes in Equity

Group

	Share Capital	Share premium account	Warrant reserve	Share based payments reserve	Available-for-sale reserve	Foreign currency translation reserve	Accumulated losses	Total Equity
Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2014	1,627	35,905	109	834	1,311	(394)	(37,125)	2,267
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(2,949)	(2,949)
Forex currency translation Differences	-	-	-	-	-	(2)	-	(2)
Revaluation of available-for-sale investments	-	-	-	-	(828)	-	-	(828)
Total comprehensive income for the year	-	-	-	-	(828)	(2)	(2,949)	(3,779)
Issue of shares	149	2,837	-	-	-	-	-	2,986
Share based payment expense	-	-	-	29	-	-	-	29
Expiry of share options	-	-	-	(272)	-	-	272	-

Issue of warrants		-	-	96	-	-	-	-	96
As at 31 December 2014		1,776	38,742	205	591	483	(396)	(39,802)	1,599
Comprehensive income									
Loss for the year		-	-	-	-	-	-	(4,575)	(4,575)
Forex currency translation difference		-	-	-	-	-	167	-	167
Revaluation of available-for-sale investments		-	-	-	-	(483)	-	-	(483)
Total comprehensive income for the year		-	-	-	-	(483)	167	(4,575)	(4,891)
Issue of shares	6	454	10,264	-	-	-	-	-	10,718
Share based payment expense		-	-	-	127	-	-	-	127
Expiry of share options		-	-	-	(278)	-	-	278	-
Exercise of warrants		23	138	(161)	-	-	-	-	-
Issue of warrants		-	(456)	456	-	-	-	-	-
As at 31 December 2015		2,253	48,688	500	440	-	(229)	(44,099)	7,553

Consolidated Cash Flow Statement

Group

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Net cash used in operating activities		(3,963)	(1,840)
Investing activities			
Acquisition of subsidiary undertaking		-	(485)
Acquisition of intangible fixed assets	4	(945)	(471)
Acquisition of tangible fixed assets	5	(252)	(147)
Proceeds from disposal of intangible assets		371	-
Proceeds from disposal of available-for-sale investment		-	1,182
Net cash (used in)/from investing activities		(826)	79
Financing activities			
SEDA backed loan		(356)	273
Proceeds on issue of shares		8,769	1,736

Finance lease repayments	8	(249)
Loans from directors	(5)	5
Net cash from financing activities	8,416	1,765
Net increase in cash and cash equivalents	3,627	4
Cash and cash equivalents at beginning of year	163	159
Effect of foreign exchange rate changes	(27)	-
Cash and cash equivalents at end of year	3,763	163

Significant Non Cash movements

1. The mineral exploration rights in respect of the O'Kiep and Carolusberg project were acquired during 2015 by the issue of ordinary shares to the value of £1,849k.
2. A total of £100k of the SEDA backed loan was settled through the issue of ordinary shares.

Notes to the Financial Statements

1. Basis of Preparation

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the years ended 31 December 2015 or 2014 but is derived from those financial statements. Statutory financial statements for 2014 have been delivered to the Registrar of Companies, and those for 2015 will be delivered in due course.

The auditors have reported on the financial statements for the year ended 31 December 2015; their report was unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

While the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as endorsed for use in the European Union, this announcement does not itself contain sufficient information to comply with IFRSs.

The principal accounting policies adopted in the preparation of the financial information in this announcement are set out in the Company's full financial statements for the year ended 31 December 2015 and are consistent with those adopted in the financial statements for the year ended 31 December 2014.

The Directors do not recommend the payment of a dividend (2014: nil).

The Board approved this announcement on 6 June 2016.

2. Segmental Analysis

During the year the Group operated in gold & precious metal mining which has a separate operational segment within the group structure and maintains an investment & other segment. These divisions are the basis on which the Group reports its primary segment information to its CEO, who is the Chief Operating Decision maker of the Group. The CEO is responsible for allocating resources to the segments and assessing their performance.
Principal activities are as follows:

- Operating gold & precious metal mining segment since March 2014
- Investment and other - in various unlisted resource companies including available-for-sale assets.

Segment results
Year ended 31 December 2015

Segment revenue	Investment and Other (Continuing) £'000	Gold Production (Continuing) £'000	Total £'000
Concentrate revenue	-	350	350
Less: Cost of sales	-	(288)	(288)
Segment Gross profit	-	62	62
Administrative and operating expenses	(1,452)	(974)	(2,426)
Project costs	(147)	-	(147)
Segment results	(1,599)	(912)	(2,511)
Other gains and losses	436	174	610
Finance income / (costs)	177	(548)	(371)
Impairment of intangible assets	(2,217)	-	(2,217)
Impairment of financial assets available for sale	(86)	-	(86)
(Loss) / profit before tax	(3,289)	(1,286)	(4,575)
Tax credit	-	-	-
(Loss) / profit for the year	(3,289)	(1,286)	(4,575)

2. Segmental Analysis (continued)

Year ended 31 December 2014	Investment and Other (Continuing) £'000	Gold Production (Continuing) £'000	Total £'000
Segment Revenue			
Concentrate revenue	-	1,144	1,144
Less: Cost of Sales	-	(910)	(910)
	-	234	234
Administrative and operating expenses	(1,610)	(733)	(2,343)
Project costs	(205)	-	(205)
Segment result	(1,815)	(499)	(2,314)
Finance income / (costs)	(452)	(183)	(635)
Other gains and losses	-	-	-
(Loss) / profit before tax	(2,267)	(682)	(2,949)
Tax credit	-	-	-
(Loss) / profit for the year	(2,267)	(682)	(2,949)

Balance sheet	2015 £'000	2014 £'000
Total assets		
Gold production	6,503	6,802
Investment & other	5,300	825
Consolidated total assets	11,853	7,627
Liabilities		
Gold production	(3,706)	(4,635)
Investment & other	(594)	(1,393)
Consolidated total liabilities	(4,300)	(6,028)

Geographical information

The following table provides information about the Group's segment revenues by geographical location:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Chile	350	1,144
United Kingdom	-	-
	350	1,144

The company currently sell its concentrate to Empres Nacional De Minera in Chile which accounts for the Group's entire revenue.

The following table provides information about the Group's segment assets by geographical location:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Chile	6,553	6,802
United Kingdom	5,300	825
	11,853	7,627

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of central administration costs including directors' salaries, investment revenue and finance costs, and income tax expense. This is the measure reported to the Group's Board for the purposes of resource allocation and assessment of segment performance.

3. Profit/(loss) per share

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

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
(Loss) for the purposes of basic and diluted earnings per share (EPS) being:		
Net (loss) for the year from continuing operation attributable to equity holders of the parent	(4,575)	(2,949)
	(4,575)	(2,949)
	Number of shares	Number of shares
Weighted average number of ordinary shares for purposes of basic EPS	6,474,957,673	3,403,266,982
Effect of dilutive potential ordinary shares-options and warrants	-	-
Weighted average number of ordinary shares for purposes of diluted EPS	6,474,957,673	3,403,266,98

In accordance with IAS 33, the share options and warrants do not have a dilutive impact on earnings per share, which are set out in the consolidated income statement. Details of shares issued since the year end are shown in note 30 to the financial statements.

4. Intangible assets

	Land acquisition costs £'000	Development expenditure £'000	Reclamation & mine closure costs £'000	Mineral exploration £'000	Total £'000
At 1 January 2014	-	-	-	-	-
Additions - at fair value	4,184	-	266	-	4,450
- at cost	-	471	-	-	471
As at 31 December 2014	4,184	471	266	-	4,921
Additions - at cost	-	578	-	2,217	2,795
Impairment - Mineral Right	-	-	-	(2,217)	(2,217)
Disposals	-	(33)	-	-	(33)
As at 31 December 2015	4,184	1,016	266	-	5,466
Amortisation					
At 1 January 2014	-	-	-	-	-
Charge for the year	246	28	15	-	289
As at 31 December 2014	246	28	15	-	289
Charge for the year	117	61	7	-	185
As at 31 December 2015	363	89	22	-	474
Net Book value at 31 December 2014	3,938	443	251	-	4,632
Net book value at 31 December 2015	3,821	927	244	-	4,992

On 27 March 2015, the Company signed a Deed of Assignment ("DoA") with Mineral Technologies International Limited ("MTI") which provided the Company with an option to acquire a sulphide copper tailings project on surface in the Northern Cape Province of South Africa (the "Project"). Under the DoA MTI assigned all its rights, title, interest and obligations under, in and to the Slime Dumps Agreement it signed with the O'Kiep Copper Company (Pty) Ltd ('OCC') to the Company.

The Project consists of the Carolusberg and O'Kiep tailings dams which contain 33.8Mt of sulphide tailings material on surface that was mined between 1980 and 2010 by O'Kiep Copper Company. The Carolusberg tailings dam represents 28Mt of material grading at 0.19% Cu and the O'Kiep tailings dam represents 5.8Mt of material grading at 0.23% Cu. Both tailings dams are located close to the town of Springbok (within a 30km radius) in the Northern Cape Province of South Africa.

On 3 February 2016, the Company received the results from the metallurgical and recovery test laboratory and following a detailed evaluation and concluded that the recoveries were too low to produce a viable copper concentrate. The Board therefore elected not to move ahead with this tailings project and the total costs have been impaired as at 31 December 2015.

5. Property, plant and equipment

Cost or fair value on acquisition of subsidiary

	Mining plant & equipment £'000	Land & Buildings £'000	Furniture & Fittings £'000	Total £'000
At 1 January 2014	-	-	-	-
Additions - at fair value	1,043	80	10	1,133
- at cost	124	23	-	147
As at 31 December 2014	1,167	103	10	1,280
Additions - at cost	250	-	2	252
At 31 December 2015	1,417	103	12	1,532
Depreciation				
At 1 January 2014	-	-	-	-
Charge for period	73	9	3	85

At 31 December 2014	73	9	3	85
Charge for period	124	10	4	138
At 31 December 2015	197	19	7	223
Net Book Value				
At 31 December 2014	1,094	94	7	1,195
At 31 December 2015	1,220	84	5	1,309

6. Share capital

	2015 Number of shares	£'000	2014 Number of shares	£'000
Issued and fully paid ordinary shares of 0.01 pence each				
At 1 January	3,830,599,981	1,776	2,339,181,216	1,627
Shares issued in the year	4,772,903,541	477	1,491,418,765	149
At 31 December	8,603,503,522	2,253	3,830,599,981	1,776

Share issue

In March 2015, the Company completed a subscription of equity by certain investors amounting to £1.75 million. An additional 1,166,666,667 ordinary shares were issued at a price of 0.15p per ordinary share.

In April 2015, the Company completed a subscription of equity by certain investors amounting to £3 million. An additional 1,200,000,000 ordinary shares were issued at a price of 0.25p per ordinary share.

In May 2015, the Company issued a total of 228,624,551 ordinary shares for a total of £161k through the exercise of Broker warrants.

In May 2015, the Company drew down £465k on it SEDA and resulted in the issuance of an additional 149,253,731 ordinary shares at a price of 0.312p per ordinary share.

In May 2015, The Company issued 69,752,768 ordinary shares at a price of 0.342p per ordinary share to Mineral Technology International, for total consideration of £238k as a payment towards to acquisition of the O'Kiep Copper Sulphide tailings project in the Northern Cape province of South Africa.

In July 2015, the Company completed a subscription of equity by certain investors amounting to £4.4 million. An additional 1,466,666,665 ordinary shares were issued at a price of 0.30p per ordinary share.

In July 2015, the Company issued a further 491,939,159 ordinary shares to Mineral Technology International at a price of 0.032p per ordinary share for a total consideration of £1,611k as a final payment towards the O'Kiep Copper Sulphide tailings project.

The Company has one class of ordinary shares, which carry no right to fixed income.

Options and Warrants (see note 27)

The following options were issued during the year:

- Issued 31 July 2015 - 70,000,000 exercisable at 0.25p per share

The following warrants were issued during the year:

- Issued 27 March 2015 - 55,666,667 exercisable at 0.15p per share
- Issued 7 May 2015 - 60,000,000 exercisable at 0.25p per share

· Issued 26 June 2015 - 73,333,333 exercisable at 0.30p per share

The following share options expired during the year:

· Issued 15 July 2010 - 21,700,000 exercisable at 1.8p per share
· Issued 15 July 2010 - 6,160,000 exercisable at 3.7p per share
· Issued 15 July 2010 - 1,312,500 exercisable at 3.7p per share

The following warrants were exercised during the year

· Issued 12 September 2012 - 172,957,884 exercisable at 0.045p per share
· Issued 19 May 2015 - 55,666,667 exercisable at 0.15p per share

All of the above share options and warrants entitle the holder to one fully paid share in the Company upon payment of the exercise price per share.

7. Events after the balance sheet date
Acquisition of Manica Gold Project

On 1 March 2016 the Company announced that it had received final approval under the Mozambique Mining Act from the Mozambican mining authorities to complete the 100% acquisition of the Manica Gold Project in Mozambique.

The Company also announced that following discussions with Auroch both parties had agreed to revise the terms of the Transaction, which was expected to occur on 1 March 2016.

Under the revised terms the Company will:

· The Company would pay the Consideration Cash of US$3.0 million to Auroch ("Completion")
· Issue Auroch 1,137,258,065 new Ordinary Shares, to the value of US$4.4 million shares at Completion ("Consideration Shares"). The disposal of the Consideration Shares is subject to an orderly market arrangement and will have no lock in period.
· Pay Auroch US$2.5 million three months after Completion. A total of US$1.3 million will be payable in cash and the remaining US$1.2 million will, at Auroch's election, be payable either in Ordinary Shares, issued at a 20% discount to the 10 day VWAP prior to the election or cash.
· The date for the fulfillment of all conditions regarding the Transaction would be extended from 29 February 2016 to 31 March 2016 to facilitate payment of the Consideration Cash and admission to trading on AIM of the Consideration Shares
· In addition to the above, the Company had assumed the responsibility to settle the remaining portion of the US$1 million relating to Manica project creditors

On 26 May 2016 the Company announced that it had entered into a conditional sale and purchase agreement (the "Agreement") to sell the Manica Gold project in Mozambique to Nexus Capital Limited ("Nexus") and Mineral Technologies International Limited ("MTI") (together the "Purchasers") for a cash consideration of US$17,5 million. Under the Agreement, Xtract will sell its 100% interest in Explorator Limitada ("Explorator"), the entity which holds title to the Manica Gold Project to the Purchasers at completion.

The completion accounts have not been finalised and the full IFRS 3 disclosures are therefore not practicable.

YAGM Draw down
On 10 May 2016, the Company drew down US$2.4 million from its existing facility with YA Global Master SPV, Ltd (the "Facility"). The Funds were to primarily be used to fund completion of the Manica Bankable Feasibility Study.
A total of US$1.5 million remains available for drawdown from the Facility.

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