Regulatory Story

Xtract Resources plc - XTR

Final Results

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5 June 2015
Xtract Resources Plc
("Xtract" or the "Company")

Final Results for the year ended 31 December 2014

Xtract Resources Plc (AIM:XTR) announces its final results for the year ended 31 December 2014, a year in which the Company achieved significant milestones in order to deliver on its growth objectives and shareholder value.

Financial highlights
- First revenue received from concentrate £1.14m (2013: nil)
- Net loss of £2.95m (2013: £0.13m loss)
- Administrative and operating expenses of £2.34m (2013: £0.80m)
- Project costs of £0.21m (2013: £0.35m)
- Cash of £0.16m (2013: £0.16m)
- Net assets of £1.60m (2013: £2.27m)

Operational highlights
- Concluded acquisition of Chepica Gold and Copper Mine and the Mejillones Phosphate Project in Chile for £1.25m in Xtract shares
- Accelerated development of four new levels at Chepica in order to add significant mining flexibility
- Streamlined operations through implementation of a new Mineral Resource System that has improved mining grade by over 1g/t gold in addition to moving to a mechanized mining operation which has reduced labour costs
- Installed new ball mill to increase mill capacity to 9,500 t/month from 5,500 t/ month
- Disposed of non-core Mejillones Phosphate Project in February 2015 for £0.4m

Corporate highlights
- Further strengthened management team with appointment of Eduard Victor as COO and Albert Pretorius as Mining Executive
- Raised £1.2m in July through the disposal of 5 million Global Oil Shale Group shares
- Raised US$1.3m in November from YA Global Masters facility (consisting of debt of US$0.75m and equity of US$0.55m). This facility has subsequently been paid down to zero

Jan Nelson, CEO of Xtract Resources commented: "Significant progress has been made to take the Chepica mine from a start-up operation to a mine that is now producing at steady state and generating profit. The loss sustained during the period under review was as a direct result of the cost involved in starting up a new mining operation. We have turned this corner and look forward to reporting a profit for the Group in the future. The team worked extremely hard and this perseverance paid off as not only was the mine turned around but significant funding was also raised post year end. This will now enable us to: grow the mining operations at Chepica; explore the remaining 70% of the exploration tenement around the mine; create mining flexibility and as a result consistent production delivery; and acquire additional projects to mitigate single asset risk to the Company and to grow our revenue base.

"We signed two option agreements post year end on the O'Kiep copper sulphide and Concordia copper oxide surface copper tailings projects in South Africa, which we believe have the potential to transform Xtract from small scale miner to a significant mid-tier producer."

The Annual Report for the year ended 31 December 2014 is available on the Company's website: www.xtractresources.com.

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Chairman's Statement

Dear Shareholder,

The year under review was most challenging in a financial environment not supportive of acquisition or development capital. Despite this the Company progressed with its acquisition strategy and disposed of assets no longer in line with the revitalised strategic plan. Whilst much was achieved during the year under review, post balance sheet events were material and company transforming.

On 24 February 2014 shareholders agreed to the acquisition of the Chepica gold and copper mine which resulted in the issuance of 500 million shares to Polar Mining Barbados. The consideration amounted to some £1.81 million, comprising of £1.25 million in shares and £0.56 million in cash. The acquisition also resulted in the Company holding a 100% interest in the Mejillones phosphate project.

The Chepica mine acquisition utilised all of the Company's resources and as such we sought an extension on our due diligence period for the Namakwa Uranium deposit in South Africa. The extension was granted until 10 April 2014 during which time we carried out extensive due diligence on all aspects of a proposed Uranium mine development. On completion of this due diligence programme the board took the decision not to advance with the acquisition since our overall investment criteria demands were not met.

With such a challenging financing climate in 2014, the board reviewed all possible ways of raising money to meet its ongoing requirements. On the basis that the Global Oil Shale Group Limited (GOS) holding was considered to be non-core the board elected to sell 5 million shares for £1.2 million. The sale of the GOS shares was at 23.77 p per share against a nominal book price of 12 p per share representing a considerable profit on our position. In addition the realisation of the cash from the GOS disposal did not result in any shareholder dilution. A significant portion of the cash was injected into the Chepica mine with the intent to boost production and improve processing plant efficiencies.

During early October 2014 we announced the sale of our Mejillones phosphate deposit to Mines Global (MG) for a total consideration of £ 0.4 million to be satisfied in two tranches. The first one being £0.25 million within 14 days of signature and the balance being satisfied once successful transfer of all licenses was effected to MG. The final payment was made on 5 February 2015.

We announced a fundraising of approximately £0.85 million via YA Global Master SPV Limited (YAGM) consisting of a draw dawn facility and equity subscription. The funds were again largely deployed into the Chepica mine since a number of operating challenges were being faced. The challenges were underground unstable rock conditions, minor faulting and a requirement to upgrade plant throughput from 3,500 tonnes per month to over 6,500 tonnes per month with a future target of some 8,500 tonnes per month.

Post the period under review Chepica suffered severe operational problems one of which necessitated the mining of a bypass loop during which time the Company operated on considerably reduced tonnages which prevented us from meeting our cash flow forecast. Towards the end of the mining of the remedial loop, the Chepica management elected to employ contractors in the difficult mining conditions. Again during this period the Company negotiated a deferment of the earn-in option agreement which eased immediate cash flow constraints. Apart from underground mining, geological efforts were directed towards identifying easy to access outcrops with the view to additional ore from the underground workings.

Whilst the first quarter was extremely difficult a number of key decisions were made which have resulted in a much improved mining operation. At the time of writing my report the Chepica mine is showing enormous potential for the mid-term production and we look forward to good financial results. During 2015 the Company has successfully completed two placings to raise a total of £4.75 million which has resulted in a company well financed to consolidate its current operations and seek out other opportunities consistent with the board's policy and strategy.

We announced on 27 March 2015 that the Company had entered into an agreement with Mineral Technologies International (MTI) through which Xtract would evaluate the O'Kiep Project, which comprises certain sulphide copper tailings in the Northern Cape. The area under option consists of over 33 million tonnes of sulphide copper tailings and is spread over two dumps. We were granted a 7 month option to do all necessary work to evaluate the tailings with the view to establish a tailings retreatment operation. The agreement catered for the payment of US$5.7 million in stage payments over two years, should we elect to acquire 100% of the dumps.
On 20 May 2015 we announced renegotiations of the option arrangement pursuant to the O'Kiep Project which resulted in considerable reduction of the overall consideration.

On 23 April 2015 we signed an agreement with Shirley Hayes IPK (Pty Limited) (IPK) a local copper explorer in South Africa to evaluate the Concordia project copper dumps. The agreement with IPK grants Xtract an exclusive 6 months period to conduct due diligence on the oxide material. As part of the agreement Xtract has agreed to issue IPK 3 million ordinary shares in Xtract. Should the Company proceed with construction of the project then it will be entitled to 75% of the gross revenue generated from operations with IPK entitled to the remaining 25%.

The Company is currently assessing a number of other acquisitions which satisfy our investment criteria with much of the early evaluation risk removed by others. Xtract is quite prepared and able to meet operational challenges but remains reluctant to be involved in grass root projects with discovery risk and numerous other uncertainties.

We hope to report further progress with our acquisition strategy during the second half of 2015 to support our serious intent to progress from a junior mining company to a mid-cap producer.

It is normal to thank fellow directors, management and staff for their efforts during the period under review. Such a bland statement would not address the tireless and tenacious efforts of all our staff who have put Xtract in such a strong position relative to its peers. In particular I would like to thank the operational staff at Chepica for their sterling work in developing the Chepica mine and identifying short-term opportunities for significant cash flow.

Our team remains dedicated and committed to producing shareholder returns well above average for the company's size and the sector it operates within.

Colin Bird
Non- Executive Chairman
5 June 2015

Strategic Report

The Board approved an investment framework in 2013 that would enable the company to identify and invest in a portfolio of near-term resource assets that:

- Are near to or at surface and will not incur major capital development expenditure
- Can be brought into production within 2 years
- Are on the low end of the cash cost curve for the commodity
- Have significant upside growth potential
- Focuses on assets which have robust evaluation parameters, low entry cost and located in favorable mining jurisdictions with potential for an early exit should evaluation results not meet the Company's investment criteria

The acquisition of the Chepica mine (the "Mine") was made on the basis that the project satisfied all the above criteria. Upon detailed due diligence and review the Namakwa Uranium deposit and Mejillones Phosphate deposit did not meet the above criteria and as a result the company exited from these projects.

Chepica gold and copper project, Chile
Our initial strategy after taking ownership of the mine was to focus on accelerating the development of on and off reef ends to open up new levels that would be ready for mining in the latter half of 2014. Management was strengthened with the appointment of Eduard Victor as Chief Operating Officer, Peet Prinsloo as Chief Technical Officer and Albert Pretorius as Mining Executive.

During the period under review:

- March 2014 - Establishment of a new access portal on Chepica Main ore-zone which allows for increased underground mining volumes
- April 2014 - Installation of new flotation float cells in plant and change of plant set-up leading to improved recoveries from 55% to 85%
- June 2014 - Developed and opened up four new levels with over 400 metres of high grade mining areas
- June 2014 - Unforeseen Mill failure that reduced milling capacity of the mine by over 50% and also impacted on grades and revenue stream for two months of production
- July 2014 - Implemented a new Mineral Resource System that improved mining grade by over 1g/t in terms of gold content
- August 2014 - Reduced the total labour complement on the mine by 15% and mechanized the mining operation
- August - 2014 - Major Fall of Ground due to excessive rain that resulted in closure of part of the mine and restricted ventilation underground
- September 2014 - Acquired and poured the foundations for a ball new mill that will enable the Mine to increase mill throughput to 9,500t/month from 5,500t/month

As with any start-up mining operation, some challenges were experienced which primarily delayed the short term capex programme and production ramp-up at the mine.

A major rock mechanic engineering study was completed to address the poor ground conditions experienced in the upper levels of the Mine, where softer rock was encountered near surface. The recommendations of this study were implemented and development has shifted to the deeper levels where the rock is harder. As a result the Mine has not suffered any landslip conditions underground since August 2014.

Once steady state production from development on lower levels is reached within the next six months from the Chepica Main ore-zone the Company will target the remaining three mines. An exploration core drilling machine has been acquired and the remaining zones will be drilled during this period to allow for more efficient mining lay-outs to be planned across the asset.

The new mill was commissioned in October 2014 and production was increased from 3,500 tons per month to over 6,500 tons per month.

The new Mineral Resource Management programme together with the opening up of 400 metres of higher grade development drives and the installation of new float cells in the plant has resulted in the concentrate gold grades increasing from 27g/t to over 60g/t.

Management is confident that the challenges faced during the production build-up have been addressed and that the planned production plan will be achieved. Full production ramp-up will be achieved by the second half of 2015.

Principal Activities and Business Review

Xtract Is a gold and copper exploration, production and development company with projects in Chile and South Africa.

The Company evaluates new exploration and appraisal opportunities continually, including businesses and projects in precious and base metals.

The Company is required by the Companies Act 2006 to include a business review in this report. The information that fulfils the requirements can be found within this Strategic Report. The Business Review contains certain forward-looking statements which have been made by the directors in good faith based on information available to them at the date of this report. These statements may be affected by the factors outlined in the Risks and Uncertainties section of this report.

Details of significant events since the balance sheet date are contained in note 31 to the financial statements.

Performance

The key indication of performance of the Group is the extent of its success in identifying, acquiring, progressing and divesting investments in projects so as to build shareholder value. At this stage in its development, the Group's performance is not readily measured using quantitative key performance indicators. However, a qualitative summary of performance in the period is provided in the Chairman's Statement and Strategic Report.

Financial Review

Financial Summary Table	Year ended 31 December 2014 (£million)	Year ended 31 December 2013 (£million)
Consolidated income resulting from continuing operations		
Concentrate Revenue	1.14	-
Less: Cost of Sale	(0.9)	-
Administrative and operating expenses	(2.34)	(0.80)
Project costs	(0.21)	(0.35)
Other profits/ (losses)	(0.63)	0.92
(Loss) after tax	(2.95)	(0.23)
(Loss) per share	(0.09)p	(0.00)p
Consolidated balance sheet position		
Intangible fixed assets	4.63	-
Tangible fixed assets	1.20	-
Assets available for sale	0.57	2.58
Cash	0.16	0.16
Total assets	7.63	2.80
Total equity	1.60	2.27
Total equity - number of issued shares	3,830,599,981 shares	2,339,181,216 Shares

Income Statement Analysis

The Group reported a net loss after tax from continuing operations of £2.95 million (2013: £0.23 million) and basic loss per share of 0.09p (2013: basic loss per share of 0.00p). The Group generated income of £1.14 million from the Chepica mine and after cost of sales of £0.91 million, achieved a gross profit of £0.23 million. Due to the increased level of the Group's activities, administrative expenses from continuing operations amounted to £2.34 million for the year ended 31

December 2014 (2013: £0.80 million) and non-administrative project costs amounted to £0.21 million for the year ended 31 December 2014 (2013:£0.35 million). There were no other profits/ (losses) from continuing operations the year (2013: gain of £0.84 million). Finance costs, amounted £0.63 million (2013: £0.08 million), of which £0.26 million related to costs incurred on the Equity Swap as well as draw down fees and interest on the SEDA backed loan and £0.14 Million was due to unrealised exchange losses.

Investment Activity

On 10 July 2014 Xtract disposed of 5 million shares in GOS at a share price of £0.237 with total proceeds amounting to £1.19 million, which again was higher than the £0.12 share price at the original transaction date. As at 31 December 2014 Xtract held 2,371,365 shares in GOS giving a total asset value of £0.57 million, with an additional 1.5 million shares to be issued if, as is intended, GOS lists on a Stock Exchange or any other market.

Cash Position

The Group's net cash position at 31 December 2014 was £0.16 million with £0.46 million (US$0.72 million) outstanding borrowings under a Loan Note Agreement with YA Global Master SPV Ltd ("YAGM") (2013: £0.16 million with £0.18 million (U$S0.32 million) outstanding borrowings under a Loan Note Agreement with YAGM).

The Company has additional borrowing facilities of up to a further £2.54 million (US$3.95 million) as may be required. The facility comprises of a Standby Equity Distribution ("SEDA") backed loan entered into with YAGM. The original SEDA was entered into by the Company in September 2011 and provided a funding in the form of an Equity Line Facility.

Share Capital

In March 2014, the Company issued 500,000,000 Ordinary Shares at a price of 0.25p per Ordinary Share as part consideration for the acquisition of Polar Mining (Barbados) Limited.

The Company had also agreed a financing package of £1.62 million with YAGM and as a result, a total of 741,418,765 Ordinary Shares at a price of 0.2185p per Ordinary Share were issued by the Company to YAGM.

In November 2014, the Company completed a subscription of equity by certain investors amounting to £0.32 million. An additional 250,000,000 Ordinary Shares were issued at a price of 0.13p per Ordinary Share.

Going Concern

Since the year end, the Company successfully completed two placements of shares for £1.75 million and £3 million respectively. The Group continues generating revenues from its operations in Chile. These operations have at times been cash flow breakeven and are expected to generate increased cash inflows to partially assist in funding corporate costs. At the same time, the Group continues to manage its investments as a portfolio, evaluating potential strategic partnerships and raising funds as appropriate to finance any new investments. Management believes that it will be able to manage the Group's funding requirements through a combination of these measures.

Environmental Responsibility

The Company recognises that the Group's operations require it to have regard to the potential impact these activities may have on the environment. Wherever possible, the Company also ensures that all related companies are encouraged to comply with the local regulatory requirements with regard to the environment.

Risks and Uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

General and Economic Risks:

- Contractions in the world economies or increases in the rate of inflation resulting from international conditions;
- Movements in the equity and share markets in the United Kingdom and throughout the world;

- Movements in global equity and share markets and changes in market sentiment towards the resource industry;
- Currency exchange rate fluctuations and, in particular, the relative prices of the US Dollar, Chilean Pesos and the UK Pound;
- Adverse changes in factors affecting the success of exploration and development and mining operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep; and unforeseen adverse geological factors or prolonged weather conditions.

Funding Risk:

- Xtract Resources PLC may not be able to raise, either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Commodity Risk:

- Commodities are subject to high levels of volatility in price and demand. The price of commodities depends on a wide range of factors, most of which are outside the control of the Company. Production costs depend on a wide range of factors, including commodity prices, capital and operating costs in relation to any operational site.

Exploration and Development Risks:

- Exploration and development activity is subject to numerous risks, including failure to achieve estimated mineral resource, recovery and production rates and capital and operating costs;
- Success in identifying economically recoverable reserves can never be guaranteed. The Company also cannot guarantee that the companies in which it has invested will be able to obtain the necessary permits and approvals required for development of their projects;
- Some of the countries inwhich the Company operates have native title law which could affect exploration activities. The companies in which the Company has an interest may be required to undertake clean-up programmes resulting from any contamination from their operations or to participate in site rehabilitation programmes which may vary from country to country. The Group's policy is to follow all necessary laws and regulations and it is not aware of any present material issues in this regard.

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company, with significant developments disseminated through stock exchange announcements. The Board regards the annual general meeting as a forum for communication between the Company and its shareholders and encourages shareholders participation in its agenda.

Outlook

Significant progress has been made to take the Chepica mine from a start-up operation to a mine that will produce at steady state and generate a profit after capital expenditure. At the time of writing this report the mine is forecast to be approximately three months away from achieving this goal. The management team stayed focused during extremely challenging times at the mine as well as from a corporate and shareholder perspective. In the end our hard work and perseverance paid off and not only was the mine turned around operationally but significant funding was raised post the reporting period. This funding will allow the company to:

- Grow the mining operations at Chepica
- Explore the remaining 70% of the exploration tenement around the mine
- Create mining flexibility and as a result consistent production delivery
- Acquire additional projects to mitigate single asset risk to the Company and grow revenue base

The option agreements signed post the reporting period on the O'Kiep copper sulphide and Concordia copper oxide surface copper tailings projects in South Africa have the potential to transform Xtract from small scale miner to a significant mid-tier producer.

We are pleased to see the turn-around reflected in our share price and I would like to thank our shareholders for their patience as well as our investors. To the entire team within the Xtract Group and our Board I would like to thank each and everyone for their support and hard work.

I look forward to an exciting year ahead for Xtract.

Jan Nelson
Chief Executive Officer

5 June 2015

Consolidated income statement
For the year ended 31 December 2014
Group

	Notes	Year Ended 31 December 2014 £'000	Year Ended 31 December 2013 £'000
Continuing operations			
Concentrate Revenue		1,144	-
Less: Cost of sales		(910)	-
Gross Profit:		234	-
Administrative and operating expenses		(2,343)	(803)
Project expenses		(205)	(350)
Operating loss		(2,314)	(1,153)
Other gains and (losses)		-	840
Finance (cost)/income		(635)	81
(Loss)/profit before tax		(2,949)	(232)
(Loss)/profit for the period from continuing operations		(2,949)	(232)
(Loss)/profit for the period from discontinued operations		-	104
(Loss)/profit for the period		(2,949)	(128)
Attributable to:			
Equity holders of the parent		(2,949)	(128)
Non-controlling interest		-	-
		(2,949)	(128)
Net (loss)/profit per share			
Continuing		(0.09)	(0.00)
Basic (pence)	3	(0.09)	(0.00)

Continuing		(0.09)	(0.00)
Diluted (pence)	3	(0.09)	(0.00)

Consolidated statement of comprehensive income
For the year ended 31 December 2014
Group

(Loss) for the year	**(2,949)**	(128)
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Gains on revaluation of available-for-sale investment taken to equity	(828)	1,311
Items that will not be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	(2)	(379)
Other comprehensive income/ (loss) for the year	(830)	932
Total comprehensive income/ (loss) for the year	(3,779)	804
Attributable to:		
Equity holders of the parent	(3,779)	804
	(3,779)	804

Consolidated statements of financial position As at 31 December 2014
Group

	Note	As at 31 December 2014 £'000	As at 31 December 2013 £'000
Non-current assets			
Intangible assets	4	4,632	-
Property, plant & equipment	5	1,195	-
Investment in subsidiary		-	-
Financial assets available for sale		570	2,580
		6,397	2,580
Current assets			
Trade and other receivables		1,031	61
Derivative financial instruments		36	-
Cash and cash equivalents		163	159
		1,230	220
Total assets		7,627	2,800
Current liabilities			
Trade and other payables		3,719	350
Interest bearing		462	183

Amounts due to subsidiaries	-	-
	4,181	533
Net current assets/(liabilities)	(2,951)	(313)
Non-current liabilities		
Other payables	1,500	-
Provisions	81	-
Reclamation and mine closure provision	266	-
Deferred tax liabilities	-	-
Total liabilities	6,028	533
Net assets/(liabilities)	1,599	2,267

Consolidated statements of financial position As at 31 December 2014

Group

	Note	As at 31 December 2014 £'000	As at 31 December 2013 £'000
Equity			
Share capital	5	1,776	1,627
Share premium account		38,742	35,905
Warrant reserve		205	109
Share-based payments reserve		591	834
Available-for-sale reserve		483	1,311
Foreign currency translation reserve		(396)	(394)
Accumulated losses		(39,802)	(37,125)
Equity attributable to equity holders of the parent		1,599	2,267
Total equity		1,599	2,267

Statements of changes in equity

Group

	Note	Share Capital	Share Premium	Warrant reserve	Foreign currency translation	Accumulated losses	Total Equity

			account		Share based payments reserve	Available-for-sale reserve	reserve		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2013		1,623	35,832	78	871	146	(15)	(37,163)	1,372
Comprehensive income									
Profit for the year		-	-	-	-	-	-	(128)	(128)
Forex currency translation differences		-	-	-	-	-	(379)	-	(379)
Revaluation of available-for-sale investments		-	-	-	-	1,311	-	-	1,311
Total comprehensive income for the year			-	-	-	1,311	(379)	(128)	804
Issue of shares	4		73	-	-	-	-	77	
Share based payment expense		-	-	-	129	-	-	-	129
Expiry of share options		-	-	-	(166)	-	-	166	-
On disposal		-	-	-	-	(146)	-	-	(146)
Issue of warrants	5	-	-	31	-	-	-	-	31
As at 31 December 2013		1,627	35,905	109	834	1,311	(394)	(37,125)	2,267
Comprehensive income									
Profit for the year		-	-	-	-	-	-	(2,949)	(2,949)
Forex currency translation difference		-	-	-	-	-	(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	5	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

Consolidated cash flow statements for the year ended 31 December 2014
Group

	Note	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Net cash used in operating activities		(1,840)	(960)
Investing activities			
Acquisition of subsidiary undertaking		(485)	-
Acquisition of intangible fixed assets	3	(471)	-
Acquisition of tangible fixed assets	4	(147)	-
Proceeds from disposal of available for sale investment		1,182	648
Net cash (used in) / from investing activities		79	648
Financing activities			
SEDA backed loan		273	182
Proceeds on issue of shares		1,736	76
Proceeds on exercise of SEDA		-	-
Finance lease repayments		(249)	-
Loans from directors		5	-
Net cash from financing activities		1,765	258
Net (decrease) in cash and cash equivalents		4	(54)
Cash and cash equivalents at beginning of year		159	215
Effect of foreign exchange rate changes		-	(2)
Cash and cash equivalents at end of year		163	159

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 2014 or 2013 but is derived from those financial statements. Statutory financial statements for 2013 have been delivered to the Registrar of Companies, and those for 2014 will be delivered in due course.

The auditors have reported on the financial statements for the year ended 31 December 2014; 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 2014 and are consistent with those adopted in the financial statements for the year ended 31 December 2013.

The Directors do not recommend the payment of a dividend (2013: nil).

The Board approved this announcement on 5 June 2015.

2. Segmental Analysis

During the year the Group has commenced operating gold & precious metal mining which has a separate operational segment within the group structure. The Group is no longer involved in oil & gas exploration and still 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;
· Oil & gas exploration - the group discontinued its operations in this sector during 2012, with further costs in 2013.

Segment results

Year ended 31 December 2014	Investment and Other	Gold Production	Total
	(Continuing)	(Continuing)	
Segment revenue	£'000	£'000	£'000
Concentrate revenue	-	1,144	1,144
Less: Cost of sales	-	(910)	(910)
Segment Gross profit	-	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)

Year ended 31 December 2013	Investment and Other	Oil and Gas Exploration	Total
	(Continuing)	(Discontinued - post cessation costs)	
	£'000	£'000	£'000
Administrative and operating expenses	(803)	(55)	(858)
Project costs	(350)	-	(350)
Segment result	(1,153)	(55)	(1,208)
Finance income/(costs)	81	159	240
Other gains and losses	840	-	840
(Loss)/profit before tax	(232)	104	(128)
Tax credit	-	-	-
(Loss)/profit for the year	(232)	104	(128)

	2014	2013
	£'000	£'000
Balance sheet		
Total assets		
Gold production	6,802	-
Investment & other	825	2,800
Consolidated total assets	7,627	2,800
Liabilities		
Gold production	(4,635)	-
Investment & other	(1,393)	(533)
Consolidated total liabilities	(6,028)	(533)

Geographical information

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

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Chile	6,802	-
Europe	825	2,800
	7,627	2,800

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 2014	Year ended 31 December 2013
(Loss) for the purposes of basic and diluted earnings per share (EPS) being:	£'000	£'000
Net (loss) for the year from continuing operation attributable to equity holders of the parent	(2,949)	(232)
Net profit/ (loss) for the year from discontinuing operation attributable to equity holders of the parent	-	104
	(2,949)	(128)
	Number of shares	Number of shares
Weighted average number of ordinary shares for purposes of basic EPS	3,403,266,982	2,307,917,517
Effect of dilutive potential ordinary shares - options and warrants	-	-
Weighted average number of ordinary shares for purposes of diluted EPS	3,403,266,982	2,307,917,517

In accordance with IAS 33 and as the average share price in the year is lower than the exercise price, 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 31 to the financial statements.

4. Intangible assets

	Land acquisition costs	Development expenditure	Reclamation & mine closure costs	Total
	£'000	£'000	£'000	£'000
Additions - at fair value	4,184	-	266	4, 450
at cost	-	471	-	471
As at 31 December 2014	4,184	471	266	4,921
Amortisation				
Charge for the year	246	28	15	289
As at 31 December 2014	246	28	15	289
Net book value at 31 December 2014	3,938	443	251	4,632

Land acquisition costs represent the full cost of a part interest and an earn-in option to acquire the full interest in the Chepica gold and copper mine property. The cost of the option is payable by instalments terminating in 2017. Option payments are non-interest bearing and the Company may, at its sole discretion, terminate the agreement at any time with no obligation to continue paying additional instalments. The unpaid instalments are included in current and non-current liabilities.

5. Property, plant and equipment

Cost or fair value on acquisition of subsidiary	Mining plant & equipment	Land & Buildings	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000
At 1 January 2014	-	-	-	-
Additions - at fair value	1,043	80	10	1,133
- at cost	124	23	-	147
At 31 December 2014	1,167	103	10	1,280
Depreciation				
At 1 January 2014	-	-	-	-
Charge for the period	73	9	3	85
At 31 December 2014	73	9	3	85
Net book value				
At 31 December 2014	1,094	94	7	1,195
At 1 January 2014	-	-	-	-

6. Share capital

	2014		2013	
Issued and fully paid ordinary shares of 0.01pence each	Number of Shares	£'000	Number of Shares	£'000
At 1 January	2,339,181,216	1,627	2,306,105,129	1,623
Shares issued in the year	1,491,418,765	149	33,076,087	4
At 31 December	3,830,599,981	1,776	2,339,181,216	1,627

Share issue

In March 2014, the Company issued 500,000,000 Ordinary Shares at a price of 0.25p per Ordinary Share as part consideration for the acquisition of Polar Mining (Barbados) Limited.

The Company had also agreed a financing package of £1.62 million with YAGM and as a result, a total of 741,418,765 Ordinary Shares at a price of 0.2185p per Ordinary Share were issued by the Company to YAGM.

In November 2014, the Company completed a subscription of equity by certain investors amounting to £0.32 million. An additional 250,000,000 Ordinary Shares were issued at a price of 0.13p per Ordinary Share.

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

Options and Warrants

No Options were issues during the year.

The following options were issued during the prior year:

- Issued 28 May 2013 - 50,000,000 exercisable at 0.14p per share

- Issued 1 June 2013 - 20,000,000 exercisable at 0.19p per share
- Issued 9 December 2013 - 34,000,000 exercisable at 0.19p per share

The following warrants were issued during the year and the prior year:
- Issued 18 November 2014 - 68,378,571 exercisable at 0.3p per share
- Issued 12 December 2013 - 12,226,000 exercisable at 0.6p per share

The following share options expired during the year:
- Issued 1 July 2009 - 5,880,000 exercisable at 4.6p per share
- Issued 1 July 2009 - 4,200,000 exercisable at 2.3p per share
- Issued 1 July 2009 - 9,800,000 exercisable at 2.3p per share

The following share options and warrants remain outstanding at 31 December 2014:
- 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
- Issued 12 September 2012 - 172,957,884 exercisable at 0.045p per share
- Issued 28 May 2013 - 50,000,000 exercisable at 0.14p per share
- Issued 3 June 2013 - 20,000,000 exercisable at 0.19p per share
- Issued 9 December 2013 - 34,000,000 exercisable at 0.19p per share
- Issued 12 December 2013 - 12,226,000 exercisable at 0.6p per share
- Issued 18 November 2014 - 68,378,571 exercisable at 0.3 p 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. Acquisition of subsidiary undertaking

On 24 February 2014, the Company acquired from Polar Star Mining Corporation the entire issued share capital of its wholly owned subsidiary, Polar Mining (Barbados) Limited, the parent company of Minera Polar Mining Chile Limitada, a Chilean incorporated entity with a 15% direct interest and earn in option to acquire the remaining 85% interest in the Chépica gold and copper mine together with 100% of the Mejillones Phosphate project in Chile. The total consideration of the acquisition was £1.81 million.

The net assets acquired and goodwill arising are as follows:-

	Carrying value before combination	Fair value adjustment	Fair value
	£(000)	£(000)	£(000)
Tangible and intangible fixed assets	3,473	2,110	5,583
Trade and other receivables	2,264	(1,362)	902
Bank and cash balances	73	-	73
Trade and other payables	(1,853)	(2,630)	(4,483)
Provisions	(267)	-	(267)
	3,690	(1,882)	1,808
Consideration :			
Shares issued		1,250	
Cash		558	
			(1,808)
Goodwill on consolidation			-

The consideration for the Acquisition was £1.81million comprising £1.25 million, satisfied by the allotment and issue of 500,000,000 ordinary shares of 0.01p each which were credited on 3 March 2014 as fully paid at a price of 0.25p per Ordinary Share, and cash of £0.56 million.

8. Events after the balance sheet date

Option Agreement
On 24 February 2015, the Company successfully re-negotiated the terms of the earn-in option agreement and all payments that are due under the Option Agreement have been suspended by the agreement of both parties until October 2015. Under the revised payment schedule, a payment of US$0.35 million is due by 15 October 2015, relating to the 30 September quarter payment. All remaining quarterly payments until 31 December 2016, which total US$2.4 million, remain unchanged. On the 1 January 2017, the Company will then make a final payment of US$1.1 million (the deferred payments from January 2015 to July 2015) and will thereafter acquire a 100% interest in the Mine.

Acquisition of 33.8Mt Sulphide Copper tailings Project in South Africa from Mineral Technologies International
On 27 March 2015 the Company announced that it had signed a Deed of Assignment ("DoA") with Mineral Technologies International Limited ("MTI") which would provide Xtract 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 will assign 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. to the Company. O'Kiep and Carolusberg Projects 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 ('OCC'). 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.

The agreement is summarised as follows. Xtract has been granted until 30 June 2015 to complete a validation in so far as the title of the Project is concerned. Should Xtract elect to move forward on the Project it will give written notice of exercise of its option to OCC and pay an option fee of US$0.03 million. Xtract can start technical work before this date (from the date of the session which is 26 March 2015). Xtract will have until 28 October 2015 to complete its technical assessment and feasibility report. On 31 October 2015, Xtract will pay OCC US$1 million and MTI US$ 0.75 million (total amount of US$1.75 million) and then 180 days after this date, which will be 29 April 2016, Xtract will pay OCC US$0.37 million and a further 180 days after this date, which will be 27 October 2016, Xtract will pay OCC US$0.37 million and MTI US$0.75 million (total amount of US$1.12 million). A final payment of US$2.5 million is due to MTI on the date mining commences.

On 14 May 2015 the Company successfully re-negotiated improved terms with MTI which resulted in a 19% discount on the total acquisition costs of the O'Kiep Project to Xtract and comprised the following payments to MTI, a US$0.25 million cash payment payable upon signing of the agreement, a further US$0.125 million cash payment to be made by 26 May 2015 and the Issuance of 69,752,768 new Ordinary Shares of 0.01p to the value of US$0.375 million. A final payment of US$2.5 million is due to MTI on the date mining commences.

Placing to Raise £1.75m
On 30 March 2015 the Company announced that it had raised £1.75 million following the placement of 1,166,666,667 ordinary shares of 0.01p per share at 0.15p per Ordinary Share. Following admission of the new Ordinary Shares, the Company had 4,997,266,647 Ordinary Shares in issue.

Heads of Agreement signed to evaluate copper dumps in the Northern Cape Province of South Africa
On 23 April 2015 the Company signed a Heads of Agreement ('HOA') with Shirley Hayes IPK (Pty) Limited ("IPK"), a local copper explorer in South Africa to evaluate the Concordia project copper dumps, comprising 182,000 tons of copper oxide material ('Concordia'). The oxide material is on surface and IPK has estimated an average copper grade of 0.54%, which Xtract will evaluate and verify in its initial due diligence. IPK is the owner of Concordia and, pursuant to the heads of terms, has granted Xtract an exclusive six month period to conduct due diligence on the oxide material. In consideration for the exclusivity period, Xtract agreed to issue IPK 3 million ordinary shares in Xtract. Should its due diligence on oxide material confirm that it is commercially viable, Xtract will commence the construction of a heap leach operation to treat the oxide material. Xtract will be entitled to 75% of the gross revenues generated from the heap leach operation with IPK entitled to the remaining 25%. Xtract will assume all and any environmental responsibility for the heap leaching throughout the period of operations.

Completion of Placing to Raise £3m

On 8 May 2015 the Company announced it had has raised £3.0 million following the placement of 1,200,000,000 ordinary shares of 0.01p per share at 0.25p per Ordinary Share. Following Admission of the new Ordinary Shares, the Company had 6,197,266,647 Ordinary Shares of 0.01p each in issue.

YAGM SEDA Draw Down and Termination of Equity Swap
On 20 May 2015 the Company announced it had drawn down £0.47 million k from its existing SEDA with YAGM and had primarily deployed these funds to repay in full the outstanding balance of the Loan Agreement. In accordance with the terms of the SEDA, which was extended on 18 November 2014 to 30 November 2016. The Company issued YAGM with 149,253,731 new Ordinary Shares at a price of 0.312p each. Following these transactions the Company had no debt outstanding pursuant to the Loan Agreement, which remains in place with US$3.95 million available for draw down. In addition the Company terminated the Equity Swap Agreement entered into with YAGM on the 12 December 2013 and received net proceeds of £0.08 million.

Exercise of Warrants
On 20 May 2015 the Company announced that it had received notice to exercise warrants over a total of 228,624,551 ordinary shares in the Company of which 172,957,884 were at an exercise price of 0.00435p per Ordinary Share and 55,666,667 were at an exercise price of 0.15p per Ordinary Share. Following the warrant exercise, the Company had 6,644,897,697 shares in issue.

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