Regulatory Story

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Xtract Resources plc

3 June 2014

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

Final Results for the year ended 31 December 2013

Xtract Resources Plc (AIM:XTR) announces its final results for the year ended 31 December 2013, an important year for Xtract in which the business made significant board and management appointments and strategically acquired mining projects, in line with its strategy for growth and to deliver shareholder value.

Financial Highlights

- Net loss of £0.13 million (31 Dec 2012: £7.59m loss)
- Administrative and operating expenses of £0.80 million (31 Dec 2012: £1.57 million)
- Project costs of £0.35 million (31 Dec 2012: Nil)
- Cash of £0.16 million (31 Dec 2012: £0.22 million).
- Net assets of £2.27 million (31 Dec 2012: £1.37 million)

Operational and Corporate Highlights

- Jan Nelson appointed as CEO and Joel Silberstein appointed as CFO, who devised and implemented new strategic focus for the Company
- Relinquished licences held in the North Sea, with no further liability
- Disposed of its holding in Equus Mining for £648K
- Signed MoU with Polar Star Mining Corporation on Chepica gold and copper underground mine in Southern Chile and in December entered into an SPA on Chepica and Mejillones
- Signed agreement with Aardvark Uranium to complete due diligence on the Namakwa Uranium deposit in South Africa. The Board concluded in April 2014 that this did not meet its investment criteria and would therefore not proceed.
- Global Oil Shale signed buy back agreement resulting in Xtract being issued a further 1,371,365 shares in GOS at 40p. Total GOS holding stands at 7,371,365 with a further 1.5million shares to be issued should GOS list on a stock exchange or other market.

Post year end

- Completed financing package with Yorkville Advisers LLC, consisting of debt of $5m and equity of US$1.4m
- On 24 February shareholders approved the acquisition of Chepica Gold and Copper Mine and the Mejillones Phosphate Project in Chile.

Jan Nelson, CEO of Xtract Resources commented: "The Board was very proactive in 2013 and through the implemented changes to the overall business we have had a strong start to 2014. With a strong and experienced management and operational team now in place, we are well positioned to focus on the current asset base to develop the Chepica gold and copper project in Chile and continue to evaluate the opportunity at Mejillones. In addition, we are evaluating other opportunities with our strict criteria and look forward to building Xtract Resources in the coming year"

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Chairman's Statement

Dear Shareholder

This is my second annual statement as Chairman of Xtract Resources PLC following my appointment on 10 September 2012.

The Company has had a very progressive year and has delivered on its mission as outlined in the previous year's report. During the period under review, the Company appointed Jan Nelson as Chief Executive Officer and Joel Silberstein as Chief Financial Officer, whose appointment was changed to Finance Director on 25 February 2014 when he joined the board. Jan Nelson is a highly experienced Chief Executive Officer who has demonstrated significant energy and focus in pursuing our mission. Joel Silberstein is an experienced Financial Officer and his input has already been invaluable in streamlining the Company's financial affairs and corporate structure.

As part of the refocusing of the strategy of Xtract, on the 6 February 2013 the Company further relinquished its licences held in the Danish sector of the North sector of the North Sea with no further spend or liability.

The Company also disposed of its entire holding in Equus Mining Limited, resulting in a gross consideration of AUD$ 980K (£648K) before dealing costs.

The first major event in the year was the proposed joint venture on the Mejillones project in Chile. This project is sizable and is located 20 km inland from a major deep water port in Chile. The phosphate is of good quality and it is considered to be potentially upgraded mechanically to above 30% P_205. The joint venture was to be a progressive earn-in over time commencing with a data review, which if satisfactory, will be followed by an ore resource definition and feasibility study.

On 17 October 2013, the Company entered into a Memorandum of Understanding ("MoU") with Polar Star Mining Corporation ("Polar Star") for a four month exclusive due diligence period and an option to acquire 100% of the Chepica gold and copper underground mine ("Chepica") near Talca in southern Chile. The MoU also allowed the 100% purchase of Mejillones thereby cancelling the joint venture agreement. On 12 December 2013, the Company announced successful due diligence and entered into a Sales and Purchase agreement ("SPA") for the Chepica. The agreement with Polar Star allows for the purchase for the entire share capital of its wholly owned subsidiary, Polar Mining (Barbados) Ltd, which is the parent company of a Chilean incorporated entity which has a 15% direct interest and earn-in option to acquire the remaining 85% in Chepica.

At the start of 2014, a financing package was agreed with Yorkville Advisors LLC, consisting of a combination of debt and equity of approximately US$1.4 million. The acquisition was closed on 3 March 2014 with the result that Polar Star was issued with 500,000,000 shares of 0.01p each in the equity of Xtract Resources Plc representing a purchase price of £1.25 million. On completion the Company assumed debt to the value of US $1.25 million. The Chepica mine was acquired as a going concern and the total debtor book was approximately US$1 million. Since completion, the Company has appointed an experienced mine manager to oversee operations and has appointed a seasoned mining professional, Eduard Victor, to be in overall charge of the Chilean operation with special responsibility for Chepica.

On 25 November 2013, the Company announced an exclusive agreement with Aardvark Uranium Limited ("Aardvark") for a 90 day period to conduct due diligence on the Namakwa surface Uranium deposit in South Africa. The deposit is extensive with near surface and with low stripping ratios. The work required to conduct a full feasibility study is not thought to be particularly onerous, since most of the raw data has already been captured. On 12 March 2014, the Company announced that it had negotiated an extension to 10 April 2014 to complete the due diligence. The extension was requested to allow a fuller understanding of the metallurgical status of the project and determine what metallurgical test work might be required should the Company enter into a SPA. On 11 April 2014, the Board concluded that the project did not meet its investment criteria and therefore would not be proceeding with the acquisition of the project.

Towards year end the Company announced a buy-back of a 1% royalty, which was part of the contract between Global Oil Shale Group PLC ("GOS") and Xtract, dated 16 December 2012. The option exercise provided Xtract with a further ordinary share allotment in GOS of 1,371,365 shares at a current GOS share price of 40p. The Company now holds 7,371,365 shares in GOS with an additional 1.5 million shares to be issued if and when GOS lists on a stock exchange or any other market. Oil shales are playing a bigger role in future world oil supplies and your Board is of the opinion that this strategic stake of 7.6% will be of considerable value in the near-term future.

The Company continues to investigate acquisition opportunities across a wide range of commodities in many parts of the world. We have a strict checklist in order to meet our criteria for investment and most projects do not proceed beyond the initial desk top review. We are mindful of the need to manage our treasury and do not intend to spend abortive money chasing mediocre projects.

The Opportunity -Whilst the smaller cap resource sector is experiencing inordinate problems with accessing finance, the converse is that the quality of available projects is superior to ever before. This is generally a result of the big companies focusing on larger projects and setting very strict criteria for return on investment from operations. The major influence on project availability is the unfortunate situation of small company failure or inability to meet financing obligations in previously agreed joint ventures. The Company sees many gold projects and against our criteria for investment there exists a number of quality projects that we may progress from initial discussions and review to more serious due diligence.

Your Company has in place an experienced management team able to identify opportunities and once acquired, manage them to full financial effect. Whilst the team is small, the experience is large and we have access to advisors and consultants who complement our in house skills. We have a strong belief in keeping the management team to a few professionals and outsourcing the necessary skills on an "as required basis". This approach will allow us to manage our overheads, whilst building up an enviable asset base.

Finally, I would like to thank my fellow Directors, managers and employees for their efforts during a year, which has been very active, and not without its embryonic difficulties.

Colin Bird
Non- Executive Chairman
2 June 2014

Chief Executive's Statement

Following my appointment to the Board in May 2013, we set out to identify quality assets that are undervalued and have low entry cost to acquire and a low capital requirement to develop. The year ended 31 December 2013 has been a period of consolidation continuing the process, which was initiated in late 2012 of divesting of oil and gas projects, re-organising the Group's financial structure, as well as focusing on reducing annual running costs.

The Board approved an investment framework 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 Board sees opportunities due to the on-going difficult financing climate, to access underperforming assets at cheaper entry prices.

Financial Summary Table

	Year ended 31 December 2013 (£million)	Year ended 31 December 2012 (£million)
Consolidated income resulting from continuing operations		
Administrative and operating expenses	(0.80)	(1.57)
Project costs	(0.35)	-
Other profits/ (losses)	0.92	(0.01)
(Loss) after tax	(0.23)	(1.58)
(Loss) per share	(0.00)p	(0.09p)
Consolidated balance sheet position		
Assets available for sale	2.58	1.22
Cash	0.16	0.22
Total assets	2.80	1.62
Total equity	2.27	1.37
Total equity – number of issued shares	2,339,181,216 shares	2,306,105,129 shares

Income Statement Analysis

The Group reported a net loss after tax from continuing operations of £232K (2012: £1,580K) and basic loss per share of 0.00p (2012: basic loss per share of 0.09p). Administrative and operating expenses from continuing operations amounted to £0.80 million for the year ended 31 December 2013 (2012: £1.57 million) and non-administrative project costs amounted to £0.35 million for the year ended 31 December 2013 (2012: Nil). Other profits from continuing operations including the gain on disposal of Equus shares, totalling £0.84 million in the year (2012: loss of £0.16 million). Finance income/costs, including foreign exchange gains, arising predominantly on Group intercompany loans in the year and non-Pound Sterling cash balances translated and finance charges relating to the YA Global Master SPV Ltd ("YAGM") financing amounted to £0.08 million (2012: £0.15 million).

Chepica gold and copper project, Chile

Following the completion of the acquisition of 25% of Chepica on 24 February 2014, the strategy of the management of Xtract has been to target on and off reef development to open more areas to mine. Accordingly, the team at the mine has increased the total development rate from 40m per month to 300m per month. This strategy has resulted in greater flexibility in achieving both a better mining mix and an improved recovered concentrate grade. Volumes have also improved as a result of the increase in mining areas.

Chepica was previously operating from two mines, Chepica North and Salvadori. Following a review of the operation by management, Xtract has now extended the project area to four mines, being Chepica North and Central, Salvadori, Colin and Nelson. By opening up these new areas, the team is in the process of further increasing production volume, achieving an uplift from 5,000 to 10,000 tonnes per month, whilst at the same time improving the concentrate gold grade from 40-50g/t to 60-70g/t. Further, Xtract will invest approximately US$250,000 in the plant to increase milling capacity and throughput.

In addition, following the increased development work and the drilling programme which have been carried out over the past month, Xtract has now opened up a new payzone which is currently running at 70-80 g/t.

Chepica is now on course to become profitable in the second quarter of 2014.

Chepica Tailings: In addition to the development work on the Chepica mine, Xtract is implementing a scoping study to evaluate the viability of mining the current tailings dam, which has an average in situ grade of 1.3g/t, in order to further increase the overall production profile of the project.

Mejillones phosphate project, Chile

The 100% owned Mejillones project covers some 16,400 hectares of highly prospective phosphate deposits, just north of Antofagasta. The project has been thoroughly evaluated and Xtract is currently in ongoing discussions in order to bring in a strategic partner to provide capital to help develop this potentially significant asset.

Outlook

We are looking forward to reporting an improved financial and operating performance in the coming year, and building shareholder value. With a strong and experienced management and operational team now in place, we are well placed to focus on the current asset base to develop the Chepica gold and copper project in Chile and continue to evaluate the opportunity at Mejillones. In addition, we are evaluating other opportunities with our strict criteria and look forward to building Xtract Resources in the coming year.

Jan Nelson
Chief Executive Officer
2 June 2014

Xtract Resources PLC

Consolidated income statement
For the year ended 31 December 2013

	Note	**Year ended 31 December 2013 £'000**	Year ended 31 December 2012 £'000
Administrative and operating expenses		**(803)**	(1,573)
Project Costs		**(350)**	-
Operating loss		**(1,153)**	(1,573)
Finance income		**81**	151
Other gains and losses	2	**840**	(158)
(Loss) before tax		**(232)**	(1,580)
Taxation	4	**-**	-
(Loss) from continuing operations		**(232)**	(1,580)
Profit/ (loss) for year from discontinued operations	3	**104**	(6,012)
(Loss) for the year		**(128)**	(7,592)
Attributable to:			
Equity holders of the parent		**(128)**	(7,592)
		(128)	(7,592)
Net (loss) per share			
Continuing		**(0.00)**	(0.09)
Discontinuing		**0.00**	(0.33)
Basic (pence)	5	**0.00**	(0.42)
Continuing		**(0.00)**	(0.09)
Discontinuing		**0.00**	(0.33)
Diluted (pence)	5	**0.00**	(0.42)

Xtract Resources PLC

Consolidated statement of comprehensive income
For the year ended 31 December 2013

	Group	
	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
(Loss) for the year	**(128)**	(7,592)
Gains on revaluation of available-for-sale investment taken to equity	**1,311**	146
Exchange differences on translation of foreign operations	**(379)**	(410)
Other comprehensive income/ (loss) for the year	**932**	(264)
Total comprehensive income/ (loss) for the year	**804**	(7,856)
Attributable to:		
Equity holders of the parent	**804**	(7,856)
	804	(7,856)

Xtract Resources PLC

Consolidated statements of financial position
As at 31 December 2013

	Note	Group As at 31 December 2013 £'000	As at 31 December 2012 £'000
Non-current assets			
Intangible assets		-	-
Investment in subsidiaries		-	-
Financial assets available for sale	6	**2,580**	1,223
		2,580	1,223
Current assets			
Trade and other receivables		**61**	181
Cash and cash equivalents		**159**	215
		220	396
Total assets		**2,800**	1,619
Current liabilities			
Trade and other payables		**350**	247
Interest bearing		**183**	-
Amounts due to subsidiaries		**-**	-
		533	247
Net current assets/(liabilities)		**(313)**	149
Non-current liabilities			
Deferred tax liabilities	7	**-**	-
Total liabilities		**533**	247
Net assets/(liabilities)		**2,267**	1,372
Equity			
Share capital	8	**1,627**	1,623
Share premium account		**35,905**	35,832
Warrant reserve	10	**109**	78
Share-based payments reserve	10	**834**	871
Available-for-sale reserve		**1,311**	146
Foreign currency translation reserve		**(394)**	(15)
Accumulated losses		**(37,125)**	(37,163)
Equity attributable to equity holders of the parent		**2,267**	1,372
Total equity		**2,267**	1,372

Xtract Resources PLC

Statements of changes in equity

Group	Note	Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share based payments reserve £'000	Available -for-sale reserve £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 January 2012		**1,533**	**35,300**	**-**	**1,202**	**-**	**663**	**(30,333)**	**8,365**
Comprehensive income									
Loss for the year		-	-	-	-	-	-	(7,592)	(7,592)
Revaluation of available-for-sale investments	6	-	-	-	-	146	-	-	146
Foreign currency translation differences		-	-	-	-	-	(678)	268	(410)
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**146**	**(678)**	**(7,324)**	**(7,856)**
SEDA drawdown	8	14	286	-	-	-	-	-	300
Cenkos 2.5% commission on £300,000 SEDA draw down		-	(8)	-	-	-	-	-	(8)
Issue of shares - Tiger Resources placing	8	76	254	-	-	-	-	-	330
Share based payment expense	10	-	-	-	163	-	-	-	163
Expiry of share options	10	-	-	-	(494)	-	-	494	-
Issue of warrants - Cenkos	10	-	-	78	-	-	-	-	78
As at 31 December 2012		**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	6	-	-	-	-	1,311	-	-	1,311
Total comprehensive income for the year		-	-	-	-	1,311	(379)	(128)	804
Issue of shares	8	4	73	-	-	-	-	-	77
Share based payment expense	10	-	-	-	129	-	-	-	129
Expiry of share options	10	-	-	-	(166)	-	-	166	-
On disposal	6	-	-	-	-	(146)	-	-	(146)
Issue of warrants	10	-	-	31	-	-	-	-	31
As at 31 December 2013		**1,627**	**35,905**	**109**	**834**	**1,311**	**(394)**	**(37,125)**	**2,267**

Xtract Resources PLC

Consolidated and Company cash flow statements
For the year ended 31 December 2013

	Note	Group Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Net cash used in operating activities	9	**(960)**	(540)
Investing activities			
Acquisition of intangible assets		**-**	(4,370)
Proceeds from disposal of investment		**-**	77
Disposal of available-for-sale investments	6	**648**	-
Net cash (used in) / from investing activities		**648**	(4,293)
Financing activities			
SEDA backed loan		**182**	-
Proceeds on issue of shares		**76**	330
Proceeds on exercise of SEDA		**-**	300
SEDA arrangement fee		**-**	(8)
Net cash from financing activities		**258**	622
Net (decrease) in cash and cash equivalents		**(54)**	(4,211)
Cash and cash equivalents at beginning of year		**215**	4,488
Effect of foreign exchange rate changes		**(2)**	(62)
Cash and cash equivalents at end of year		**159**	215

Notes to the financial statements
For the year ended 31 December 2013

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 2013 or 2012 but is derived from those financial statements. Statutory financial statements for 2012 have been delivered to the Registrar of Companies, and those for 2013 will be delivered in due course.

The auditors have reported on the financial statements for the year ended 31 December 2013; 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 2013 and are consistent with those adopted in the financial statements for the year ended 31 December 2012.

The Directors do not recommend the payment of a dividend (2012: nil).

The Board approved this announcement on 2 June 2014.

2. Investment revenue and other gains and losses

An analysis of the Group's investment revenue and other gains and losses is as follows:

	Group	
	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Other gains and losses		
Gain/(Loss) on disposal of held-for-sale-assets	**291**	(197)
Other income	**549**	39
Total other gains/(losses)	**840**	(158)

3. Segmental Analysis

During the year the Group was organised into operating divisions – oil & gas exploration and investment & other. 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:

- investment and other – in various listed resource companies including available-for-sale assets;
- oil & gas exploration - the group discontinued its operations in this sector during the year.

Since the year end, the Group has commenced operating gold & precious metal mining and which will have a separate operational segment within the group structure.

Year ended 31 December 2013	**Investment and Other**	**Oil & Gas Exploration**	**Total**
	(Continuing)	**(Discontinued)**	
	£'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)**

At 31 December 2013	**Investment and Other**	**Oil & Gas Exploration**	**Consolidated**
	(Continuing)	**(Discontinued)**	
	£'000	**£'000**	**£'000**
Balance sheet			
Assets			
Financial assets	207	13	220
Available -for-sale assets	2,580	-	2,580
Consolidated total assets	**2,787**	**13**	**2,800**
Liabilities			
Financial liabilities	(491)	(42)	(533)
Consolidated total liabilities	**(491)**	**(42)**	**(533)**

Year ended 31 December 2012	Investment and Other	Oil & Gas Exploration	Total
	(Continuing)	(Discontinued)	
	£'000	£'000	£'000
Administrative and operating expenses	(1,573)	(86)	(1,659)
Impairment of intangible assets	-	(7,120)	(7,120)
Segment result	**(1,573)**	**(7,206)**	**(8,779)**
Finance income/(costs)	151	(132)	19
Other gains and losses	(158)	33	(125)
Loss before tax	**(1,580)**	**(7,305)**	**(8,885)**
Profit on sale	-	821	821
Tax credit	-	472	472
(Loss) for the year	**(1,580)**	**(6,012)**	**(7,592)**

At 31 December 2012	Investment and Other (Continuing)	Oil & Gas Exploration (Discontinued)	Consolidated
	£'000	£'000	£'000
Balance sheet			
Assets			
Financial assets	307	89	396
Available -for-sale assets	1,223	-	1,223
Consolidated total assets	1,530	89	1,619
Liabilities			
Financial liabilities	(183)	(64)	(247)
Consolidated total liabilities	(183)	(64)	(247)

Geographical information

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

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Europe	**2,800**	1,619
	2,800	1,619

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.

4. Tax

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Corporation tax:		
Current year	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax	-	(472)
	-	(472)

UK corporation tax is calculated at 23.25% of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group tax credit for the year can be reconciled to the loss per the income statement as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Loss before tax from continuing operations	(232)	(1,580)
Loss before tax from discontinuing operations	104	(6,484)
Loss before tax	(128)	(8,064)
Tax at the UK corporation tax rate of 23.25% (2012: 24.5%)	(29)	(1,975)
Tax effect of expenses that are not deductible in determining taxable profit	86	88
Tax effect of unrecognised tax losses carried forward	(56)	1,200
Difference in overseas tax rates	(1)	215
Tax charge /(credit) for the year	-	(472)

5. Profit/ (loss) per share

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

(Loss) for the purposes of basic and diluted earnings per share (EPS) being:	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Net (loss) for the year from continuing operation attributable to equity holders of the parent	(232)	(1,580)
Net profit/ (loss) for the year from discontinuing operation attributable to equity holders of the parent	104	(6,012)
	(128)	(7,592)

	Number of shares	Number of shares
Weighted average number of ordinary shares for purposes of basic EPS	2,307,917,517	1,777,828,843
Effect of dilutive potential ordinary shares - options and warrants	-	-
Weighted average number of ordinary shares for purposes of diluted EPS	2,307,917,517	1,777,828,843

In accordance with IAS 33 and as the average share price in the year is lower than the exercise price, the share options do not have a dilutive impact on earnings per share, which are set out in the consolidated income statement.

6. Investments

	Group		Company	
Available-for-sale investments	**As at 31 December 2013 £'000**	**As at 31 December 2012 £'000**	**As at 31 December 2013 £'000**	**As at 31 December 2012 £'000**
Opening balance	**1,223**	-	**720**	-
Additions	**549**	1,077	**549**	720
Movement in fair value	**1,456**	146	**1,311**	-
Disposed of during the year	**(648)**	-	**-**	-
	2,580	1,223	**2,580**	720

On 3 May 2012, Xtract International acquired 140,000,000 shares in Caspian Oil & Gas ("Caspian"), an oil producer and explorer, listed on the Australian Securities Exchange, at a fair value of AUD$560K (£357K). Following the acquisition of the shares Caspian underwent a company reorganisation, the company changed its name to Equus Mining Limited and consolidated its shares 1:10, resulting in a revised shareholding by the Group of 14,000,000 shares.

The value of the shares at 31 December 2012 was AUD$0.05 per share, giving them a value of AUD$840K (£503K). The increase in value of these shares was adjusted through the revaluation reserve account.

The shares were disposed of on 14 February 2013 for a consideration of AUS$ 980K (£648K).

As part of the disposal of Xtract Oil and Xtract Morocco on 15 December 2012 the Group acquired 6 million shares in Global Oil Shale Group ("GOS"). These shares had a fair value as at 31 December 2012 of 12p per share, giving a total asset value of £720K.

On 19 December 2013 GOS exercised its option under the Royalty Agreement dated 16 December 2012 to buy-back the 1% net smelter royalty for a consideration of AUDS1 million. Under the option agreement, the consideration was satisfied by an allotment of 1,371,365 ordinary shares in GOS at a current share price of 40p which was based on the price used in recent share issues by GOS to independent shareholders, giving a total value of £549K.

As at 31 December 2013 Xtract holds 7,371,365 shares in GOS giving a total asset value £2,580K, with an additional 1.5 million shares to be issued if, as is intended, GOS lists on any Stock Exchange or other market.

7. Deferred tax

The following are the major categories of deferred tax liabilities recognised by the Group and movements thereon during the current year and prior reporting period.

Group	**Intangible assets £'000**	**Total £'000**
As at 31 December 2011	(493)	(493)
Reversal of deferred tax	472	472
Exchange translation	21	21
As at 31 December 2012	-	-
As at 31 December 2013	-	-

The tax credit to the income statement in the year ended 31 December 2012 relates to the reversal of the deferred tax liability recognised on the revaluation of the Danish asset at the point Xtract Resources PLC acquired control of Elko Energy Inc. The Danish assets have been fully impaired in the 2012 and therefore the associated deferred tax liability has been reversed.

Deferred tax liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		**Company**	
	As at 31 December 2013 £'000	**As at 31 December 2012 £'000**	**As at 31 December 2013 £'000**	**As at 31 December 2012 £'000**
Deferred tax liabilities	-	-	-	-
	-	-	-	-

At the balance sheet date, the Group has available unused UK tax losses of £4.8 million (2012: £4.6 million), available unused Canadian tax losses of £5.77 million (2012: £5.81 million) and available unused Denmark tax losses of £2.18 million (2012: £2.17 million) available for offset against future profits.

No related deferred tax asset is recognised on the UK, Canadian or Denmark losses due to the unpredictability of future profit streams. UK and Denmark losses may be carried forward indefinitely and may be recoverable if suitable taxable profits arise in future periods. If unutilised, the Canadian losses will expire between 2014 and 2030.

8. Share capital

The numbers below comprise issued and fully paid ordinary shares of 0.01pence each

	2013		2012	
	Number of shares	**£**	Number of Shares	£
At 1 January	**2,306,105,129**	**1,623,346**	1,532,857,428	1,532,857
Shares issued in the year	**33,076,087**	**3,308**	773,247,701	90,489
At 31 December	**2,339,181,216**	**1,626,654**	2,306,105,129	1,623,346

Share issue

Under the terms of the Loan Note Agreement, the Company paid a facility fee to of US$0.1 million (being 2.5% of the Commitment Amount) to YAGM. The Facility Fee was satisfied by the issue and allotment of 33,076,087 Ordinary Shares by the Company to YAGM on 12 December 2013.

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

Options and Warrants (see note 10)

The following options were issued during the 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:

- 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 – 26,400,000 exercisable at 2.5p per share

The following share options and warrants remain outstanding at 31 December 2013:

- 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
- 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

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.

9. Notes to the cash flow statement

	Group		Company	
	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000	**Year ended 31 December 2013 £'000**	Year ended 31 December 2012 £'000
(Loss) for the year	**(128)**	(7,592)	**(1,302)**	(18,473)
Adjustments for:				
Discontinued/Discontinuing Operations				
Impairment of investment in subsidiary	**-**	-	**357**	17,521
Impairment of intangibles	**-**	7,120		-
Deferred tax movement	**-**	(472)	**-**	-
Decrease in amounts due from subsidiaries	**-**	-	**-**	562
Continuing Operations				
Finance costs	**32**	78	**32**	78
Impairment of held-for-sale asset	**-**	197	**-**	-
Other (gains)	**(549)**	(46)	**(549)**	-
Other payables	**8**	-	**-**	-
Gain on disposal of investment	**(291)**	(782)	**-**	(773)
Depreciation of property, plant and equipment	**-**	3	**-**	-
Share-based payments expenses	**129**	163	**129**	163
Operating cash flows before movements in working capital	**(799)**	(1,331)	**(1,333)**	(922)
Decrease in receivables	**120**	1,281	**43**	41
Increase in payables	**96**	(237)	**928**	(48)
Cash used in operations	**(583)**	(287)	**(362)**	(929)
Income tax paid	**2**	-	**-**	-
Foreign currency exchange differences	**(379)**	(253)	**-**	-
Net cash used in operating activities	**(960)**	(540)	**(362)**	(929)

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with a maturity of three months or less. The carrying amount of these assets approximates to their fair value.

10. Share-based payments

Options/Warrants
The Company has issued share options and warrants to certain employees and officers of the Group, along with external third parties. All share options/warrants vest immediately or within three years of the issue date. If the share options/warrants remain unexercised after the relevant time period from the date of grant the share options/warrants expire.

Details of the Company's share options/warrants outstanding during the year are as follows.

	Year ended 31 December 2013		Year ended 31 December 2012	
	Number of share options / warrants	Weighted average exercise price £	Number of share options / warrants	Weighted average exercise price £
Outstanding at beginning of year	**248,660,384**	**0.0047**	116,067,500	0.0310
Granted during the year	**116,226,000**	**0.0022**	172,957,884	0.0004
Exercised during the year	**-**	**-**	-	-
Expired during the year	**(26,400,000)**	**0.025**	(40,365,000)	0.0617
Outstanding at the end of the year	**338,486,384**	**0.0047**	248,660,384	0.0047
Exercisable at the end of the year	**234,236,384**	**0.0060**	248,660,384	0.0047

The share options outstanding at 31 December 2013 had a weighted average exercise price of £0.0047 (2012: £0.0047), a weighted average remaining contractual life of 5.74 years (2012: 4.16 years). All share options issued to directors and employees are recognised as an expense in the income statement over the vesting period of the options.

Share-options have been valued using the Black-Scholes model, or where indicated the 'direct' method as follows:

Date of issue	No of options/ warrants issued (000)	Share price (£)	Strike price (£)	Expected volatility (%)	Expected life (years)	Risk free rate (%)	Expected dividend yield (%)
1 July 2009	14,000	0.023	0.02	100	5	2.53	0
1 July 2009	5,880	0.046	0.05	100	5	2.53	0
15 July 2010	21,700	*0.0138	0.02	100	5	2.57	0
15 July 2010	6,160	*0.0138	0.04	100	5	2.57	0
30 September 2010	1,312	*0.0135	0.04	100	5	1.99	0
28 May 2013	50,000	0.00014	0.00014	118.22	5	0.57	0
1 June 2013	20,000	0.00019	0.00019	118.22	5	0.57	0
9 December 2013	34,000	0.00019	0.00019	118.22	5	0.57	0

*Being the replacement share options issued as part of the Elko transaction. The original CAD$ share price used has been translated at the same exchange rate as the strike price for comparison.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The total charge in the year to the income statement was £129K (2012: £163K). The total amount recognised in equity by the Group relating to share-based payments at the Balance Sheet date is £834K (2012: £871K) in the share based payments reserve after the reversal of expired and lapsed share options, and £109K (2012: £78K) in the warrants reserve.

11. Events after the balance sheet date

Sale and Purchase Agreement for Chepica Gold and Copper Mine in Chile

On 12 December 2013, the Company signed a Sale and Purchase agreement (the "Acquisition Agreement") with Polar Star Mining Corporation ("Polar Star") to acquire the entire issued share capital of its wholly owned subsidiary, Polar Mining (Barbados) Limited (the "Acquisition"), which is the parent company of 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 Company agreed to assume the current debt of approximately £0.76 million (US$1.25 million). Polar Star agreed to finance further cash deficit funding until completion.

A condition of the Acquisition Agreement was that Company secure capital either by debt or equity of at least £1.5 million. The Acquisition Agreement was also subject, amongst other things, to certain conditions precedent, including shareholder approval of the proposed waiver of Rule 9 of the City Code on Takeovers and Mergers (the "Takeover Code"). On 24 February 2014, shareholder approval was given in favour of the acquisition and the waiver of Rule 9.

The consideration for the Acquisition was £1.25 million, which was 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.

It is not practicable at the date of these financial statement to perform an initial fair value assessment of the assets and liabilities acquired and accordingly one has not been performed.

Subscription Agreement

On 12 December 2013, the Company entered into a £1.62 million subscription agreement and, separately, an equity swap agreement with YA Global Master SPV, Ltd ("YAGM") covering Ordinary Shares equal to the value of £0.9 million. YAGM agreed to subscribe (the "Subscription") for a total of 741,418,765 new Ordinary Shares ("Subscription Shares") in the Company at a price of 0.2185p per Ordinary Share which was equal to £1.62 million in aggregate. Completion of the Subscription was conditional on, inter alia, admission of the Subscription Shares to trading on AIM which was satisfied on 3 March 2014.

Equity Swap Agreement

On 12 December 2013, the Company and YAGM also entered into an equity swap agreement (the "Equity Swap Agreement") calculated by reference to 411,899,316 of the Subscription Shares (the "Swap Shares"). In return for an payment by the Company to YAGM of £0.5 million (the "Swap Payment"), twelve monthly settlement payments in respect of such payment will be made by YAGM to the Company, or payments may be made by the Company to YAGM , based on a formula related to the difference between the prevailing market price (as defined in the Equity Swap Agreement) of Ordinary Shares in any month and a 'benchmark price' that is 10% above the a price per share equal to 95% of the closing price of the trading day preceding the execution of the Subscription Agreement. Thus the monthly payments received by the Company in respect of the Swap Payment will be dependent on the future price performance of the Ordinary Shares.

The Company has given YAGM customary warranties and indemnities in terms of the Equity Swap Agreement. YAGM has agreed that it and its affiliates will not hold any net short position in respect of the Company's ordinary shares.

YAGM and the company may mutually agree to terminate the Equity Swap Agreement and accelerate the payments due under it in certain circumstances. YAGM may elect to terminate the Equity Swap Agreement and accelerate the payments due under it in certain circumstances.

Aardvark Uranium Limited

On 10 April 2014, the Company completed its due diligence on the possible acquisition of the Namakwa Uranium Deposit in South Africa in terms of the Exclusive Agreement (20 November 2013) with Aardvark Uranium Limited. Following a detailed evaluation of its findings, the Board concluded that this project did not meet its investment criteria and will therefore not be proceeding with the acquisition of the project.