Regulatory Story

Xtract Resources plc - XTR

Half Yearly Report

Released 07:01 29-Sep-2015

RNS Number : 4746A
Xtract Resources plc
29 September 2015

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

Operations Update and Interim Results

Xtract Resources Plc (AIM: XTR), the gold and copper mining and development company with projects in South America and South Africa, announces an update of operations and projects and its unaudited interim results for the six months ended 30 June 2015.

Highlights

Outlook to date

· Turn-around to profitability at our Chepica mine has served as a catalyst to raise £9.15 million to (a) complete our Manica gold project acquisition and mitigate the Company's single project risk, (b) strengthen our balance sheet during the weak commodity cycle and (c) create more mining flexibility at Chepica

· Manica represents a conditional acquisition of a significant near term production asset with an almost completed Bankable Feasibility Study ("BFS") at less than US$6.25 per ounce of resource in the ground

· The acquisition increases the Company's mineral resource more than 30 fold (from 30koz of total resource to over 980koz of total resource)

· Manica, when in full production, will increase the Company's current gold production profile 8 fold (from 8koz per annum to 65koz per annum), and has the potential to be a major revenue contributor and transform the Company to an emerging mid-tier gold producer within 18 months

· New development haulage started in September at Chepica which will increase mining flexibility and ensure safe production after major earthquake made the old access haulage unsafe

· Drilling programme underway at Chepica mine that is focused on extending the life of mine ("LOM") and confirming new increased resource

· Drilling of Carolusberg and O'Kiep Copper tailings project completed and we are awaiting results

Interim Results Highlights

Financial

· Net loss reduced by 19.72% to £0.79m (H1 14: £1.00m)

· Operating expenses remains constant at £0.93m (H1 14: £0.94m)

· Strong balance sheet with cash of £2.96m (FY 14: £0.16m) and no debt

· Net assets increased 272% to £5.98m (FY 14: £1.60m)

· Strengthened the balance sheet and completed three Placings in H1 raising:

- £1.75m at 0.15p in March, which enabled underground development work to accelerate at Chepica
- £3.0m at 0.25p in May
- £4.4m at 0.30p in June for Manica acquisition

· Repaid outstanding balance of loan agreement with YA Global Masters in May

Operational

Chepica

· Renegotiated the earn-in option agreement on Chepica, with payment schedule deferred until October 2015
· Development work at Chepica led to several discoveries of new gold bearing reefs including the Salvadori prospect in March and May and at the Colin prospect in June
· Increased milling capacity at Chepica from 6,000t/month to 10,000t/month in April
· Gold grades increased ten fold, to over 400g/t in April, as ore from Salvadori II is processed
· On and off reef development was increased in June, with three major areas anticipated to be ready for stoping by October
· Ongoing drilling programme anticipated to extend LOM significantly, with a resource update expected during October
· Returned to profitability in June

Corporate

Acquisitions

· Completed £4.4m placing in June and signed agreement to conditionally acquire the Manica gold project in Mozambique, which is expected to deliver 50k oz of gold production from January 2017
· Signed an agreement with an option to acquire O'Kiep sulphide copper tailings project in South Africa in March, securing 33.8Mt of sulphide copper tailings material on surface. Improved payment terms renegotiated in May
· Signed a heads of agreement to evaluate the Concordia project copper dumps in April, comprising 182,000t of copper oxide

Post half year end

· Due to major earthquake activity (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 decided that the haulage was unsafe and could not be used or re-supported and, as a result, plans to re-develop a new haulage to access the ore-body from a different position
· The result will be that the main areas ready for stoping will only be accessed within the next three months
· Despite this, the mine will remain cash positive through on reef development and commencement of stoping one month earlier than planned at the Colin prospect and is expected to generate a profit of US$150k for Q3 2015 (previous forecast was US$1.2m) and US$650k for Q4 2015 (as opposed to US$1.2m profit for Q4 2015)
· We remain committed to a policy of safe production

Jan Nelson, CEO, commented "In less than two years we have strategically re-focused the company, acquired a mine that we turned cash positive within 8 months from acquisition and built a strong management team. We are now well positioned for the next stage of development with the conditional acquisition of Manica to increase our gold output 8 fold within 18 months. Further major upside is also anticipated from our copper projects, now that drilling is complete and we await the results. Further drilling is underway at Chepica and the BFS remains on track at Manica with major optimization due. I look forward to providing further updates on our progress for the remainder of 2015."

"The impact of the earthquake is of course extremely disappointing, however safety is a major priority and we will not produce if we can not do so safely. We have an exemplary safety record at the mine, we have had no accidents or fatalities since we took operational control. Despite the impact the mine is still expected to make a net profit of US$650k in Q4 and the new access haulage will ensure we can continue to produce safely and therefore sustainably.

Jan Nelson, went on to say: "We have reduced the net loss to the company by keeping operating expenses flat in spite of significant capital deployed at our Chepica Mine to increase off reef development and milling capacity in preparation of major stoping operations. We have strengthened our balance sheet and more than three fold increased the net assets of the company. In addition the Company has also developed a project pipe-line that mitigates the single asset risk and will ensure sustainable continued growth."

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CHIEF EXECUTIVE OFFICER'S REVIEW

Chepica Gold and Copper project, Chile

Development at Chepica gained good momentum in the first half of 2015, with a key focus for the operations team being to grow the mining operations, to continue exploring the tenements around the mine and to work strategically in order to create mining flexibility, thereby aiming to achieve consistent production rates.

At the start of the year, we navigated our way through severely faulted ground conditions. We implemented new blasting and support practices and engaged a specialist development contractor and these steps enabled development to be reestablished on reef, resulting in the mine scaling up from milling 2,500 tonnes in January to 3,500 tonnes in February. With these improvements in place the mine was transitioned to contract mining, leading 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, one in March and one in 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 until October 2015.

On and off reef development was increased in June, with three major areas anticipated to be ready for stoping by October.

Ongoing drilling programme anticipated to extend LOM significantly, with a resource update expected within the next month.

O'Kiep and Concordia Copper Tailings Projects, South Africa

In March, 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.

O'Kiep is a 33.8Mt sulphide copper tailings project has an average grade of 0.23% copper. Drilling has been completed on the dumps and we are awaiting the assay results.

In April, we signed a Heads of Agreement to acquire our second Copper tailings project, the Concordia project copper dumps, comprising 182,000t of copper oxide, with an average copper grade of 0.54%. The Company is currently reviewing the viability of this project.

Manica Gold Project, Mozambique

In June, we signed agreement to conditionally acquire the Manica gold project in Mozambique from Auroch Minerals NL, an ASX listed company. The total consideration initially agreed was US$12.5 million, in cash and shares, although the payment structure was renegotiated in September this year reducing the number of new ordinary shares to be issued by the Company and therefore the dilution for our shareholders.

The project is expected to deliver 50koz of gold production by Q1 2015, at a cash cost of US$650/oz and has excellent infrastructure. The project has a JORC Compliant resource of 900koz (9.5Mt @3.01g/t in situ and the ore body will be mined from surface as an open pit for the first five years. After seven years, we anticipate that mining will move underground.

Colin Bird and Jan Nelson first started exploration on this project as part of Pan African's development programme, and we believe this is one of the few high grade, low cost, low risk open pitable gold opportunities in Africa.

The mine has already been granted a mining license and will be Mozambique's first commercial gold operation, which gives Xtract a great first mover advantage.

The BFS should be completed within Q2 of 2016. Auroch is currently awaiting shareholder approval for the sale of the asset and the result of their shareholders' vote is expected within the next four weeks. However, Auroch has secured 45% irrevocable undertakings to Xtract in this regard.

Funding

In the first six months of 2015, Xtract has raised a total of £9.15 million through three Placings:

· 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 Masters.

· The third placing was completed in June, raising £4.4m at 0.30p, which was raised as part of the consideration to acquire 100% of Manica acquisition.

We have been very encouraged by our shareholder support in the first half of the year. In a relatively short time we have built a robust portfolio of assets that will enable us to take Xtract forward as a gold and copper mining company.

Post Period

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 has since taken the decision that the haulage was unsafe and could not be used or re-supported and, as a result, plans to re-develop a new haulage to access the ore-body from a different position. The result will be that the main areas ready for stoping will now only be accessed in the next three months. Despite this the mine will remain cash positive and is expected to generate a profit of US$150k for Q3 2015 (previous forecast was US$1.2m) and US$650k for Q4 2015 (as opposed to US$1.2m profit for Q4 2015). The net effect is negligible on the Company's balance sheet as no cash has to be allocated to the mine to fund the redevelopment costs from cash in hand. However, management estimates that the Group will generate US$1.5m less profit for Q3 and Q4.

The impact of the earthquake is disappointing but we will not produce if we cannot do so safely. We have an exemplary safety record at the mine (we have had no accidents or fatalities since we took operational control). Despite the impact of the earthquake, the mine is still expected to make a net profit of US$650k in Q4 and the new access haulage will ensure that we can continue to produce safely and therefore sustainably.

Outlook

In less than two years we have strategically re-focused the Company, acquired a mine that we turned cash positive within 8 months from acquisition and have built a strong management team. We are now well positioned with the conditional acquisition of Manica to increase our gold output 16 fold within 18 months at a time when all the turmoil in the world indicates to us that gold remains one of the safest investment havens. We are therefore well placed to realize significant value for shareholders just from our gold assets moving forward and the continued improvement in our results over a short period of time demonstrates our capabilities. Furthermore, major upside could be gained from our copper projects. Drilling is complete on the copper tailings, more drilling is underway at Chepica and the BFS remains on track at Manica with major optimization due. We look forward to providing further updates before year end.

Going forward, the management team will continue to focus on:

- Completion of the BFS at Manica
- Commencement of gold production at Manica on alluvial deposits within 6 months
- Secure project finance for the Manica project
- Continue to ramp up production profile at Chepica
- Complete the evaluation of Carolusberg, O'Kiep and Concordia projects

I would like to thank our team, our shareholders and the Board and we look forward to reporting positive operational progress within the next six months.

We remain committed to safe production.

On behalf of the Board

Jan Nelson
Chief Executive Officer
29 September 2015
Xtract Resources PLC

Consolidated Income Statement
For the six months period ended 30 June 2015

		Six months ended		Year ended
		30 June 2015	30 June 2014	31 December 2014
		Unaudited	Unaudited	Audited
	Notes	£'000	£'000	£'000
Continuing operations				
Concentrate Revenue		118	636	1,144
Less: Cost of sales		(234)	(493)	(910)
Gross Profit:		(116)	143	234
Administrative and operating expenses		(930)	(944)	(2,343)
Project expenses		(29)	(88)	(205)
Operating loss		(1,075)	(889)	(2,314)
Other gains and losses		359	-	-
Finance (cost)/income		(94)	(120)	(635)
(Loss)/profit before tax		(810)	(1,009)	(2,949)
(Loss)/profit for the period from continuing operations	3	(810)	(1,009)	(2,949)
(Loss)/profit for the period from discontinued operations	3	-	-	-

(Loss)/profit for the period	5	(810)	(1,009)	(2,949)
Attributable to:				
Equity holders of the parent		(810)	(1,009)	(2,949)
Non-controlling interest		-	-	-
		(810)	(1,009)	(2,949)
Net (loss)/profit per share				
Continuing		(0.00)	0.00	(0.00)
Discontinued		(0.00)	0.00	0.00
Basic (pence)	5	(0.00)	0.00	(0.00)
Continuing		(0.00)	0.00	(0.00)
Discontinued		(0.00)	0.00	0.00
Diluted (pence)	5	(0.00)	0.00	(0.00)

Xtract Resources PLC
Consolidated statement of comprehensive income
For the six months ended 30 June 2015

	Six months ended 30 June 2015 Unaudited £'000	30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
(Loss)/profit for the period	(810)	(1,009)	(2,949)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Revaluation of available-for-sale investments	-	(810)	(828)
Items that will not be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations	6	105	(2)
Other comprehensive (loss)/income for the period	(804)	(705)	(830)
Total comprehensive (loss)/income for the period	(804)	(1,714)	(3,779)
Attributable to:			
Equity holders of the parent	(804)	(1,714)	(3,779)
Non-controlling interest	-	-	-
	(804)	(1,714)	(3,779)

Xtract Resources PLC
Consolidated statement of changes in equity
For the period ended 30 June 2015

	Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share-based payments reserve £'000	Available-for-sale investment reserve £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total Equity £'000
Balance at 31 December 2013	1,627	35,905	109	834	1,311	(394)	(37,125)	2,267
Loss for the period	-	-	-	-	-	-	(1,009)	(1,009)
Foreign currency translation difference	-	-	-	-	-	105	-	105
Revaluation of available-for-sale investments	-	-	-	-	(810)	-	-	(810)
Issue of Shares	124	2,569	-	-	-	-	-	2,693
Share based payment expense	-	-	-	29	-	-	-	29
Balance at 30 June 2014	1,751	38,474	109	863	501	(289)	(38,134)	3,275
Profit for the period	-	-	-	-	-	-	(1,940)	(1,940)
Foreign currency translation differences	-	-	-	-	-	(107)	-	(107)
Revaluation of available-for-sale investments	-	-	-	-	(18)	-	-	(18)
Issue of Shares	25	268	-	-	-	-	-	293
Expiry of share options	-	-	-	(272)	-	-	272	-
Issue of warrants	-	-	96	-	-	-	-	96
Balance at 31 December 2014	1,776	38,742	205	591	483	(396)	(39,802)	1,599
Loss for the period	-	-	-	-	-	-	(810)	(810)
Foreign currency translation difference	-	-	-	-	-	6	-	6
Revaluation of available-for-sale investments	-	-	-	-	-	-	-	-
Issue of Shares	258	4,889	-	-	-	-	-	5,147
Share based payment expense	-	-	-	-	-	-	-	-
Issue of warrants	-	(456)	456	-	-	-	-	-
Exercise of warrants	23	138	(161)	-	-	-	-	-
Balance at 30 June 2015	2,057	43,313	500	591	483	(390)	(40,612)	5,942

Xtract Resources PLC
Consolidated Statement of Financial Position
As at 30 June 2015

	Notes	30 June 2015 Unaudited £'000	30 June 2014 Unaudited £'000	31 December 2014 Audited £'000
Non-current assets				
Intangible Assets	6	5,191	4,646	4,632
Property, plant & equipment	7	1,337	1,117	1,195
Financial assets available-for-sale	8	570	1,770	570
		7,098	7,533	6,397
Current assets				
Trade and other receivables		1,091	1,368	1,031
Derivative financial instruments		-	-	36
Cash and cash equivalents		2,961	19	163
		4,052	1,387	1,230
Total assets		11,150	8,920	7,627
Current liabilities				
Trade and other payables		3,119	3,425	3,719
Interest bearing		-	93	462
		3,119	3,518	4,181
Non-current liabilities				
Other payables		1,749	1,795	1,500
Provisions		74	66	81
Reclamation and mine closure provision		266	266	266
		2,089	2,127	1,847

Total liabilities		(5,208)	(5,645)	6,028
Net current assets/(liabilities)		933	(2,131)	(2,951)
Net assets		5,942	3,275	1,599
Equity				
Share capital	11	2,057	1,751	1,776
Share premium account		43,313	38,474	38,742
Warrant reserve		500	109	205
Share-based payments reserve		591	863	591
Available-for-sale investment reserve		483	501	483
Foreign currency translation reserve		(390)	(289)	(396)
Accumulated losses		(40,612)	(38,134)	(39,802)
Equity attributable to equity holders of the parent		5,942	3,275	1,599
Non-controlling interest		-	-	-
Total equity		5,942	3,275	1,599

Xtract Resources PLC
Consolidated Statement of Cash Flows
For the six months period ended 30 June 2015

	Notes	6 months period ended 30 June 2015 Unaudited £'000	6 months period ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Net cash used in operating activities	11	(1,329)	(840)	(1,840)
Investing activities				
Acquisition of subsidiary undertaking		-	(485)	(485)
Acquisition of intangible fixed assets		(448)	(196)	(471)
Acquisition of tangible fixed assets		(206)	(21)	(147)
Disposal of intangible fixed assets		392	-	-
Proceeds from disposal of available for sale investment		-	-	1,182
Net cash from/(used in) investing activities		(262)	(702)	79
Financing activities				
SEDA backed loan		(455)	(89)	273
Proceeds on issue of shares		4,909	1,443	1,736
Finance lease repayments		(97)	-	(249)
Loans from Directors		(5)	46	5
Net cash from financing activities		4,352	1,400	1,765
Net increase/(decrease) in cash and cash equivalents		2,761	(142)	4
Cash and cash equivalents at beginning of period		163	159	159
Effect of foreign exchange rate changes		37	2	-
Cash and cash equivalents at end of period		2,961	19	163

Significant Non Cash movements

1. The mineral exploration rights in respect of the O'Kiep Copper Sulphide Project were acquired in May 2015 by the issue of ordinary shares to the value of £238K and cash consideration of £158K.
2. The assets and liabilities of Polar Mining (Barbados) Limited and its subsidiary undertaking, Minera Polar Mining Chile Limitada, were acquired in February 2014 by the issue of Ordinary shares of 0.01p each to a value of £1,250K, in addition to cash consideration of £558K.

1. General information

Xtract Resources PLC ("Xtract") is a company incorporated in England and Wales under the Companies Act 2006. The Company's registered address is 4th Floor, 2 Cromwell Place, South Kensington, London SW7 2JE. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange. The Company invests and engages in the management, financing and development of early stage resource assets.

2. Accounting policies

Basis of preparation

Xtract prepares its annual financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

The consolidated interim financial information for the period ended 30 June 2015 presented herein has been neither audited nor reviewed. The information for the period ended 31 December 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 but has been derived from those accounts. The auditor's report on those accounts was not qualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006 but did draw attention by way of emphasis to the significant uncertainty around the going concern assumption. As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Reporting'.

The interim financial information is presented in pound sterling and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

The interim consolidated financial information of the Group for the six months ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 28 September 2015.

Going concern

The interim financial statements have been prepared on a going concern basis. The board believes that there are sufficient funds available to continue to meet liabilities as and when they fall due for a period of at least 12 months from the date of this announcement. The group held cash balances of £2.96m as at 30 June 2015 and an additional £4m in funds from the 26 June 2015 placings which were received by the Company during July 2015.A portion of these funds will be used to acquire the Manica project in Mozambique as well as the completion of the bankable feasibility study.

Following the re-negotiation and deferral of option payment terms on the Chepica land acquisition, and a draw down of funds on the existing SEDA agreement during the period, the Group was also able to repay the outstanding loan agreement in full. It is envisaged that the operating cash flows from the Group's operations in Chile will increase from the middle of the 4th quarter. The Group has reviewed and undertaken sensitivity analyses on the projected cash flows for the next 12 months and are comfortable that it would maintain a positive cash position until 30 September 2016. In undertaking the going concern review, the Group has reviewed any further cash savings which may be made, if required.

On this basis the Board believes that it is appropriate to prepare the financial statements on the going concern basis.

Intangible exploration and evaluation expenditure assets
The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights, are capitalised as intangible assets. Exploration and evaluation expenditure is capitalised within exploration and evaluation properties until such time that the activities have reached a stage which permits a reasonable assessment of the existence of commercially exploitable reserves when they are transferred to tangible assets. Capitalised exploration and evaluation expenditure is assessed for impairment in accordance with the

indicators of impairment as set out in IFRS 6 Exploration for and Evaluation of Mineral Reserves. In circumstances where a property is abandoned, the cumulative capitalised costs relating to the property are written off in the year. Capitalised exploration costs are not amortised.

Changes in accounting policy
The accounting policies applied are consistent with those adopted and disclosed in the Group Consolidated financial statements for the year ended 31 December 2014, except for the changes arising from the adoption of new accounting pronouncements detailed below.

There are no amendments or interpretations to accounting standards that would have a material impact on the financial statements.

3. Business segments

Segmental information
For management purposes, the Group has been organised into two operating divisions Investment and Mining Exploration. These divisions have been the basis on which the Group reports its primary segment information.

The Group's reportable segments under IFRS 8 are therefore as follows:
- Investment and other - Corporate;
- Mining Exploration- Mining Production Segment

Segment results

6 months ended 30 June 2015	Investment and Other	Mining Production	Total
	£'000	£'000	£'000
Segment revenue			
Concentrate Revenue	-	118	118
Less: Cost of sales	-	(234)	(234)
Segment Gross profit	-	(116)	(116)
Administrative and operating expenses	(510)	(420)	(930)
Project costs	(29)	-	(29)
Segment result	(539)	(536)	(1,075)
Other gain and losses	-	359	359
Finance costs	(77)	(17)	(94)
Loss before tax	(616)	(194)	(810)
Tax	-	-	-
Loss for the period	(616)	(194)	(810)

6 months ended 30 June 2014	Investment and Other	Mining Production	Total
	£'000	£'000	£'000
Segment revenue			
Concentrate Revenue	-	636	636
Less: Cost of sales	-	(493)	(493)
Segment Gross profit	-	143	143
Administrative and operating expenses	(574)	(434)	(1,008)
Segment result	(574)	(291)	(865)
Finance costs	(123)	(21)	(144)
Loss before tax	(697)	(312)	(1,009)
Tax	-	-	-
Loss for the period	(697)	(312)	(1,009)

Year ended 31 December 2014	Investment and other	Mining Production	Total

	£'000	£'000	£'000
Segment revenue			
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)
Profit/(loss) before tax	(2,267)	(682)	(2,949)
Tax	-	-	-
Profit/(loss) for the period	(2,267)	(682)	(2,949)

Segment Assets	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Continuing			
Mining production	7,015	6,668	6,802
Investment & other	4,135	2,252	825
Total segment assets	11,150	8,920	7,627

The accounting policies of the reportable segments are the same as the Group's accounting policies which are described in the Group's latest annual financial statements. Segment results represent the profit earned by each segment without allocation of the share of profits of associates, 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

At 30 June 2015 the Group has no deferred tax assets or liabilities.

5. Loss per share

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

Six months ended			Year ended
Losses	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
(Losses)/profit for the purposes of basic earnings per share being net loss attributable to equity holders of the parent	(810)	(1,009)	(2,949)
Number of shares			
Weighted average number of ordinary and diluted shares for the purposes of basic earnings per share	4,798,111,259	3,207,405,355	3,403,266,982
(Loss)/profit per ordinary share basic and diluted (pence)	(0.00)	(0.00)	(0.00)

Where a loss has occurred, basic and diluted earnings per share are the same because the outstanding share options and warrants are anti-dilutive.

6. Intangible fixed assets

	Land acquisition costs	Development expenditure	Reclamation & mine closure costs	Mineral exploration rights	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2015	4,184	471	266	-	4, 921
Additions	-	190	-	496	686
Disposals	-	(33)	-	-	(33)
As at 30 June 2015	4,184	628	266	496	5,574
Amortisation					
As at 1 January 2015	246	28	15	-	289
Charge for the year	68	22	4	-	94
As at 30 June 2015	314	50	19	-	383
Net book value					
At 30 June 2015	3,870	578	247	496	5,191
At 31 December 2014	3,938	443	251	-	4,632

7. 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 2015	1,167	103	10	1,280
Additions - at cost	174		32	206
At 30 June 2015	1,341	103	42	1,486
Depreciation				
At 1 January 2015	73	9	3	85
Charge for the period	51	8	5	64
At 30 June 2015	124	17	8	149
Net book value				
At 30 June 2015	1,217	86	34	1,337
At 1 January 2015	1,094	94	7	1,195

8. Financial assets available for sale

Details of the Group's available-for-sale investments as at 30 June 2015 are as follows:

	30 June 2015	30 June 2014	31 December 2014
	£'000	£'000	£'000
At beginning of the period	570	2,580	2,580
Disposal	-	-	(1,182)
Movement in fair value	-	(810)	(828)
At the end of the period	570	1,770	570

9. Current Liabilities

	As at 30 June 2014	As at 30 June 2014	As at 31 December 2014
	£'000	£'000	£'000
Trade creditors and accruals	2,141	2,494	2,512
Option instalments	978	929	1,207
SEDA backed loan	-	93	462
	3,119	3,516	4,181

10. Share capital

	As at **30 June 2015 Number**	As at 30 June 2014 Number	As at 31 December 2014 Number
Issued and fully paid			
Ordinary shares of 0.01p each	6,644,897,697	3,580,599,980	3,830,599,980
Deferred shares of 0.09p each	1,547,484,439	1,547,484,439	1,547,484,439
	8,192,382,136	5,128,084,419	5,378,084,419
	£	£	£

Ordinary shares of 0.01p each	664,489	358,059	383,060
Deferred shares of 0.09p each	1,392,736	1,392,736	1,392,736
	2,057,225	1,750,795	1,775,796

Options and warrants

The following warrants were issued during the period:

- 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 warrants were exercised during the period:

- Issued 12 September 2012 - 172,954,884 exercised at 0.045p per share
- Issued 27 March 2015 - 55,666,667 exercised at 0.15p per share

11. Cash flows from operating activities

	Six months period ended 30 June 2015 £'000	Six months period ended 30 June 2014 £'000	Year ended 31 December 2014 £'000
Profit/(loss) for the period	(810)	(1,009)	(2,949)
Adjustments for:			
Continuing Operations			
Depreciation of property, plant and equipment	64	37	85
Amortisation of intangible fixed assets	94	-	289
Finance costs	84	(1)	76
Other (gains) /losses	(8)	(37)	44
Other payables	-	(52)	-
Gain on disposal of intangible fixed assets	(359)	-	-
Share-based payments expense	-	29	29
Operating cash flows before movements in working capital	(935)	(1,033)	(2,426)
(Increase) in receivables	(106)	(397)	(60)
(Decrease)/increase in payables	(294)	487	648
Cash used in operations	(1,335)	(943)	(1,838)
Income taxes paid	-	-	-
Foreign currency exchange differences	6	103	(2)
Net cash used in operating activities	(1,329)	(840)	(1,840)

12. Related party transactions

Transactions between Group companies, which are related parties, have been eliminated on consolidation and are therefore not disclosed. The only other transactions which fall to be treated as related party transactions are those relating to the remuneration of key management personnel, which are not disclosed in the Half Yearly Report, and which will be disclosed in the Group's next Annual Report.

13. Transactions with directors

Lion Mining Finance Limited, a company in which Colin Bird is a Director and shareholder has provided administrative and technical services to the Company amounting to £15K plus VAT in the period. The amount of £21K was outstanding as at 30 June 2015 (30 June 2014:14.4k).

As at 30 June 2015, loans from directors amounted to £nil (31 June 2014:£ 40K). These loans are interest free and repayable by mutual agreement.

14. Events after the balance sheet date

Manica Gold Project

On 29 June 2015 the Company announced that it had signed an agreement to acquire 100% of the Manica Gold Mining license (which includes a number of gold prospects including the Fair Bride open pit gold deposit) in Mozambique from Auroch Minerals NL ('Auroch'), an ASX listed company. The total consideration for the Transaction was US$12.5 million and would be satisfied through a payment of US$4.5m in cash, the issue of new ordinary shares of 0.01p per share ("Ordinary Shares") to the value of US$6.5m ("Consideration Shares"), and a further cash payment by Xtract of up to US$1.5 million to settle project related creditors.

The completion of the acquisition agreement is conditional upon Auroch obtaining necessary shareholder approval as well as obtaining relevant approvals to the extent required under the Mozambique Mining Act and other applicable laws relating to the change of control of Auroch's subsidiary and communicating such change of control to the Mozambican Mining Authorities. Completion is also conditional on admission of the Consideration Shares to trading on AIM.

On 3 July 2015, the company raised £4.4 million from the placement and issue of 1,466,666,665 ordinary shares of 0.01p per share at 0.30p per share in order to satisfy the cash consideration.

On 10 September 2015 the Company announced that it had negotiated and agreed revised terms with Auroch regarding the conditional acquisition of the Manica gold project. Under the terms of the original agreement the number of Consideration Shares issued was to be determined by using the lesser of the VWAP at which the Company's shares traded 10 days prior to Completion and 0.35p (the "Conversion Price"). At an assumed Conversion Price of 0.35p the Company anticipated that it would be required to issue Consideration Shares which would result in dilution to existing Xtract shareholders ("Dilution") of approximately 12%. Since the terms of the Transaction were agreed the Company's share price has decreased and the closing price on 9 September 2015 stood at 0.26p. At an assumed Conversion Price of 0.26p Dilution would be approximately 16%. In order to limit Dilution the Company has successfully negotiated a revision to the terms of the Transaction whereby a fixed number of Conversion Shares will now be issued and Dilution will be approximately 11%.

The cash consideration will now total US$7 million and has been re-structured such that US$2 million of cash payable to Auroch three months after Completion is expected to be settled through project finance and a further US$1 million of cash will be retained by the Company to settle any tax liability relating to the capital gain due on the disposal of the asset in due course.

O'Kiep copper Sulphide Project
On 3 July 2015 the Company allotted and issued 491,939,159 ordinary shares of 0.01p each, at price of 0.03275 per share, in settlement of the final payment of U$$2.5 million which was due to be paid on the commencement of mining activities.

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