For immediate release

30 June 2022

Xtract Resources Plc

("**Xtract**" or the "**Company**")

Audited results for the 12 months ended 31 December 2021

The Board of Xtract Resources Plc ("**Xtract**" or the "**Company**") announces its audited financial results for the 12 months ended 31 December 2021. The 2021 Audited Annual Report and Accounts ("Accounts") are in the process of being posted to shareholders and will be available together with this announcement on the Company's website www.xtractresources.com.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").The person who arranged the release of this announcement on behalf of the Company was Joel Silberstein, Director.

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Corporate & Operational highlights

- At Bushranger results from Phase-One drilling and an Induced polarization (IP) MIMDAS survey have provided significant potential to upgrade the known Inferred Mineral Resources at the Bushranger copper-gold project within a world-class mining district in New South Wales, Australia
- The follow-up Phase-Two drilling programme succeeded in defining a shallow high-grade 'crown' to the Racecourse deposit, which will be modelled with a view to developing an open pit mine
- The Phase-Two drilling programme at Bushranger was also successful in discovering a new deposit located to the south of Racecourse, named Ascot. Initial holes and assays suggest that this deposit has a higher gold tenor than Racecourse. Further drilling is in progress to test the new discovery

- At the Eureka copper project in Zambia completed drilling and analysis of drill core confirmed the extension of the Eureka mineralised zone to the north-west – beyond 300m and still open
- Trial pilot-scale mining is under way at Eureka to test copper recoveries with a view to supplying ore to a local processor
- Total of £10.50 million (before expenses) raised through equity placings
- During the 2nd half of 2021 all of the alluvial and small hard rock operations achieved highest production levels since commencing mining in 2017
- Total of 43.83kg (equivalent to 1,404 ounces) of production attributable to Explorator (2020: 19.38kg (equivalent to 620 ounces)
- Post year end the Company decided to withdraw from the Kalengwa Project in Zambia and fully impair the carrying value with a consequent charge to the income statement of £0.36 million

Financial highlights

- Cash of £5.39m (2020: £0.92m)
- Net assets of £11.93m (2019: £10.78m)
- Revenue from gold sales of £0.69m (2020: £1.73m)
- Administrative and operating expenses of £3.31m (2020: £2.09m)

Chairman's Statement

Dear Shareholder,

The period under review has again been positive for our group activities. Our mission to work small scale mining operations and conduct major exploration has advanced according to plan.

Starting with the Australian Lachlan Fold Belt project at Bushranger, I am very pleased to report that in a short period we have advanced the exploration to a much better understanding than we had at the time of writing last year's report.

As of now, we have largely delineated the Racecourse project and are busy modelling resource shape to determine tonnage and grade. The Racecourse Project would most likely be planned to a surface mine, with a high-grade component that can support mining for a number of years, with typical porphyry ore grade thereafter. We intend to rework the conceptual model, with the benefit of more definitive grades, metallurgical test work results and tonnage disposition.

We conducted further geophysics, which better assisted our drilling programmes and pointed towards the potential for another large-scale target towards the south of Racecourse, also identifying other anomalous areas, with a similar signature as at the Racecourse Project.

We drill tested a strong anomaly some 1.3km south of Racecourse and identified large areas of mineralisation, with gold grades being generally higher than Racecourse, as was the molybdenum. The different chemistry and mineralisation distribution caused us to give the occurrence its own name, and we named the area Ascot. We have drilled a further 8 holes into the area, with varying results and our last hole assays, at the time of writing this report, had minimal copper intersections, but had very significant gold intersections, with higher than previously experienced molybdenum values. The lithology leads us to the opinion that the true porphyry may be deeper, and we will therefore drill a further hole to test this prognosis.

At the time of writing this report, we were embarking on a limited drilling programme at the Footrot prospect to the south of Racecourse-Ascot to test the veracity of the geophysics, which are also similar to Racecourse, and where previous companies have had some indication of porphyry style lithology.

In general, our exploration activities in Australia have been extremely encouraging and without a doubt we have discovered a major system, well beyond our original expectations. As with all porphyries, however, a full understanding requires much drilling to define the full potential and our projects are no exception. The phase 2 exploration programme is about to be completed and when we have modelled and evaluated all the raw information, we will be well advanced on the value curve and able to position the project in the global market.

Our alluvial gold production activities in Mozambique have continued to be somewhat erratic, but no month has passed without producing a surplus of income over expenditure. Towards the end of 2021 all of the alluvial and small hard rock operations produced well and record results were achieved. The rains of course, hampered operations, but nonetheless results were very satisfactory, and the higher trend was maintained.

We expect alluvial and small gold operations to continue for the remainder of the year and I am happy to report that the Fair Bride hard rock operation has now commenced production. We expect a production build up during the 3rd quarter 2022, with full commercial production being achieved during the 4th quarter. On this basis we expect earnings from our Mozambique gold operations to be significant, with the Fair Bride operation continuing for some five years. We intend with our partners to test drill the area, since we are convinced of further discovery potential and during next year will design plant additions, which will allow us to treat all mineralisation gold types found in the area.

In Zambia we have identified and modelled a potentially mineable resource at Eureka and are carrying out trial mining. The initial trial mining produced a very high-grade ore, but metallurgical testing proved to be very refractory. Further drilling and test mining has shown this to be a local phenomenon and we intend to commence operations during the 3rd quarter 2022.

The Company's aim is to identify small deposits of 1-5 years production capability at a rate of about 50,000 tonnes per year. We have been working one small deposit, known as Chongwe, to ascertain its size and potential contribution. The projects have produced satisfactory ore for a nearby processing capability, producing a surplus of income over expenditure. It is however unlikely to be a long-life proposition and we continue our efforts to identify other resources in relatively close proximity to processing capability.

The Kalengwa Project has been subordinated to our other activities since it is remote to processing capability and challenged by availability of power and the Company has therefore impaired all costs relating to the project.

As a junior miner, we continue to be mindful of guarding the Company's cash position. The awarding of options is considered a crucial element in the Company's ability to incentivise the Company's employees and directors and allows for the retention of services and expertise. In March 2021, the Company awarded options to directors and employees which resulted in a share-based payment accounting charge of £1.47 million which has been included in our administration and overhead expense.

The company is examining a number of exciting opportunities in the small copper and gold sector and look forward to reporting progress during the 3rd quarter.

I would like to thank my fellow directors and management team for their untiring efforts to advance the company during the year under review, against intense competition and challenging circumstances.

Colin Bird

Executive Chairman

30 June 2022

Consolidated Income Statement
For the year ended 31 December 2021

	Note	**Year ended 31 December 2021 £'000**	Year ended 31 December 2020 £'000 (Restated)
Continuing operations			
Revenue from gold sales		**692**	1,725
Other operating income		**189**	-
Operating and administrative expenses			
Direct operating		**(569)**	(1,006)
Other operating		**(85)**	(45)
Administration		**(2,657)**	(1,040)
		(3,311)	(2,091)
Project expenses		**(432)**	(96)
Operating loss		**(2,862)**	(462)
Other gains and (losses)	6	**-**	(164)
Finance (cost)/income	11	**(194)**	(181)
(Loss) before tax	8	**(3,056)**	(807)
Taxation	12	**(76)**	(107)
(Loss) for the period		**(3,132)**	(914)
Attributable to:			
Equity holders of the parent		**(3,132)**	(914)
Net (loss) per share			
Basic (pence)	13	**(0.40)**	(0.20)
Diluted (pence)	13	**(0.40)**	(0.20)

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

	Group	
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
(Loss) for the year	**(3,132)**	(914)
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss	**-**	-
Exchange differences on translation of foreign operations	**242**	(210)
Other comprehensive income/(loss) for the year	**242**	(210)
Total comprehensive (loss) for the year	**(2,890)**	(1,124)
Attributable to:		
Equity holders of the parent	**(2,890)**	(1,124)

Consolidated and Company Statements of Financial Position

As at 31 December 2021

	Note	Group As at 31 December 2021 £'000	Group As at 31 December 2020 £'000	Company As at 31 December 2021 £'000	Company As at 31 December 2020 £'000
Non-current assets					
Intangible assets	14	**16,752**	11,978	**828**	438
Property, plant & equipment	15	**25**	19	**-**	-
Loans to group companies		**-**	-	**6,554**	-
Investment in subsidiary	16	**-**	-	**9,823**	9,823
Other financial assets		**-**	-	**-**	-
		16,777	11,997	**17,205**	10,261
Current assets					
Trade and other receivables	19	**664**	147	**582**	285
Loans receivable	18	**-**	-	**-**	-
Inventories	20	**177**	8	**-**	-
Loans to group companies		**-**	-		2,426
Cash and cash equivalents		**5,389**	919	**4,205**	253
		6,230	1,074	**4,787**	2,964
Total assets		**23,007**	13,071	**21,992**	13,225
Current liabilities					
Trade and other payables	22	**2,226**	1,051	**396**	362
Current tax payable	22	**121**	93	**-**	-
Loans from group companies	22	**-**	-	**-**	11,483
		2,347	1,144	**396**	11,845
Net current assets/(liabilities)		**3,883**	(70)	**4,391**	(8,881)
Non-current liabilities					
Loans from group companies		**-**	-	**11,518**	**-**
Total liabilities		**2,347**	1,144	**11,914**	11,845
Net assets		**20,660**	11,927	**10,078**	1,380
Equity					
Share capital	23	**4,973**	4,928	**4,973**	4,928
Share premium account		**71,684**	61,951	**71,684**	61,951
Warrant reserve	24	**467**	76	**467**	76
Share-based payments reserve	24	**1,874**	436	**1,874**	436
Fair Value reserve	24	**-**	-	**-**	-
Foreign currency translation reserve	24	**308**	66	-	-
Accumulated losses		**(58,646)**	(55,530)	**(68,920)**	(66,011)
Equity attributable to equity holders of the parent		**20,660**	11,927	**10,078**	1,380
Total equity		**20,660**	11,927	**10,078**	1,380

The financial statements of Xtract Resources Plc, registered number 5267047, were approved by the Board of Directors and authorised for issue. As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year is disclosed in Note 3. It was signed on behalf of the Company by:

Joel Silberstein

Director
30 June 2022

Consolidated Statement of Changes in Equity

Group

		Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share based payments reserve £'000	Fair value reserve £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 January 2020		4,892	59,884	54	397	-	276	(54,719)	10,784
Comprehensive income									
Loss for the year		—	—	—	—	—	—	(914)	(914)
Forex currency translation Differences		—	—	—	—	—	(210)	—	(210)
Total comprehensive income for the year		—	—	—	—	-	(210)	(914)	(1,124)
Transactions with owners									
Issue of shares		36	2,134	—	—	—	—	—	2,170
Share issue costs		—	(67)	—	—	—	—	—	(67)
Expiry of share options		-	-	-	(103)	-	-	103	-
Issue of share options	24	-	-	-	142	-	-	-	142
Issue of warrants	24	—	—	22	—	—	—	—	22
As at 31 December 2020		4,928	61,951	76	436	-	66	(55,530)	11,927
Comprehensive income									
Loss for the year		—	—	—	—	—	—	(3,132)	(3,132)
Forex currency translation difference		—	—	—	—	—	242	—	242
Total comprehensive income for the year		—	—	—	—	—	242	(3,132)	(2,890)
Transactions with owners									
Issue of shares	23	45	10,769	—	—	—	—	—	10,814
Share issue costs		—	(664)	—	—	—	—	—	(664)
Issue of share options	24	-	-	-	1,473	-	-	-	1,473
Expiry of share options		—	—	—	(16)	—	—	16	—
Exercise of share options		-	19	-	(19)	-	-	-	-
Issue of warrants	24	—	(456)	456	—	—	—	—	-
Exercise of warrants		-	65	(65)	-	-	-	-	-
As at 31 December 2021		4,973	71,684	467	1,874	-	308	(58,646)	(20,660)

Statement of Changes in Equity
Company

		Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share based payments reserve £'000	Fair value reserve £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 January 2020		4,892	59,884	54	397	-	-	(64,803)	424
Other Comprehensive income									
Loss for the period		—	—	—	—	—	—	(1,311)	(1,311)
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive income for the year		—	—	—	—	-	—	(1,311)	(1,311)
Issue of shares		36	2,134	—	—	—	—	—	2,170
Share issue costs		—	(66)	—	—	—	—	—	(66)
Expiry of options	24	—	—	-	(103)	—	—	103	—
Issue of share options		-	—	—	142	-	—	—	142
Issue of warrants	24	—	—	22	-	—	—	—	22
As at 31 December 2020		4,928	61,951	76	436	—	—	(66,011)	1,380
Other Comprehensive income									
Loss for the period		—	—	—	—	—	—	(2,925)	(2,925)
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive income for the year		—	—	—	—	—	—	(2,925)	(2,925)
Issue of shares	23	45	10,769	—	—	—	—	—	10,814
Share issue costs		—	(664)	—	—	—	—	—	(664)
Expiry of share options		—	—	-	(16)	—	-	16	—
Issue of share options	24	—	—	—	1,473	—	—	—	1,473
Exercise of share options		-	19	-	(19)	-	-	-	-
Issue of warrants	24	—	(456)	456	—	—	—	—	-
Exercise of warrants		-	65	(65)	-	-	-	-	-
As at 31 December 2021		4,973	71,684	467	1,874	—	—	(68,920)	10,078

Consolidated and Company Cash Flow Statement

		Group		Company	
		Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
	Note	£'000	£'000	£'000	£'000
Net cash generated from/(used in) operating activities	25	(767)	189	(1,352)	(234)
Investing activities					
Acquisition of subsidiary undertaking		-	36	-	(9)
Acquisition of intangible fixed assets	14	(5,009)	(287)	(751)	(176)
Acquisition of tangible fixed assets	15	(13)	-	-	-
Loans advanced to group companies	19	-	-	(4,128)	(213)
Net cash (used in)/from investing		(5,022)	(251)	(4,879)	(398)
Financing activities					
Proceeds on issue of shares		10,149	636	10,149	636
Repayment of loans from group		-	-	34	33
Net cash (used in)/from financing activities		10,149	636	10,183	669
Net increase in cash and cash equivalents		4,360	574	3,952	37
Cash and cash equivalents at beginning of year		919	361	253	216
Effect of foreign exchange rate changes		110	(16)	-	-
Cash and cash equivalents at end of year		5,389	919	4,205	253

Notes to the Financial Statements

Selected notes from the financial statements are set out below without amendment to the note reference. The full notes are contained in the Audited Annual Report and Accounts

1. **General information**

Xtract Resources Plc is a Public Company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 7/8 Kendrick Mews, South Kensington, London, SW7 3HG. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 4 to 36.

The financial statements are presented in pounds sterling (£) which is the functional currency of the Company Foreign operations are included in accordance with the policies set out in note 3. These annual financial statements were approved by the board of directors on 30 June 2022.

2. **Adoption of new and revised Standards**

Basis of accounting

The consolidated annual financial statements have been prepared in accordance with UK-adopted international accounting standards and in conformity with the Companies Act 2006. The consolidated annual financial statements have been prepared on the historical cost basis, as modified by financial assets measured at fair value through other comprehensive income. The principal accounting policies are set out below.

On 31 December 2020 IFRS as adopted by the European Union were brought into UK law and became UK-adopted international accounting standards with future changes being subject to endorsement by the UK Endorsement Board.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS 101') and the requirements of the Companies Act 2006. The Company will continue to prepare its financial statements in accordance with FRS 101 on an ongoing basis until such time as it notifies shareholders of any change to its chosen accounting framework.

In accordance with FRS 101, the Company has taken advantage of the following exemptions:

- Requirements of IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

New and amended standards adopted by the Group

The most significant new standards and interpretations adopted, none of which are considered material to the Group, are as follows:

Ref	Title	Summary	Application date of standards (periods commencing)
IFRS9, IAS39 and IFRS7	Interest Rate Benchmark Reform Phase 2	Amendments regarding measurement and classification	1 January 2021
IFRS 17	Insurance contracts		1 January 2021
IFRS 4	Amendments to Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)		1 January 2021

New standards and interpretations not yet adopted

Unless material the Group does not adopt new accounting standards and interpretations which have been published and that are not mandatory for 31 December 2021 reporting periods.

No new standards or interpretations issued by the International Accounting Standards Board ('IASB') or the IFRS Interpretations Committee ('IFRIC') have led to any material changes in the Company's accounting policies or disclosures during each reporting period.

The most significant new standards and interpretations to be adopted in the future are as follows:

Ref	Title	Summary	Application date of standards (periods commencing)
IAS1	Presentation of Financial Statements	Amendments regarding the classification of liabilities	1 January 2023
		Amendments to defer effective date of the January 2020 amendments	1 January 2023

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The directors are evaluating the impact that these standards will have on the financial statements of the Group.

3. Significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries). These consolidated financial statements are made up for the year ended 31 December 2021.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are re- measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) as amended, are recognised at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Going concern

The operations of the Group have been financed through operating cash flows as well as through funds which have been raised from shareholders. As at 31 December 2021, the Group held cash balances of £5.39 million and an operating loss has been reported. Since November 2017, the Group has been generating revenues, from its Manica Alluvial operations, which have been covering the Manica operating costs and not the costs for the rest of the Group. The Directors anticipate net operating cash outflows for the Group for the next twelve months from the date of signing these financial statements.

The Directors have assessed the working capital requirements for the forthcoming twelve months and have undertaken assessments which have considered different scenarios based on exploration and mine development spend along with a number of production forecasts until June 2023.

Upon reviewing those cash flow projections for the forthcoming twelve months, the directors consider that the Company is not likely to require additional financial resources in the twelve-month period from the date of approval of these financial statements to enable the Company to fund its current operations and to meet its commitments. The Group will continue to monitor corporate overhead costs on an ongoing basis.

During 2019, the Company entered into a net profit share agreement for it Fair Bride hard rock gold project in Manica, Mozambique. The Company expects production build up during the 3rd quarter 2022, with full commercial production being achieved during the 4th quarter 2022. On this basis the Company expect earnings from the Mozambique gold operations to be significant, with the Fair Bride operation expected to continue for 3 years.

As is common with early producing companies, the Company raises finance for its activities in discrete tranches to finance its activities for limited periods only and further funding will be required from time to time to finance those activities.

Nevertheless, after making enquiries and considering the above and should the need arise the directors have a reasonable expectation that the Company has adequate ability to raise resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Parent only income statement

Xtract Resources Plc has not presented its own income statement as permitted by section 408 of the Companies Act 2006. The loss for the year ended 31 December 2021 was £2,925k (2020: loss £1,311k).

Foreign currencies

The individual financial statements of each Group Company are maintained in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in Pound Sterling, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation into an entity's functional currency are recognised in profit and loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as Sterling denominated assets and liabilities.

Taxation

The tax expense comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible assets

Land acquisition rights and mine development costs

The costs of land acquisition rights in respect of mining projects and mine development are capitalised as intangible assets. These costs are amortised over the expected life of mine to their residual values using the units-of-production method using estimated proven and probable mineral reserves.

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. Once the Company has determined the existence of commercially exploitable reserves and the Company decides to proceed with the project, the full carrying value is transferred from exploration and development costs to mining development. 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.

Property, plant and equipment

Tangible fixed assets represent mining plant and equipment, office and computer equipment and are recorded at cost, net of accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, which is calculated on either a fixed period or the expected life of mine using the unit of production method, as appropriate.

The average life in years is estimated as follows:

Office and computer equipment	3-10
Plant and machinery	7-15

Until they are brought into use, fixed assets and equipment to be installed are included within assets under construction and are not depreciated.

The cost of maintenance, repairs and replacement of minor items of tangible fixed assets are charged to the income statement as incurred. Renewals and asset improvements are capitalised. Upon sale or retirement of tangible fixed assets, the cost and related accumulated depreciation are eliminated from the financial statements. Any resulting gains or losses are included in the income statement.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalue amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Classification

The Group classifies its financial assets in the following categories: at amortised cost including trade receivables and other financial assets at amortised cost, at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Other financial assets at amortised cost

Classification of financial assets at amortised cost

The group and parent company classify its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principle and interest.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest could be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and repayable within three years from the end of the reporting period.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Financial assets at fair value through other comprehensive income

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise an investment held. These are carried in the statement of financial position at fair value. Subsequent to initial recognition, changes in fair value are recognised in the statement of other comprehensive income.

Financial liabilities

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Loans to/(from) Group companies

These include loans to and from subsidiaries are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as financial assets at amortised cost. Loans from Group companies are classified as financial liabilities measured at amortised cost.

Inter-company loans are interest bearing.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term highly liquid deposits with a maturity of three months or less.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Invetory

Inventories consist of the Company's share of gold dore bars produced by the Alluvial Mining Contractors, which have been smelted and are available for further processing. All inventories are valued at the lower of cost of operations and net realisable value. Costs include cost, which are closely related to the overall alluvial operations including monitoring and compensation costs. Net Realisable value is the estimated future sales price of the product the Company is expected to realise after the product is processed and sold less costs to bring the product to sale. Where inventories have been written down to net realisable value, a new assessment is made in the following period. In instances where there has been change in circumstances which demonstrates an increase in the net realisable value, the amount written down will be reversed.

Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions, which are not market, related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, Group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight- line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non- accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Share-capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share Capital

Share capital represents the amount subscribed for shares at nominal value.

Share Premium

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share-Based Payment Reserve

The share-based payment reserve represents the cumulative amount which has been expensed in the statement of comprehensive income in connection with share-based payments, less any amounts transferred to retained earnings on the exercise of share options.

Warrant Reserve

The warrant reserve presents the proceeds from issuance of warrants, net of issue costs. Warrant reserve is non-distributable and will be transferred to share premium account upon exercise of warrants.

Finance Income

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales tax or duty. Revenue from sales of gold dore bars, is recognised when control of the products has transferred, that is, when the products are delivered to the customer. A receivable is recognised when the goods are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Chairman who is responsible for allocating resources and assessing performance of the operating segments.

4.Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Financial Assets Fair Value through Comprehensive Income

The Group reviews the fair value of its unquoted equity instruments at each statement of financial position date. This requires management to make an estimate of the fair value of the unquoted securities in the absence of an active market, which has mainly been established by use of recent arm's length transactions, as adjusted by a discount, where required. Uncertainty also exists due to the early stage of development of corporate level investments in subsidiaries.

Impairment of intangible assets

The assessment of intangible assets for any indications involves judgement. Such assets have an indefinite useful life as the Company has a right to renew exploration licences and the asset is only amortised once extraction of the resource commences. Management tests for impairment annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 14. Each exploration project is subject to an annual review by either a consultant or a geologist to determine if the exploration results returned during the period warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration; an impairment charge will then be recognised in the Income Statement.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the Group is the Black-Scholes model.

8. Expenses by nature

Profit / (loss) from continuing operations and discontinued operations for the year has been arrived at after charging the following under administrative and operating expenses:

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Depreciation of property, plant and equipment	15	11	-
Amortisation of intangible fixed assets	14	-	-
Inventory		(160)	97
Auditors remuneration	9	41	29
Directors remuneration	10	1,317	309
Share-based payments expense	26	1,473	122

13. (Loss) per share

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
(Loss) for the purposes of basic and diluted earnings per share (EPS) being:		
Net (loss) for the year from continuing operation attributable to equity holders of the parent	(3,132)	(914)
	(3,132)	(914)
	Number of shares	Number of shares
Weighted average number of ordinary shares for purposes of basic EPS	805,203,295	487,748,658
Effect of dilutive potential ordinary shares-options and warrants	-	-
Weighted average number of ordinary shares for purposes of diluted EPS	805,203,295	487,748,658

In accordance with IAS 33, the share options and warrants do not have a dilutive impact on earnings per share, which are set out in the consolidated income statement.

22. Trade and other payables

	Group		Company	
	As at 31 December 2021 £'000	As at 31 December 2020 £'000	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Trade creditors and accruals	2,226	1,051	396	362
Amounts due to subsidiaries	-	-	-	11,483
Current tax payable	121	93	-	-
	2,347	1,144	396	11,845

31. Ultimate controlling party

The Directors believe there is no ultimate controlling party.

32. Events after the balance sheet date

Issue of Equity

On 22 April 2022, the Company received notice to exercise warrants over 4,416,665 ordinary shares of 0.02p each in the Company at an exercise price of 1.20p per Ordinary Share, and a further 833,333 Ordinary Shares at an exercise price of 1.85p per Ordinary Share.

Qualified Person

In accordance with AIM Note for Mining and Oil & Gas Companies, June 2009 ("Guidance Note"), Colin Bird, CC.ENG, FIMMM, South African and UK Certified Mine Manager and Director of Xtract Resources plc, with more than 40 years experience mainly in hard rock mining, is the qualified person as defined in the Guidance Note of the London Stock Exchange, who has reviewed the technical information contained in this press release.

ENDS