30 September 2016

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

## Interim Results

Xtract Resources Plc (AIM: XTR), the gold and copper mining and development company with projects in South America and Mozambique, announces an update of operations and projects and its unaudited interim results for the six months ended 30 June 2016.

### Financial

- Revenue of £0.29m (H1 15: £0.12m)
- Net loss of £5.24m (H1 15: £0.81m)
- Operating expenses £1.48m (H1 15: £0.93m)
- Cash of £0.94m (FY15: £3.76m)
- Net assets of £5.41m (FY 15: £7.55m)

### Operational & Corporate Highlights

- Received final approval from the Mozambican mining authorities to complete the acquisition of 100% of the Manica gold project in Mozambique from Auroch Minerals NL
- Independent technical report completed on the mineral resources of the Fair Bride gold deposit at the 3990 Mining Concession in Mozambique which confirmed that the resource has increased by 36% to 1.257Moz at a cut-off of 1g/t
- Conditional sale and purchase agreement entered into to sell the Manica gold project in Mozambique for a cash consideration of US$17.5m. In September the agreement lapsed due to certain precedent not being met
- A further US$1.65m drawn down during H1 2016 on the Company's existing facility with YA Global Master SPV Ltd
- Chepica operation granted permission during February 2016 to restart after the December 2015 dual fatalities experienced at the mine
- The Board elected not to proceed with the O'Kiep and Carolusberg tailings after concluding that the recoveries were too low to produce a viable copper concentrate

### Post half year end

- Colin Bird appointed as Executive Chairman of the Company
- Agreement has been reached with Auroch Minerals NL regarding the US$2.5m deferred acquisition payment
- Raised £1m through a placing and drew down a further £1.42m on its existing SEDA facility with YA Global Master SPV Ltd
- After undertaking a review of the Chepica gold/copper mine the Company advised Minera Polar that it would cease to provide any further funding for the project

***Colin Bird, Executive Chairman commented***:

"The period under review saw positive developments at the Manica gold project in Mozambique whilst the Chepica gold/copper mine continued to be problematic. Post the period under review, the cash requirement for the Chepica mine continued against poor performance of both the underground mine and processing plant. The mixed ore grades and metal content challenged the process plant and a decision was taken to cease operations at the plant and optimise the crusher circuit and install a larger floatation capability. The underground mining continued to be problematical and re-entry attempts into the Chepica main mine were proving most difficult against very weak ground requiring a reappraisal of support techniques.

After complete review, the Company decided that it could not reasonably forecast quality earnings that were sustainable against the new money required to bring the project back on stream. Consequently, it was decided in September to relinquish our option and cease to send further funding to Minera Polar. The option agreement was previously entered into with Minera Polar and any outstanding debts remain debts of Minera Polar. As a result, the Company has recognised a net impairment charge of £2.34 million in the consolidated income.

The Board announced on 26 August 2016 that I would be appointed as Executive Chairman with immediate effect. This appointment was made to assist the executive management to review and make the necessary decisions to progress company making projects and defer or abandon projects which were unlikely to add any shareholder value or indeed threaten shareholder value.

On 13 September 2016, Mr. Jan Nelson the Chief Executive Officer, resigned with immediate effect and I assumed his responsibilities. We will seek to appoint a replacement for Mr. Nelson in due course.

The Company at the moment is focusing its efforts on the Manica project, where we believe good progress was made during the period. In March we announced that the final outstanding approval had been obtained and all conditions had been fulfilled in order to complete the acquisition of 100% of the Manica project from Auroch Minerals NL. The Company announced in May that it had reached agreement with Nexus Capital Limited ("Nexus") and Mineral Technologies International Limited ("MTI") to dispose of 100% of its interest in the Manica project for a cash consideration of US$17.5m, subject to certain conditions including further due diligence. Whilst the Board recognised the potential of the Manica project, following detailed consideration it concluded that the disposal of the Manica project at the time would be in the best interests of shareholders for a variety of reasons, including the potential achievement of an attractive return on investment and the removal of the associated funding requirement.

Following certain revisions to the terms of the proposed transaction, which have been notified, the Company announced that the agreement had lapsed due to certain conditions precedent not being met and will therefore not be effected.

The Company reached an agreement with Auroch regarding the U$2.5m deferred consideration whereby a payments of US$0.75 million and US$0.1 million respectively, were made to the Auroch during August and September 2016. A total of $US1.65 million remains outstanding and the Company is in further discussions to resolve the amounts due to Auroch.

The alluvial project is in the process of being reviewed and discussions are taking place which we expect will minimise the financial risk to Xtract whilst facilitating the operation of an alluvials project in conjunction with MTI Ventures. These discussions are progressing well and the Company anticipates that a satisfactory conclusion for both parties will be reached.

The Company is currently seeking to finalise the bankable feasibility study at Manica, which is we anticipate to be delivered no later than the end of November 2016, and is assessing its options in order to maximize the potential return for shareholders.

In July 2016, the Company completed a Placing of Ordinary Share from new investors, to raise £1 million (before expenses).

The Company drew down a further US$0.45 million from its loan facility with YA Global Master ("YAGM"). Following the Loan Facility draw-down, the balance stands at US$2.1 million with a further US$1.85 million available for draw-down.

In addition to the draw down form the loan facility, the Company drew down £0.67 million and £0.75 million respectively, from its existing SEDA with YAGM. A total of £0.20 million has been applied against the Company's existing loan.

The board is taking action to decrease the Company's overheads and good progress has been made to date.

By the end of November 2016 I hope to report that Xtract will have in place full ownership of a gold mining prospect with a high return bankable feasibility study in place."

**Enquiries**:

| | | |
|---|---|---|
| **Xtract Resources Plc** | Colin Bird, Executive Chairman | +44 (0)20 3416 6471 |
| **Cenkos Securities plc** | Derrick Lee<br>Beth McKiernan | +44 (0)131 220 6939 |
| **Beaufort Securities** | Jon Belliss | +44 (0)207 382 8300 |

Xtract Resources PLC
Consolidated Income Statement
For the six month period ended 30 June 2016

| | Notes | Six months ended 30 June 2016 Unaudited £'000 | Six months ended 30 June 2015 Unaudited £'000 | Year ended 31 December 2015 Audited £'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Concentrate Revenue | | **287** | 118 | 350 |
| Less: Cost of sales | | **(614)** | (234) | (288) |
| **Gross Profit:** | | **(327)** | (116) | 62 |
| Administrative and operating expenses | | **(1,481)** | (930) | (2,426) |
| Project expenses | | **(279)** | (29) | (147) |
| **Operating loss** | | **(2,087)** | (1,075) | (2,511) |
| Other gains and losses | | **-** | 359 | 610 |
| Finance (cost)/income | | **(814)** | (94) | (371) |
| Impairment of Intangible asset | | **(2,343)** | - | (2,217) |
| Impairment of Financial Asset available for sale | | **-** | - | (86) |
| **(Loss)/profit before tax** | | **(5,244)** | (810) | (4,575) |
| **(Loss)/profit for the period from continuing operations** | 3 | **(5,244)** | (810) | (4,575) |
| (Loss)/profit for the period from discontinued operations | 3 | **-** | - | - |
| **(Loss)/profit for the period** | 5 | **(5,244)** | (810) | (4,575) |
| Attributable to: | | | | |
| Equity holders of the parent | | **(5,244)** | (810) | (4,575) |
| Non-controlling interest | | **-** | - | - |
| | | **(5,244)** | (810) | (4,575) |
| **Net (loss)/profit per share** | | | | |
| Continuing | | **(0.06)** | (0.00) | (0.07) |
| Discontinued | | **0.00** | 0.00 | 0.00 |
| **Basic (pence)** | 5 | **(0.06)** | (0.00) | (0.07) |
| Continuing | | **(0.00)** | 0.00 | (0.07) |
| Discontinued | | **(0.00)** | 0.00 | (0.00) |
| **Diluted (pence)** | 5 | **(0.00)** | 0.00 | (0.07) |

Xtract Resources PLC
Consolidated statement of comprehensive income
For the six month period ended 30 June 2016

| | Six months ended 30 June 2016 Unaudited £'000 | Six months ended 30 June 2015 Unaudited £'000 | Year ended 31 December 2015 Audited £'000 |
|---|---|---|---|
| **(Loss)/profit for the period** | **(5,244)** | (810) | (4,575) |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit and loss** | | | |
| Revaluation of available-for-sale investments | **-** | - | (483) |
| **Items that will not be reclassified subsequently to profit and loss** | | | |
| Exchange differences on translation of foreign operations | **(136)** | 6 | 167 |
| **Other comprehensive (loss)/income for the period** | **(5,380)** | (804) | (316) |
| **Total comprehensive (loss)/income for the period** | **(5,380)** | (804) | (4,891) |
| Attributable to: | | | |
| Equity holders of the parent | **(5,380)** | (804) | (4,891) |
| Non-controlling interest | **-** | - | - |
| | **(5,380)** | (804) | (4,891) |

Xtract Resources PLC
Consolidated statement of changes in equity
As at 30 June 2016

| | 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 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** |
| 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** |
| Loss for the period | - | - | - | - | - | - | (3,765) | (3,765) |
| Foreign currency translation differences | - | - | - | - | - | 161 | - | 161 |
| Revaluation of available-for-sale investments | - | - | - | - | (483) | - | - | (483) |
| Issue of Shares | 196 | 5,375 | - | - | - | - | - | 5,571 |
| Expiry of share options | - | - | - | (278) | - | - | 278 | - |
| Share based payment expense | - | - | - | 127 | - | - | - | 127 |
| **Balance at 31 December 2015** | **2,253** | **48,688** | **500** | **440** | - | **(229)** | **(44,099)** | **7,553** |
| Loss for the period | - | - | - | - | - | - | **(5,244)** | **(5,244)** |
| Foreign currency translation difference | - | - | - | - | - | **(136)** | - | **(136)** |
| Revaluation of available-for-sale investments | - | - | - | - | - | - | - | - |
| Issue of Shares | **114** | **2,725** | - | - | - | - | - | **2,839** |
| Share based payment expense | - | - | - | **22** | - | - | - | **22** |
| Issue of warrants | - | - | **379** | - | - | - | - | **379** |
| Exercise of warrants | - | - | - | - | - | - | - | - |
| **Balance at 30 June 2016** | **2,367** | **51,413** | **879** | **462** | - | **(365)** | **(49,343)** | **5,414** |

Xtract Resources PLC
Consolidated Statement of Financial Position
As at 30 June 2016

| | Notes | 30 June 2016 Unaudited £'000 | 30 June 2015 Unaudited £'000 | 31 December 2015 Audited £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible Assets | 6 | **9,714** | 5,191 | 4,992 |
| Property, plant & equipment | 7 | **1,515** | 1,337 | 1,309 |
| Financial assets available-for-sale | 8 | **-** | 570 | - |
| | | **11,229** | 7,098 | 6,301 |
| **Current assets** | | | | |
| Trade and other receivables | | **502** | 1,091 | 1,744 |
| Inventories | | **12** | - | 45 |
| Cash and cash equivalents | | **94** | 2,961 | 3,763 |
| | | **608** | 4,052 | 5,552 |
| **Total assets** | | **11,837** | 11,150 | 11,853 |
| **Current liabilities** | | | | |
| Trade and other payables | | **4,318** | 3,119 | 3,555 |
| Interest bearing | | **1,251** | - | - |
| | | **5,569** | 3,119 | 3,555 |
| **Non-current liabilities** | | | | |
| Other payables | | **403** | 1,749 | 312 |
| Provisions | | **186** | 74 | 167 |
| Reclamation and mine closure provision | | **266** | 266 | 266 |
| | | **855** | 2,089 | 745 |
| **Total liabilities** | | **6,424** | 5,208 | 4,300 |
| **Net current assets/(liabilities)** | | **4,961** | 933 | 1,997 |
| **Net assets** | | **5,413** | 5,942 | 7,553 |
| **Equity** | | | | |
| Share capital | 10 | **2,367** | 2,057 | 2,253 |
| Share premium account | | **51,413** | 43,313 | 48,688 |
| Warrant reserve | | **879** | 500 | 500 |
| Share-based payments reserve | | **462** | 591 | 440 |
| Available-for-sale investment reserve | | **-** | 483 | - |
| Foreign currency translation reserve | | **(365)** | (390) | (229) |
| Accumulated losses | | **(49,343)** | (40,612) | (44,099) |
| **Equity attributable to equity holders of the parent** | | **5,413** | 5,942 | 7,553 |
| **Non-controlling interest** | | - | - | - |
| **Total equity** | | **5,413** | 5,942 | 7,553 |

Xtract Resources PLC
Consolidated Statement of Cash Flows
For the six month period ended 30 June 2016

| | Notes | 6 months period ended 30 June 2016 Unaudited £'000 | 6 months period ended 30 June 2015 Unaudited £'000 | Year ended 31 December 2015 Audited £'000 |
|---|---|---|---|---|
| **Net cash used in operating activities** | 11 | **768** | (1,329) | (3,963) |
| **Investing activities** | | | | |
| Acquisition of subsidiary undertaking | | **(3,820)** | - | - |
| Acquisition of intangible fixed assets | | **(1,488)** | (448) | (945) |
| Acquisition of tangible fixed assets | | **(272)** | (206) | (252) |
| Disposal of intangible fixed assets | | **-** | 392 | - |
| Proceeds from disposal of available for sale investment | | **-** | - | 371 |
| **Net cash from/(used in) investing activities** | | **(5,580)** | (262) | (826) |
| **Financing activities** | | | | |
| SEDA backed loan | | **1,232** | (455) | (356) |
| Proceeds on issue of shares | | **-** | 4,909 | 8,769 |
| Finance lease repayments | | **(112)** | (97) | 8 |
| Loans from Directors | | **23** | (5) | (5) |
| **Net cash from financing activities** | | **1,142** | 4,352 | 8,416 |
| **Net increase/(decrease) in cash and cash equivalents** | | **(3,670)** | 2,761 | 3,627 |
| **Cash and cash equivalents at beginning of period** | | **3,763** | 163 | 163 |
| Effect of foreign exchange rate changes | | **-** | 37 | (27) |
| **Cash and cash equivalents at end of period** | | **93** | 2,961 | 3,763 |

**Significant Non Cash movements**

1. The assets and liabilities of Mistral Resource Development Corporation and its subsidiary undertaking, Explorator Limitada, were acquired in March 2016 by the issue of Ordinary shares of 0.01p each to a value of £2,843, in addition total cash consideration of £5,694K, of which £1,792k is deferred.

## 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 2016 presented herein has been neither audited nor reviewed. The information for the period ended 31 December 2015 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 material 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 2016 were authorised for issue in accordance with a resolution were authorised for issue by the Directors on 29 September 2016.

**Going concern**

The operations of the Group are currently financed through a combination of funds which the Company has raised from shareholders and amounts drawn from the loan facility with YAGM. An operating loss has been reported as the Group's assets did not generate significant revenues. During September 2016 the Company announced it would no longer continue operating its Chepica asset and therefore the Directors anticipate net operating cash outflows for the next twelve months from the date of signing these financial statements.

In 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.

The Directors have assessed the working capital requirements for the forthcoming twelve months and have undertaken the following assessment.

Upon reviewing those working capital requirements for the forthcoming twelve months, the directors consider that the Company is 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 Directors would then expect for the funds to be raised through a combination of project finance funding, the current SEDA backed loan note and further equity fund raising.

The Group's ability to continue its operations is a critical accounting assumption and as a result the directors have concluded that the uncertainty represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, 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.

The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that may be necessary if the going concern basis of preparation of the financial statements is not appropriate.

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

**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 2015, 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 three operating divisions Investment and other, Mining Production and Mining development. 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 Production
- Mining Development

## Segment results

| 6 months ended 30 June 2016 | Investment and Other | Mining Production | Mining Development | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Segment revenue** | | | | |
| Concentrate Revenue | - | 287 | | 287 |
| **Less:** Cost of sales | - | (614) | | (614) |
| **Segment Gross profit** | - | (327) | | (327) |
| Administrative and operating expenses | (965) | (514) | (2) | (1,481) |
| Project costs | (279) | - | | (279) |
| **Segment result** | (1,244) | (841) | (2) | (2,087) |
| Other gain and losses | - | - | | - |
| Finance costs | (565) | (61) | (188) | (814) |
| Impairment of Intangible assets | - | (2,343) | | (2,343) |
| **Loss before tax** | (1,809) | (3,245) | (190) | (5,244) |
| Tax | - | - | | - |
| **Loss for the period** | (1,809) | (3,245) | (190) | (5,244) |

| 6 months ended 30 June 2015 | Investment and Other | Mining Production | Mining Development | Total |
|---|---|---|---|---|
| | £'000 | £'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 gains / losses | - | 359 | - | 359 |
| Finance costs | (77) | (17) | - | (94) |
| **Loss before tax** | (616) | (194) | - | (810) |
| Tax | - | - | - | - |
| **Loss for the period** | (616) | (194) | - | (810) |

**Year ended 31 December 2015**

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

| **Balance Sheet** | **30 June 2016 £'000** | **30 June 2015 £'000** | **31 December 2015 £'000** |
|---|---|---|---|
| **Total Assets** | | | |
| Mining production | 1,962 | 7,015 | 6,503 |
| Mining Development | 9,744 | - | - |
| Investment & other | 131 | 4,135 | 5,300 |
| Total segment assets | 11,837 | 11,150 | 11,803 |
| **Liabilities** | | | |
| Mining production | 1,748 | 4,594 | 3,706 |
| Mining Development | 2 | - | - |
| Investment & other | 4,674 | 614 | 594 |
| Total segment liabilities | 6,424 | 5,208 | 4,300 |

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 2016 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 2016 £'000** | **30 June 2015 £'000** | **31 December 2015 £'000** |
| (Losses)/profit for the purposes of basic earnings per share being net loss attributable to equity holders of the parent | (5,244) | (810) | (4,575) |
| **Number of shares** | | | |
| Weighted average number of ordinary and diluted shares for the purposes of basic earnings per share | 9,740,761,586 | 4,798,111,259 | 6,474,957,673 |
| (Loss)/profit per ordinary share basic and diluted (pence) | (0.06) | (0.00) | (0.07) |

In accordance with IAS 33, the share options and warrants do not have a dilutive impact on earnings per share, which are set out in the consolidated income statement. Details of the shares issued during the period as shown in Note 10 of the Financial Statements.

## 6. Intangible assets

| | Land acquisition costs £'000 | Development expenditure (Chepica) £'000 | Reclamation & mine closure costs £'000 | Development Expenditure (Manica) £'000 | Total £'000 |
|---|---|---|---|---|---|
| As at 1 January 2016 | 4,184 | 1,016 | 266 | - | 5,466 |
| Additions – at fair value | - | - | - | 8,521 | 8,521 |
| Additions – at cost | - | 295 | - | 1,193 | 1,488 |
| Impairment of Chepica Asset | (4,184) | (1,311) | (266) | - | (5,761) |
| **As at 30 June 2016** | **-** | **-** | **-** | **9,714** | **9,714** |
| **Amortisation** | | | | | |
| As at 1 January 2016 | 363 | 89 | 22 | | 474 |
| Charge for the year | 112 | 60 | 7 | | 179 |
| Impairment of Chepica Asset | (475) | (149) | (29) | - | (653) |
| **As at 30 June 2016** | **-** | **-** | **-** | **-** | **-** |
| **Net book value** | | | | | |
| **At 30 June 2016** | **-** | **-** | **-** | **9,714** | **9,714** |
| **At 31 December 2015** | **3,821** | **927** | **244** | **-** | **4,992** |

1. In March 2016, The Company acquired the Manica licence 3990C ("Manica Project") from Auroch Minerals NL. The Manica Project is situated in central Mozambique in the Beira Corridor. At the time of acquisition

the project had a JORC compliant resource of 900koz (9.5Mt@ 3.01g/t) *in situ*, which has increased to 1.257moz (17.3Mt @ 2/2g/t) following an independent technical report completed by Minxcon (Pty) ltd in May 2016.

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

   In September 2016, the Company advised the option holder that it wold not make future option payments and would cease any further funding to the Chepica gold and copper project. As a result, the Company has recognised a net impairment charge of £2,343K in the consolidated income statement which comprises of an impairment of mine properties charge of £5,105K and a write back the unpaid option instalments of £2,763K.

## 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 2016 | 1,417 | 103 | 12 | 1,532 |
| Additions - at cost | 272 | - | - | 272 |
| **At 30 June 2016** | **1,689** | **103** | **12** | **1,804** |
| | | | | |
| **Depreciation** | | | | |
| At 1 January 2016 | 197 | 19 | 7 | 223 |
| Charge for the period | 57 | 8 | 2 | 67 |
| **At 30 June 2016** | **254** | **27** | **9** | **290** |
| **Net book value** | | | | |
| **At 30 June 2016** | **1,435** | **76** | **3** | **1,514** |
| At 1 January 2016 | **1,220** | **84** | **5** | **1,309** |

## 8. Financial assets available for sale

| | 30 June 2016 £'000 | 30 June 2015 £'000 | 31 December 2015 £'000 |
|---|---|---|---|
| At beginning of the period | - | 2,580 | 570 |
| Disposal | - | - | - |
| Movement in fair value | - | (810) | (570) |
| At the end of the period | - | 1,770 | - |

## 9. Current Liabilities

| | As at 30 June 2016 £'000 | As at 30 June 2015 £'000 | As at 31 December 2015 £'000 |
|---|---|---|---|
| Trade creditors and accruals | 4,318 | 2,141 | 1,107 |
| Option instalments | - | 978 | 2,448 |
| SEDA backed loan | 1,251 | - | - |
| | 5,569 | 3,119 | 3,555 |

## 10. Share capital

| | As at 30 June 2016 Number | As at 30 June 2015 Number | As at 31 December 2015 Number |
|---|---|---|---|
| **Issued and fully paid** | | | |
| Ordinary shares of 0.01p each | | | |
| at 1 January | 8,603,503,522 | 3,830,599,981 | 3,830,599,981 |
| Share issued during the period | 1,137,258,065 | 2,814,297,716 | 4,772,903,541 |
| | 9,740,761,587 | 6,644,897,697 | 8,603,503,522 |

The following ordinary shares were issued during the period:

- Issued 1 March 2016 – 1,137,258,065 ordinary shares at 0.25p per share

**Options and warrants**

The following warrants were issued during the period:

- Issued 9 May 2016 – 316,250,000 exercisable at 0.30p per share

The following share options were issued during the period:

- Issued 22 January 2016 – 30,000,000 exercisable at 0.19p per share
- Issued 1 March 2016 – 10,000,000 exercisable at 0.19p per share

## 11. Cash flows from operating activities

| | Six month period ended 30 June 2016 £'000 | Six month period ended 30 June 2015 £'000 | Year ended 31 December 2015 £'000 |
|---|---|---|---|
| **Profit/(loss) for the period** | **(5,244)** | (810) | (4,575) |
| Adjustments for: | | | |
| **Continuing Operations** | | | |
| Depreciation of property, plant and equipment | **67** | 64 | 138 |
| Amortisation of intangible fixed assets | **180** | 94 | 186 |
| Finance costs | **806** | 84 | 84 |
| Impairment of Chepica asset | **2,343** | - | - |
| Impairment of O'Kiep asset | **-** | - | 2,217 |
| Impairment of available for sale investment | **-** | - | 86 |
| Other (gains) /losses | **18** | (8) | (27) |
| Gain on disposal of intangible fixed assets | **-** | (359) | (338) |
| Share-based payments expense | **22** | - | 127 |
| **Operating cash flows before movements in working capital** | **(1,808)** | (935) | (2,102) |
| Decrease/(Increase) in inventories | **33** | - | (45) |
| (Increase) in receivables | **1,245** | (106) | (1,546) |
| (Decrease)/increase in payables | **1,433** | (294) | (437) |
| **Cash used in operations** | **903** | (1,335) | (4,130) |
| Income taxes paid | **-** | - | - |
| Foreign currency exchange differences | **(135)** | 6 | 167 |
| **Net cash used in operating activities** | **768** | (1,329) | (3,963) |

## 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 2016 (30 June 2015: £21K).

As at 30 June 2016, loans from directors amounted to £23K (30 June 2015:£ Nil). These loans are interest free and repayable by mutual agreement.

## 14. Acquisition of Manica Gold Project

On 1 March 2016, the Company acquired from Auroch Minerals Mozambique (PTY) Ltd the entire issued share capital of its wholly owned subsidiary, Mistral Resource Development Corporation, the parent company of Explorator Limitada, a Mozambican incorporated entity with a 100 % direct interest in the Manica Gold Project. The total consideration of the acquisition was £8,537K.

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

| | Carrying value before combination £(000) | Fair value adjustment £(000) | Fair value £(000) |
|---|---|---|---|
| Intangible fixed assets | 4,311 | 4,210 | 8,521 |
| Property, plant and equipment | - | - | - |
| Trade and other receivables | 2 | - | 2 |
| Bank and cash balances | 85 | - | 85 |
| Trade and other payables | (71) | - | (71) |
| | 4,327 | 4,210 | 8,537 |
| Consideration : | | | |
| Shares issued | | 2,843 | |
| Cash | | 3,902 | |
| Deferred Cash | | 1,792 | (8,537) |
| Goodwill on consolidation | | | - |

The assessment of the fair values of the assets and liabilities is provisional, and will be reviewed prior to the completion of the Group Consolidated financial statements for the year ending 31 December 2016.

## 15. Events after the balance sheet date

**Fundraising**

**Placing**

In July 2016, the Company completed a Placing of 1,538,461,538 ordinary shares of 0.01p at a price of 0.065p per Ordinary Share from new investors, to raise £1 million (before expenses).

**YAGM Loan Facility Draw-Down**

In July 2016, the Company drew down a further US$0.45 million from its loan facility with YA Global Master ("YAGM"). Following the Loan Facility draw-down, the balance stands at US$2.1 million with a further US$1.85 million available for draw-down.

**Issue of Shares to Manica Creditors**

In July 2016, the Company agreed as per the terms of the Manica acquisition, to settle Manica Creditors amounting to US$0.78 million through the issue 600,694,007 new ordinary shares of 0.01p at a price of 0.0098p.

**YAGM SEDA Draw-Down**

In July 2016 the Company drew down £0.67 million from its existing SEDA with YAGM. In accordance with the terms of the SEDA, which was extended on 9 May 2016 to 31 December 2017, the Company had issued YAGM with 1,032,811,415 new Ordinary Shares at a price of 0.065p each.

In September 2016, The Company drew down £0.75 million from its existing SEDA with YAGM. In accordance with the terms of the SEDA, which was extended on 9 May 2016 to 31 December 2017, the Company had issued YAGM with 1,875,000,000 new Ordinary Shares at a price of 0.04p each.

**Auroch Minerals**

In July 2016, the Company reached an agreement with Auroch Minerals NL regarding the outstanding US$2.5million deferred consideration. Payments of US$0.75 million and US$0.1 million were made after balance sheet date with a total of US$1.65 million outstanding.

**Chepica**

In September 2016, the Company announced that it had undertaken a review of the Chepica Gold/Copper Mine in Chile and determined that the underlying fundamentals and the risk associated with the project were no longer supportive of continuing investment by the Company. On this basis, the Company advised the option holder that it would no longer make future option payments and would relinquish its option and mining rights at Chepica.

**Manica**

In September 2016, the Board of Xtract Resources Plc ("Xtract" or the "Company") announced that, the conditional sale and purchase agreement between the Company, Nexus Capital Limited and Mineral Technologies International Limited through which the Company was to dispose of its 100% interest in the Manica gold project for US$17.5 million, had lapsed due to certain conditions precedent not being met.