

For immediate release

30 September 2020

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

Unaudited Interim Results for the six months ended 30 June 2020

Xtract Resources Plc (AIM: XTR), the gold producer, exploration and development company with projects in Mozambique and Zambia, announces an update of operations and projects and its unaudited interim results for the six months ended 30 June 2020 ("Period").

Highlights

Financial

- Revenue from gold sales of £0.61m (H1 19: £0.81m)
- Net loss of £0.19m (H1 19: £0.32m)
- Administration & operating expenses £0.62m (H1 19: £0.95m)
- Cash of £0.14m (FY 19: £0.35m)
- Net assets of £10.74m (FY 19: £10.78m)
- Total alluvial mining contractor gold production of 32.1kg (equivalent to 1,033 ounces) (H1 19: 74.1kg (equivalent to 2,138 ounces))
- Total of 9.0Kg (equivalent to 289 ounces) attributable to the Company's Mozambican operating subsidiary, Explorator (H1 19: 19.5kg (equivalent to 628 ounces))

Operational

- Company agreed conditional acquisition of a 100% interest in the Bushranger Copper-Gold Project within a world-class mining district in New South Wales, Australia
- Bushranger Project has a JORC (2012)-compliant Inferred Resource of 71Mt @ 0.44% Cu and 0.064g/t Au, with deposit widths and gold grades increasing down-plunge
- At Manica in Mozambique, two further mining contractor agreements were concluded post period end to develop the Guy Fawkes and Boa Esperanza hard rock gold deposits
- At the Eureka copper-gold project in Zambia, exploration pitting post period end encountered high sample grades suggesting potential to extend the known deposit to over 300m length
- Data integration at the historic high-grade Kalengwa mine site in Zambia confirms that much of the near-mine copper-silver potential remains to be adequately drill tested

Corporate

- Conditional sale and purchase agreement to acquire 100% interest in the Bushranger Copper-Gold project in Australia for £1.25m to be settled in new Xtract ordinary shares

Operational Overview

During the period, the company built substantially on its copper-gold portfolio when it announced that it had conditionally acquired a 100% interest in the major Bushranger copper-gold porphyry deposit within Australia's world-class Lachlan Fold Belt district of New South Wales. The resource is open to significant expansion, with the deposit broadening at depth and gold grades increasing. In addition, there is excellent upside potential for

further discoveries on the surrounding ground. Importantly, this development gives the Company a strong foothold within a low-cost, mining-friendly region with excellent infrastructure.

The Manica hard rock project continued to progress satisfactorily despite lockdown restrictions in Mozambique and South Africa. Post-period the Company announced the completion of two mining contractor agreements on its hard rock prospects at Guy Fawkes and Boa Esperanza.

The results from the alluvial operations remained consistent during the period in spite of reflected difficult operating conditions.

In Zambia, a programme of exploration pitting on the Eureka copper-gold project encountered high sample grades, indicating potential to significantly extend the known deposit towards the northwest. A follow-up drilling programme is planned.

At Kalengwa, integration of data covering the brownfield site surrounding the old mine has identified several targets for follow-up drilling within the sparsely tested host sequence.

Summary of Company Projects

Mozambique

Mozambique is recognised as a stable mining jurisdiction within a favourable political and legal regime. The Manica Gold Project is situated in the Odzi-Mutare-Manica Greenstone belt, with an estimated 2 million ounces of gold previously mined in the area.

Since 2017, the Company has engaged mining contractors to exploit the alluvials within the concession and this is expected to continue into the first half of 2021, with part of the revenues accruing to the Company.

The Fair Bride Project is an open pit and underground project with a combined SAMREC compliant resource of 1.262 million ounces (including 782k ounces Measured and Indicated). In 2019, the Company was given the opportunity to move the Fair Bride Project forward, from development stage to production through a collaboration agreement with Mutapa Mining and Processing LDA, thereby mitigating any execution risk to Xtract, with production scheduled to commence in the first half of 2021.

Post period end, the Company concluded mining contractor agreements with Longhau Tianci Mining Co Ltd ("Longhau") for the exploitation of the Guy Fawkes and Boa Esperanza hard rock gold deposits at its Manica mining concession. SAMREC-compliant Indicated and Inferred Resources of 1.13Mt @ 1.91g/t Au (at a cut-off of 0.5g/t open cut and 1.5g/t underground were previously reported for Guy Fawkes, with potential for additional upside in several dimensions. At Boa Esperanza, a SAMREC-compliant hard rock Inferred Resource gold of 143,000 tonnes @ 0.77g/t Au (at a cut-off of 0.5g/t less 20% mine depletion) was also previously reported.

The agreements provide for the Company to receive 20% of gold production (after settlement of the Mining Production Tax), of which the Company will remit 35% of its share (after applicable expenses and tax) to Mutapa Mining and Processing LDA, the Company's existing hard rock collaboration partner. Longhau will commence adit mining and initial underground development during the processing build phase.

Zambia

Eureka

3-D modelling on the Eureka main pit copper-gold deposit suggested that the mineralisation might extend towards the west-northwest from the small historic open pit, along the trend of a 3km copper-in-soil anomaly. A programme of exploration pitting was undertaken by the Company to test for such extensions.

19 exploration pits at 50m spacing were excavated by the Company to test for deposit extensions projected by modelling. Channel profile samples were taken every metre down the pits to a maximum depth of 7 metres and these were analysed for copper by GeoQuest, an independent geological contracting company based in Lusaka, using a hand-held XRF analyser.

Results show strong anomalous values in four pits to the northwest of the open pit mine. Although visible copper mineralisation was not identified in the heavily weathered profile, all these pits returned sample values in excess of 1,000ppm Cu, with values peaking at 2.65% Cu. This strongly indicates a potential north-westerly extension of the mineralisation drilled at the open pit and, if confirmed by follow-up drilling, would extend the known 200m strike of the Eureka deposit by a further 110m to more than 300m overall – with scope for additional extensions again beyond the line of exploration pits.

At Eureka West, almost 1km to the southwest of the main Eureka target, three exploration pits were completed near the Villager's pit excavation, with channel samples returning values up to 0.21% Cu. These results support the previous identification of disseminated copper mineralisation in bedrock and boulders and could expand the target over a greater width.

With the potential for significantly extended strike at the main Eureka copper-gold deposit, as well as additional encouragement at Eureka West, the Company will now prepare a follow-up drilling programme aimed at further extending and evaluating these near-surface targets.

Kalengwa

The Kalengwa open pit Copper Mine is believed to have been one of the highest-grade copper mines in Zambia. Total production of 1.9Mt of 9.44% Cu and 50g/t Ag was reported from the open pit over a 12-year period from 1970 to 1982 resulting in circa 15,000 tonnes of copper production per annum.

Based on historic drilling, further resources remain unexploited lateral to the open pit - a non-JORC compliant, resource of 1.45Mt @ 2.50% Cu (for 36,300 tonnes of copper metal) is reported. This historic resource was prepared in 1998 but is not compliant with a recognised standard and has not been subsequently updated or verified (Source: African Minerals Ltd, Assessment of Kalengwa Mine, 1998, as reported by Lunga Resources Ltd, 2013). With focus on mining of the high-grade core of the deposit, much of the surrounding ground has only been sparsely drilled within this brownfield target, including areas within the original soil geochemical anomaly.

Rock dumps from the historic mine workings remain on site and it is planned to evaluate these with a view to reprocessing them to recover copper. In addition, operations at the Kalengwa mine generated tailings that have been assessed as containing a historic resource which is not compliant with a recognised standard and which has not been subsequently updated or verified. This was estimated at approximately 2Mt averaging 1.015% Cu, giving total copper content of 20,300 tonnes, with some by-product silver (Source: Lunga Resources Limited, Kalengwa-Jikambo Summary Report, 2013). Channel sampling by Xtract has confirmed the general tenor of the grade estimate, giving confidence to the reported resource. Further evaluation test work can confirm the suitability of the tailings for re-treatment.

Australia

Bushranger project

On 1 June 2020, the Company conditionally agreed to acquire 100% of ProspectOre's share capital for a total consideration of £1.25 million to be settled in new Xtract ordinary shares. ProspectOre owns a 100% interest in the Bushranger Copper-Gold Project, located in the Lachlan Fold Belt ("LFB"), New South Wales, Australia's world-class copper-gold province where several major mines are currently operating in an area with excellent infrastructure. There is renewed interest in The Lachlan Fold Belt following Alkane's recent Boda discovery, including a 1,167m drill interval grading 0.25% Cu, 0.55g/t Au.

The Bushranger Project hosts the Copper-Gold Porphyry-Style Racecourse deposit, where a JORC (2012) compliant Inferred Resource has been estimated at 71Mt @ 0.44% Cu and 0.064g/t Au using a 0.3% Cu cut-off. This is believed to be one of the largest currently undeveloped porphyry deposits in the LFB and remains open for expansion down-plunge and along strike. The most recent drilling at Racecourse intersected substantially wider mineralisation – 159m @ 0.37% Cu, 0.21g/t Au (Hole ID BRD001), including 16m @ 0.73g/t Au – and with gold grades increasing with depth. In addition, several geophysical and geochemical targets with characteristics of porphyry style mineralisation are ready for drill testing on a 10km belt along strike from the Racecourse

deposit. Western portions of the Bushranger Project are also prospective for high-grade gold mineralisation such as was historically mined at Mt David and Lucky Draw.

Xtract is currently planning a work programme to extend the known resource, focused on the zone of wider mineralisation with higher gold grades down-plunge from previous drilling.

Enquiries:

Xtract Resources Plc	Colin Bird, Executive Chairman	+44 (0)20 3416 6471
Beaumont Cornish (Nominated Adviser and Joint Broker)	Michael Cornish Felicity Geidt Email: corpfin@b-cornish.co.uk	+44 (0)20 7628 3369
Novum Securities Limited (Joint Broker)	Colin Rowbury	+44 (0)207 399 9427

This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014 on market abuse. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain. The person who arranged for the release of this announcement on behalf of the Company was Joel Silberstein, Director.

Further details are available from the Company's website which details the company's project portfolio as well as a copy of this announcement: www.xtractresources.com

Xtract Resources PLC
 Consolidated Income Statement
 For the six month period ended 30 June 2020

	Notes	Six months ended		Year ended
		30 June 2020 Unaudited £'000	30 June 2019 Unaudited £'000	31 December 2019 Audited £'000
Continuing operations				
Revenue from Gold sales		613	807	1,351
Administrative and operating expenses		(627)	(948)	(1,814)
Direct Operating		(254)	(472)	(795)
Other Operating		(32)	(54)	(116)
Administration		(341)	(422)	(903)
Project expenses		(82)	(184)	(298)
Operating loss		(96)	(325)	(761)
Other gains and losses		-	-	12
Finance (cost)/income		(91)	5	(341)
(Loss)/profit before tax		(187)	(320)	(1,090)
(Loss)/profit for the period from continuing operations	3	(187)	(320)	(1,090)
(Loss)/profit for the period	6	(187)	(320)	(1,090)
Attributable to:				
Equity holders of the parent		(187)	(320)	(1,090)
Net (loss)/profit per share				
Basic (pence)	6	(0.00)	(0.09)	(0.30)
Diluted (pence)	6	(0.00)	(0.09)	(0.30)

Xtract Resources PLC
 Consolidated statement of comprehensive income
 For the six month period ended 30 June 2020

	Six months ended	30 June 2019	Year ended
	30 June 2020	30 June 2019	31 December 2019
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
(Loss)/profit for the period	(187)	(320)	(1,090)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations	(11)	10	41
Other comprehensive (loss)/income for the period	(198)	(310)	(1,049)
Total comprehensive (loss)/income for the period	(198)	(310)	(1,049)
Attributable to:			
Equity holders of the parent	(198)	(310)	(1,049)
	(198)	(310)	(1,049)

Xtract Resources PLC
Consolidated statement of changes in equity
As at 30 June 2020

	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 2018	4,874	58,926	450	298	-	235	(54,076)	10,707
Loss for the period	-	-	-	-	-	-	(320)	(320)
Foreign currency translation difference	-	-	-	-	-	10	-	10
Issue of Shares	1	131	-	-	-	-	-	132
Share issue costs	-	-	-	-	-	-	-	-
Issue of share options	-	-	-	99	-	-	-	99
Exercise of warrants	-	-	-	-	-	-	-	-
Balance at 30 June 2019	4,875	59,057	450	397	-	245	(54,396)	10,628
Loss for the period	-	-	-	-	-	-	(770)	(770)
Foreign currency translation differences	-	-	-	-	-	31	-	31
Issue of Shares	17	983	-	-	-	-	-	1,000
Share issue costs	-	(156)	-	-	-	-	-	(156)
Expiry of warrants	-	-	(447)	-	-	-	447	-
Expiry of Share options	-	-	-	-	-	-	-	-
Issue of Warrants	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	51	-	-	-	-	51
Balance at 31 December 2019	4,892	59,884	54	397	-	276	(54,719)	10,784
Loss for the period	-	-	-	-	-	-	(187)	(187)
Foreign currency translation difference	-	-	-	-	-	(11)	-	(11)
Issue of Shares	3	154	-	-	-	-	-	157
Share issue costs	-	-	-	-	-	-	-	-
Issue of share options	-	-	-	-	-	-	-	-
Issue of warrants	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-
Balance at 30 June 2020	4,895	60,038	54	397	-	265	(54,906)	10,743

Xtract Resources PLC
Consolidated Statement of Financial Position
As at 30 June 2020

	Notes	30 June 2020 Unaudited £'000	30 June 2019 Unaudited £'000	31 December 2019 Audited £'000
Non-current assets				
Intangible Assets	7	10,298	10,304	10,318
Property, plant & equipment	8	24	19	24
Financial assets available-for-sale		-	-	-
		10,322	10,323	10,342
Current assets				
Trade and other receivables		443	86	167
Loan receivable	10	142	316	133
Inventories		38	76	117
Cash and cash equivalents		146	354	361
		769	832	778
Total assets		11,091	11,155	11,120
Current liabilities				
Trade and other payables	9	348	527	336
Interest bearing		-	-	-
Other payables		-	-	-
		348	527	336
Non-current liabilities				
Other payables		-	-	-
Provisions		-	-	-
Reclamation and mine closure provision		-	-	-
		-	-	-
Total liabilities		348	527	336
Net current assets/(liabilities)		421	304	442
Net assets		10,743	10,628	10,784
Equity				
Share capital	11	4,895	4,875	4,892
Share premium account		60,038	59,057	59,884
Warrant reserve		54	450	54
Share-based payments reserve		397	397	397
Available-for-sale investment reserve		-	-	-
Foreign currency translation reserve		265	245	276
Accumulated losses		(54,906)	(54,396)	(54,719)
Equity attributable to equity holders of the parent		10,743	10,628	10,784
Total equity		10,743	10,628	10,784

Xtract Resources PLC
Consolidated Statement of Cash Flows
For the six month period ended 30 June 2020

	6 months period ended 30 June 2020 Unaudited £'000	6 months period ended 30 June 2019 Unaudited £'000	Year ended 31 December 2019 Audited £'000
Notes			
Net cash used in operating activities	12 (153)	(69)	(895)
Investing activities			
Acquisition of intangible fixed assets	(62)	(19)	(76)
Acquisition of tangible fixed assets	-	-	(5)
Net cash from/(used in) investing activities	(62)	(19)	(81)
Financing activities			
Proceeds on issue of shares	-	-	895
Proceeds from issue of warrants	-	-	-
Net cash from financing activities	-	-	895
Net increase/(decrease) in cash and cash equivalents	(217)	(88)	(81)
Cash and cash equivalents at beginning of period	361	442	442
Effect of foreign exchange rate changes	-	-	-
Cash and cash equivalents at end of period	146	354	361

Significant Non-Cash movements

During the period to 30 June 2020, a total of 18,795,236 new Ordinary shares were issued for a total consideration of £157K to KPZ International for the exercise of an option to act as contractor of the Kalengwa processing project.

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 1st Floor, 7/8 Kendrick Mews, London, SW7 3HG. 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 2020 presented herein has been neither audited nor reviewed. The information for the period ended 31 December 2019 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. 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 2020 were authorised for issue by the Directors on 29 September 2020.

Going concern

As at 30 June 2020 the Group held cash balances of £146K. As is common with junior mining companies, the Company in the past has raised finance from shareholders for its activities, in discrete tranches to finance its activities for limited periods only and further funding would be required from time to time to finance those activities.

An operating loss has been reported for the Group, however, as at the date of the release of the consolidated financial information, the Group’s assets have been and continue to generate revenues.

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

Upon reviewing those cash flow projections for the forthcoming twelve months, the Directors consider that in the event that the Group is unable to achieve the forecasted revenue, the Company may require additional financial resources in the twelve-month period from the date of authorising the consolidated information to enable the Company to fund its current operations and to meet any future commitments in the event that the Company decides to continue with further exploration work including drilling campaigns in Zambia and Australia.

Nevertheless, after making enquiries and considering the risks and uncertainties as described in the Company’s Annual Report, the Directors have a reasonable expectation that the Company will continue generating cash flows and at the same time has adequate ability to raise finance.

The Directors therefore continue to adopt the going concern basis of accounting in preparing the consolidated financial information and therefore the consolidated financial information does 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 consolidated financial information is not appropriate.

On this basis the Board believes that it is appropriate to prepare the consolidated financial information 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 2019, 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

During the period the Group operated in gold & precious metal mining which had a separate operational segment from July 2017 after the Company concluded its second Manica Alluvial Mining Contract. From March 2016, the Group included an additional segment relating to the Manica hard rock Gold Project (Mine Development) and maintained the investment & other segment. These divisions are the basis on which the Group reports its primary segment information to its Executive Chairman, who is the chief operating decision maker of the Group. The Executive Chairman and the Chief Operating Officer are responsible for allocating resources to the segments and assessing their performance.

Principal activities are as follows:

- **Operating alluvial gold mining segment - Mozambique**
- **Mine Development – Mozambique**
- **Investment and other**

Segment results

6 months ended 30 June 2020

	Mine Development (Continuing)	Investment And Other (Continuing)	Alluvial Gold Mining Production (Continuing)	Total
	£'000	£'000	£'000	£'000
Segment revenue				
Sale of gold bars	-	-	613	613
Less: Cost of sales	-	-	-	-
Segment Gross profit	-	-	613	613
Administrative and operating expenses	-	(372)	(255)	(627)
Project costs	-	(29)	(53)	(82)
Segment result	-	(401)	305	(96)
Other gain and losses	-	-	-	-
Finance costs	-	117	(208)	(91)
(Loss)/profit before tax	-	(284)	97	(187)
Tax	-	-	-	-
(Loss)/profit for the period	-	(284)	97	(187)

6 months ended 30 June 2019

	Mine Development (Continuing)	Investment and Other (Continuing)	Alluvial Gold Mining Production (Continuing)	Total
	£'000	£'000	£'000	£'000
Segment revenue				
Sale of gold bars	-	-	807	807
Less: Cost of sales	-	-	-	-
Segment Gross profit	-	-	807	807
Administrative and operating expenses	-	(476)	(472)	(948)
Project Costs	-	(73)	(111)	(184)
Segment result	-	(549)	224	(325)
Other gain and losses	-	-	-	-
Finance costs	-	(2)	7	5
(Loss)/profit before tax	-	(551)	231	(320)
Tax	-	-	-	-
(Loss)/Profit for the period	-	(551)	231	(320)

Year ended 31 December 2019

	Mine Development (Continuing) £'000	Investment and Other (Continuing) £'000	Alluvial Gold Mining Production (Continuing) £'000	Total £'000
Segment revenue				
Sale of gold bars	-	-	1,351	1,351
Less: Cost of sales	-	-	-	-
Segment Gross profit	-	-	1,351	1,351
Administrative and operating expenses	-	(1,019)	(795)	(1,814)
Project Costs	-	(102)	(196)	(298)
Segment result	-	(1,121)	360	(761)
Other gains and losses	-	12	-	12
Finance income / (costs)	-	(91)	(250)	(341)
(Loss)/Profit before tax	-	(1,200)	110	(1,090)
Tax	-	-	-	-
(Loss)/Profit for the period	-	(1,200)	110	(1,090)

Balance Sheet	30 June 2020 £'000	30 June 2019 £'000	31 December 2019 £'000
Total Assets			
Gold production	106	557	290
Mining Development	10,299	10,304	10,318
Investment & other	687	293	512
Total segment assets	11,092	11,154	11,120
Liabilities			
Gold production	(161)	(290)	(306)
Mining Development	-	-	(2)
Investment & other	(187)	(237)	(28)
Total segment liabilities	(348)	(527)	(336)

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 2020, the Group has no deferred tax assets or liabilities and no income tax is chargeable for the period.

5. Revenue

An analysis of the Group's revenue is as follows:

	Six months ended		Year ended
	30 June 2020	30 June 2019	31 December 2019
	£'000	£'000	£'000
Revenue from gold sales	613	810	1,351
	<u>613</u>	<u>810</u>	<u>1,351</u>

6. Loss per share

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

Losses	Six months ended		Year ended
	30 June 2020	30 June 2019	31 December 2019
	£'000	£'000	£'000
(Losses)/profit for the purposes of basic earnings per share being:			
Net loss from continuing operation attributable to equity holders of the parent	(187)	(320)	(1,090)
Net loss from discontinuing operation attributable to equity holders of the parent	-	-	-
	<u>(187)</u>	<u>(320)</u>	<u>(1,090)</u>
Number of shares			
Weighted average number of ordinary and diluted shares for the purposes of basic earnings per share	457,095,606	353,670,697	383,652,633
(Loss)/profit per ordinary share basic and diluted (pence)	(0.00)	(0.09)	(0.30)

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 11 of the Financial Statements.

7. Intangible assets

	Land acquisition costs £'000	Development expenditure (Manica) £'000	Reclamation & mine closure costs £'000	Mineral Exploration £'000	Total £'000
As at 1 January 2020	-	10,318	-	-	10,318
Additions – at cost	-	62	-	-	62
Foreign exchange	-	(80)	-	-	(80)
As at 30 June 2020	-	10,298	-	-	10,298
Amortisation					
As at 1 January 2020	-	-	-	-	-
Charge for the year	-	-	-	-	-
As at 30 June 2020	-	-	-	-	-
Net book value					
At 30 June 2020	-	10,298	-	-	10,298
At 31 December 2019	-	10,318	-	-	10,318

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 increased to 1.257moz (17.3Mt @ 2/2g/t) following an independent technical report completed by Minxcon (Pty) Ltd in May 2016.

8. Property, plant and equipment

Cost or fair value on acquisition of subsidiary	Mining plant & equipment £'000	Land & Buildings £'000	Furniture & Fittings £'000	Total £'000
At 1 January 2020	24	-	-	24
Additions - at cost	-	-	-	-
At 30 June 2020	24	-	-	24
Depreciation				
At 1 January 2020	-	-	-	-
Charge for the period	-	-	-	-
At 30 June 2020	-	-	-	-
Net book value				
At 30 June 2020	24	-	-	24
At 1 January 2020	24	-	-	24

10. Loan Receivable

	As at 30 June 2020 £'000	As at 30 June 2019 £'000	As at 31 December 2019 £'000
Loan receivable	142	316	133
	<u>142</u>	<u>316</u>	<u>133</u>

Convertible Loan Agreement – Moz Gold Limitada

On 15 December 2017, the Company agreed to loan a total of US\$700K to Moz Gold to be drawn down in two separate tranches, the first tranche of US\$400K and second tranche of US\$300K, with an interest rate of 30% per annum.

During 2019, the Company provided for an amount of £166K (US\$185K) as irrecoverable.

As at 30 June 2020, a total amount of US\$ 142K (US\$175K) and US\$441K (£318K) – 31 December 2018.

11. Share capital

	As at 30 June 2020 Number	As at 30 June 2019 Number	As at 31 December 2019 Number
Issued and fully paid			
Ordinary shares of 0.01p each at 1 January	-	-	-
Share issued during the period	-	-	-
Outstanding as at 30 June	<u>-</u>	<u>-</u>	<u>-</u>
Deferred shares of 0.09p each			
As at 1 January	5,338,221,169	5,338,221,169	5,338,221,169
Issued during the period	-	-	-
Outstanding as at 30 June	<u>5,338,221,169</u>	<u>5,338,221,169</u>	<u>5,338,221,169</u>
Ordinary shares of 0.02p each			
As at 1 January	438,508,052	350,560,684	350,560,684
Issued during the period	18,795,236	4,614,035	87,947,368
Outstanding as at 30 June	<u>457,303,288</u>	<u>355,174,719</u>	<u>438,508,052</u>

Options and warrants

There were no options or warrants issued during the period.

12. Cash flows from operating activities

	Six month period ended 30 June 2020 £'000	Six month period ended 30 June 2019 £'000	Year ended 31 December 2019 £'000
Profit/(loss) for the period	(187)	(320)	(1,090)
Adjustments for:			
Continuing Operations			
Depreciation of property, plant and equipment	-	-	-
Amortisation of intangible assets	-	-	-
Finance costs	90	5	341
Impairment of intangible assets	-	-	-
Other (gains) /losses	-	-	(12)
)Share-based payments expense	-	99	99
Operating cash flows before movements in working capital	(97)	(216)	(662)
Decrease/(Increase) in inventories	129	73	32
(Increase)/decrease in receivables	(155)	(61)	(143)
(Decrease)/increase in payables	12	128	(51)
Cash used in operations	(111)	(76)	(824)
Net finance costs	(42)	-	(71)
Foreign currency exchange differences	-	7	-
Net cash used in operating activities	(153)	(69)	(895)

13. Related party transactions

There have been no changes to related party arrangements or transactions as reported in the 2019 Annual Report.

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.

14. Events after the balance sheet date

Share options

On 3 July 2020, the Board agreed to award in aggregate 19,250,000 new options over ordinary shares ("New Options"). 10,000,000 New Options were awarded to Directors and a further 9,250,000 New Options were awarded to employees and officers of the Company.

The New Options vest in two equal tranches, with half vesting and being exercisable immediately on award at an exercise price of 1.40p and the remainder have an exercise price of 2p and vest on the Closing Price reaching 2p.

The New Options will lapse five years after the date of the award, being 3 July 2025.

Guy Fawkes Contract Mining Agreement

On 19 August 2020 The Company's wholly-owned Mozambican subsidiary, Explorator, appointed Longhau Tianci Mining Co Ltd ("Contract Miner") who will have the exclusive right to mine the Guy Fawkes hard rock deposit on the Permitted Area of the Mining Concession area. The Guy Fawkes Agreement will endure for a period of 6 years, with rights of early termination either by Explorator or the Contract Miner.

The Guy Fawkes Agreement is subject to a number of pre-conditions including the Contract Miner obtaining a gold trading licence and Explorator securing a mining licence and environmental licence.

The Guy Fawkes Agreement includes performance targets whereby the Contract Miner will be required to commission a plant with a minimum throughput of 60 tonnes per day within 2 months from the date of signing. The throughput tonnage will be increased to 120 tonnes per day within 3 months of commencing operations.

Explorator will be responsible for recording the gold concentrate produced from the permitted area on a daily basis. The Contract Miner will be responsible for the smelting of the gold concentrate and delivery of gold dore bars.

Explorator will be responsible for all statutory and legal requirements regarding the licence and for payment of the Mining Production Tax of 6%.

Consideration and Payments

In consideration for the appointment, the Contract Miner will retain 74% in gold for services provided, and Explorator will retain 26% of all gold production, amounting to 20% after payment by Explorator of the applicable Mining Production Tax of 6%.

After deduction of applicable expenses and costs and tax incurred by Explorator, Xtract has agreed with MMP to split the net cash flow 65% in Explorator's favour (with 35% due to MMP).

Boa Esperanza Contract Mining Agreement

On 25 August 2020, The Company's wholly-owned Mozambican subsidiary, Explorator, appointed Longhau Tianci Mining Co Ltd ("Contract Miner") who will have the exclusive right to mine the Boa Esperanza hard rock deposit on the Permitted Area of the Mining Concession area. The Boa Esperanza Agreement will endure for a period of 6 years, with rights of early termination either by Explorator or the Contract Miner.

The Boa Esperanza Agreement is subject to a number of pre-conditions including the Contract Miner obtaining a gold trading licence and Explorator securing a mining licence and environmental licence. The Boa Esperanza Agreement includes performance targets whereby the Contract Miner will be required to commission a plant with a minimum throughput of 60 tonnes per day within 2 months from the date of signing. The throughput tonnage will be increased to 120 tonnes per day within 3 months of commencing operations.

Explorator will be responsible for recording the gold concentrate produced from the permitted area on a daily basis. The Contract Miner will be responsible for the smelting of the gold concentrate and delivery of gold dore bars.

Explorator will be responsible for all statutory and legal requirements regarding the licence and for payment of the Mining Production Tax of 6%.

Consideration and Payments

In consideration for the appointment, in respect of the stripped material up to a depth of 30 meters, the Contract Miner will retain 84% in gold for services provided, and Explorator will retain 16% of all gold production, amounting to 10% after payment by Explorator of the applicable Mining Production Tax of 6%. Thereafter, Explorator will retain 26% of all gold production, amounting to 20% after payment by Explorator of the applicable Mining Production Tax of 6%.

After deduction of applicable expenses and costs and tax incurred by Explorator, Xtract has agreed with MMP to split the net cash flow 65% in Explorator's favour (with 35% due to MMP).

ENDS