

For immediate release

30 September 2021

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

**Unaudited Interim Results for the six months ended 30 June 2021**

Xtract Resources Plc (AIM: XTR), the gold producer, exploration and development company with projects in Australia, Mozambique and Zambia, announces an update of operations and projects and its unaudited interim results for the six months ended 30 June 2021 ("Period").

**Highlights**

**Financial**

- Revenue from gold sales of £0.16m (H1 2020: £0.61m)
- Net loss of £2.204m (H1 2020: £0.19m)
- Administration & operating expenses £2.19m (including a share-based payment charge of £1.47m (H1 2020: £0.62m))
- Cash of £8.08m (FY 2020: £0.14m)
- Net assets of £21.45m (FY 2020: £10.74m)
- Total alluvial mining contractor gold production of 22.1 kg (equivalent to 711 ounces) (H1 2020: 32.1kg (equivalent to 1,033 ounces))
- Total of 6.2 Kg (equivalent to 199 ounces) attributable to the Company's Mozambican operating subsidiary, Explorator (H1 2020: 9.0kg (equivalent to 289 ounces))

**Operational**

- 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
- Completed drilling and analysis of drillcore at the Eureka project in Zambia confirmed the extension of the Eureka mineralised zone to the north-west – beyond 300m and still open
- Reconnaissance drilling at the Kalengwa project has confirmed zones of copper-gold mineralization up to 100m away from known areas of historic mining

**Corporate**

- Total of £10.5m (before expenses) raised through equity placings

**Operational Overview**

During the period the company released significant results on its copper-gold portfolio, including the definition of areas in which to expand currently known mineral resources on their Bushranger copper-gold porphyry deposit within Australia's world-class Lachlan Fold Belt district of New South Wales, and the Eureka copper-gold rich structural corridor to the West of the Zambian Copper Belt.

Phase One drilling was completed at the Bushranger project in New South Wales for a completed meterage of just over 5,000m. The initial results of the programme have proven very exciting with intercepts of mineralization comparable to Alkane's Boda copper-gold discovery 170km away from the Racecourse deposit. The results of hole BRDD-20-001 which was drilled down-plunge of the resource included an overall intercept of 920m @

0.33% CuEq from 110m downhole. An induced polarization (IP) MIMDAS survey flown at Bushranger generated a number of co-incident chargeability and resistivity anomalies with potential to extend the known inferred mineral resources at the project which are being tested by the Phase Two Drilling programme.

Fifteen shallow drill holes were drilled at the Eureka Project, totaling 1,089m of drilling and designed to test for extensions of the near-vertical mineralised zone. Results have extended the strike-length of known mineralization beyond 300m to the north-west, with exceptional results, and is still open.

Following positive results from a desk-based data compilation exercise on the Kalengwa project, a reconnaissance diamond drilling programme of six short vertical holes was designed to test a shallow zone of mineralization just south of a historic open pit. An intercept of 69m at 0.88% Cu and 2.59 g/t Au was returned from 9m depth in drillhole KXD-006, which is 100m to the south of the pit.

The Manica hard rock project continued to progress satisfactorily despite COVID-19 restrictions in Mozambique and South Africa.

The results from the alluvial operations during the period reflected the difficult operating conditions.

## **Summary of Company Projects**

### **Australia**

#### **Bushranger project**

The Phase One drilling programme at the Racecourse deposit was completed in April 2021 for a total of just over 5,000m of drilling in six holes (BRDD-21-001 to BRDD-21-006). The objective of the Phase One drilling programme was to extend the known estimated mineral resources down plunge to the North-West and at depth. The five holes which were completed (one hole was abandoned due to excessive deviation) all intersected the zoned Racecourse porphyry copper alteration-mineralisation system. A JORC (2012) compliant inferred mineral resource of 71Mt @ 0.44% Cu and 0.064 g/t Au at a 0.3% Cu cut-off has been estimated at the Racecourse prospect, which is believed to be one of the largest currently undeveloped porphyry deposits in the Lachlan Fold Belt of New South Wales, Australia, and which does not include the latest drilling.

All drillholes intersected wider mineralised zones than anticipated in the form of disseminated and fracture-fill chalcopryite, accompanied by pyrrhotite and pyrite and confirm that the Racecourse copper mineralisation increases in width towards the northwest beyond the existing Inferred Mineral Resource. Assay results from all completed holes (BRDD-20-001, BRDD-21-002, BRDD-21-003, BRDD-21-005, & BRDD-21-006)) were received within the reporting period and were very encouraging.

Hole BRDD-20-001 was drilled down-plunge of the deposit and returned an overall intersection of 920m @ 0.3% Cu, 0.02g/t Au and 1.45g/t Ag (0.33% CuEq) from 110m. Higher-grade zones within the overall mineralised envelope included 156m @ 0.48% Cu, 0.04g/t Au & 2.44g/t Ag (0.52% CuEq) from 110m and 44m @ 0.50% Cu, 0.05g/t Au & 1.92/t Ag (0.55% CuEq) from 504m.

All other drillholes were drilled obliquely across the deposit to test the width of the porphyry system and for extensions of mineralization to the northwest. The following is a summary of the significant mineralised intervals from the Phase One Programme;

- BRDD-21-001: 920m @ 0.33% CuEq from 110m
  - o Including 156m @ 0.52% CuEq from 110m
  - o And 44m @ 0.55% CuEq from 504m
- BRDD-21-002: 362m @ 0.2% CuEq from 422m
  - o Including 14m @ 0.36% CuEq from 500m
  - o And 26m @ 0.32% CuEq from 638m
- BRDD-21-003: 200m @ 0.2% CuEq from 598m
  - o Including 68m @ 0.26% CuEq from 676m
  - o And 16m @ 0.31% CuEq from 714m

- BRDD-21-005 returned 112m @ 0.22% CuEq from 716m
  - o including 34m @ 0.28% CuEq from 736m
  - o and 10m @ 0.33% CuEq from 802m
- BRDD-21-006 returned assays of 222m of 0.25% CuEq from 600m
  - o including 40m @ 0.33% CuEq from 776m
  - o and 22m @ 0.38% CuEq from 782m

The initial results of the Phase One drilling programme are exciting and the overall mineral intersection and higher-grade zones in drill hole BRDD-20-20 compare very favourably with intercepts reported by Alkane Resources Limited (“Alkane”) for their Boda copper-gold discovery located 170km from Bushranger. The Phase One results also give significant potential to extend currently known mineral resources at the Racecourse deposit. There are further indications that grade may increase towards the surface within the high-grade mineralized “crown” of the porphyry system, which could significantly add to the known inferred mineral resource and enhance the open-pit mining potential of the project.

External consultants were engaged to build a financial model to investigate the economics of open pit extraction of the shallower ore.

An induced Polarisation (IP) MIMDAS geophysical survey was commissioned at Bushranger to potentially trace copper-gold and associated sulphide alteration to beyond 1,000m vertical depth and laterally. The results indicate that the copper-gold mineralisation comprising the Racecourse Mineral Resource is associated with a strong IP chargeability response on the southwestern side of the central porphyry intrusion, which is evident on all survey lines along 2.5km of strike length. The survey also indicates that the Racecourse Mineral Resource has the potential to extend in several directions, including at least 800m to the northwest beyond the limit of the currently defined mineral resource.

Following the successful results of the Phase One drilling and (IP) MIMDAS survey at the Bushranger project, a Phase Two programme is underway to test for higher-grade mineralisation at shallower depths within the interpreted mineralised “crown” of the porphyry system which will be influenced by the modelled pit optimisation design.

## Zambia

### Eureka

A Phase 2 drilling programme was partially completed in the first half of the year at the Eureka copper-gold deposit with the following aims:

- To test the deposit north-west strike extension suggested by exploration pitting, thereby demonstrating at least 300m of strike extent
- To provide additional information on internal deposit width and grade to support open pit mine planning
- To define a copper resource sufficient to support an open pit mining operation for a minimum of 3 years

15 shallow holes, designated EX-08 to EX-022, totalling 1,089m were completed by mid-year, mostly angled to cross the near-vertical mineralised zone. Core from three of these was cut by diamond saw and sent for assay. These holes were selected as a priority to provide information on the grade, width and continuity of the mineral zone in the area of the planned box cut beneath the shallow historic open pit (EX-022) and to confirm the extension of the deposit to the north-west (EX-018 & EX-019).

Results confirmed the strike extension of the Eureka mineralised zone to the north-west – beyond 300m and still open. Assay results from the first three holes returned exceptional copper grades beneath the current open pit, averaging **4.42% Cu over 27.0m (circa 18m true width) from 50m depth in angled hole EX-022, including two 9m sub-intervals >6% Cu and 1m >20% Cu.**

In the north-west extension, angled hole **EX-019 assayed 0.83% Cu over 18.0m (circa 12m true width), including 1.36% Cu over 8.0m**. The near-vertical mineral zone occurs directly beneath approximately 9m of overburden/saprolite, suggesting just shallow pre-stripping will be required. Additional drill assay results were awaited and it was planned to drill additional holes to further extend the deposit footprint.

The Company also announced that plans were being prepared to excavate a box-cut at the base of the current open pit to obtain a bulk sample and provide break points for benches. Roads in and around the area were being upgraded to receive heavy vehicles and allow the transport of ore from site. Tenders were received from several Zambia-based open pit contractors for the pit operation.

## **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.

Compilation of historic mine drilling data identified a shallow zone of semi-consolidated copper oxide mineralisation located just south of the old open pit. A reconnaissance diamond drilling programme of six short vertical holes was completed by Xtract. Based on preliminary testing by hand-held XRF, the most interesting hole, KXD-006, was initially selected for laboratory assay, returning results as follows: **69.0m @ 0.88% Cu, 2.59g/t Ag from 9.0m depth, including sub-intervals of 12m @ 1.01% Cu and 17m @ 1.07% Cu.**

KXD-006 is located about 100m from the open pit and the intersection is approximately twice the thickness reported in historic holes. Core from the remaining holes was still being processed at mid-year. The Company planned to review results from KXD-006, along with information from the remaining holes, to prepare for further delineation of the mineralised zone.

In addition, rock dumps from the historic mine workings remain on site and it was proposed to evaluate these with a view to reprocessing them to recover copper. Also, further evaluation test work was planned to confirm the suitability of the Kalengwa mine tailings for re-treatment.

## **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.

Operations during the period were adversely affected due to COVID 19, with most of the mining contractor's key personnel returning to their homeland for medical treatment or vaccination. Operations were stopped or seriously curtailed and despite this we still managed to maintain an operation with production before operating conditions improved during the second half of the Period. 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. The Fair bride Project continued to progress satisfactorily despite COVID-19 restrictions in Mozambique and South Africa with production scheduled to commence during the second half of 2021.

The Company has mining contractor agreements in place 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.

## Financial

During the Period, administration expenses for the Group amounted to £1.96m (H1 2020 - £0.34m). Included within administration expenses is an amount of £1.47m (H1 2020- Nil) in relation to a share-based payment charge in relation to the grant of 28.4 million options to directors and employees in February 2021.

## Enquiries:

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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](http://www.xtractresources.com)

Xtract Resources PLC  
Consolidated Income Statement  
For the six month period ended 30 June 2021

	Six months ended		Year ended	
	30 June 2021	30 June 2020	31 December 2020	
	Unaudited	Unaudited	Audited	
Notes	£'000	£'000	£'000	
<b>Continuing operations</b>				
Revenue from Gold sales	153	613	1,725	
Administrative and operating expenses	(2,191)	(627)	(2,091)	
Direct Operating	(228)	(254)	(1,006)	
Other Operating	-	(32)	(45)	
Administration	(1,963)	(341)	(1,040)	
Project expenses	(94)	(82)	(96)	
<b>Operating loss</b>	<b>(2,132)</b>	<b>(96)</b>	<b>(462)</b>	
Other gains and losses	-	-	(164)	
Finance (cost)/income	(73)	(91)	(181)	
<b>(Loss)/profit before tax</b>	<b>(2,205)</b>	<b>(187)</b>	<b>(807)</b>	
Taxation		-	(107)	
(Loss)/profit for the period from continuing operations	3	(2,205)	(187)	(914)
<b>(Loss)/profit for the period</b>	<b>6</b>	<b>(2,205)</b>	<b>(187)</b>	<b>(914)</b>
Attributable to:				
Equity holders of the parent		(2,205)	(187)	(914)
<b>Net (loss)/profit per share</b>				
<b>Basic (pence)</b>	6	(0.40)	(0.00)	(0.20)
<b>Diluted (pence)</b>	6	(0.40)	(0.00)	(0.20)

Xtract Resources PLC  
Consolidated statement of comprehensive income  
For the six month period ended 30 June 2021

	<b>Six months ended</b>	<b>30 June 2020</b>	<b>Year ended</b>
	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>31 December 2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>(Loss)/profit for the period</b>	<b>(2,205)</b>	<b>(187)</b>	<b>(914)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit and loss</b>			
Exchange differences on translation of foreign operations	<b>112</b>	<b>(11)</b>	<b>(210)</b>
<b>Other comprehensive (loss)/income for the period</b>	<b>112</b>	<b>(11)</b>	<b>(210)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(2,093)</b>	<b>(198)</b>	<b>(1,124)</b>
Attributable to:			
Equity holders of the parent	<b>(2,093)</b>	<b>(198)</b>	<b>(1,124)</b>
	<b>(2,093)</b>	<b>(198)</b>	<b>(1,124)</b>

Xtract Resources PLC  
Consolidated statement of changes in equity  
As at 30 June 2021

	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
<b>Balance at 31 December 2019</b>	<b>4,892</b>	<b>59,884</b>	<b>54</b>	<b>397</b>	-	<b>276</b>	<b>(54,719)</b>	<b>10,784</b>
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	-	-	-	-	-	-	-	-
Expiry of warrants	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>4,895</b>	<b>60,038</b>	<b>54</b>	<b>397</b>	-	<b>265</b>	<b>(54,906)</b>	<b>10,743</b>
Loss for the period	-	-	-	-	-	-	(727)	(727)
Foreign currency translation differences	-	-	-	-	-	(199)	-	(199)
Issue of Shares	33	1,979	-	-	-	-	-	2,012
Share issue costs	-	(66)	-	-	-	-	-	(66)
Expiry of share options	-	-	-	(103)	-	-	103	-
Issue of share options	-	-	-	142	-	-	-	142
Issue of Warrants	-	-	22	-	-	-	-	22
Exercise of warrants	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>4,928</b>	<b>61,951</b>	<b>76</b>	<b>436</b>	-	<b>66</b>	<b>(55,530)</b>	<b>11,927</b>
Loss for the period	-	-	-	-	-	-	(2,205)	(2,205)
Foreign currency translation difference	-	-	-	-	-	112	-	112
Issue of Shares	45	10,104	-	-	-	-	-	10,149
Share issue costs	-	-	-	-	-	-	-	-
Option exercised	-	19	-	(19)	-	-	-	-
Issue of share options	-	-	-	1,473	-	-	-	1,473
Issue of warrants	-	(456)	456	-	-	-	-	-
Exercise of warrants	-	10	(10)	-	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>4,973</b>	<b>71,628</b>	<b>522</b>	<b>1,890</b>	-	<b>178</b>	<b>(57,735)</b>	<b>21,456</b>

Xtract Resources PLC  
Consolidated Statement of Financial Position  
As at 30 June 2021

	Notes	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000	31 December 2020 Audited £'000
<b>Non-current assets</b>				
Intangible Assets	7	13,622	10,298	11,978
Property, plant & equipment	8	27	24	19
Other financial assets		-	-	-
		<b>13,649</b>	<b>10,322</b>	<b>11,997</b>
<b>Current assets</b>				
Trade and other receivables		185	443	147
Loan receivable	9	-	142	-
Inventories		9	38	8
Cash and cash equivalents		8,084	146	919
		<b>8,278</b>	<b>769</b>	<b>1,074</b>
<b>Total assets</b>		<b>21,927</b>	<b>11,091</b>	<b>13,071</b>
<b>Current liabilities</b>				
Trade and other payables		453	348	1,051
Current tax payable		18	-	93
Other payables		-	-	-
		<b>471</b>	<b>348</b>	<b>1,144</b>
<b>Non-current liabilities</b>				
Other payables		-	-	-
		-	-	-
<b>Total liabilities</b>		<b>471</b>	<b>348</b>	<b>1,144</b>
<b>Net current assets/(liabilities)</b>		<b>7,807</b>	<b>421</b>	<b>(70)</b>
<b>Net assets</b>		<b>21,456</b>	<b>10,743</b>	<b>11,927</b>
<b>Equity</b>				
Share capital	10	4,973	4,895	4,928
Share premium account		71,628	60,038	61,951
Warrant reserve		522	54	76
Share-based payments reserve		1,890	397	436
Fair Value reserve		-	-	-
Foreign currency translation reserve		178	265	66
Accumulated losses		(57,735)	(54,906)	(55,530)
<b>Equity attributable to equity holders of the parent</b>		<b>21,456</b>	<b>10,743</b>	<b>11,927</b>
<b>Total equity</b>		<b>21,456</b>	<b>10,743</b>	<b>11,927</b>

Xtract Resources PLC  
Consolidated Statement of Cash Flows  
For the six month period ended 30 June 2021

	6 months period ended 30 June 2021 Unaudited £'000	6 months period ended 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Notes			
<b>Net cash used in operating activities</b>	11 <b>(1,455)</b>	(153)	189
<b>Investing activities</b>			
Acquisition of subsidiary undertaking	-	-	36
Acquisition of intangible fixed assets	<b>(1,524)</b>	(62)	(287)
Acquisition of tangible fixed assets	<b>(5)</b>	-	-
<b>Net cash from/(used in) investing activities</b>	<b>(1,529)</b>	(62)	(251)
<b>Financing activities</b>			
Proceeds on issue of shares	10,149	-	636
	-	-	-
<b>Net cash from financing activities</b>	<b>10,149</b>	-	636
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,165</b>	(215)	574
<b>Cash and cash equivalents at beginning of period</b>	919	361	361
Effect of foreign exchange rate changes	-	-	(16)
<b>Cash and cash equivalents at end of period</b>	<b>8,084</b>	146	919

## **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 1<sup>st</sup> 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 2020 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 2021 were authorised for issue by the Directors on 29 September 2021.

### **Going concern**

As at 30 June 2021 the Group held cash balances of £8,084K. 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.

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.

During the first half of 2021, the Group raised a total of £10.5 million before expenses.

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 would not expect for funds to be raised through equity raisings, or 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 Australia and Zambia.

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 2020, 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

The divisions on which the Group reports its primary segment information are reported 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
- Exploration
- Investment and other

### Segment results

6 months ended 30 June 2021

	Mine Development (Continuing)	Exploration (Continuing)	Investment And Other (Continuing)	Alluvial Gold Mining Production (Continuing)	Total
	£'000	£'000	£'000	£'000	£'000
<b>Segment revenue</b>					
Sale of gold bars	-	-	-	153	153
Less: Cost of sales	-	-	-	-	-
<b>Segment Gross profit</b>	-	-	-	153	153
Administrative and operating expenses		(39)	(1,877)	(275)	(2,191)
Project costs		-	(94)	-	(94)
<b>Segment result</b>		(39)	(1,91)	(122)	(2,132)
Other gain and losses		-	-	-	-
Finance costs		-	(69)	(4)	(73)
<b>(Loss)/profit before tax</b>		-	(2,040)	(126)	(2,205)
Tax		-	-	-	-
<b>(Loss)/profit for the period</b>		(39)	(2,040)	(126)	(2,205)

6 months ended 30 June 2020

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

Year ended 31 December 2020

	Mine Development (Continuing)	Exploration (Continuing)	Investment and Other (Continuing)	Alluvial Gold Mining Production (Continuing)	Total
	£'000	£'000	£'000	£'000	£'000
<b>Segment revenue</b>					
Sale of gold bars	-	-	-	1,725	1,725
<b>Less: Cost of sales</b>	-	-	-	-	-
<b>Segment Gross profit</b>	-	-	-	1,725	1,725
Administrative and operating expenses	(64)	-	(1,021)	(1,006)	(2,091)
Project Costs	-	-	(96)	-	(96)
<b>Segment result</b>	(64)	-	(1,117)	719	(462)
Other gains and losses	-	-	(164)	-	(164)
Finance income / (costs)	-	-	(148)	(33)	(181)
<b>(Loss)/Profit before tax</b>	(64)	-	(1,429)	686	(807)
Tax	-	-	-	(107)	(107)
<b>(Loss)/Profit for the period</b>	(64)	-	(1,429)	579	(914)

<b>Balance Sheet</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>31 December 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total Assets</b>			
Gold production	125	105	724
Exploration	3,467	-	1,958
Mining Development	10,276	10,299	10,104
Investment & other	8,058	687	285
Total segment assets	<u>21,927</u>	<u>11,092</u>	<u>13,071</u>
<b>Liabilities</b>			
Gold production	(243)	(161)	(635)
Exploration	-	-	
Mining Development	(3)	-	(1)
Investment & other	(225)	(187)	(508)
Total segment liabilities	<u>(471)</u>	<u>(348)</u>	<u>(1,144)</u>

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 2021, 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 2021	30 June 2020	31 December 2020
	£'000	£'000	£'000
Revenue from gold sales	153	613	1,725
	<u>153</u>	<u>613</u>	<u>1,725</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 2021	30 June 2020	31 December 2020
	£'000	£'000	£'000
Losses for the purposes of basic earnings per share being:			
Net loss from continuing operation attributable to equity holders of the parent	(2,205)	(187)	(914)
	<u>(2,205)</u>	<u>(187)</u>	<u>(914)</u>
<b>Number of shares</b>			
Weighted average number of ordinary and diluted shares for the purposes of basic earnings per share	581,422,831	457,095,606	487,748,658
(Loss)/profit per ordinary share basic and diluted (pence)	(0.40)	(0.00)	(0.20)

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.

## 7. Intangible assets

	Development expenditure & Mineral exploration £'000	Total £'000
<b>As at 1 January 2021</b>	<b>11,978</b>	<b>11,978</b>
Additions – at fair value (Manica)	—	—
Additions – at cost (Manica)	-	-
Foreign exchange	172	172
Additions – at fair value (Bushranger)	-	-
Additions – at cost (Bushranger)	1,233	1,233
Foreign exchange	(54)	(54)
Additions – at cost (Eureka)	235	235
Additions – at cost (Kalengwa)	58	58
<b>As at 30 June 2021</b>	<b>13,622</b>	<b>13,622</b>
<b>Amortisation</b>		
As at 1 January 2021	—	—
Charge for the year	—	—
As at 30 June 2021	-	—
<b>Net Book value at 1 January 2021</b>	<b>11,978</b>	<b>11,978</b>
<b>Net book value at 30 June 2021</b>	<b>11,913</b>	<b>11,913</b>

### Mozambique

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.

### Australia

In November 2020, the Company acquired the Bushranger copper-gold project (“Bushranger Project”) which comprises of four exploration licences totaling 501km<sup>2</sup>, located in eastern central New South Wales, Australia. The Bushranger Project hosts the Racecourse deposit, a JORC (2012) compliant inferred resource estimated at 71Mt @ 0.44% Cu and 0.064g/t Au using a 0.3% Cu cut-off.

### Zambia

Kalengwa is located in the North-western province of Zambia 800 km north-west of Lusaka and 400 km south-west of Kitwe. A large-scale exploration permit 24401-HQ-LEL, was issued on 2 April 2019 and is valid for an initial period of 4 years.

The Kalengwa Copper Mine is believed to have been one of the highest-grade copper mines in Zambia. A mineralised high-grade supergene core was reported to have yielded an average grade of 27% Cu, making up approximately 20% of the ore body, which was trucked unprocessed to Kitwe for direct smelting. Total production of 1.9 Mt of 9.44% Cu and 50 g/t Ag was reported from the open pit resulting in circa 15,000 tonnes of copper production per annum for 12 years of production.

## 8. 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 2021	19	-	-	19
Additions - at cost	5	-	-	5
Foreign exchange	3	-	-	3
<b>At 30 June 2021</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>27</b>
<b>Depreciation</b>				
At 1 January 2021	-	-	-	-
Charge for the period	-	-	-	-
<b>At 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
At 30 June 2021	27	-	-	27
<b>At 1 January 2021</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>19</b>

## 9. Loan Receivable

	As at 30 June 2021	As at 30 June 2020	As at 31 December 2020
	£'000	£'000	£'000
Loan receivable	-	133	133
Foreign exchange	-	9	(10)
Provision for impairment	-	-	(123)
	-	142	-

### *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 2020, management assessed the recoverability and carrying value of the asset at the year end and given the uncertainties, it was decided to provide for impairment of the loan.

## 10. Share capital

	As at 30 June 2021 Number	As at 30 June 2020 Number	As at 31 December 2020 Number
<b>Issued and fully paid</b>			
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	-	-	-
	<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	620,465,144	438,508,052	438,508,052
Issued during the period	224,678,549	18,795,236	181,957,092
Outstanding as at 30 June	<u>845,143,693</u>	<u>457,303,288</u>	<u>620,465,144</u>

The following Ordinary Shares of 0.02p were issued during the period:

- Issued 21 January 2021– 111,111,111 at 4.50p per share
- Issued 2 February 2021 – 2,000,000 at 1.85p per share
- Issued 2 February 2021 – 2,103,152 at 5.03p per share
- Issued 4 March 2021 –5,000,000 at 1.85p per share
- Issued 17 March 2021 –2,000,000 at 1.25p per share
- Issued 19 April 2021 –98,214,286 at 5.60p per share
- Issued 21 May 2021 –1,625,000 at 1.20p per share
- Issued 21 June 2021 –2,208,333 at 1.20p per share
- Issued 21 June 2021 –416,667 at 1.85 p per share

The following share options were issued during the period:

- Issued 24 February 2021– 24,800,000 exercisable at 10.00p per share

The following warrants were issued during the year:

- Issued 21 January 2021–5,555,555 exercisable at 4.50p per share
- Issued 19 April 2021 –4,910,714 exercisable at 5.60p per share
- Issued 19 April 2021 –49,107,142 exercisable at 8.50p per share

The total share-based payment expense for the period, charged to the income statement amounted to £1,473K (2020-Nil).

## 11. Cash flows from operating activities

	Six month period ended 30 June 2021 £'000	Six month period ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
<b>Profit/(loss) for the period</b>	<b>(2,205)</b>	(187)	(807)
Adjustments for:			
<b>Continuing Operations</b>			
Depreciation of property, plant and equipment	-	-	-
Amortisation of intangible assets	-	-	-
Finance costs	<b>72</b>	90	181
Impairment of intangible assets	-	-	-
Other (gains) /losses	-	-	164
Share-based payments expense	<b>1,473</b>	-	123
<b>Operating cash flows before movements in working capital</b>	<b>(660)</b>	(97)	(339)
Decrease/(Increase) in inventories	<b>(1)</b>	129	109
(Increase)/decrease in receivables	<b>(34)</b>	(155)	(95)
(Decrease)/increase in payables	<b>(602)</b>	12	625
<b>Cash used in operations</b>	<b>(1,297)</b>	(111)	300
Net finance costs	<b>(72)</b>	(42)	(111)
Tax (paid)	<b>(86)</b>	-	-
Foreign currency exchange differences	-	-	-
<b>Net cash used in operating activities</b>	<b>(1,455)</b>	(153)	(189)

## 12. Related party transactions

There have been no changes to related party arrangements or transactions as reported in the 2020 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.

ENDS