

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

Unaudited Interim Results for the six months ended 30 June 2023

Xtract Resources Plc (AIM: XTR), the gold producer, exploration and development company with projects in Australia, Mozambique and Zambia, announces its unaudited interim results for the six months ended 30 June 2023 ("Period").

Highlights

Operational

- An updated mining study completed on the Bushranger project by Optimal Mining Solutions (Pty) Ltd reported that the project could potentially generate significant cash margins using the 20mtpa and 25Mtpa model on 16 economic pit shells modelled from an operating cost perspective only with capital cost requirements excluded
- A pre-concentration study using TOMRA advanced optical sorting technology achieved a grade uplift of 52%, and a mass rejection of 62% of unmineralised material, on composite mineralized drill samples from the Bushranger project excluding a higher-grade outlier, indicating the project is well suited to ore pre-concentration, with positive financial impacts on a future mining operation at the project
- Production continued at the Manica Fair Bride project with production results published for the first quarter ended 31 March 2023
- A total of 140kg of gold was produced from the Fair Bride operation during quarter ended 31 March 2023, of which Xtract has a claim to 23% of profits
- Following the prolonged rainy season in Mozambique, production gathered pace in the second quarter ended 30 June 2023 with projected figures for this second quarter on target
- Work is underway at Xtract's newly acquired Kakuyu project in Zambia, including the delineation of two large surface anomalies adjacent to the historic Kakuyu pit, with a combined strike length of over 2km of prospective ground for immediate follow-up surface work
- Reconnaissance work is continuing at Kakuyu to determine potential resources within the old waste dumps and to reveal mineralisation at the base of the pit, while improving access to the old open pit via a ramp push back exercise
- Post period end, the Company entered into a Joint Venture agreement with Coopermelon Limited, to earn a 65% interest in two licences prospective for copper mineralisation in northwest Zambia. The licences are underexplored to date and an initial two-year period will see exploration expenditure of at least US\$2 million on the property, starting in late 2023

Financial

- Revenue from gold sales of £0.39m (H1 2022: £0.97m)
- Other revenue of £1.67m (H1 2022: £11k)
- Net Profit /(loss) of £0.62m (H1 2022: loss of £0.03m)
- Administration & operating expenses £1.05m (H1 2022: £1.33m (including a share-based payment charge of £1.47m))
- Cash of £0.38m (FY 2022: £1.24m)
- Net assets of £21.73m (FY 2022: £21.15m)

Operational Overview

At the Bushranger copper-gold project located in the Lachlan Fold Belt of New South Wales the previous reporting period saw the delineation of an upgraded mineral resource of 512Mt @ 0.22% CuEq, at a cut-off of 0.1% CuEq, at the Racecourse prospect, and a maiden mineral resource of 87Mt @ 0.22% CuEq, at a cut-off of 0.1% CuEq, at the Ascot prospect, for a combined total of 599Mt @ 0.22% Cu. Work on the Bushranger project has continued during the current reporting period, allowing for reflection of the Phase Two drilling programme, consolidation of results and ongoing assessment of the economics for a profitable mining operation.

An updated open-pit mining study was completed by Optimal Mining Solutions (Pty) Ltd (“Optimal Mining”) to update the previous mining study and examine the economics of 20Mtpa and 25Mtpa open pit mining operation. Sixteen economic pit shells were modelled from an operating cost perspective with capital cost requirements excluded and which highlighted that the 20Mtpa and 25Mtpa open pit options potentially generate significant operating cash margins dependent upon mining rate, copper price and cut-off grade.

It was highlighted that the project may benefit from optical mineral sorting enabling the economics of the processing operation to be heightened with a reduction in feedstock and increased grade. Xtract engaged TOMRA Sorting Solutions (“TOMRA”) of Sydney, Australia, to undertake the pre-concentration test work on five composite drill samples.

All five composite drill core samples included in the study achieved upgrades to the copper and gold content of the pre-concentrated ore, while rejecting significant volumes of waste material. The average original grade of the four samples of copper-gold mineralisation excluding one higher grade outlier was 0.23% Cu, while the average grade of the pre-concentrated mineralisation was 0.35% Cu, which shows a grade uplift of 52%. The average mass yield was 36%, meaning that 64% of the original mass of the sample was rejected into the waste product, suggesting that it will be possible to greatly reduce the volume of material needed to be processed through the milling and floatation circuits of a processing plant.

At Manica, total gold production for the three-month period ended 31 March 2023 (“Q1 2023”) was 140kg, an increase on the previous reporting period, and of which Xtract holds a 23% share. Month-on-month gold production has increased from 37.6Kg in January 2023 to 66.3Kg in May 2023. Fair Bride’s average gold sale price for Q1 2023 was US\$1,859 per ounce.

Clear indications are that post the heavy rains, results are improving significantly and production for the three months ended 30 June 2023 (“Q2 2023”) are expected to show a marked improvement with plant throughput increasing from 30,000 tonnes per month in Q1 2023 to current nameplate capacity of more than 40,000 tonnes per month.

Application of a more robust grade control process has also resulted in a marked improvement in run of mine grade delivered to the plant and mill running time has increased from 67.3% availability in the current quarter (ending 30 September 2023) to a reported 82% availability in May 2023.

Work is underway at the company’s new Kakuyu project in Zambia, with initial ground exploration defining large areas of prospective ground adjacent to the historic Kakuyu Hill open pit mine. On the southern side of Kakuyu Hill an approximate combined 800m west and east striking extension of copper mineralisation has been postulated, and on the northern side, a substantial copper in soil anomaly extends over an east west strike length of approximately 1.4km which is coincident with a hydrothermal breccia. Both targets require further surface works and drilling.

Potential exists for a small resource of copper associated with historical waste dump material that would have historically been considered low-grade and an assessment is underway to assess their importance.

Further work at Kakuyu concerns access to the historic pit with a push back improving ramp access and exposure to ore at the base of the pit. Additionally, a 250t bulk sample has been sent for processing at the Kabwe Refinery for drying, crushing and sampling ahead of negotiations for the future processing of ore production, with further samples also sent to an external processing consultant for metallurgical test work.

Following the period end, the Company entered into a Joint Venture agreement with Coopermelon limited to earn an initial 65% interest in two licences in Northwestern Zambia prospective for potentially high-grade

Kamoa style mineralisation at depth and lower grade bulk-tonnage mineralisation at surface. There has been little exploration to date and the Xtract intends to spend an initial US\$2 million over a two-year “Phase-One” exploration period, starting with surface reconnaissance works in late 2023.

Summary of Company Projects

Australia

Bushranger Project

The Bushranger project rapidly advanced during the previous reporting period, seeing the completion of the Phase Two drilling programme and ending with the release of an upgraded mineral resource for the Racecourse prospect and a maiden mineral resource for the Ascot prospect. Following the rapid advancement of work on the project during the previous reporting period, 2023 saw a period of quieter reflection on results and advances towards determining a saleable mined product from the project.

Open-Pit Mining Study

In the first quarter Xtract contracted independent consultants Optimal Mining Solutions (Pty) Ltd (“Optimal Mining”) to update the previous mining study and examine the economics of 20Mtpa and 25Mtpa open pit mining operations on the Bushranger Copper-Gold Project.

Sixteen economic pit shells were modelled from an operating cost perspective only with capital cost requirements excluded and which highlighted that the 20Mtpa and 25Mtpa open pit options potentially generate significant operating cash margins dependent upon mining rate, copper price and cut-off grade.

As processing of the Racecourse prospect ore contributes between 49% and 61% of the total production costs across the 16 cases examined, it was identified that the Racecourse prospect copper mineralisation may be well suited to pre-concentration, providing opportunities to streamline mining and processing, with positive impacts on metal recoveries, capital and operating costs through the use of sorting technology.

Optimal Mining identified a project with similar grades to Racecourse where pre-concentration reduced the amount of material to be concentrated up to approximately 50%, significantly reducing pre-production capital and operating costs and the decision was made to continue with a pre-concentration study.

Pre-Concentration Study

Post year end positive results of the pre-concentration study were received, which entailed the sorting of the ore using TOMRA technology which utilises X-Ray transmission and machine learning to sort mineralisation into a pre-concentrated ore product and waste.

Xtract engaged TOMRA Sorting Solutions (“TOMRA”) of Sydney, Australia, to undertake the pre-concentration test work on five composite drill samples. Data was collected using TOMRA’s COM X-Ray Transmission (“XRT”) system which detects mineralised particles and then sorts the material into a pre-concentrated product and waste using amplified mechanical, hydraulic or pneumatic processes. The sorter is set up / trained using images taken of the samples. The images are then analysed using proprietary TOMRA image processing software. Based upon the images, sorting task specific algorithms are then developed and applied to sorting the mineralised material.

All five composite drill core samples included in the study achieved upgrades to the copper and gold content of the pre-concentrated ore, while rejecting significant volumes of waste material. Excluding one of the higher-grade samples as an outlier, the average original grade of the four samples of copper-gold mineralisation was 0.23% Cu, while the average grade of the pre-concentrated mineralisation was 0.35% Cu, which shows a grade uplift of 52%. The average mass yield was 36%, meaning that 64% of the original mass of the sample was rejected into the waste product, suggesting that it will be possible to greatly reduce the volume of material needed to be processed through the milling and floatation circuits of a processing plant.

The outlying sample had the highest original feed grade of 0.51% Cu and upgraded well with TOMRA treatment, but achieved lower metal recoveries due to higher metals content in waste fractions, suggesting that pre-concentration

may not be as effective for higher-grade ore. This suggests that higher-grade material may not benefit from ore sorting to the same extent as the more typical deposit grades and would be more suited to direct processing.

The results overall show the potential of the TOMRA system to significantly increase the copper grade into a pre-concentrated product while rejecting potentially over 50% of the original rock mass into waste. The variability of the results indicate that more samples would need to be tested in order to determine an accurate average overall effect for TOMRA pre-concentration.

The pre-concentration results are sufficiently positive for the effects of TOMRA pre-concentration to be incorporated into the overall financial model for the Bushranger Project. Consequently, Xtract has engaged Optimal Mining Solutions (Pty) Ltd of Australia (“Optimal Mining”) to incorporate the TOMRA results into an updated economic model for the overall Bushranger Project.

Table 1: Bushranger Prospect Drill Samples Submitted for TOMRA Analysis

Run	Drill Hole	From (m)	To (m)	Interval (m)	Cu%
1	BRDD_21_036	61.00	89.00	28.00	0.20
2	BRDD_21_010	180.00	198.00	18.00	0.24
3	BRDD_21_022	290.00	308.00	18.00	0.25
4	BRDD_21_021_B	227.00	243.00	16.00	0.56
5	BRDD_21_021_A	173.00	187.00	14.00	0.21

Table 2: Bushranger Prospect Drill Samples Results of TOMRA Analysis

Run Number	1	2	3	4	5	Avg.	Avg. (excl. high grade run 4)
Cu Grade of Original Sample (Cu%)	0.20	0.24	0.25	0.56	0.21	0.29	0.23
Back Calc. Original Grade (Cu%)*	0.15	0.26	0.32	0.52	0.20	0.29	0.23
Product Grade (Cu%) following Pre-Conc.	0.35	0.35	0.41	0.94	0.30	0.47	0.35
Waste Grade (Cu%)	0.067	0.20	0.23	0.50	0.16	0.23	0.16
Original Mass (Kg)	22.5	32.7	10.5	13.7	11.9	18.3	19.4
Pre-Conc. Product Mass (Kg)	7.1	12.2	5.1	0.7	3.3	5.68	6.9
Waste Mass (Kg)	15.4	20.5	5.4	13	8.6	12.6	12.5
Original Contained Cu (kg)	3.4	8.5	3.4	7.1	2.4	5.0	4.4
Pre-Conc. Product Contained Cu (kg)	2.4	4.2	2.1	0.66	1.0	2.1	2.4
Mass Yield (%)	31.6	37.3	48.6	5.1	27.7	30.0	36.3

Metal Recovery (%)	72.6	49.6	62.1	9.3	32	45.1	54
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*Back calculation of initial Cu grade from final product for mass balance purposes.

Mozambique

Gold production has continued on the Manica project, with Fair Bride now the leading project, in which Xtract has a 23% share of net profit. Fair Bride gross gold production continued to increase during Q1 2023 and was 140Kg (equivalent to 4,552 ounces). Month-on-month gold production has increased from 37.6Kg in January 2023 to 66.3Kg in May 2023. Fair Bride's average gold sale price for Q1 2023 was US\$1,859 per ounce.

Revenue and therefore Xtract's share of net profit was impacted by two main factors during Q1 2023. Operation through the first rainy season in Manica resulted in a shortfall in plant throughput as wet clay-rich near-surface mined material affected the operating efficiencies of both screens and the mill. Measures have been put in place to alleviate the problem and the impact of improvements can already be seen with the month-on-month ore processing figure rising from 30,000 tonnes per month in February 2023 to a current reported estimate of approximately 43,000 tonnes per month in May 2023.

A significant amount of additional close-spaced drilling was completed during Q1 2023 specifically to improve grade control and the ability to better predict the run of mine grade that could be anticipated by the processing plant. This work had an almost immediate impact on improvement in the run of mine grade with the average rising from 1.2g/t Au in February 2023 to a current reported grade for May 2023 of approximately 1.8g/t Au. An increase in grade equivalent to an additional \$36 per tonne of ore delivered to the plant at the current gold price could also have a significant positive impact on revenue and margin.

Table 3: Gold Production and sales prices – Fair Bride (Xtract 23% share of net profit)

	Q1 2023
Tonnes Mined & Processed (tons)	107,023
Average grade (g/t)	1.51
Au Production (ounces)	4,522
Au recovery (%)	87.70
Average sales price per ounce in US\$	1,859
Cost per oz of Au (US\$)	1,185

For the other projects at the Manica Concession, including the Alluvial and other hard rock production, Xtract is entitled to a percentage share of the gold produced. The total gold production for these the other Manica Projects in Q1 2023 was 36Kg (equivalent to approximately 1,156 ounces) of which the Xtract's share was 183 ounces. The average gold sales price for the other projects in Q1 2023 was US\$1,812 per ounce.

Manica Project Background

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.

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.

At the end of June 2022 production on the Fair Bride project commenced with the introduction of low-grade ore to commission all parts of the processing circuit.

Zambia

Kakuyu Project

Towards the close of the previous reporting year Xtract entered into a joint venture agreement with Oval Mining Limited relating to the exploitation of small-scale production licence 29805-HQ-SML. Under the terms of the Agreement, Xtract and Oval have agreed that the net profit of the Kakuyu Project will accrue as to 60% to Xtract and 10% to Oval, with the balance of 30% accruing to Kakuyu Mining Limited, the licence holder.

The Kakuyu Project is located approximately 53km north-west of the town of Mumbwa, Central Province of Zambia, in a region well-known for mining including the nearby mines and occurrences of Sable Antelope, True Blue, Crystal Jacket, Maurice F Gifford, Lou Lou, Silverking and Kamiyobo. The most recent discovery is the Iron Oxide Copper Gold ("IOCG") Kitumba project (BHP/Blackthorn Resources).

The Kakuyu Project has been operated at various times in the past by both small-scale commercial and artisanal miners. There has been limited exploration to date of the Kakuyu Project which provides Xtract with an opportunity to make fresh discoveries in an under-explored but prospective region. The Kakuyu Project is centred around the Kakuyu Hill pit and a large hematitic lens (approximately 800 by 200 metres) found in a fault-controlled setting which is understood either to be a shear hosted Cu-Au deposit or an oxidised post orogenic IOCG deposit, or a combination thereof. The extension of the lens feature is not well understood at depth, and potential exists in the wider licence where field investigations showed similar features, structures and alteration adjacent to the pit.

Work Completed During Reporting period

Exploration undertaken in and around the Kakuyu open pit has defined several copper targets offering potential for extension of the existing in-pit mineralisation and a significant increase in the projected life of mine. On the southern side of Kakuyu Hill an approximate combined 800m west and east striking extension of copper mineralisation has been postulated that requires validation through sampling and drilling. On the northern side of Kakuyu Hill, a substantial copper in soil anomaly extending over a strike length east to west of approximately 1.4 kilometres has been defined which is coincident with a hydrothermal breccia of the same composition as that hosting mineralisation in the open pit.

An assessment of waste dumps by the grade control team is under way to identify potential additional mineral resources presumed by previous operators to be low-grade or waste material. A programme of sampling is in progress and additional feedstock may be generated.

A detailed assessment and inventory of ore currently stored on the ROM pad is in progress to develop a grade control and ore blending plan to ensure the delivery of consistent tonnage and grade output.

Advancements towards a future mining operation have progressed, with work under way to push back the existing ramp access to the pit to expose in-pit extensions of higher-grade (targeting >2.0% Cu) ore providing additional feedstock whilst simultaneously improving pit access. In addition, a 250t bulk sample has been delivered to the Kabwe Refinery for drying, crushing and sampling ahead of negotiations for the future processing of ore production, with samples also sent to an external processing consultant for metallurgical test work.

The Company is now sourcing a drill rig to test the potential extensions to mineralisation associated with the existing open pit together with the substantial soil anomaly delineated along the northern boundary of Kakuyu Hill.

New Acquisition

Post period end, the Company announced that it had entered into a Joint Venture agreement with Cooperlemon consultancy Limited in relation to the exploration for copper at large scale exploration licenses 29123-HQ-LEL and 30459-HQ-LEL in Northwest Zambia.

Under the Joint Venture agreement Xtract has agreed the following key terms:

Earn-in and Phase 1 exploration budget: Xtract will earn a 65% interest in the joint venture by funding exploration expenditure over an initial two-year period (“Phase 1”) on the Licences of not less than US\$2 million. Exploration is expected to commence in Q4 2023 and will comprise both physical activity within the Licence boundaries (including but not limited to mapping, soil geochemistry, geophysics and drilling), and desktop studies, laboratory analysis and interpretation of data and results. Xtract anticipates funding this exploration expenditure from existing resources and current ongoing operational activities.

If the Phase 1 exploration results are successful and prove the continuity of mineralisation at grades suggesting the potential for the future development of a Mineral Resource of not less than 500,000 tonnes of contained copper, consistent with economic recovery at the depth of discovery with a minimum internal rate of return of not less than 25% and a payback period not exceeding 42 months (including the recovery of capital expenditure), then there will be a second two year exploration period (“Phase 2”).

Phase 2 exploration budget: The Phase 2 exploration expenditure of US\$3 million will also be funded by Xtract who will be the operator of the Licences for the duration of the Agreement.

Consequence of Trade Sale: If there is a trade or any other sale of the Licences and / or the Joint Venture during Phase 1 of the joint venture then Xtract will be deemed to have a 55% interest in the Joint Venture. A sale requires the agreement of both Xtract and Cooperlemon.

Mine Development: In the event that either or both of the licences advance to a point where they are commercially viable and suitable for development then the licences will be moved to a corporate entity to be owned 75% by Xtract and 25% by Cooperlemon, and it will be the responsibility of the newly formed corporate entity to raise all capital for mine development and future operations.

The two licences cover a combined 107,000 hectares area covering ground in a highly prospective part of Northwest Zambia where competition for exploration licences is acute. The Company believes there is scope for the discovery of potentially high-grade Kamao-style mineralisation at depth and lower grade bulk tonnage at or near-surface. There has been limited exploration to date and initial fieldwork will commence in September on the two licences with a view to defining potential drill targets as soon as possible.

Licence No: 29123-HQ-LEL, which comprises 88,149 hectares and expires on 7 September 2025, is held by Oval Mining Limited (“Oval”). The application for Licence 30459-HQ-LEL, which comprises 19,600 hectares and which has been approved for issue by the Zambian Mining Cadastre, is held by Far North Enterprises Limited (“Far North”). Both licences are located in North-West Zambia adjacent to the Democratic Republic of Congo (DRC) border. Oval and Far North have each agreed with Xtract to be bound by the terms and the conditions of the JV Agreement with Cooperlemon (who is acting on their behalf) as though they were a party to the JV Agreement.

Financial

During the Period, other revenue which relates to Xtract’s profit from Fair Bride amounted to £1.67m. Administration expenses for the Group amounted to £1.05m (H1 2022 - £1.33m). Non-operating income for the period amounted to £nil (H1 2022- 0.49m) and comprised primarily of fees invoiced within the group to third parties.

Xtract Resources PLC
Consolidated Income Statement
For the six month period ended 30 June 2023

		Six months ended		Year ended
		30 June 2023	30 June 2022	31 December 2022
		Unaudited	Unaudited	Audited
	Notes	£'000	£'000	£'000
Continuing operations				
Revenue from Gold sales	5	393	972	2,110
Other revenue	5	1,669	11	-
Other non-operating income		-	494	702
Administrative and operating expenses		(1,051)	(1,332)	(3,038)
Direct Operating		(601)	(715)	(1,686)
Other Operating		(87)	(82)	(122)
Administration		(363)	(535)	(1,230)
Project expenses		(426)	(214)	(1,430)
Operating profit/(loss)		585	(69)	(1,656)
Other gains and losses		-	-	-
Finance (cost)/income		37	93	110
Profit/(loss) before tax		622	24	(1,546)
Taxation		(1)	(52)	(283)
Profit/(loss) for the period from continuing operations	3	621	(28)	(1,829)
Profit/(loss) for the period	6	621	(28)	(1,829)
Attributable to:				
Equity holders of the parent		621	(28)	(1,829)
Net (loss)/profit per share				
Basic (pence)	6	0.07	(0.00)	(0.22)
Diluted (pence)	6	0.07	(0.00)	(0.22)

Xtract Resources PLC
Consolidated statement of comprehensive income
For the six month period ended 30 June 2023

	Six months ended		Year ended
	30 June	30 June	31 December
	2023	2022	2022
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit /(Loss) for the period	621	(28)	(1,829)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations	(716)	550	343
Other comprehensive income/(loss) for the period	(716)	550	343
Total comprehensive (loss)/income for the period	(95)	522	(1,486)
Attributable to:			
Equity holders of the parent	(95)	522	(1,486)
	(95)	522	(1,486)

Xtract Resources PLC
Consolidated Statement of Financial Position
As at 30 June 2023

	Notes	30 June 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
Non-current assets				
Intangible Assets	7	18,608	19,760	19,418
Property, plant & equipment	8	75	45	40
Other financial assets		-	-	-
		18,683	19,805	19,458
Current assets				
Trade and other receivables		2,556	1,636	1,342
Inventories		119	14	123
Cash and cash equivalents		375	1,239	192
		3,050	2,889	1,657
Total assets		21,733	22,694	21,115
Current liabilities				
Trade and other payables		1,473	1,350	759
Other loans		50	94	50
Current tax payable		297	-	312
		1,820	1,444	1,121
Non-current liabilities				
Environmental rehabilitation provision		326	-	312
		326	-	312
Total liabilities		2,146	1,444	1,433
Net current assets/(liabilities)		1,230	1,445	536
Net assets		19,587	21,250	19,682
Equity				
Share capital	9	4,975	4,974	4,975
Share premium account		71,978	71,786	71,978
Warrant reserve		304	432	304
Share-based payments reserve		2,122	1,874	2,121
Fair Value reserve		-	-	-
Foreign currency translation reserve		(65)	858	651
Accumulated losses		(59,727)	(58,674)	(60,347)
Equity attributable to equity holders of the parent		19,587	21,250	19,682
Total equity		19,587	21,250	19,682

Xtract Resources PLC
Consolidated statement of changes in equity
As at 30 June 2023

	Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share- based payments reserve £'000	Fair value reserve £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total Equity £'000
Balance at 31 December 2021	4,973	71,684	467	1,874	-	308	(58,646)	20,660
Loss for the period	-	-	-	-	-	-	(28)	(28)
Foreign currency translation difference	-	-	-	-	-	550	-	550
Issue of Shares	1	67	-	-	-	-	-	68
Exercise of warrants	-	35	(35)	-	-	-	-	-
Balance at 30 June 2022	4,974	71,786	432	1,874	-	858	(58,674)	21,250
Loss for the period	-	-	-	-	-	-	(1,801)	(1,801)
Issue of Shares	1	192	-	-	-	-	-	193
Foreign currency translation difference	-	-	-	-	-	(207)	-	(207)
Share issue costs	-	-	-	-	-	-	-	-
Issue of share options	-	-	-	247	-	-	-	247
Expiry of warrants	-	-	(128)	-	-	-	128	-
Exercise of warrants	-	-	-	-	-	-	-	-
Balance at 31 December 2022	4,975	71,978	304	2,121	-	651	(60,347)	19,682
Profit/(loss) for the period	-	-	-	-	-	-	621	621
Foreign currency translation difference	-	-	-	-	-	(716)	-	(716)
Issue of Shares	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-
Balance at 30 June 2023	4,975	71,978	304	2,121	-	(65)	(59,726)	19,587

Xtract Resources PLC
Consolidated Statement of Cash Flows
For the six month period ended 30 June 2023

	6 months period ended 30 June 2023 Unaudited £'000	6 months period ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Net cash used in operating activities	10 330	(1,732)	(2,530)
Investing activities			
Acquisition of intangible fixed assets	(56)	(2,555)	(2,868)
Acquisition of tangible fixed assets	(43)	(26)	(27)
Net cash from/(used in) investing activities	(99)	(2,581)	(2,895)
Financing activities			
Proceeds on issue of shares	-	68	261
Proceeds from borrowings	-	-	50
Net cash from financing activities	-	68	311
Net increase/(decrease) in cash and cash equivalents	231	(4,245)	(5,114)
Cash and cash equivalents at beginning of period	192	5,389	5,389
Effect of foreign exchange rate changes	(49)	95	(83)
Cash and cash equivalents at end of period	374	1,239	192

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 UK-adopted international accounting standards and in conformity with the Companies Act 2006.

The consolidated interim financial information for the period ended 30 June 2023 presented herein has been neither audited nor reviewed. The information for the period ended 31 December 2022 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 2023 were authorised for issue by the Directors on 29 September 2023.

Going concern

As at 30 June 2023 the Group held cash balances of £375K. A small 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 Group has continued with its exploration activities in Australia and recently completed the Phase Two drilling programme at the Racecourse Prospect.

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

Management have reviewed the cash flow projections for the forthcoming twelve months, based on the current operations in Mozambique, Australia, Zambia as well as the corporate overhead. The Group expects production at Fair Bride to continue at current levels during the coming months with the Group receiving 23% share of net profit after tax. The gold mined at Manica projects other than Fair Bride has significantly scaled down as the mineable resource for these projects is significantly reduced. Their contribution to the Group’s revenues has decreased from the prior years.

Based on the assumption that Fair Bride operates within its targeted parameters and no new business is consummated, the Directors do not anticipate the need for funds to be raised in the twelve-month period from the date of authorising the consolidated information.

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.

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 2022, 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 & hard rock mining segment – Mozambique
- Mine Development – Mozambique
- Exploration
- Investment and other

Segment results

6 months ended 30 June 2023

	Mine Development (Continuing)	Exploration (Continuing)	Investment And Other (Continuing)	Alluvial Gold Mining Production (Continuing)	Total
	£'000	£'000	£'000	£'000	£'000
Segment revenue					
Sale of gold bars	-	-	-	393	393
Less: Cost of sales	-	-	-	-	-
Segment Gross profit	-	-	-	393	393
Other operating income	-	-	1,669	-	1,669
Administrative and operating expenses	-	(94)	(352)	(605)	(1,051)
Project costs	-	(184)	(34)	(208)	(426)
Segment result	-	(278)	1,283	(420)	585
Other gain and losses	-	-	-	-	-
Finance costs	-	-	47	(10)	37
(Loss)/profit before tax	-	(278)	1,330	(430)	622
Tax	-	-	-	(1)	(1)
(Loss)/profit for the period	-	(278)	1,330	(431)	621

6 months ended 30 June 2022

	Mine Development (Continuing)	Exploration (Continuing)	Investment and Other (Continuing)	Alluvial Gold Mining Production (Continuing)	Total
	£'000	£'000	£'000	£'000	£'000
Segment revenue					
Sale of gold bars	-	-	-	972	972
Less: Cost of sales	-	-	-	-	-
Segment Gross profit	-	-	-	972	972
Other operating income	-	-	-	11	11
Non-operating income	-	-	494	-	494
Administrative and operating expenses	-	(145)	(825)	(362)	(1,332)
Project Costs	-	-	(214)	-	(214)
Segment result	-	(145)	(545)	621	(69)
Other gain and losses	-	-	-	-	-
Finance costs	-	-	89	4	93
(Loss)/profit before tax	-	(145)	(456)	625	24
Tax	-	-	-	(52)	(52)
(Loss)/Profit for the period	-	(145)	(456)	573	(28)

31 December 2022

	Mine Development (Continuing) £'000	Exploration (Continuing) £'000	Investment and Other (Continuing) £'000	Alluvial Gold Mining Production (Continuing) £'000	Total £'000
Segment revenue					
Sale of gold bars	-	-	-	2,110	2,110
Less: Cost of sales	-	-	-	-	-
Segment Gross profit	-	-	-	2,110	2,110
Other operating income	-	-	667	35	702
Administrative and operating expenses	(196)	-	(1,156)	(1,686)	(3,038)
Project Costs	(127)	-	(1,289)	(14)	(1,430)
Segment result	(323)	-	(1,778)	445	(1,656)
Other gains and losses	-	-	-	-	-
Finance income / (costs)	(34)	-	184	(40)	110
(Loss)/Profit before tax	(357)	-	(1,594)	405	(1,546)
Tax	-	-	-	(283)	(283)
(Loss)/Profit for the period	(357)	-	(1,594)	122	(1,829)

Balance Sheet

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Total Assets			
Gold production	11,252	880	682
Exploration	8,277	9,728	8,792
Mining Development	-	10,437	10,756
Investment & other	2,212	1,649	885
Total segment assets	21,741	22,694	21,115
Liabilities			
Gold production	(1,632)	(371)	(892)
Exploration	(133)	(459)	(219)
Mining Development	-	-	-
Investment & other	(390)	(614)	(322)
Total segment liabilities	(2,155)	(1,444)	(1,433)

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 2023, the Group has no deferred tax assets or liabilities and an income tax of £nil (2022: £52k) charge for the period.

5. Revenue & Other revenue

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

	Six months ended		Year ended
	30 June 2023	30 June 2022	31 December 2022
	£'000	£'000	£'000
Revenue from gold sales	393	972	2,110
	<u>393</u>	<u>972</u>	<u>2,110</u>
Other revenue	1,669	-	-
	<u>1,669</u>	<u>-</u>	<u>-</u>

Other revenue relates to the 23% Net profit from its operations in Mozambique.

6. Profit/(Loss) per share

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

Profit/(Losses)	Six months ended		Year ended
	30 June 2023	30 June 2022	31 December 2022
	£'000	£'000	£'000
Profit/(Losses) for the purposes of basic earnings per share being:			
Net Profit/ (loss) from continuing operation attributable to equity holders of the parent	621	(28)	(1,829)
	<u>621</u>	<u>(28)</u>	<u>(1,829)</u>
Number of shares			
Weighted average number of ordinary and diluted shares for the purposes of basic earnings per share	856,375,115	847,000,046	849,532,192
(Loss)/profit per ordinary share basic and diluted (pence)	0.07	(0.00)	(0.22)

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 9 of the Financial Statements.

7. Intangible assets

	Development expenditure & Mineral exploration £'000	Mine Production £'000	Total £'000
As at 1 January 2023	19,418	-	19,418
Additions – at fair value (Manica)	—	-	—
Additions – at cost (Manica)	-	-	-
Transfer to Mine producing asset	(10,823)	10,823	-
Foreign exchange	-	(62)	(62)
Additions – at fair value (Bushranger)	-	-	-
Additions – at cost (Bushranger)	56	-	56
Foreign exchange	(602)	-	(602)
As at 30 June 2023	8,049	10,761	18,810
Amortisation			
As at 1 January 2023	-	-	—
Charge for the year	-	(202)	(202)
As at 30 June 2023	-	-	—
Net Book value at 1 January 2023	19,418		19,418
Net book value at 30 June 2023	8,049	10,559	18,608

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 501km², 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.

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 2023	65	-	-	65
Additions - at cost	42	-	-	42
Foreign exchange	(2)	-	-	(2)
At 30 June 2023	105	-	-	105
Depreciation				
At 1 January 2023	(25)	-	-	(25)
Charge for the period	(6)	-	-	(6)
At 30 June 2023	(31)	-	-	(31)
Net book value				
At 30 June 2023	74	-	-	74
At 1 January 2023	40	-	-	40

9. Share capital

	As at 30 June 2023 Number	As at 30 June 2022 Number	As at 31 December 2022 Number
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	-	-	-
	5,338,221,169	5,338,221,169	5,338,221,169
Ordinary shares of 0.02p each			
As at 1 January	856,375,115	845,143,693	845,143,693
Issued during the period	-	5,249,998	11,231,422
Outstanding as at 30 June	856,375,115	850,393,691	856,375,115

No Ordinary Shares of 0.02p were issued during the period.

10. Cash flows from operating activities

	Six month period ended 30 June 2023 £'000	Six month period ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Profit/(loss) for the period	621	24	(1,546)
Adjustments for:			
Continuing Operations			
Depreciation of property, plant and equipment	6	8	14
Amortisation of intangible assets	202	-	-
Net Finance costs	70	(71)	(3)
Impairment of intangible assets	-	-	938
Interest income	(107)	(23)	(107)
Other (gains) /losses	-	-	-
Share-based payments expense	-	-	248
Operating cash flows before movements in working capital	792	(62)	(456)
Decrease/(Increase) in inventories	6	162	52
(Increase)/decrease in receivables	(1,223)	(972)	(677)
(Decrease)/increase in payables	723	(876)	(1,467)
Cash (used in)/ generated from operations	298	(1,748)	(2,548)
Net finance costs	47	94	110
Tax (paid)	(15)	(78)	(92)
Foreign currency exchange differences	-	-	-
Net cash from/ (used in) operating activities	330	(1,732)	(2,530)

11. Related party transactions

There have been no changes to related party arrangements or transactions as reported in the 2022 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.

12. Subsequent events

Joint Venture Agreement

On 24 August 2023 Xtract announced that it had entered into a joint venture agreement with Cooperlemon Consultancy Limited (“Cooperlemon”) in relation to the exploration for copper at large scale exploration licenses 29123-HQ-LEL and 30459-HQ-LEL in Northwest Zambia (the “Licences”). Under the joint venture agreement (“JV Agreement”), Xtract has agreed the following key terms:

Earn-in and Phase 1 exploration budget: Xtract will earn a 65% interest in the joint venture by funding exploration expenditure over an initial two-year period (“Phase 1”) on the Licences of not less than US\$2 million. Exploration is expected to commence in Q4 2023 and will comprise both physical activity within the Licence boundaries (including but not limited to mapping, soil geochemistry, geophysics and drilling), and desktop studies, laboratory analysis and interpretation of data and results. Xtract anticipates funding this exploration expenditure from existing resources and current ongoing operational activities.

If the Phase 1 exploration results are successful and prove the continuity of mineralisation at grades suggesting the potential for the future development of a Mineral Resource of not less than 500,000 tonnes of contained copper, consistent with economic recovery at the depth of discovery with a minimum internal rate of return of not less than 25% and a payback period not exceeding 42 months (including the recovery of capital expenditure), then there will be a second two year exploration period (“Phase 2”).

Phase 2 exploration budget: The Phase 2 exploration expenditure of US\$3 million will also be funded by Xtract who will be the operator of the Licences for the duration of the Agreement.

Consequence of Trade Sale: If there is a trade or any other sale of the Licences and / or the Joint Venture during Phase 1 of the joint venture then Xtract will be deemed to have a 55% interest in the Joint Venture. A sale requires the agreement of both Xtract and Cooperlemon.

Mine Development: In the event that either or both of the licences advance to a point where they are commercially viable and suitable for development then the licences will be moved to a corporate entity to be owned 75% by Xtract and 25% by Cooperlemon, and it will be the responsibility of the newly formed corporate entity to raise all capital for mine development and future operations.

ENDS