



xtract
RESOURCES PLC



Annual Report

for the year ended 31 December 2023

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Xtract Resources Plc (AIM:XTR) announces its final results for the year ended 31 December 2023. The period was marked by the exciting acquisition of a strong licence position in northwestern Zambia, an area at the forefront of global copper exploration with a focus on the search for world-class high-grade deposits of the Kamao – Kakula type which are found immediately across the border in the neighbouring Democratic Republic of Congo and are associated with the Western Foreland geological formation. Further potential exists for the discovery of Kolwezi-type mineralisation associated with the Zambian fold and thrust belt to the east. Post the period under review, Xtract’s 23% profit share in the Manica gold project in Mozambique was sold to a third party providing a steady projected future income which can assist in funding exploration activities in Zambia.

Corporate & Operational highlights

- Acquisition of two copper exploration licenses with a further three joint venture licences acquired via an amended joint venture agreement post year-end, bringing a total combined licence area of 173,586 hectares in the highly prospective Western Foreland region of northwestern Zambia
- Xtract entered a phase of exploration in NW Zambia targeting 500Kt of contained copper either for in-house development or through a strategic joint venture agreement
- Post year-end, the Company announced the acquisition of up to a 70% JV interest in an exploration licence over the Silverking prospect in the prospective Mumbwa district of Zambia, inclusive of two high-grade breccia pipe deposits that are open both along strike, and at depth, with reported drill intercepts including 50m @ 5.47% Cu returned from historical exploration drilling
- Exploration is underway at Silverking with a focus firstly on defining a Mineral Resource centered around the high-grade pipe-like structures and secondly, evaluating the substantial area of licence that has never previously been thoroughly explored
- A revised mining study at the Bushranger copper (gold) project in Australia, completed by Optimal Mining Solutions Pty gave positive results, indicating that the Racecourse deposit could be viably mined at copper prices over \$10,000/t and mining rates of over 20mtpa
- The Optimal Mining study recognised that optimisation of the processing plant capacity, capital costs, operating costs and metallurgical recoveries could greatly improve the economic outcomes of the project

Highlights

CONTINUED

- Post year end, additional ore pre-concentration studies were initiated at the Bushranger Project including pre-screening, gravity separation and coarse particle floatation, with initial coarse particle floatation results conducted by Novacell appearing promising
- Disposal of Xtract's 23% shareholding in the Manica gold mine project, allowing disposal of risk as the mine entered the complex ore mining phase, securing future income to fund exploration activities at the newly acquired copper projects
- Immediate cash payment of US\$3.325m from the disposal of Manica gold project and up to a further US\$15m to be met via staged payments up until 01 March 2027

Financial highlights

- Cash of £0.63m (2022: £0.19m)
- Net assets of £19.89m (2022: £19.68m)
- Other operating income £1.17m (2022: £0.67m)
- Administrative and operating expenses of £1.05m (2022: £1.35m)

Business Model and Strategy

The board continued to pursue its investment framework to identify and invest in a portfolio of near-term resource assets that:

- Can be brought into production within 2 years;
- Are near or at surface without major upfront capital expenditure;
- Are on the low end of the cash cost curve and have upside growth potential;
- Low entry cost and located in favourable mining jurisdictions.



Chairman's Statement



Colin Bird
Executive Chairman

Dear Shareholder,

During the period under review and to the time of writing we have been adjusting the portfolio to align the Company with what we believe to be a robust suite of assets in a commodity and jurisdiction best able to return significant shareholder values.

During the year the Manica gold project continued to build up gold production and stabilise. Overall results suggested that the mine could perform at a rate of +60kg of gold per month, with varying forecasts for the life of the oxide resources for which the original plant was designed. Despite a premature and extended rainy season, the operation continued to perform satisfactorily.

A number of exploration and confirmatory programmes were carried out for short-term pit design and end of life mine planning. Concurrently, metallurgical test work was carried out on selected core as a precursor to the design of the eventual sulphide plant.

The structure of our agreement with MMP was such that we had little contribution to the design of any future plant and also, underground mine design, which inevitably any future sulphide extension will require. The board of Xtract announced on the 24 January 2024, that they had entered into an agreement to dispose of Xtract's 23% net profit share interest for a consideration of up to US\$15million in cash in regular staged payments. At the time of writing the disposal proceeds are being received and the arrangement is proceeding satisfactorily.

The disposal of the Company's interest in Manica, facilitated Xtract's aspirations to commence a small mining campaign together with the key objective of acquiring high potential copper exploration ground. Since the disposal we have acquired a number of licences with a focus on the north-western region of Zambia. Our focus on this area, is based upon the premise that the highly productive Congolese-style copper mineralisation that hosts world class copper deposits and is prevalent in the DRC extends through parts of NW Zambia and continues into neighbouring Angola. The geological architecture necessary for the formation of Kamao-type high-grade copper deposits occurs within the Western Foreland domain in NW Zambia and Xtract is among several companies actively seeking Kamao-Kakula type mineralisation in the region. The Company is also exploring the Fold and Thrust Belt located immediately east of the projected Western Foreland boundary hosts Kolwezi-type mineralisation, characterised by lower grade bulk tonnage type targets occurring closer to surface or as rafts of mineralisation in a tectonically disturbed terrane. We are currently carrying out fieldwork to determine the optimum site for our first drilling programme, which we expect to commence during the 3rd quarter of 2024.

Our first acquisition was announced on 24 August 2023 and recently on 31 May 2024, we announced that we had entered into an addendum to that agreement, which added a further three exploration licences to the Zambia portfolio.

A further post balance sheet event, announced in early April 2024, was the joint venture agreement with Oval Mining Limited to earn up to a 70% interest in the Silverking copper mine and accompanying exploration licences. Silverking's licence is located immediately adjacent to the Kitumba deposit, which has recently been the subject of M&A activity involving Sinomine Resource Group acquiring a 65% interest in the mine. Historic drilling at Silverking has returned high grade copper intercepts including but not limited to 50m at 5.47% Cu. Two breccia pipes were identified by previous exploration and both structures remain open along strike and at depth. A large part of the exploration licence remains untested to any degree and in addition to evaluating the potential for lower grade stockwork or disseminated mineralisation in the halo around the pipes and the depth and strike extensions, work will be undertaken to test the balance of the area under licence before completing a mineral resource estimate.

On 6 November 2023, we announced the results of the initial Bushranger pit optimisation and financial study on the Racecourse prospect in New South Wales, Australia, which contains 1.1million tonnes of Cu equivalent estimated in accordance with JORC 2012. The study concluded that the project has the potential to be economically mined at a mining rate of 20Mtpa or greater and at copper prices US\$10,000 per tonne and above. The study demonstrated quite clearly that ore upgrade has potential and project economics could be improved by further pre-concentration test work.

Chairman's Statement

CONTINUED

We have commissioned a phase 2 pre concentration test programme, aimed at specific techniques to further assess the benefits and contribution of pre-concentration prior to main plant treatment. This work is currently in progress and the test work results will be released during the third quarter 2024 and if considered appropriate further financial and technical optimisation will be carried out.

The Bushranger project is open-ended in several directions and the Ascot section has yet to be defined. If one takes a global view of copper exploration projects, the Bushranger project is well placed in that it is open ended to further discovery, located in a very favourable jurisdiction. The project economics, whilst currently marginal, have the potential to be favourably rerated if the forecasted Cu price is attained and appears sustainable.

The board took the decision to dispose its interest in a pure gold project to be part of the exciting fundamentals for copper in the coming decade.

We were always convinced that the demand fundamentals were present and that motivated our decision for copper focus. What took us completely by surprise was the supply side fundamentals recent deterioration. The media is reporting on an almost daily basis the failure of existing mines to achieve forecasted results and governmental actions closing down existing capacity. Chile appears to be underperforming in copper production, with a major copper mining company suffering a closure set back in Panama and a general Latin-American disdain for copper mining. This together with a general global lack of new projects and projects under development, suggests a fearful future for copper supply. Analysts are suggesting a 20% shortfall for the supply against demand, which will inevitably derail mankind's third world development together with renewable energy and EV aspirations.

Despite the volatile copper prices there is still a push-pull debate among those who make the forecast and those who make the decision for new copper mine capacity. In the face of the stark fundamentals, it is difficult to understand how any logical thinking person can be so negative as to predict falling copper prices.

It is apparent that geopolitical tension is at a 30 year high with potentially more to come and that factor could mitigate world growth and development, but if you believe in a bright new future then copper can only outperform against all other metals.

The recently aborted BHP bid for Anglo-American Corporation would not, had it have been successful, produce any more copper. It would have resulted in new ownership of current assets but no new copper, either in exploration or development. Only the majors have the financing power to develop tomorrow's copper mines and their threshold appears to be 1million tonnes of contained copper for a viable project. In my opinion, they need to lower the bar, since these projects do not currently exist. Over the last three years, I have been known to quote "the day of the small miner is back". I firmly believe that this is the case and modest projects previously challenged by grade, location or financing may have a role to play in the short to midterm future. Hence the reason for your company embarking on the mission to identify smaller projects which can be developed quickly in favourable jurisdictions.

In essence, the Company is pursuing the copper mission aggressively in the knowledge that successful exploration will lead either to a mine which can be developed by ourselves or if big enough will be much sought after by the majors.

The perfect storm is brewing for copper and your company is well placed to take advantage.

I would like to thank my fellow directors and management with their untiring and well-focused efforts during a very active and volatile period, which has refocused and transformed the Company.

Colin Bird

Executive Chairman

26 June 2024

Strategic Report

Summary of Company Operations

Zambia

Western Foreland Project

On 24 August 2023 Xtract entered into a Joint Venture agreement with Cooperlemon Consultancy Limited in relation to the exploration for copper on large scale exploration licenses 29123-HQ-LEL and 30459-HQ-LEL in Northwest Zambia.



Landscape at the Western Foreland project

Joint Venture Agreement

Under the terms of the Joint Venture, Xtract has agreed a phased investment with Cooperlemon Consultancy Limited (“Cooperlemon”). In Phase 1 the Company will earn a 65% interest in the JV by funding exploration expenditure over an initial 2-year period of not less than US\$2m. 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 500,000t of contained copper, then Phase 2 will be initiated with a second 2-year exploration period and a budget of US\$3m.

Xtract will be the operator of the licences for the 4-year duration. Should a trade, or any other sale, of the licences take place in the initial 2 years, then Xtract will be deemed to have a 55% interest in the Joint Venture. A sale requires the agreement of both Xtract and Cooperlemon.

Strategic Report

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If 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. It will be the responsibility of the newly formed corporate entity to raise all capital for mine development and future operations.

Background

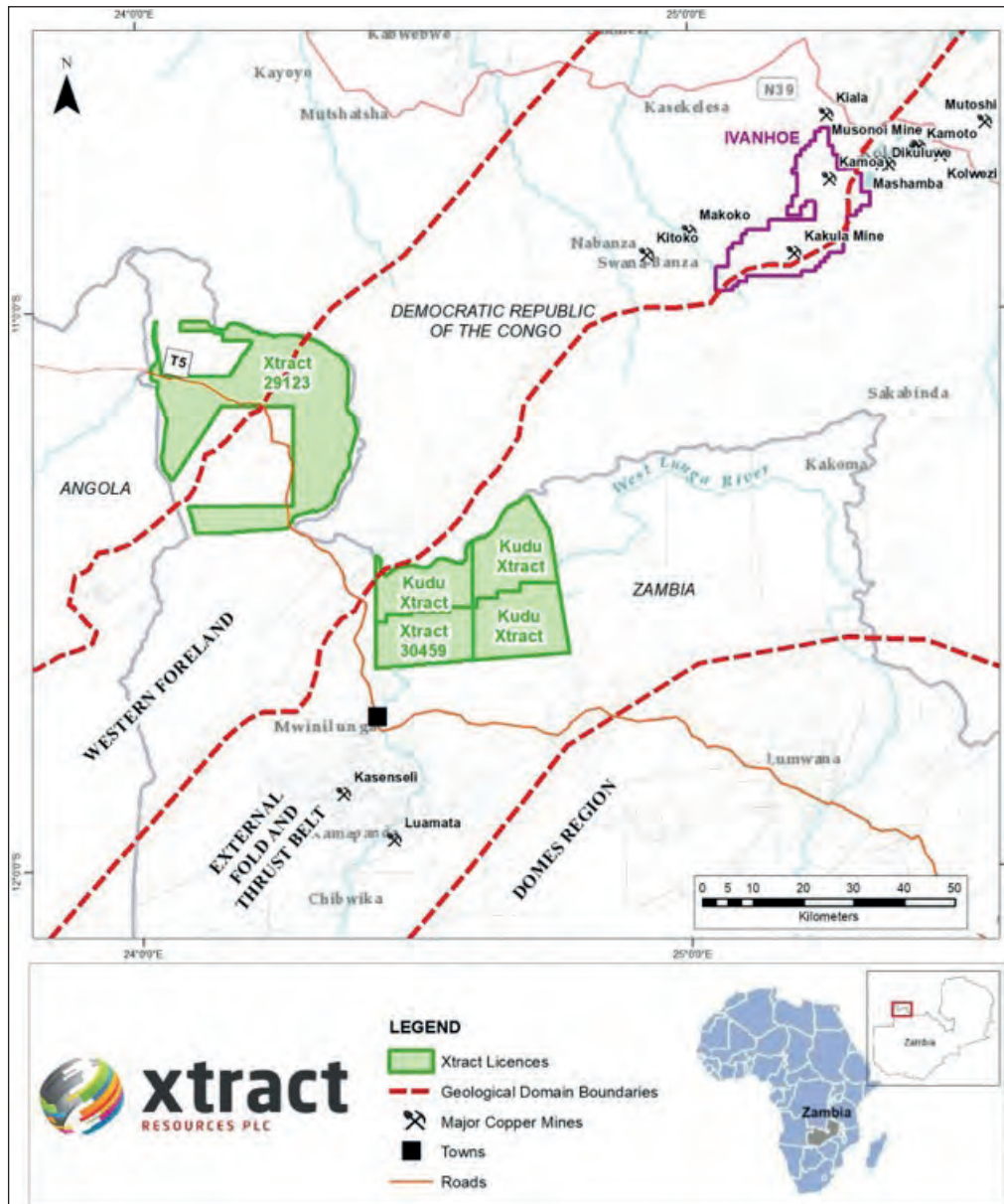
The two exploration licences are situated in NW Zambia and cover a combined area of 107,000 ha within the highly prospective Western Foreland geological district. The licences are situated 100km along strike from Ivanhoe's Kamoakakula mine complex, located just over the border in the Democratic Republic of Congo. Kamoakakula represents one of the world's highest-grade copper mines, with deep, high-grade (>5% Cu) copper mineralisation producing almost 400,000 tonnes of copper in concentrate in 2023.

The geology of the Licence areas is dominated by the architectural domains known as the Western Foreland succession (host to high-grade Kamoakakula-style mineralisation) and the neighbouring Lufilian Fold & Thrust Belt that plays host to lower-grade, bulk tonnage, near-surface mineralisation of the Kolwezi-type. Licence 29123 – HQ – LEL is located to the west of the perceived boundary between the Western Foreland and the Fold Belt, while licence 30459 – HQ – LEL is coincident with the boundary and potentially includes part of the Fold Belt. The Company believe there is scope for the discovery of high-grade Kamoakakula-style mineralisation at depth and lower grade Kolwezi-type mineralisation at or near-surface on both licences.

With the rise in demand for the discovery of new copper resources, NW Zambia is currently at the forefront of a rapid phase of geological re-modelling and renewed exploration thinking. The area has been highlighted as a prime geological target for prospective high-grade copper mineralisation which has led to intense competition for exploration licences, with many of the world's top tier mining companies dominating the space and pioneering the geological remodeling of the area. The two licences are projected to have continuity with the geology of the DRC, which is home to many top-tier copper mines, and are surrounded by ground under licence to, or within partnerships or joint ventures between local companies and global leaders in the mining industry such as Rio Tinto plc, Anglo American plc, First Quantum Minerals Ltd., and Ivanhoe Mines. The density of Tier 1 mining companies in the region reflects the significant prospectivity of the Joint Venture licences.

Strategic Report

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Plan Map Showing Xtract Resources Exploration Licences in NW Zambia in relation to nearby mines and prospective geological domains

Exploration Progress

Exploration on the licences during the reporting period consisted mainly of desktop studies which were designed to fast-track exploration using cost-effective means to highlight priority targets in which to conduct ground investigation works. An application of modern data analysis techniques supported by the Kamoia-Kakula geological model has allowed the identification of high-priority targets on the ground for follow-up work, which is ensuing. Towards the end of the Wet Season, the Company took the opportunity to meet and establish relationships with local tribal leaders and to build its exploration team, bringing on-board local geologists with in-depth knowledge of both the terrain and geology associated with the Western foreland and Fold & Thrust Belt.

Strategic Report

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Conglomerate sample observed during early reconnaissance exploration at the licences



Outcropping structures observed during early reconnaissance over the licences

Strategic Report

CONTINUED

Strategy and Prospectivity

The Zambian government has expressed a clear ambition to increase domestic copper production from the present 830K tpa to 3M tpa by the end of the decade. This implies a clear political and strategic national support for the mining industry and the granting of licences to develop opportunities in the clean energy transition and harness production of critical battery metals.

Post Year End

Post year end, on 31 May 2024, the company announced an addendum to the Joint Venture with Cooperlemon Consultancy Limited which included the acquisition of three further licences in the Western Foreland, bringing the total combined area of the 2 pre-existing licences and the 3 new licences to 173,586 hectares. The three additional licences are 30459-HQ-LEL, 21851-HQ-LEL and 21850-HQ-LEL and all licences cover ground in the Western Foreland geological district that hosts Kamo-a-Kakula style mineralization and the Central Fold and Thrust Belt which is host to Kolwezi style mineralization in northwest Zambia.

Under the terms of the restated joint venture agreement Xtract will earn an initial 65% interest in the additional licences by funding exploration of not less than US\$500,000 on each of the three additional licences over an initial two-year period commencing on the date of the restated agreement. As previously announced, Xtract will earn a 65% interest in the original licences by funding exploration expenditure over an initial two-year period commencing on 23 August 2023 of not less than US\$2 million, bringing Xtract's aggregate total commitment under the restated agreement to US\$3.5 million.

Silverking Copper Mine Project

Post year-end, on 3 April 2024 Xtract announced that it had entered a joint venture agreement with Oval Mining Limited, who are acting in cooperation with Cooperlemon Consultancy Limited, to earn up to a 70% interest in the Silverking copper mine and accompanying exploration licence 26673-HQ-LEL located west of Lusaka, in the Mumbwa district, Central Province of Zambia.

Silverking is located immediately adjacent to the Kitumba deposit in which the Chinese Sinomine Resource Group announced a major investment to acquire a 65% interest in March 2024.

Joint Venture Agreement

Xtract has an option period of 18 months to earn an initial 51% in the Licence provided expenditure commitments of US\$500,000 are met. Xtract has the option to further increase its interest in the licence to 70% upon completion of the earn-in period by committing an expenditure of a further US\$1,000,000 over two years, subject to Cooperlemon's right to maintain its interest in the Licence through its option to earn back up to 70% by participating in such ongoing expenditure.

Should an inferred resource in excess of 300,000 tonnes of contained copper be identified, Xtract's beneficial interest shall remain at 70%, or if different, its respective interest at the date of the resource estimate. If an inferred resource of greater than 500,000 tonnes of contained copper is reported, then any subsequent sale of the project to a third-party will result in an equal share of the disposal proceeds between the parties, after costs of disposal but such costs to exclude the actual cost of the resource discovery.

If the exploration programme demonstrates that the Licence cannot support an inferred resource of 300,000 tonnes or more, then the parties by mutual agreement may elect to commence a small mining project. In the event, that a small mining project is developed then Xtract's interest in the project will be 70%. If a small mine is developed, Xtract will be responsible for funding the entire project and will not recover from Cooperlemon any share of costs.

The management and compliance (statutory and regulatory) of the Silverking licence will be the responsibility of Cooperlemon.

Strategic Report

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Geology and Background

The licence area is prospective for high-grade copper mineralisation associated with breccia pipes, and covers an area of approximately 81.7km² in the Karendia area of the prospective Mumbwa district. The Silverking Mine mineralisation represents a defined breccia pipe characterised by deep levels of intense oxidation, breccia, vein and stockwork hosted copper mineralisation, and is distinguished by high-grade supergene enrichment and is thought to be an analogue of a Tsumeb-type deposit rather than the neighbouring Kitumba mine. The former Silverking open pit and underground mine extends to a mining depth of only 70m, and based on historical drill data, it is clear that mineralisation remains open along strike and at depth. Historical drilling completed by Glencore in 2012 saw 987m drilled over 8 drill holes and was designed to test the strike extent of the Silverking breccia. The drilling intersected copper mineralisation, with a best intercept of 50m at 5.47% Cu from 55m reported in drill hole SVKRC002, inclusive of a high-grade mineralised interval of 1m at 52.2% Cu, with the drill hole ending in mineralisation. The small-scale mining of the Silverking Mine preceded the discovery of major copper deposits in the region, and a combined study by the Zambian and Japanese governments in the mid-1980's reflected the potential for the region to host large copper deposits.

Exploration completed by Glencore International in 2012 identified several follow-up surface targets in the area, including a second breccia pipe located 800m from the Silverking mineralised body, which has received very little follow-up work. Xtract believes the licence area is highly prospective, not least due to the two identified breccia pipes, but it is further noted that wide spaced surveying conducted historically could have easily missed additional breccia pipe deposits in the area, with surface evidence suggesting the presence of several shallow targets that remain relatively untested.

Available ground magnetic surveys have identified clear relationships between soil geochemical anomalies and artisanal pits and underground workings, which is further supported by associated IP anomalies. Xtract intends to remodel the available data with use of an external geophysical consultant to refine and prioritise targets. Additionally, IP responses are suggestive of potential for lower-grade, bulk-tonnage, silica-rich, mineralised halo's surrounding the known breccia pipes, which will be tested during remodeling.

An in-house non-JORC (2012) compliant resource estimate by an external contract geological company was commissioned by Glencore in 2012. The Non-Compliant Resource reported an estimate of 268,971 tonnes at 2.7% Cu at a 0.5% Cu cut-off for the main Silverking breccia pipe only. As the Non-Compliant Resource was not prepared to any acceptable AIM Standard, no reliance can be placed on the Non-Compliant Resource, and it is therefore only illustrative.

Prospectivity

The down-dip and strike extensions of the known pipes and other anomalies (geochemical and geophysical) remain largely untested, as does the greater licence area, where only broad-based reconnaissance-type exploration has been undertaken.

Kakuyu Copper – Cobalt Project

The 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 (formerly held by BHP/Blackthorn Resources).

The Kakuyu project comprises a small-scale mining licence inclusive of the small historic Kakuyu open pit and an adjacent exploration licence, the Kakuyu open pit was subject to small-scale mining operation prior to acquisition.

Work completed by Xtract has focused on defining the validity of a future open pit mining operation, as well as assessment of the wider licence area for concentrations of additional mineralisation.

Strategic Report

CONTINUED

Australia

Bushranger Project

Work in the reporting period focused on appraisal of the potential financial viability of the project. A revised mine optimisation study was completed by Optimal Mining Solutions (Pty) which supersedes the mining study completed by the same contractor in the previous reporting period. The study was completed using Deswick Pseudoflow, with a focus on the open pit extraction of shallow higher-grade material at Bushranger. Optimal mining investigated the economics of 5Mtpa, 20Mtpa and 25Mtpa operations and concluded that the current Racecourse Prospect Mineral Resource has the potential to be economically mined at mining rates of 20Mtpa, or greater, and at copper prices of US\$10,000/t and above.

The study further recognised that optimisation of the processing plant capacity, capital costs, operating costs and metallurgical recoveries could greatly improve the economic outcomes of mining the Racecourse deposit.

The economics of the Ascot deposit were reviewed during the study, however it was concluded that the deposit is not yet a viable mining prospect due to the size and depth of the orebody. Further drilling will be required to better define the limits of the mineralisation.

While an initial pre-concentration study on the TOMRA ore sorting process completed in the first half of the reporting year indicated that significant economic benefits were possible, the final Optimal Mining Solutions (Pty) report concluded that the addition of an ore sorter does not add value to the project at this stage. Xtract will now focus efforts on defining alternative pre-concentration methodologies, as well as further improvements in metallurgical recovery and potential associated cost benefits linked to capital and operating costs of the proposed future mining development.

Post year end

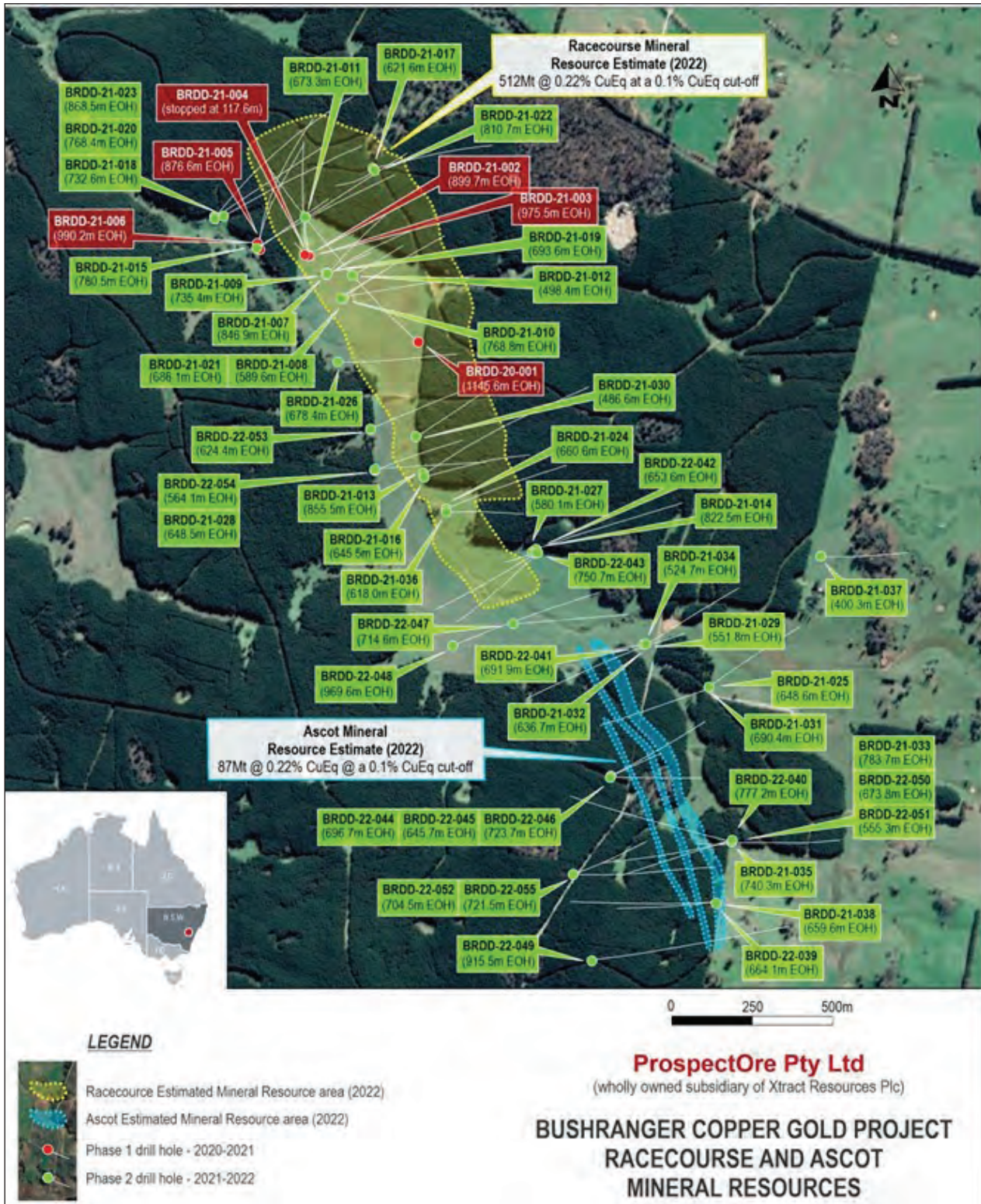
Post year end, on the 18 June 2024, the company announced results of a second stage pre-concentration study for the Bushranger Copper-Gold Project., completed for the company by Altrius Consulting Pty.

The Altrius review concluded that while the Racecourse mineralisation is not considered amenable to upgrade by Tomra ore sorting, other methods of ore sorting/pre-concentration may be more suitable, and the Bushranger flowsheet may benefit from alternative pre-concentration technologies. To this end Altrius has recommended further test work using pre-screening, gravity separation and coarse particle flotation techniques.

Samples have been submitted for test work at ALS in Perth for pre-screening and dense media separation analysis. In addition, NovacCell coarse particle flotation test work has also been commissioned, which is progressing favourably.

Strategic Report

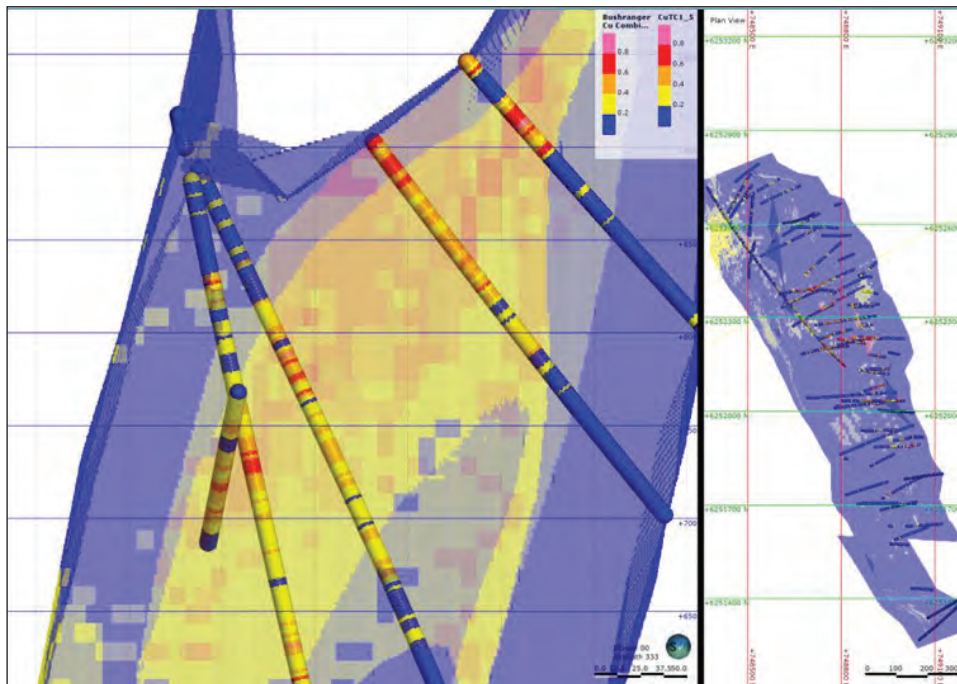
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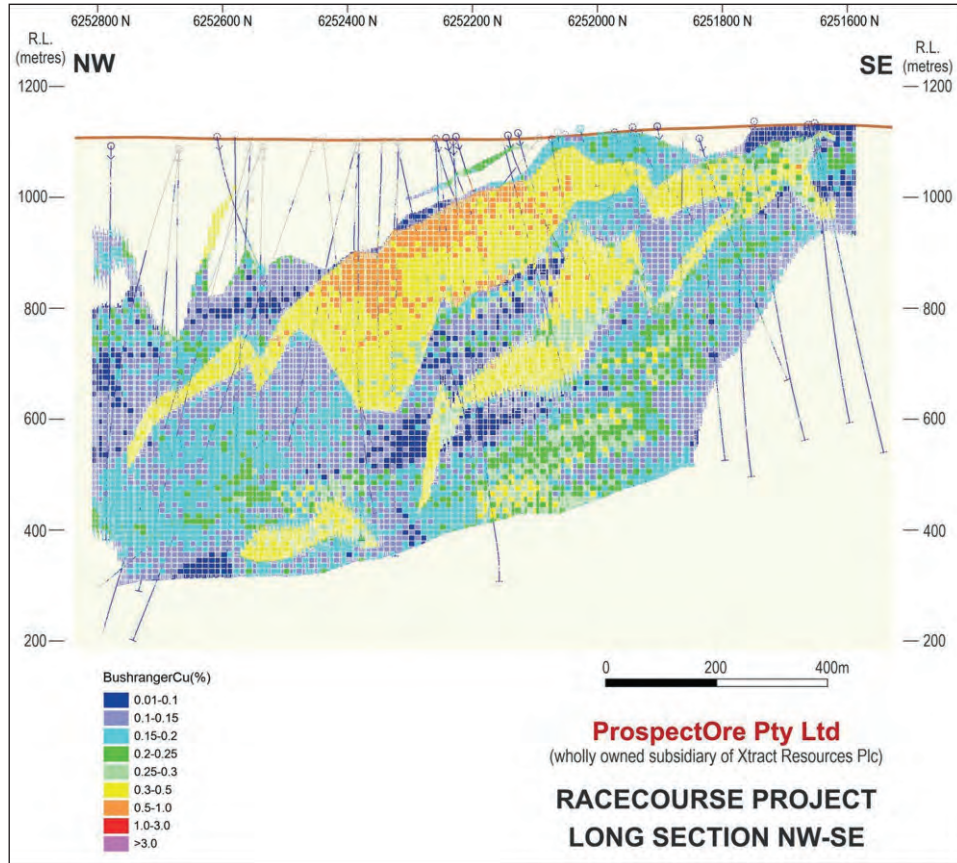
Location of the Racecourse and Ascot resources at the Bushranger copper (gold) project

Strategic Report

CONTINUED



Representative Mine Block Model Cross-Section Through the Racecourse Mineral Resource



Representative Geological Long-Section Through the Racecourse Deposit

Strategic Report

CONTINUED

Mozambique

Manica Project

During the reporting period Xtract Resources continued to hold a 23% stake share of net profit from gold production at the Manica project. Production at the Manica Fair Bride project increased towards target production figures during the reporting year, after a prolonged wet season during the first year of production had resulted in a shortfall in plant throughput. Many positive operational advancements were achieved during the period, including modifications to financial control and reporting systems, increases in plant throughput and a more robust grade control process.

Technical aspects of the project also improved during the reporting period, with an intense in-pit drilling programme completed during Q1 2023, designed 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, with the average grade delivered to the plant rising to approximately 1.74g/t Au for Q2 2023. The costs associated with this programme were reflected in higher costs per ounce in Q2 2023.

Post year-end, on 24 January 2024 Xtract announced plans for the disposal of its 23% interest in the Manica Gold project, Mozambique. This was a strategic decision, allowing Xtract the opportunity to focus on its new copper interests in Southern Africa, and progress the viability of Bushranger, deemed a significant opportunity by the company. This decision further allowed the company to dispose of potential financial risk associated with the Manica project as it progresses towards the complex ore mining phase.

As part of the terms of the sale an initial US\$3.325m was paid under the terms of the Mining Collaboration Agreement, received from its partner MMP, releasing Xtract and Explorator (Xtract's local Mozambique subsidiary) from the collaboration agreement, with up to a further US\$15m to be settled via staged payments to 1 March 2027. As per the deal, if the buyer fails to meet the staged payment schedule, the exploration licence and mineral resource will be returned to Xtract.

The disposal decision was based on an assessment of the risks associated with the future nature of the ore to be extracted from the Manica project. As the volume of the more simply processed oxide ore is depleted, the project moves into the more complex mixed oxide/sulphide mining stage, which has yet to be fully scoped. Inconclusive studies projecting the metallurgy and recovery of gold in deeper sulphide mineralisation, incomplete information regarding future capital expenditure for sulphide mining and necessary infrastructure improvements, and the limited capacity for Xtract management to have influence during the decision making process as a minority shareholder were all risk factors taken into consideration.

Strategic Report

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Mine workings at the Manica Gold Mine, Mozambique

Business Review

The Company evaluates new exploration and appraisal opportunities continually, including businesses and projects in precious and base metals.

The Company is required by the Companies Act 2006 to include a business review in this report. The information that fulfils the requirements can be found within this Strategic Report. The Business Review contains certain forward-looking statements, which have been made by the Directors in good faith based on information available to them at the date of this report. These statements may be affected by the factors outlined in the Risks and Uncertainties section of this report.

Details of significant events since the balance sheet date are contained in note 30 to the financial statements.

Performance

The key indication of performance of the Group is the extent of its success in identifying, acquiring, progressing and divesting investments in projects so as to build shareholder value. At this stage in its development, the Group's performance is not readily measured using quantitative key performance indicators. However, a qualitative summary of performance in the period is provided in the Executive Chairman's Statement and Strategic Report.

Strategic Report

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Financial Review

Financial Summary Table

	Year ended 31 December 2023 (£million)	Year ended 31 December 2022 (£million)
<i>Consolidated income resulting from continuing operations</i>		
Other operating income	1.17	0.67
Operating and administrative expenses	(1.05)	(1.35)
Direct operating	(0.01)	—
Other operating	(0.20)	(0.12)
Administration	(0.84)	(1.23)
Project costs	(0.32)	(1.42)
Other losses	—	—
Finance costs	0.03	0.15
(Loss) for the period from continuing operations	(0.17)	(1.95)
Taxation	(0.00)	(0.00)
(Loss) from continuing operations	(0.17)	(1.95)
Profit from discontinued operations	0.81	0.12
Profit/(Loss) for the year	0.64	(1.83)
Profit/(loss) per share		
Basic	0.09p	(0.22)p
<i>Consolidated balance sheet position</i>		
Intangible fixed assets	8.19	19.42
Tangible fixed assets	0.04	0.04
Cash	0.63	0.19
Total assets	21.93	21.12
Total equity	19.88	19.68
Total equity – weighted average number of shares	856,375,115 shares	849,535,192 shares

Strategic Report

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Income Statement Analysis

The Group reported a net loss before tax of £0.17 million (2022: £1.95 million) and profit for the year of £0.64 million (2022: loss £1.83 million) after taxation and profit from discontinued operations. The Group's basic profit per share increased to 0.09p from a basic loss per share in 2022 of 0.22p. Other operating income in 2023 amounted to £1.17 million (2022: £0.67 million). The income from 2023 comprised mainly of the Company's net profit share in its Mozambican operations, while the 2022 income related to services provided by the Company to 3rd parties. The Operating and administrative expenses decreased from the prior year and amounted to £1.05million (2022: £1.35 million). Included in operating and administrative expenses is a £0.25 million share-based payment charge which related to share options granted to employees and consultants of the Company for 2022, with no charge for 2023. The charge relates to share options granted to employees and consultants of the Company in 2022. The accounting charge was calculated using the Black- Scholes method. Non-administrative project costs included additional costs relating to Southern African projects and amounted to £0.32 million (2022: £1.42 million) and in 2022 included an impairment charge of £0.98 million for all historical costs incurred to date on the date on the Eureka Copper project in Zambia. The Company continues to look at different areas of where potential savings could be achieved and continues to implement certain measures which assist in achieving a corporate overhead cost base consistent with other junior mining companies. Finance income for 2023 amounted to £0.03 million (2022 £0.15 million) which comprises of interest charged on outstanding invoices in both 2023 and 2022 as well foreign exchange costs and bank charges. In January 2024, the Company announced that it had agreed with terms for the disposal of its Mozambican project. The transaction was completed in February 2024. The Company has accounted for all income and expenses for the project under profit from discontinued operations which amounted to £0.81 million in 2023 and £0.12 million in 2022.

Intangible Fixed Assets

The Group's intangible fixed assets decreased from £19.42m in 2022 to £8.19m in 2023. The decrease relates to the transfer of the Manica intangible asset to non-current assets held for sale and assets of disposable groups.

Cash Position

The Group's net cash position at 31 December 2023 was £0.63 million (2022: £0.19 million) with no outstanding borrowings (2022: Nil).

Environmental Responsibility

The Company recognises that the Group's operations require it to have regard to the potential impact these activities may have on the environment. Wherever possible, the Company also ensures that all related companies are encouraged to comply with the local regulatory requirements with regard to the environment.

Strategic Report

CONTINUED

Risks and Uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Group's internal control system. The board and the executive committee keep the risks inherent in an exploration business under constant review. The principal risks for an exploration company and the measures taken by the Company to mitigate them are detailed below:

General and Economic Risks:

- Contractions in the world economies or increases in the rate of inflation resulting from international conditions;
- Movements in the equity and share markets in the United Kingdom and throughout the world;
- Movements in global equity and share markets and changes in market sentiment towards the resource industry;
- Currency exchange rate fluctuations and, in particular, the relative prices of the US Dollar, Australian Dollar, Zambian Kwacha and the UK Pound;
- Adverse changes in factors affecting the success of exploration and development and mining operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep; and unforeseen adverse geological factors or prolonged weather conditions.
- The current conflict between Russia and Ukraine and the conflict in the Middle East, could have a significant impact on both the availability and cost of fuel supplied to Southern Africa and should the conflict continue there is an ongoing risk to fuel supply and costs.

Dependence on key personnel:

- The Company is dependent upon its executive management team and various technical consultants, and the retention of their staff cannot be guaranteed. The development and success of the Company depends on its ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Company grows could have an adverse effect on future business and financial conditions:

Pandemic risk:

- Pandemics which have the potential to cause disruption and to pose a threat on similar operations worldwide and could impact the Company's ability to operate and ultimately impact its cashflows. It remains the Group's focus to protect all personnel, site visitors and stakeholders and at the same time to ensure business continuity. The necessary changes have taken place in all the relevant jurisdictions and the Group continues to monitor government guidance in each territory in which it operates to mitigate the above risk.

Market perception:

- Market perception of mining and exploration companies may change, which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by issue of further shares in the Company.

Political risk:

- Political risk is the risk that assets will be lost through expropriation and unrest or war. The Group minimises political risk by operating in countries with relatively stable political systems, established fiscal and mining codes and a respect for the rule of law.

Strategic Report

CONTINUED

Uninsurable risks:

- The Group may become subject to liability for accidents, pollution and other hazards, which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, such as in amounts, which exceed policy limits.

Security of tenure:

- The Group investigates its rights to explore and extract minerals from all of its material properties and, to the best of its knowledge; those rights are expected to be in good standing. However, no assurance can be given that the Group will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to it, or that governments in the jurisdiction in which the Group operates will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments or other claimants. Although the Group is not aware of any existing title uncertainties with respect to any of its material properties, there is no assurance that such uncertainties, if negative, will not result in future losses or additional expenditures, which could have an adverse impact on the Group's future cash flows, earnings, results of operations and financial condition.

Funding Risk:

- The Company may not be able to raise, either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Commodity Risk:

- Commodity risk is the risk that the price earned for minerals will fall to a point where it becomes uneconomic to extract them from the ground and process. Commodities are subject to high levels of volatility in price and demand. The price of commodities depends on a wide range of factors, most of which are outside the control of the Company. Production costs depend on a wide range of factors, including commodity prices, capital and operating costs in relation to any operational site. The principal metals in the Group's portfolio are copper and gold. The prices of these elements have been volatile during the year, but an uptrend is in place. The potential economics of all the Group's projects are kept under close review on a regular basis.

Exploration and Development Risks:

- Exploration and development activity is subject to numerous risks, including failure to achieve estimated mineral resource, recovery and production rates and capital and operating costs;
- Success in identifying economically recoverable reserves can never be guaranteed. The Company also cannot guarantee that the companies in which it has invested will be able to obtain the necessary permits and approvals required for development of their projects;
- Some of the countries in which the Company operates have native title law, which could affect exploration activities.

Strategic Report

CONTINUED

Reserve and resource estimates:

- The Company's future reported reserves and resources are only estimates. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral and metal reserve and resource estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative.
- Mineral and metal reserve and resource estimates may require revision (either up or down) based on actual production experience or further sampling. Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Company may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover and may ultimately result in a restatement of reserves.

Operational risk:

- Exploration and subsequent mining operations are subject to hazards normally encountered in exploration, development and production. Although it is intended to take adequate precautions during each stage of development to minimise risk, there is a possibility of a material adverse impact on the Group's operations and its financial results. The Group will develop and maintain policies appropriate to the stage of development of its various projects. Recruiting and retaining skilled and qualified personnel are critical to the Group's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. While the Group has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations, which may be introduced by the relevant governmental authorities. Adverse changes in such legislation may have a material adverse effect on the Group's business, results of operations and financial condition. Members of staff are encouraged to discuss with management matters of interest to the employees and subjects affecting day-to-day operations of the Group.

Mining risk:

- There is no guarantee that the minerals contained in the various assets can be mined either practically, technically or at a cost less than the realisable value of the contained minerals. The cost of development and access may preclude the development of the mine. Should a mine be developed there is no assurance that operations can continue since operations are dependent on product prices, direct operating cost and the cost of "stay in business" capital. Mining operations are often challenged by difficult mining and/or slope stability conditions, variability of grade, excess water and small faulting. All of these factors could adversely affect mining production rate and therefore profitability. Alluvial gold is random in nature and its distribution varies in degrees of fineness and maybe insufficient in quantity and could present processing constraints with recoverability.

Environmental factors

All mining operations have some degree of environmental risk. Although the directors have made reasonable assessment, no assurance can be given that no outstanding or intended claims against disturbance of the environment exist. In addition, the Group will also be subjected to, where appropriate, clean-up costs and for any toxic or hazardous substances, which may be produced as a result of its operation. Environmental legislation and permitting are evolving in a non-mining supportive manner, which could result in onerous standards and enforcement with the risk of consequential fines, penalties and closure. As the Company develops, the directors intend to carry out the appropriate environmental base-line studies with experts outsourced from independent environmental consultancies.

Strategic Report

CONTINUED

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company, with significant developments disseminated through stock exchange announcements. The Board regards the annual general meeting as a forum for communication between the Company and its shareholders and encourages shareholders' participation in its agenda.

Outlook

The year has been a challenging one, but I am pleased to say that we issue this report in a stable, focused manner with a clear vision on how the Company will go forward.

We intend to continue to move forward with our base metal projects in Zambia as well as in Australia, which have proved to be very exciting potentially large-scale projects.

The predictive rise in copper use notwithstanding electric vehicles ("EVs") is forecast to be substantial and whilst EVs are important, developing world emergence and growth is providing significant additional copper demand. We believe that the resulting copper supply shortage is becoming more acute and the Company is determined to be a player in the copper discovery arena.

Viewing worldwide exploration activities, we are even more convinced that our Southern African copper focus, and particularly on the Western Foreland, exploration, and small mine opportunities, continues to be optimum strategy for our shareholders. The projects in our copper portfolio in NW Zambia hold a pivotal position in the Western Foreland geological architecture and present a significant potential opportunity for both our shareholders and our copper portfolio in general.

Geopolitical tensions and finance market uncertainties lead us to believe that the coming year will continue to see a stronger copper and gold price which the Company could benefit from, and at the same time, our current portfolio is balanced thereby presenting good opportunities for value accretion in the short to mid-term.

Colin Bird

Executive Chairman

26 June 2024

Report of the Directors

The Directors present their report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2023. The Corporate Governance Statement is set out on page 29 and forms part of this report.

Going Concern

These consolidated financial statements are prepared on a going concern basis, which the Directors believe appropriate as referred to in note 3 of the financial statements.

Capital Structure

Details of the Company's share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 22. The Company has one class of ordinary share and one class of deferred share. No person has any special rights of control over the Company's share capital and all issued shares are fully paid and carry no right to fixed income.

There are no specific restrictions on the size of holding or on the transfer of the ordinary shares. The Directors are not aware of any agreements between shareholders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights.

The deferred shares have certain rights and are subject to certain restrictions. Inter alia, the deferred shares do not carry any entitlement to dividends or to participate in any way in the income or profits of the Company, do not confer on the holders thereof any entitlement to receive notice of or to attend or speak at or vote at any general meeting of the Company and shall not be capable of transfer at any time other than with the prior consent of each of the Directors.

Under its Articles of Association, the Company had authority to issue up to 2,000,000,000 ordinary shares. Pursuant to the Companies Act 2006 and with effect from 1 October 2009, the requirement for a Company to have an authorised share capital has been abolished and the new Articles which the Company adopted at the 2009 AGM reflect this. However, there are certain restrictions as to the number of shares that can be allotted in terms of the Companies Act 2006.

Results and Dividends

The net loss for the Group for the year ended 31 December 2023 amounts to £635k (2022: £1,829k). No dividends were paid or proposed by the Directors in either the current or previous year.

Directors

The Directors of the Company who held Office during the year are as follows:

- Colin Bird
- Joel Silberstein
- Alastair Ford
- Kjeld Thygesen

Report of the Directors

CONTINUED

Colin Bird, *Executive Chairman*

Executive Chairman Colin is a chartered mining engineer and a Fellow of the Institute of Materials, Minerals and Mining with more than 40 years' experience in resource operations management, corporate management, and finance. Colin has multi commodity mine management experience in Africa, Spain, Latin America and the Middle East. He has been the prime mover in a number of public company listings in the UK, Canada and South Africa. His most notable achievement was founding Kiwara Resources Plc and selling its prime asset, a copper property in Northern Zambia, to First Quantum Minerals for US\$260 million in November 2009.

Joel Silberstein, *Finance Director*

Joel holds an Honours Bachelor of Accounting Science degree from the University of South Africa.

He qualified as a chartered accountant with Mazars, Cape Town in 2002, and subsequently joined Toronto-quoted European Goldfields Limited. There he held the position of Group Financial Controller and Vice President Finance, supporting the executive team in growing the company through its exploration and development phases, until it was bought by Eldorado Gold in a C\$2.5bn deal. He joined AIM-traded Xtract Resources plc in mid-2013 and was appointed finance director in February 2014. He has subsequently assisted in several corporate transactions, including those surrounding the Manica gold mining operations, and he has experience of working in multiple jurisdictions around the world. He also joined the Galileo Resources Plc board in October 2020 as Financial Director. He is a member of the Institute of Chartered Accountants of South Africa as well a Fellow of the Institute of Chartered Accountants in England and Wales.

Alastair Ford, *Non-executive Director (member of audit and remuneration committees)*

Alastair has been involved in the mining sector for more than two decades. For many years he was the mining correspondent at The Investors' Chronicle, the UK's number one investment magazine. He also played a key role at Minesite.com, the mining investment portal that was prominent during the last mining boom and in the aftermath. He was subsequently Chief Investment Officer and Chief Executive of Mineral & Financial Investments, an AIM-listed mining and commodities investment vehicle, and is currently a non-executive director of Great Western Mining.

Kjeld Thygesen, *Non-executive Director (member of audit and remuneration committees)*

Kjeld has a wealth of natural resource industry experience having worked as an executive director of N M Rothschild International Asset Management and subsequently, as the investment manager to several natural resource funds. Between 2002 and 2010 he served as a director of Ivanhoe Mines Ltd, which discovered and developed the Oyu Tolgoi mine in the South Gobi Desert of Mongolia, which was acquired by Rio Tinto. Mr Thygesen's particular focus is in financing, valuation and corporate development.

Retirement by Rotation

In compliance with the Company's Articles of Association, Colin Bird and Alastair Ford will retire by rotation at the Company's forthcoming Annual General Meeting and will offer themselves for re-election.

Directors' Remuneration

The Company aims to remunerate the Directors at a level commensurate with the size of the Company and their experience. During the year, the Remuneration Committee consisted of Alastair Ford and Kjeld Thygesen.

The emoluments for the Directors are disclosed in note 8 of the Financial Statements.

Report of the Directors

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Directors' Interests

The Directors who held office at 31 December 2023 have the following interests in the Company:

	31 December 2023		31 December 2022	
	Ordinary shares	Options	Ordinary shares	Options
Colin Bird	16,754,149	32,000,000	16,754,149	32,000,000
Kjeld Thygesen	—	1,000,000	—	—
Alastair Ford	—	2,000,000	—	2,000,000
Joel Silberstein	718,266	14,000,000	718,266	14,000,000

No Director held any interest in any of the Company's subsidiaries at the beginning (or, if later, the date of their appointment) or the end of the year.

Further details of the share options and warrants in the Company can be found in note 25 of the Financial Statements.

Directors' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors, which were made during the year and these remain in force at the date of this report.

Directors' Service Contracts

Directors' contracts are continuous until terminated by either party upon six months' notice for Executive Directors and three months' notice for Non-Executive Directors. In accordance with the Company's Articles, at the forthcoming annual general meeting at least one third of the Directors are required to resign by rotation.

Major shareholders

The Directors are aware of the following substantial shareholdings of 3% or more of the share capital of 856,375,115 Ordinary shares as at 24 May 2024. As at the date of the report, the Company had not received any notifications of major interest in shares.

Shareholders	24 May 2024	%
Hargreaves Lansdown Asset Management	153,444,544	17.92
Interactive Investors	104,941,805	12.25
Halifax Share Dealing	62,762,365	7.33
Mr Alex Terry	62,500,000	7.30
Barclays Wealth	50,097,405	5.85
A J Bell Securities	47,770,686	5.58

Report of the Directors

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Statement of Directors' Responsibilities

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Adopted International Accounting Standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with UK Adopted International Accounting Standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Environmental Responsibility

The Company recognises its role as a mining and exploration company and is aware of the potential impact that the Company may have on the environment. The Company ensures that it complies with the local regulatory requirements with regard to the environment.

Supplier Payment Policy

The Company's policy is to settle the terms of payment with suppliers when agreeing terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them.

Financial Risk Management Objectives

The Group has disclosed the financial risk management objectives within Note 26 to these Financial Statements.

Corporate Governance

A report on corporate governance is provided on page 29.

Report of the Directors

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Events after balance sheet date

Disposal of the Manica Gold Project

On 24 January 2024, the Company announced that it had agreed with its Mozambique partner, MMP, and parties related to MMP terms for the disposal of the Manica Gold Project. The terms agreed were as follows:

The Share Purchase Agreement

The Company agreed to sell its 23% net profit share interest in the Manica Gold Project (by way of a sale of the entire issued share capital of Mistral) to the Buyers for a consideration of up to US\$15 million in cash in regular staged payments by the Buyers over the period to 1 March 2027.

The Settlement and Restructuring Agreement

The termination of Company's mining collaboration agreement with MMP dated 28 May 2019 in relation to the Manica Gold Project under which the Company would be paid US\$3.325 million in cash to settle all monies due under the Mining Collaboration Agreement. All funds have been received by the Company.

On 24 February 2024, the Company announced that it had completed the disposal of the Manica Gold Project.

Zambian Exploration Licence Joint Venture

On 3 April 2024, the Company announced that the Company it had entered into an option and joint venture agreement ("Agreement") with Oval Mining Limited ("Oval"), who in cooperation with Cooperlemon Consultancy Limited ("Cooperlemon"), the advisory Company, to earn-in up to a 70% interest in the Silverking copper mine and accompanying exploration licence 26673-HQ-LEL ("Silverking") covering an area of approximately 81.7km² located in the Mumbwa District of the Central Province of Zambia.

Joint Venture Agreement

The Company has an option period of 18 months to earn an initial 51% in the Licence provided it spends US\$0.5 million in exploration over the period.

The Company may withdraw at any time during the option period but will lose its right to earn 51% in the Licence. On completion of the earn in period, or as such other time as the Company has spent US\$0.5 million, it may then advise Cooperlemon of its intention to increase its interest in the Licence to 70% by agreeing to spend a further US\$1 million over two years on exploration and development of the Licence, subject to Cooperlemon's right to maintain its interest in the Licence through an option to earn back up to 70% by participating in such ongoing expenditure.

In the event that an inferred resource in excess of 300,000 tonnes of contained copper is reported, then the Company's beneficial interest shall remain at 70% or if different, its respective interest at the date of the resource estimate. If an inferred resource of greater than 500,000 tonnes of contained copper is reported, then any subsequent sale of the project to a third-party will result in an equal share of the disposal proceeds between the parties, after costs of disposal but such costs to exclude the actual cost of the resource discovery – Cooperlemon will not be responsible for any exploration costs, but will be responsible for any costs incurred during the disposal process, to include local taxes and legal fees.

If the exploration programme demonstrates that the Licence cannot support an inferred resource of 300,000 tonnes or more, then the parties by mutual agreement may elect to commence a small mining project. In the event, that a small mining project is developed then the Company's interest in the project will be 70%. If a small mine is developed, the Company will be responsible for funding the entire project and will not recover from Cooperlemon any share of costs.

Report of the Directors

CONTINUED

Additional Zambian Joint Venture Exploration Licences

On 30 May 2024 the Company announced that it had entered into an addendum to restate the existing joint venture agreement with Cooperlemon Consultancy Limited ("Joint Venture Agreement") in relation to the exploration for copper in Zambia as previously announced on 24 August 2023. The addendum adds three additional large scale exploration licenses in Northwest Zambia (the "Additional Licences") to the joint venture.

Restated Agreement

The restated joint venture agreement with Cooperlemon Consultancy Limited ("Cooperlemon") is in relation to the exploration for copper at the Original Licences and the Additional Licences in Northwest Zambia (together the "Licences"). Under the restated joint venture agreement (the "Restated Agreement"), the Company agreed the following additional key terms in addition to those in the joint venture which was announced on 24 August 2023.

Earn-in and Phase 1 exploration budget for the Additional Licences

The Company will earn a 65% interest in the Additional Licences by funding exploration expenditure of not less than US\$0.5 million on each of the three Additional Licences over an initial two-year period commencing on the date of the Restated Agreement ("Additional Licences Phase 1"). The Company will earn a 65% interest in the Original Licences by funding exploration expenditure over an initial two-year period commencing on 23 August 2023 ("Phase 1") on the Original Licences of not less than US\$2 million and in aggregate therefore, the Company's commitment under the Restated Agreement amounts to US\$3.5 million.

If results are positive at the end of the Additional Licences Phase 1 period a joint venture company ("JV company") in relation to the Additional Licences will be formed and this JV Company will then raise funds to further develop the Additional Licences with the objective of achieving Positive Exploration Results. For this purposes Positive Exploration Results means drilling results that prove continuity of mineralisation at grades suggesting the potential for the future development of a Mineral Resource of not less than 500,000 ("five hundred thousand") tonnes of contained copper at grades consistent with Economic Recovery achievable at the depth of discovery. Economic Recovery is defined as a project which has a minimum IRR ("internal rate of return") of not less than 25% and a payback period not exceeding 42 months including recovery of capital expenditure. Xtract anticipates funding this exploration expenditure from existing resources and current ongoing operational activities.

Consequence of Trade Sale during the Additional Licences Phase 1 period

If there is a trade or any other sale or joint venture of the Additional Licences during the Additional Licences Phase 1 period then the Company will be deemed to have a 50% interest in the Additional Licences. A sale requires the agreement of both the Company and Cooperlemon.

The of the terms and conditions of the original joint venture as announced on 24 August 2023 in respect of the Original Licences otherwise remain unchanged by the Restated Agreement.

Annual General Meeting

The Company will hold the annual general meeting during the early part of the 3rd quarter of 2024 to lay the annual accounts before the shareholders and to deal with any other business for the consideration of the shareholders. The notice of the meeting with full details of the business to be considered thereat will be sent to shareholders in a separate circular.

Report of the Directors

CONTINUED

Auditors

Provision of information to Auditor

Each of the persons who are a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint MAH, Chartered Accountants as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Colin Bird

Executive Chairman

26 June 2024

Corporate Governance

Corporate Governance Report

Introduction

The Board considers the principles and recommendations contained in the Quoted Companies Alliance (QCA) Code are appropriate and have therefore chosen to apply the QCA Code.

The 2018 QCA Code has 10 principles that should be applied. Each principle is listed below together with a short explanation of how the Company applies each of the principles. The QCA Code was updated in 2023 and applies to all Companies with financial years beginning on or after 1 April 2024. The Company will apply the new QCA Code in 2025.

Principle One

Business Model and Strategy

The Board has and continues to pursue a strategy which can achieve long term value to its shareholders. The investment framework has been to identify and invest in near-term resources assets that:

- Can be brought into production within 24 months;
- Are near or at surface without major capital expenditure;
- Are on the low end of the cash cost curve and have further upside growth potential;
- A low entry cost and located in favourable mining jurisdictions

The Company has in the past focused on precious metals (gold projects) as well as base metal projects (copper projects). As at the date of this report, the Company no longer has any precious metal projects, 2 base metal projects in Zambia (North West Zambia and the Silverking Copper project) and a further base metal project in Australia (Bushranger Copper project) which meet the above criteria, whether it be an active or strategic investment. The Company will continue to seek to grow both businesses organically and will seek out further joint ventures and other arrangements that create enhanced value.

Principle Two

Understanding & Meeting Shareholder Needs and Expectations

The Board is fully committed to developing a good understanding of the needs and expectations of the Company's shareholder base as well as maintaining good communication and having constructive dialogue with its shareholders. There are currently no institutional shareholders with the majority shareholder base being private shareholders. The Company has ongoing relationships with its private shareholders. All shareholders are encouraged to attend the Company's Annual General Meeting and other shareholder meetings. Investors also have access to current information on the Company through its website, www.xtractresources.com, social media platforms and via the Executive Chairman, Colin Bird who is available to answer investor relations enquiries.

Principle Three

Considering wider stakeholder & social responsibilities & their implications for long-term success

Long-term success relies upon good relations with different stakeholder groups including internal and external stakeholders. The Board recognises the importance of the Company reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders.

PropsectOre Pty Ltd has its operations on the Bushranger Project regulated by the New South Wales Resources Regulator, who is the company's most important external stakeholder. The New South Wales Resources Regulator, approve the location and design of all drill holes and access tracks and then monitor rehabilitation of all land disturbed on the Bushranger.

Corporate Governance

CONTINUED

Project. Drilling cannot be completed without the approval of the New South Wales Resources Regulator. ProspectOre is currently in full compliance with all directives of the New South Wales Resources Regulator and there are no outstanding issues which have been raised by the New South Wales Resources Regulator with ProspectOre. The Bushranger Project predominantly covers land owned by Forestry New South Wales, a state government forestry company. ProspectOre and Forestry New South Wales have agreed a land access agreement which defines the notice ProspectOre must give Forestry New South Wales regarding the exploration activities which ProspectOre wishes to undertake. ProspectOre conducts regular meetings with Forestry New South Wales to keep them updated on the status of the Bushranger Project and future plans. Currently Forestry New South Wales have not raised any issues of concern with ProspectOre.

Cooperlemon Consultancy, Xtract's Joint Venture partner plays its role by managing key aspects that are cardinal in the management of Xtract's interest with respect to the North Western Zambia Copper Projects.

Cooperlemon Consultancy manage and coordinate a wide range of activities that answer to the requirements of the Regulator, Ministry of Mines and Mineral Development on statutory and regulatory obligations as well as the social licensing that encourages community engagement on social-economic issues and ensures integration for adequate knowledge transfer. This ensures statutory and regulatory compliance, optimising resource management through efficient exploration programmes, and fostering community engagement.

Compliance

Cooperlemon Consultancy ensure that licences are fully compliant and act as the interface between Xtract with the following Regulatory Bodies:

1. Ministry of Mines and Mineral Development:
 - Department of Cadastre; licencing, applications, renewals and conversion of licence, uploading and submission of quarterly and annual reports, submission of exploration and mining expenditure;
 - Department of Geological survey; pegging certification
2. Ministry of lands:
 - Commissioner of Lands with respect to surface rights subject to Certificate of Title;
3. Ministry of Green Economy and Environment:
 - Zambia Environmental Management Agency (ZEMA); applications for Environmental Project Brief (EPB) and Environmental Impact Assessment (EIA)
4. Patents and Companies Registration Agency (PACRA): maintenance of the companies Directors' and shareholders' register with the Registrar;
5. Zambia Revenue Authority (ZRA); maintenance of the Tax Clearance Certificates for the company and remitting annual returns.

Community Engagement and Project Development (CSR)

Cooperlemon Consultancy plans and coordinates Corporate Social Responsibility (CSR) programmes on behalf of Xtract Resources Plc in the communities that are situated in the licence areas whose involvement is for the benefit of the local populace and surrounding areas. These initiatives are designed to promote visibility of Xtract in the community and sustain the social licence required for a good working relationship with the local community.

Management have focused on implementing put in place processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Corporate Governance

CONTINUED

Principle Four

Risk Management

In addition to its other roles and responsibilities, the Audit Committee will be focusing on further ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee will review and assess the risk matrix and the effectiveness on an annual basis. The following principal risks and controls to mitigate them, have been identified::

Activity	Risk	Impact	Control(s)
Management	Retention of key staff	Effect the overall operating capability	Consideration of longer-term incentive plans along with other forms of remuneration and wherever possible preserving cash resources.
Strategic	Single Jurisdiction	Changes arising could adversely effect operations & value of assets	Constantly evaluate political and economic risk. Further maintaining cordial relations with the relevant authorities. Evaluate further opportunities in other jurisdictions. The Company currently operates in 2 jurisdictions.
	Pandemic Risk	Should a new pandemic occur, there remains a risk that challenges could be placed on the Company and the wider economy will impact the Group's ability to operate, which will ultimately impact its cash flows.	Company's focus to protect all personnel, site visitors and stakeholders and at the same time to ensure business continuity. The necessary changes have taken place in all the relevant jurisdictions and the Group continues to monitor government guidance to mitigate the above risk.
	Single Commodity Risk	Commodities being subject to high levels of volatility in price and demand. Being exposed to one type of commodity would have a greater impact operations and profitability.	The Company is active in seeking out other opportunities, which may diversify commodity risk. The Company has exposure to base metals
Regulatory Risk	Non-compliance of AIM rules & Companies Act	Withdrawal of Authorisation and censure	Reliance and guidance from numerous advisors of the Company which helps instill a culture of compliance in the Company at all levels
Financial	Liquidity, market and credit risk	Entity not able to continue as going concern	Capital management policies and procedures
	Inappropriate controls and accounting policies	Reduction in asset values Incorrect reporting of assets	Appropriate authority and investment levels in place

Corporate Governance

CONTINUED

The Directors will continue to further establish procedures, as represented by this statement, for the purpose of providing a system of internal control. Due to the size of the Company and the interaction on a daily basis between Directors and Officers of the Company, the Board at this stage continue not to deem it necessary or practical to incorporate an internal audit function. The Board will continue to monitor the need for an internal audit function and continue to work closely with the Company's financial accountant to ensure the effectiveness of its control systems.

Principle Five

A Well-Functioning Board of Directors

The Board currently comprises of 4 members, 2 Executive members (The Executive Chairman Colin Bird and Finance Director Joel Silberstein) and 2 Non-Executive Directors (Alastair Ford and Kjeld Thygesen). Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. All the Directors including the Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required.

All letters of appointment of Directors are available for inspection at the Company's registered office during normal business hours. The Board elects a Chairman to chair every meeting.

The Board holds formal meetings periodically as issues arise and require more details. The Directors are in contact and discuss all necessary issues on a regular basis and to ensure that the Non-Executive director, while not involved in the day to day running of the Company is still kept up to date on a regular basis.

The Company has an established Audit Committee as well as a Remuneration Committee, particulars of which appear hereafter. All appointments to the Board are made by the Board as a whole as oppose to a Nominations Committee. The Non-Executive Director is considered to be part time but can be expected to provide as much time to the Company as is required. From September 2012 to August 2016, Colin Bird acted as the Non-Executive Chairman. In August 2016, Colin Bird moved from being a Non-Executive Director to Executive Chairman shortly before the resignation of the former CEO. This change to an executive role came at a challenging time for the Company and through Colin Bird's leadership and guidance the Company has been able to refocus operations, from a single jurisdiction Company to two jurisdictions.

The QCA recommends a balance between executive and Non-Executive Directors and recommends that there be two independent non-executives. In the case of Xtract, the Board has since the Board changes in August 2016 considered its composition to be appropriate. Since July 2020, the Company has maintained a minimum of 2 Non-Executive directors in line with the current portfolio of projects in multi jurisdictions.

The Board continues to monitor the need for additional independent Non-Executive directors based on operational performance and costs. The current Non-Executive directors are considered to be Independent Directors. The Board continues to review further Non-Executive appointments as scale and complexity grows.

Attendance at Board and Committee Meetings

To date the Directors, have attended meetings. In order to be efficient, the Directors wherever possible try and meet formally and informally both in person and if not practical then by telephone or online means.

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of four Directors and, in addition, the Company has employed the outsourced services of Lion Mining Finance Ltd to act as the Company Secretary. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Director's has experience in public markets.

Corporate Governance

CONTINUED

The Board recognises that it currently has the necessary skills but will consider as part of any future recruitment an additional Non-Executive director with mining experiences, if the Board concludes that replacement or additional directors are required.

Given the stage of the Company's mining exploration projects and the Executive Chairman's experience in managing numerous projects and his familiarity with the Company's projects, it is the Company's view that it is appropriate for the roles of Chairman and Chief Executive Officer to be combined at this stage. The Company will keep this under review until it is deemed necessary to split the roles and can justify the need for a separate Chief Executive Officer role.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Colin Bird

Executive Chairman

Executive Chairman Colin is a chartered mining engineer and a Fellow of the Institute of Materials, Minerals and Mining with more than 40 years' experience in resource operations management, corporate management, and finance. Colin has multi commodity mine management experience in Africa, Spain, Latin America and the Middle East. He has been the prime mover in a number of public company listings in the UK, Canada and South Africa. His most notable achievement was founding Kiwara Resources Plc and selling its prime asset, a copper property in Northern Zambia, to First Quantum Minerals for US\$260 million in November 2009.

Alastair Ford

Independent Non-Executive Director

Alastair has been involved in the mining sector for more than two decades. For many years he was the mining correspondent at The Investors' Chronicle, the UK's number one investment magazine. He also played a key role at Minesite.com, the mining investment portal that was prominent during the last mining boom and in the aftermath. He was subsequently Chief Investment Officer and Chief Executive of Mineral & Financial Investments, an AIM-listed mining and commodities investment vehicle, and is currently a non-executive director of Great Western Mining.

Kjeld Thygesen

Independent Non-Executive Director

Kjeld has a wealth of natural resource industry experience having worked as an executive director of N M Rothschild International Asset Management and subsequently, as the investment manager to several natural resource funds. Between 2002 and 2010 he served as a director of Ivanhoe Mines Ltd, which discovered and developed the Oyu Tolgoi mine in the South Gobi Desert of Mongolia, which was acquired by Rio Tinto. Mr Thygesen's particular focus is in financing, valuation and corporate development.

Joel Silberstein

Finance Director

Joel holds an Honours Bachelor of Accounting Science degree from the University of South Africa.

He qualified as a chartered accountant with Mazars, Cape Town in 2002, and subsequently joined Toronto-quoted European Goldfields Limited. There he held the position of Group Financial Controller and Vice President Finance, supporting the executive team in growing the company through its exploration and development phases, until it was bought by Eldorado Gold in a C\$2.5bn deal. He joined AIM-traded Xtract Resources plc in mid-2013 and was appointed finance director in February 2014. He has subsequently assisted in several corporate transactions, including those surrounding the Manica gold mining operations, and he has experience of working in multiple jurisdictions around the world. He also joined the Galileo Resources Plc board in October 2020 as Financial Director. He is a member of the Institute of Chartered Accountants of South Africa as well a Fellow of the Institute of Chartered Accountants in England and Wales.

Corporate Governance

CONTINUED

Principle Seven

Evaluation of Board Performance

The Company does not perform any Internal evaluation of the Board, the Committee and individual Directors. This will be undertaken going forward on an annual basis. The process will be in the form of peer appraisal and discussions in order to determine the effectiveness and performance of the Executive Directors, as well as the continued independence of the Non-Executive Directors.

The Appraisals will take place during the 2nd half of the calendar year. The results of the appraisals of each director will be benchmarked against any previous targets or milestones set in the previous year and will identify any new corporate and financial targets for the coming year.

Principle Eight

Corporate Culture

The Board's decisions regarding strategy and risk could impact the corporate culture of the Company as a whole and could impact the performance of the Company. The Board is aware that the tone and culture set by the Board could impact all aspects of the Company as a whole and have an effect on the employees. The Board recognises that their decisions regarding strategy and risk could also impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board could impact all aspects of the Company as a whole and the way that employees behave. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities, which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle Nine

Maintenance of Governance Structures and Processes

The QCA code recommends that the Company maintains governance structures and processes in line with its culture and appropriate to its size and complexity.

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority, which set out matters, which are reserved to the Board. The Executive Chairman is responsible for the effectiveness of the Board, and the management of the Company's business and primary contact with shareholders has been delegated by the Board to the Executive Chairman.

Audit and Compliance Committee

The Audit Committee comprises Kjeld Thygesen who chairs the committee and Alastair Ford. This committee has primary responsibility for monitoring the Financial Reporting function and internal controls in order to ensure that the financial performance of the Company is properly measured and reported. The committee receives the Financial reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Corporate Governance

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Remuneration Committee

The Remuneration Committee comprises Alastair Ford who chairs the committee and Kjeld Thygesen. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves bonuses under the Company's Incentive Scheme approved by shareholders at the 2021 annual general meeting, as well as the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

Nominations Committee

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

Non-Executive Directors

The Board is in the process of adopting guidelines for the appointment of Non-Executive Directors, which will be in place in the early part of 2025. The guidelines will provide for the orderly succession and rotation of the Chairman and Non-Executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a Non-Executive Director before commencing a first term as Chairman.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten

Shareholder Communication

The Board has been and continues to be committed to maintaining good communication and having constructive dialogue with its shareholders. The Company currently has no institutional shareholders and has ongoing relationships with its private shareholders. The Executive Chairman regularly attends investor shows and conferences. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

The Company maintains a website (www.xtractresources.com) which allows investors to access any Company information. Any questions can be e-mailed to the Company and will be answered by the relevant member of management available to answer investor relations enquiries. The Company will continue to investigate ways of improving communication with shareholders whether through its current format or possibly moving to electronic communications with shareholders in order to maximise efficiency.

Corporate Governance

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Directors' s172 Statement

The Directors continue to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefits of the members as a whole, and in doing so have regard, amongst other matters to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community as well as the environment;
- the need to act fairly as between members of the Company, and
- the desirability of the company maintaining a reputation for high standards of business conduct.

The Board has always recognised the relationships with key stakeholders as being central to the long-term success of the business and therefore seeks active engagement with all stakeholder groups, to understand and respect their views, in particular of those with the communities in which it operates, its host governments, employees and suppliers. Throughout the year, the Directors continued to exercise all their duties, whilst having the highest regard to section 172 factors as they assessed and considered proposals from senior management and governed the company on behalf of their stakeholders.

As with smaller size companies, day-to-day management, execution of the business strategy and related policies of the Company is delegated to senior executives however the Board reviews compliance and legal matters at along with the Company's key financial and operational data, diversity, corporate responsibility, environmental and stakeholder-related matters over the course of the financial year.

In response to potential pandemics, the Board agreed to a management plan proposed by senior executives prioritising and maintaining the health and safety of all employees and contractors.

Consideration of the Company's conduct towards its stakeholders, suppliers and employees of the Group is essential when implementing ways in which the Board's engagement can be improved to help the business operate more effectively.

Details of the Board's decisions for the year ending 31 December 2023 to promote long-term success, and how it engaged with stakeholders and considered their interests when making those decisions, can be found throughout the Strategic Report, Directors' and Corporate Governance reports.

By order of the Board

Colin Bird

Executive Chairman

26 June 2024

Independent Auditor's Report

TO THE MEMBERS OF XTRACT RESOURCES PLC

Opinion

We have audited the Group financial statements of Xtract Resources Plc (the 'Group') for the year ended 31 December 2023 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows, company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK adopted International Accounting Standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's profit for the year that ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a detailed review of the Group's forecasts in comparison to available management accounts at the date of these financials to assess the reasonability of the estimates made. We have further performed a sensitivity analysis to conclude on the degree to which current cash reserves will be able to sustain the Group for at least a further twelve months from the date of these financials.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report

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Our audit approach

Overview

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Carrying value and classification of intangible exploration and evaluation assets
- Assets held for sale & sale of Mozambique operations

These are explained in more detail below

Audit scope

We performed audits of the complete financial information of the Group reporting units, which were individually financially significant and accounted for 100% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over certain account balances and transaction classes that we regarded as material to the Group at the reporting units.

Key Audit Matters

How our scope addressed this matter

Carrying value and classification of intangible exploration and evaluation assets

The Group and company hold material intangible assets relating to capitalised costs in respect of mineral exploration projects.

There is a risk that impairment indicators exist which would result in an impairment of the year end and intangible assets balance.

There is also a risk that the classification and accounting of the mining properties could be misstated due to the timing of projects being moved from the exploration to the production stage.

The directors consider each category of asset to assess whether there are indicators of impairment by considering the potential resources available from exploration and evaluation work undertaken, together with the availability of finance to further evaluate the exploration projects.

Careful consideration has been given to the point at which the mining properties should be transferred out of intangible assets and amortised accordingly. Criteria used to identify the production start date are as follows:

- Level of capital expenditure incurred compared with the original construction cost estimate

Our audit work in this area included:

- Reviewing of costs capitalised during the year, including the considerations made by the directors in respect of their appropriateness for capitalisation in accordance with discounted cash flow value in use and IFRS 6's recognition and impairment indicators;
- Confirming that the Group has a good title to the applicable exploration licences, including new licences obtained during the year;
- Evaluating and coordinating the status of the projects during the year, and subsequent to the year-end, to identify and evidence any impairment indicators in accordance with IFRS 6;
- Assessing management's impairment reviews, including challenge to all key assumptions and consideration of sensitivity to reasonably possible changes;
- Reviewing and challenging management's assessment of when the project reaches the production stage, and consequently the mining

Independent Auditor's Report

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Key Audit Matters

- Level of EBITDA achieved
- Level of recovery rate of mineral resources
- Level of production of mineral resources

As a result of the evaluation, no impairment has been recognised by the directors during the year.

After careful consideration, the directors believe the Group was still at the exploration stage at the year end. Therefore, nil amount of the intangibles have been transferred to mining properties.

Assets held for sale – Sale of Mozambique operations

During the year, the Company entered into discussions to dispose of its Manica operations and negotiations with an interested party have continued post year-end, leading to the completion of a transaction in February 2024. Management have therefore classified this segment as a held for sale asset as per IFRS 5.

Given the value of the assets and liabilities of this segment and the significant judgement and estimation required in assessing the fair value of the asset held for sale, there is a risk the segment has not been correctly classified as a held for sale asset and accounted for in accordance with IFRS 5 and that the fair value less cost to sell has not been correct calculated and thus the assets held for sale may be impaired.

There is also a risk that the profit and loss may not have been correctly classified between continuing and discontinued operations.

How our scope addressed this matter

properties should be transferred out of intangible assets and be depreciated; and

- Ensuring disclosures made in the financial statements in relation to critical accounting judgements are adequate and in line with our understanding of the Group and its activities.

Based on the audit work performed, we do not consider exploration assets as at 31 December 2023 to be materially misstated.

Our work in this area included:

- Obtaining management's justification for the classification the segment as a held for sale asset. Reviewing, discussing with management and obtaining corroborative evidence where possible; considering whether the recognition criteria per IFRS 5 is met;
- Obtaining from management their justification for the fair value determined and any supporting workings and documentation. Reviewing and discussing with management; challenging the key inputs and assumptions in their valuation and considering whether the fair value less costs to sell is reasonable.
- Ensuring that the segment's assets and liabilities have been appropriately presented within the financial statements and that they represent the lower or the carrying value of the segment's net
- Obtaining the agreement signed post year-end, reviewing and considering the reasonableness of management's assessment and the estimates and judgements made in respect of the assets held for sale.
- Reviewing the calculations and classification of the profit and loss between continuing and discontinued operations

We consider Management's classification of the segment held for sale and the estimation of fair value less cost to sell to be reasonable, as well as the discontinuing operations classifications and disclosures.

Independent Auditor’s Report

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Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company
Overall materiality	£219,000	£211,000
How we determined it	Based on 1% of gross assets	Based on 1% of gross assets
Rationale for benchmark applied	We believe the most adequate basis is for materiality to be based on gross assets, as it is from these assets that the Group seeks to deliver returns for shareholders, in particular the value of exploration and development projects that the Group is interested in.	We believe the most adequate basis is for materiality to be based on gross assets, as it is from these assets that the Group seeks to deliver returns for shareholders.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation reporting units, comprising the Group’s operating businesses and holding companies.

We performed full scope audits of the financial information of the components within the Group which were individually financially significant and material. We also performed specified audit procedures over certain account balances and transaction classes that we regarded as material to the Group, as well as analytical procedures, for components which were not significant and not material. The audit work and specified audit procedures accounted for 100% of the Group’s revenue and 100% of the Group’s absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units).

Independent Auditor's Report

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement with respect to irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
 - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

Independent Auditor's Report

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- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
 - agreeing financial statement disclosures to underlying supporting documentation;
 - reading the minutes of meetings of those charged with governance;
 - enquiring of management as to actual and potential litigation and claims;
 - reviewing correspondence with HMRC and the Group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters that we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit. Our audit opinion is consistent with the additional report to the audit committee.

Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mohammed Haque

Senior Statutory Auditor

For and on behalf of

MAH, Chartered Accountants (Statutory Auditors)

2nd Floor, 154 Bishopsgate,

London, EC2M 4LN

26 June 2024

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2023

Registered number: 5267047

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Continuing operations			
Revenue from gold sales		—	—
Other operating income		1,173	667
Operating and administrative expenses			
Direct operating		(6)	—
Other operating		(198)	(122)
Administration		(844)	(1,227)
		(1,048)	(1,349)
Project expenses		(322)	(1,416)
Operating loss		(197)	(2,098)
Other losses		—	—
Finance income/(cost)	9	25	150
(Loss) before tax	5	(172)	(1,948)
Taxation	10	(1)	(1)
(Loss) from continuing operations		(173)	(1,949)
Discontinued operations			
Profit from discontinued operations		808	120
Profit/(Loss) for the year		635	(1,829)
Attributable to:			
Owners of the Company		635	(1,829)
Net (loss) per share			
Basic and diluted earnings per share for loss from continuing operations attributable to owners of the Company (pence)			
	11	(0.02)	(0.22)
Basic and diluted earnings per share loss attributable to owners of the Company (pence)			
	11	0.09	(0.22)

The notes on pages 50-87 form an integral part of these financial statements

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group	
	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Profit/(Loss) for the year	635	(1,829)
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss	—	—
Exchange differences on translation of foreign operations	(431)	343
Other comprehensive (loss)/income for the year	(431)	343
Total comprehensive loss for the year	204	(1,486)
Attributable to:		
Equity holders of the parent	204	(1,486)

The notes on pages 50-87 form an integral part of these financial statements

Consolidated and Company Statements of Financial Position

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Non-current assets					
Intangible assets	13	8,191	19,418	12	80
Property, plant & equipment	14	46	40	—	—
Loans to group companies		—	—	8,011	9,637
Investment in subsidiary	15	—	—	1,291	9,823
Other financial assets	16	—	—	—	—
		8,237	19,458	9,314	19,540
Current assets					
Trade and other receivables	17	1,163	1,342	1,213	1,443
Inventories	18	—	123	—	—
Loans to group companies		—	—	—	—
Cash and cash equivalents		630	192	608	51
		1,793	1,657	1,821	1,494
Non-current assets held for sale and assets of disposal groups		11,898	—	9,963	—
Total assets		21,928	21,115	21,098	21,034
Current liabilities					
Trade and other payables	20	486	759	219	183
Other loans	20	50	50	50	50
Current tax payable	20	—	312	—	—
		536	1,121	269	233
Liabilities of disposal groups		1,506	—	—	—
Net current assets/(liabilities)		1,257	536	1,552	1,261
Non-current liabilities					
Environmental rehabilitation provision	21	—	312	—	—
Loans from group companies	20	—	—	11,591	11,553
Total liabilities		2,042	1,433	11,860	11,786
Net assets		19,886	19,682	9,238	9,248
Equity					
Share capital	22	4,975	4,975	4,975	4,975
Share premium account		71,978	71,978	71,978	71,978
Warrant reserve		—	304	—	304
Share-based payments reserve	23	2,106	2,121	2,106	2,121
Fair Value reserve	23	—	—	—	—
Foreign currency translation reserve	23	220	651	—	—
Accumulated losses		(59,393)	(60,347)	(69,821)	(70,130)
Equity attributable to equity holders of the parent		19,886	19,682	9,238	9,248
Total equity		19,886	19,682	9,238	9,248

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

Joel Silberstein

Director

26 June 2024

The notes on pages 50-87 form an integral part of these financial statements

Consolidated Statement of Changes in Equity

Group

	Note	Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share based payments reserve £'000	Fair value reserve £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 January 2022		4,973	71,684	467	1,874	—	308	(58,646)	20,660
<i>Comprehensive income</i>									
Loss for the year		—	—	—	—	—	—	(1,829)	(1,829)
Forex currency translation differences		—	—	—	—	—	343	—	343
Total comprehensive income for the year		—	—	—	—	—	343	(1,829)	(1,486)
<i>Transactions with owners</i>									
Issue of shares	22	2	259	—	—	—	—	—	261
Share issue costs		—	—	—	—	—	—	—	—
Issue of share options	23	—	—	—	247	—	—	—	247
Expiry of warrants	23	—	—	(128)	—	—	—	128	—
Exercise of warrants	23	—	35	(35)	—	—	—	—	—
As at 31 December 2022		4,975	71,978	304	2,121	—	651	(60,347)	19,682
<i>Comprehensive income</i>									
Profit for the year		—	—	—	—	—	—	635	635
Forex currency translation difference		—	—	—	—	—	(431)	—	(431)
Total comprehensive income for the year		—	—	—	—	—	(431)	635	204
<i>Transactions with owners</i>									
Issue of shares	22	—	—	—	—	—	—	—	—
Share issue costs		—	—	—	—	—	—	—	—
Expiry of share options	23	—	—	—	(15)	—	—	15	—
Expiry of warrants	23	—	—	(304)	—	—	—	304	—
Exercise of warrants		—	—	—	—	—	—	—	—
As at 31 December 2023		4,975	71,978	—	2,106	—	220	(59,393)	19,886

The notes on pages 50-87 form an integral part of these financial statements

Statement of Changes in Equity

Company

	Note	Share Capital £'000	Share premium account £'000	Warrant reserve £'000	Share based payments reserve £'000	Fair value reserve £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 January 2022		4,973	71,684	467	1,874	—	—	(68,920)	10,078
<i>Other Comprehensive income</i>									
Loss for the period		—	—	—	—	—	—	(1,338)	(1,338)
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive income for the year		—	—	—	—	—	—	(1,338)	(1,338)
Issue of shares	22	2	259	—	—	—	—	—	261
Share issue costs		—	—	—	—	—	—	—	—
Issue of share options	23	—	—	—	247	—	—	—	247
Expiry of warrants	23	—	—	(128)	—	—	—	128	—
Exercise of warrants	23	—	35	(35)	—	—	—	—	—
As at 31 December 2022		4,975	71,978	304	2,121	—	—	(70,130)	9,248
<i>Other Comprehensive income</i>									
Loss for the period		—	—	—	—	—	—	(10)	(10)
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive income for the year		—	—	—	—	—	—	(10)	(10)
Issue of shares	22	—	—	—	—	—	—	—	—
Share issue costs		—	—	—	—	—	—	—	—
Expiry of share options	23	—	—	—	(15)	—	—	15	—
Expiry of warrants	23	—	—	(304)	—	—	—	304	—
Exercise of warrants		—	—	—	—	—	—	—	—
As at 31 December 2023		4,975	71,978	—	2,106	—	—	(69,821)	9,238

The notes on pages 50-87 form an integral part of these financial statements

Consolidated and Company Cash Flow Statements

	Note	Group		Company	
		Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Net cash generated from/(used in) operating activities	24	1,209	(2,530)	255	(948)
Investing activities					
Acquisition of subsidiary undertaking		—	—	—	—
Acquisition of intangible fixed assets	13	(57)	(2,868)	—	(191)
Acquisition of tangible fixed assets	14	(44)	(27)	—	—
Loans advanced to group companies		—	—	244	(3,360)
Net cash used in investing activities		(101)	(2,895)	244	(3,551)
Financing activities					
Proceeds on issue of shares		—	261	—	261
Repayment of loans from group companies		—	—	58	34
Proceeds from borrowings		—	50	—	50
Net cash from financing activities		—	311	58	345
Net Increase/(decrease) in cash and cash equivalents		1,108	(5,114)	557	(4,154)
Cash and cash equivalents at beginning of year		192	5,389	51	4,205
Cash disclosed as part of disposal group		(770)	—	—	—
Effect of foreign exchange rate changes		100	(83)	—	—
Cash and cash equivalents at end of year		630	192	608	51

The notes on pages 50-87 form an integral part of these financial statements

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

Xtract Resources Plc is a Public Company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 7/8 Kendrick Mews, South Kensington, London, SW7 3HG. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 5 to 21.

The financial statements are presented in pounds sterling (£) which is the functional currency of the Company. Foreign operations are included in accordance with the policies set out in note 3. These annual financial statements were approved by the board of directors on 26 June 2024.

2. Adoption of new and revised Standards

Basis of accounting

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

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

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

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

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

Notes to the Financial Statements

CONTINUED

2. Adoption of new and revised Standards (continued)

New and amended standards adopted by the Group

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

Ref	Title	Summary	Application date of standards (periods commencing)
IFRS 17	Insurance Contracts	Establishes new principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and qualifying investment contracts with discretionary participation features issued.	Annual periods beginning on or after 1 January 2023.
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Introduces an exception to clarify that the 'initial recognition exemption' does not apply to transactions that give rise to equal taxable and deductible timing differences.	Annual periods beginning on or after 1 January 2023.
IAS 8	Changes in Accounting Estimates and Errors: Definition of Accounting estimates	Clarifies how to distinguish changes in accounting policies from changes in accounting estimates.	Annual periods beginning on or after 1 January 2023.

Notes to the Financial Statements

CONTINUED

2. Adoption of new and revised Standards (continued)

New standards and interpretations not yet adopted

Unless material the Group does not adopt new accounting standards and interpretations which have been published and that are not mandatory for 31 December 2023 reporting periods.

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

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

Ref	Title	Summary	Application date of standards (periods commencing)
IFRS 16	Lease Liability in a Sale and Leaseback	Specifies requirements relating to measuring the lease liability in a sale and leaseback transaction after the date of the transaction.	Annual periods beginning on or after 1 January 2024.
IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies	Changes requirements from disclosing 'significant' to 'material' accounting policies and provides explanations and guidance on how to identify material accounting policies.	Annual periods beginning on or after 1 January 2024.
IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants Date	Clarifies that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current.	Annual periods beginning on or after 1 January 2024.
IAS7 IFRS7	Supplier Finance Arrangements	The Amendments complement the existing disclosure requirements in IFRS Accounting Standards and are aimed at providing users of financial statements with information to assess the effect of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk	1 January 2024

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

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

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries). These consolidated financial statements are made up for the year ended 31 December 2023.

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

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

Business combinations

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

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

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

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

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

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

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

Going concern

The operations of the Group have been financed through operating cash flows as well as through funds which have previously been raised from shareholders. As at 31 December 2023, the Group held cash balances of £0.63 million and an operating profit has been reported.

On 24 January 2024, the Company announced that it had agreed terms for the disposal of the Manica Gold Project with its Mozambique partner, MMP. The Share Purchase Agreement in relation to the sale by the Company of its entire interests in the project for a consideration of up to US\$15 million in cash in regular staged payments by the Buyers over the period to 1 March 2027.

The Directors anticipate net operating cash inflows for the Group for the next twelve months from the date of signing these financial statements.

The Directors have assessed the working capital requirements for the forthcoming twelve months and have undertaken assessments which have considered different scenarios based on exploration spend on its exploration projects in Zambia and Australia until June 2025.

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

The Directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Parent only income statement

Xtract Resources Plc has not presented its own income statement as permitted by section 408 of the Companies Act 2006. The loss for the year ended 31 December 2023 was £11k (2022: loss £1,338k).

Foreign currencies

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

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

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

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

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

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

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

Taxation

The tax expense comprises current and deferred tax.

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

Deferred tax

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

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

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

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

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

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

Intangible assets

Land acquisition rights and mine development costs

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

Intangible exploration and evaluation expenditure assets

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights, are capitalised as intangible assets. Exploration and evaluation expenditure is capitalised within exploration and evaluation properties until such time that the activities have reached a stage which permits a reasonable assessment of the existence of commercially exploitable reserves. Once the Company has determined the existence of commercially exploitable reserves and the Company decides to proceed with the project, the full carrying value is transferred from exploration and development costs to mining development. Capitalised exploration and evaluation expenditure is assessed for impairment in accordance with the indicators of impairment as set out in IFRS 6 Exploration for and Evaluation of Mineral Reserves. In circumstances where a property is abandoned, the cumulative capitalised costs relating to the property are written off in the year. Capitalised exploration costs are not amortised.

Property, plant and equipment

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

The average life in years is estimated as follows:

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

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

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

Impairment of tangible and intangible assets excluding goodwill

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

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

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

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

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

Financial instruments

Classification

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

Trade receivables

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

Fair values of trade receivables

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

Other financial assets at amortised cost

Classification of financial assets at amortised cost

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

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

Other receivables

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

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

Notes to the Financial Statements

CONTINUED

3. Significant accounting policies (continued)

Financial assets at fair value through other comprehensive income

Classification of financial assets at fair value through other comprehensive income

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

Financial liabilities

Trade and other payables

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

Loans to/(from) Group companies

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

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

Inter-company loans are interest bearing.

Cash and Cash Equivalents

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

Offsetting Financial Instruments

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

Inventory

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

Notes to the Financial Statements

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3. Significant accounting policies (continued)

Share-based payments

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

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

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

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

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

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

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

Employee benefits

Short-term employee benefits

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

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

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

Share-capital and equity

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

Notes to the Financial Statements

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3. Significant accounting policies (continued)

Share Capital

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

Share Premium

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

Share-Based Payment Reserve

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

Warrant Reserve

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

Finance Income

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

Revenue recognition

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

Segment reporting

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

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations;
or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Financial Statements

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4. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Financial Assets Fair Value through Comprehensive Income

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

Impairment of intangible assets

The assessment of intangible assets for any indications involves judgement. Such assets have an indefinite useful life as the Company has a right to renew exploration licences and the asset is only amortised once extraction of the resource commences. Management tests for impairment annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 13. Each exploration project is subject to an annual review by either a consultant or a geologist to determine if the exploration results returned during the period warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration; an impairment charge will then be recognised in the Income Statement.

Share-based payments

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

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5. Segmental Analysis

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:

- Investment and other
- Exploration
- Operating gold mining segment – Mozambique (Discontinued)
- Mine Development – Mozambique (Discontinued)

Segment results

Year ended 31 December 2023

	Exploration (Continuing) £'000	Investment and Other (Continuing) £'000	Total £'000
Other operating income	—	1,173	1,173
Operating and administrative expenses	—	(1,048)	(1,048)
Project costs	—	(322)	(322)
Segment results	—	(197)	(197)
Other gains and losses	—	—	—
Finance (costs)	—	25	25
(Loss)/profit before tax	—	(172)	(172)
Taxation	—	(1)	(1)
(Loss)/profit for the year	—	(173)	(173)

Notes to the Financial Statements

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5. Segmental Analysis (continued)

Year ended 31 December 2022

	Exploration (Continuing) £'000	Investment and Other (Continuing) £'000	Total £'000
Other operating income	—	667	667
Operating and administrative expenses	—	(1,349)	(1,349)
Project costs	—	(1,416)	(1,416)
Segment results	—	(2,098)	(2,098)
Other gains and losses	—	—	—
Finance (costs)	—	150	150
(Loss)/profit before tax	—	(1,948)	(1,948)
Taxation	—	(1)	(1)
(Loss)/profit for the year	—	(1,949)	(1,949)

	2023 £'000	2022 £'000
Balance sheet		
Total assets		
Investment & other	1,683	885
Exploration	8,347	8,792
Total segment assets	10,030	9,677
Assets relating to discontinued operations	11,898	11,438
Consolidated total assets	21,928	21,115
Liabilities		
Investment & other	(342)	(322)
Exploration	(192)	(219)
Total segment liabilities	(534)	(541)
Liabilities relating to discontinued operations	(1,506)	(892)
Consolidated total liabilities	(2,040)	(1,433)

Notes to the Financial Statements

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5. Segmental Analysis (continued)

Geographical information

The following table provides information about the Group's segment assets by geographical location:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Australia	8,270	8,685
United Kingdom	1,683	885
Zambia	77	106
Total segment assets by geographical location	10,030	9,676
Discontinued operations by geographical location	11,898	11,439
	21,928	21,115

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of 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.

6. Expenses by nature

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

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Depreciation of property, plant and equipment	14	11	14
Amortisation of intangible fixed assets	13	—	—
Inventory		19	53
Auditors remuneration	7	25	30
Directors remuneration	8	251	350
Share-based payments expense (non-directors)		—	130

Notes to the Financial Statements

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7. Auditors remuneration

The analysis of auditors' remuneration is as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Fees payable to the Company's auditors and their associates for the of audit the Group's annual accounts	25	25
Under/(overprovision) of prior year fees	—	5
Fees payable to the Company's auditors and their associates for the audit		
Total audit fees	25	30
Fees payable to the Group's auditors and its associates for other services: – other assurance services relating to interim reporting	—	—
Total non-audit fees	—	—
Total auditors' remuneration	25	30

8. Staff costs

	Year ended 31 December 2023 No.	Year ended 31 December 2022 No.
The average monthly number of employees (including directors) was:		
Directors	4	4
Employees	23	29
	27	33
	£'000	£'000
The aggregate employee (including directors) remuneration comprised:		
Salaries and fees	634	623
Social security cost	8	17
Total salaries and fees	642	640
Share based payments	—	132
	642	772

Notes to the Financial Statements

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8. Staff costs (continued)

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
The aggregate directors' remuneration comprised:		
Salaries and fees	251	232
Share based payments	—	118
	251	350

Total remuneration for the highest paid Director in the year was £140k (2022: £200k).

Year ended 31 December 2023

	Salary £'000	Bonus £'000	Share Options £'000	Total £'000
Colin Bird	125	15	—	140
Alastair Ford	36	2	—	38
Joel Silberstein	45	8	—	53
Kjeld Thygesen	18	2	—	20
	224	27	—	251

Year ended 31 December 2022

	Salary £'000	Bonus £'000	Share Options £'000	Total £'000
Colin Bird	126	—	74	200
Alastair Ford	38	—	—	38
Joel Silberstein	44	—	29	73
Kjeld Thygesen	25	—	14	39
	233	—	117	350

As at 31 December 2023 directors' remuneration included a share-based payment charges of which £Nil (2022: £74k) relates to Colin Bird, £Nil (2022: £29k) which relates to Joel Silberstein, £Nil (2022: £Nil) which relates to Alastair Ford and £Nil (2022: £14k) which relates to Kjeld Thygesen. The above share-based payment charge included in total remuneration, relates to grant of options during the year to the directors based on the Black-Scholes Model.

As at 31 December 2023 directors' fees of £85k (2022: £70k) relating to current and prior year fees remains outstanding, of which £38k (2022: £23k) relates to Colin Bird, £8k (2022: £Nil) relates to Joel Silberstein, £20k (2022: £20k) relates to Alastair Ford and £19k (2022: £27k) relates to Kjeld Thygesen.

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9. Finance cost/(income)

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Foreign exchange (gains)/losses	54	(49)
Bank Charges	9	7
Investment income	(88)	(107)
Finance charges	—	(1)
	(25)	(150)

10. Tax

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Corporation tax:		
Current year	1	283
Adjustments in respect of prior years	—	—
Total current tax	1	283
Deferred tax	—	—
Of which relating to:		
Continuing operations	—	—
Discontinued operations	—	—

UK corporation tax is calculated at 19.00% (2022:19.00%) of the estimated assessable loss for the year. The UK corporation tax rate was 19.00% until April 2023 when it increased to 25% for groups with taxable profits of over £250,000. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group tax credit for the year can be reconciled to the loss per the income statement as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss before tax from continuing operations	(172)	(1,948)
Loss before tax	(172)	(1,948)
Tax at the UK corporation tax rate of 19.00% (2022: 19.00%)	(33)	(370)
Tax effect of expenses that are not deductible in determining taxable profit	—	150
Impairment loss	—	178
Tax effect of unrecognised tax losses carried forward	32	—
Difference in overseas tax rates	—	70
Tax loss utilised	—	(27)
Tax charge/(credit) for the year	1	1

Notes to the Financial Statements

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11. (Loss) per share

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

	Year ended 31 December 2023 Pence	Year ended 31 December 2022 Pence
Loss per share	0.07	(0.22)
– From continuing operations	(0.02)	(0.23)
– From discontinued operations	0.09	0.01
Total	(0.07)	(0.22)
Profit/(Loss) for the purposes of basic and diluted earnings per share (EPS) being:	£'000	£'000
Net Profit/(loss) for the year attributable to equity holders of the parent		
– From continuing operations	(173)	(1,949)
– From discontinued operations	808	120
Total	635	(1,829)
	2023 Number of shares	2022 Number of shares
Weighted average number of ordinary shares for purposes of basic EPS	856,375,115	849,532,192
Effect of dilutive potential ordinary shares-options and warrants	—	—
Weighted average number of ordinary shares for purposes of diluted EPS	856,375,115	849,532,192

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.

Notes to the Financial Statements

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12. Discontinued operations

Prior to the year end the group has decided to discontinue its operations in Mozambique, which were sold shortly after the year, as disclosed further in Note 30. The assets and liabilities of the disposal group are set out below:

	Group		Company	
	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Profit & loss				
Revenue	2,650	2,109	—	—
Other income	413	35	—	—
Expenses	(1,575)	(1,742)	—	—
Net Profit before tax	1,488	402	—	—
Tax	(680)	(282)	—	—
	808	120	—	—
Assets and liabilities				
Non-current assets held for Other assets	—	—	9,962	—
Assets of disposal groups				
Property, plant and equipment	26	—	—	—
Intangible assets	10,552	—	—	—
Trade and other receivables	345	—	—	—
Cash and cash equivalents	770	—	—	—
Inventories	205	—	—	—
	11,898	—	9,962	—
Liabilities of disposal groups				
Trade payables	443	—	—	—
Tax payable and provisions	1,064	—	—	—
Trade and other Payables	1,507	—	—	—

Notes to the Financial Statements

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13. Intangible assets

Group	Mineral exploration assets £'000	Total £'000
At 1 January 2022	17,114	17,114
Additions – at cost (Manica)	312	312
Foreign Exchange (Manica)	146	146
Additions – at fair value (Bushranger)	—	—
Additions – at cost (Bushranger)	2,677	2,677
Foreign exchange (Bushranger)	278	278
Additions – at cost (Eureka)	191	191
As at 31 December 2022	20,718	20,718
Transfer to held for sale asset – (Manica)	(10,755)	(10,755)
Foreign exchange (Manica)	(70)	(70)
Additions – at fair value (Bushranger)	—	—
Additions – at cost (Bushranger)	58	58
Foreign exchange (Bushranger)	(460)	(460)
As at 31 December 2023	9,491	9,491
Impairment		
At 1 January 2022	(362)	(362)
Charge for the year	(938)	(938)
As at 31 December 2022	(1,300)	(1,300)
Charge for the year	(—)	(—)
As at 31 December 2023	(1,300)	(1,300)
Amortisation		
At 1 January 2022	—	—
Charge for the year	—	—
As at 31 December 2022	—	—
Charge for the year	(201)	(201)
Transfer to held for sale asset	201	201
As at 31 December 2023	—	—
Net Book value at 31 December 2022	19,418	19,418
Net book value at 31 December 2023	8,191	8,191

Notes to the Financial Statements

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13. Intangible assets (continued)

Company	Mineral exploration assets £'000	Total £'000
At 1 January 2022	1,190	1,190
Additions – at cost (Eureka)	190	190
As at 31 December 2022	1,380	1,380
Transfer to held for sale asset – Manica	(68)	(68)
As at 31 December 2023	1,312	1,312
Impairment		
At 1 January 2022	(362)	(362)
Charge for the year	(938)	(938)
As at 31 December 2022	(1,300)	(1,300)
Charge for the year	—	—
As at 31 December 2023	(1,300)	(1,300)
Amortisation		
At 1 January 2022	—	—
Charge for the year	—	—
As at 31 December 2022	—	—
Charge for the year	—	—
As at 31 December 2023	—	—
Net Book value at 31 December 2022	80	80
Net book value at 31 December 2023	12	12

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 increased to 1.257moz (17.3Mt @ 2.2g/t) following an independent technical report completed by Minxcon (Pty) Ltd in May 2016.

On 24 January 2024, the Company announced that it had agreed with its Mozambique partner, MMP, and parties related to MMP terms for the disposal of the Manica Gold Project.

The Company agreed to sell its 23% net profit share interest in the Manica Gold Project (by way of a sale of the entire issued share capital of Mistral) to the Buyers for a consideration of up to US\$15 million in cash in regular staged payments by the Buyers over the period to 1 March 2027.

As at 31 December 2023, the carrying amount relating to the Mozambican asset has been transferred to the assets of a disposal group.

Australia

In November 2020, the Company acquired the Bushranger copper-gold project (“Bushranger Project”) which comprises of four exploration licences totalling 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.

Notes to the Financial Statements

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13. Intangible assets (continued)

Zambia

The Eureka copper-gold property with the small-scale mining licence number 22134-HQ-SML comprising approximately 345 hectares is accessed by a 100km dirt road from Kabwe, west of the Zambian Copperbelt district.

The Kalengwa copper property is located in the North-western province of Zambia 800 km north-west of Lusaka and 400 km south-west of Kitwe.

In 2022, the Directors along with a consultant undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal;
- No further exploration or evaluation is planned or budgeted for;
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; or
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

The Company considered the above assessment of impairment. As the 31 December 2023, the Company had impaired £938K of costs incurred on the Eureka property to date and £363K of cost incurred on the Kalengwa property to date.

14. Property, plant and equipment

Cost or fair value on acquisition of subsidiary

	Motor Vehicles & equipment £'000	Land & Buildings £'000	Furniture & Fittings £'000	Total £'000
At 1 January 2022	36	—	—	36
Additions – at cost	27	—	—	27
Foreign Exchange	2	—	—	2
As at 31 December 2022	65	—	—	65
Additions – at cost	44	—	—	44
Transfers	(26)	—	—	(26)
Foreign Exchange	(1)	—	—	(1)
At 31 December 2023	82	—	—	82
Depreciation				
At 1 January 2022	11	—	—	11
Charge for period	14	—	—	14
At 31 December 2022	25	—	—	25
Charge for period	11	—	—	11
At 31 December 2023	36	—	—	36
Net Book Value				
At 31 December 2022	40	—	—	40
At 31 December 2023	46	—	—	46

Notes to the Financial Statements

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15. Subsidiaries

Investments in subsidiaries

	2023 £'000	2022 £'000
At 1 January – Cost	29,509	29,509
Transfer to held for sale asset	(8,532)	—
	20,977	29,509
At 1 January – Impairment	19,686	19,686
Impairment during the year	—	—
At 31 December – Impairment	19,686	19,686
At 31 December – Net Book Value	1,291	9,823

Details of the Company's subsidiaries at 31 December 2023 are as follows:

Name	Place of Incorporation and Operation	Date controlling interest acquired	Proportion of ownership & voting power held		Principal Activity
			Group %	Parent %	
Sermines de Mexico S.A. de C.V.	Mexico	08/08/2005	100	100	Dormant
Xtract International Limited	England and Wales	15/11/2006	100	100	Dormant
Xtract Energy Spain SL	Spain	10/09/2009	100	100	Not Trading
Xtract Energy Holdings Limited	England and Wales	03/12/2007	100	100	Dormant
Elko Energy Inc.	Canada	11/01/2010	100	—	Not Trading
Elko Energy A/S	Denmark	11/01/2010	100	—	Not Trading
RPK Finance & Holdings BV	The Netherlands	11/01/2010	100	100	Holding Company
Elko Energy BV	The Netherlands	11/01/2010	100	—	Not Trading
Elko Exploration BV	The Netherlands	11/01/2010	100	—	Not Trading
Polar Mining (Barbados) Limited	Barbados	03/03/2014	100	100	Holding Company
Minera Polar Limitada	Chile	03/03/2014	100	1	Not Trading
Mistral Resource Development Corporation	BVI	01/03/2016	100	100	Holding Company
Explorator Limitada	Mozambique	01/03/2016	100	2	Operating Company
Chinhamapere Mining Services Limitada	Mozambique	02/03/2020	100	2	Operating Company
Macequece Mining Services, Limitada	Mozambique	02/03/2020	100	2	Operating Company
ProspectOre Ltd	Australia	10/11/2020	100	100	Operating Company
Arend Traders Ltd	BVI	01/07/2020	100	100	Not Trading
Eureka Mine International Limited	BVI	01/10/2021	50	50	Holding Company
Falcon Mineral Processing Limited	Zambia	01/10/2021	48	48	Operating Company
Ascott Mining Zambia Ltd	Zambia	15/03/2022	100	99	Operating Company
Sandown Holdings	Mauritius	31/10/2017	100	100	Trading
Newmarket Holdings	Mauritius	31/10/2017	100	100	Trading

Notes to the Financial Statements

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16. Other Financial Assets

Fair value through other comprehensive income

	Group		Company	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Level 3				
Cemos Group Plc	—	—	—	—
	—	—	—	—

The Company holds 2,371,365 shares in the above non-listed entity which management have valued at £Nil (2022: £Nil). An additional 1.5 million shares would be issued to the Company if, the entity listed on any Stock Exchange or other market shares in a non-listed entity. Management assessed financial and other information available to them decided to impair their investment in December 2015. There is no active share market on which the shares can be traded management feel that it is unlikely that the entity will achieve a listing which would enable the Company to realise value from their investment.

Fair value hierarchy of financial assets at fair value through other comprehensive income.

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy, which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets, which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs, which are not based on observable market data.

17. Trade and other receivables

	Group		Company	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Other debtors	1,151	1,277	1,067	23
Trade debtors	—	—	135	1,409
Prepayments	12	65	11	11
Loan to group companies	—	—	—	—
	1,163	1,342	1,213	1,443

Company trade debtors comprise primarily of intercompany management charges, The amounts are due in accordance with group policy although collection is determined by group cash requirement.

Loan to group companies bear interest between 1.25% and 5% per annum, unsecured and repayable by mutual agreement.

Notes to the Financial Statements

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18. Inventories

	Group	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Gold dore bars on hand	—	123
	—	123

19. Deferred tax

The Group currently has unused tax losses which could possibly be utilised for future tax relief and losses in excess of £10 million relates to the United Kingdom. No deferred tax asset is recognised on the above losses as there is insufficient evidence that taxable profits will arise in the foreseeable future.

20. Trade and other payables

Current

	Group		Company	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Trade creditors and accruals	486	759	219	183
Other loans	50	50	50	50
Current tax payable	—	312	—	—
	536	1,121	269	233

Non-Current

	Group		Company	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Loans from group companies	—	—	11,591	11,553
	—	—	11,591	11,553

Notes to the Financial Statements

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21. Environmental rehabilitation provision

	Group		Company	
	As at 31 December 2023 £'000	As at 31 December 2022 £'000	As at 31 December 2023 £'000	As at 31 December 2022 £'000
As at 1 January	312	—	—	—
Additions	—	302	—	—
Unwinding of discount	—	10	—	—
Transfer to asset held for sale	(312)	—	—	—
	—	312	—	—

A provision has been recognised for site rehabilitation and decommissioning of current mining activities at the Manica gold project in Mozambique. The gross provision was based on an assessment carried out in 2016 and adapted to the current mine pit and plant currently in place. The provision has been discounted to a net present value using a discount rate of 17.30% and over the life of mine. The corresponding rehabilitation asset has been capitalised to the intangible asset and is depleted over the life of the mine. As at 31 December 2023, the carrying amount has been transferred to the liabilities of a disposal group.

22. Share capital

	2023		2022	
	Number of shares	£'000	Number of Shares	£'000
Deferred shares of 0.09p each				
At 1 January	5,338,221,169	4,804	5,338,221,169	4,804
Subdivision**	—	—	—	—
Issued during the period	—	—	—	—
At 31 December	5,338,221,169	4,804	5,338,221,169	4,804
Ordinary shares of 0.02p each				
At 1 January	856,375,115	171	845,143,693	169
Share Consolidation*	—	—	—	—
Issued during the period	—	—	11,231,422	2
Outstanding as at 31 December	856,375,115	171	856,375,115	171

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

No Share Options were issued during the year.

The following warrants expired during the year:

- Issued 21 January 2021 –5,555,555 exercisable at 4.50p per share
- Issued 25 October 2021 –4,910,714 exercisable at 5.60p per share
- Issued 25 October 2021 –49,107,142 exercisable at 8.50p per share

All of the above share options and warrants entitle the holder to one fully paid share in the Company upon payment of the exercise price per share.

Notes to the Financial Statements

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23. Reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the costs relating to share-based payments issued to employees and officers of the group.

Warrant reserve

The warrant reserve is used to represent the costs relating to share warrants issued to the Company's brokers and lenders.

Fair value reserve

A fair value reserve captures the cumulative net change in the fair value of an asset as long as it is still recognised on the financial statements of an entity.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24. Notes to the cash flow statement

	Group		Company	
	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss for the year before tax	(173)	(1,948)	(11)	(1,338)
Profit/(loss) before tax -disposal group	1,488	402	—	—
Adjustments for:				
Finance income (costs)	63	(3)	512	(330)
Depreciation	212	14	—	—
Other losses	—	—	—	—
Interest income	—	(107)	—	(115)
Impairment of intangible asset	—	938	—	1,216
Impairment of loans to subsidiaries	—	—	—	—
Share-based payments expenses	—	248	—	247
Operating cash flows before movements in working capital	1,590	(456)	501	(320)
(Increase)/decrease in inventories	(81)	52	—	—
(Increase)/decrease in receivables	(172)	(677)	229	(860)
Increase/(decrease) in payables	177	(1,467)	36	(213)
Cash generated from/(used in) operations	1,514	(2,548)	767	(1,393)
Tax paid	(263)	(92)	—	—
Net finance costs	(42)	110	(511)	445
Net cash generated from/(used in) operating activities	1,209	(2,530)	255	(948)

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with a maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Notes to the Financial Statements

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25. Share-based payments

Options/Warrants

The Company has issued share options and to certain employees and officers of the Group, along with external third parties and warrants to the Company's brokers for costs directly associated with share issuance. All share options/warrants vest immediately or within three years of the issue date. If the share options/warrants remain unexercised after the relevant time period from the date of grant the share options/warrants expire.

Details of the Company's share options/warrants outstanding during the year are as follows:

	Year ended 31 December 2023		Year ended 31 December 2022	
	Number of share options/warrants	Weighted average exercise price p	Number of share options/warrants	Weighted average exercise price p
Outstanding at beginning of year	143,949,600	6.78	154,907,933	6.05
Granted during the year	—	—	16,875,000	5.00
Exercised during the year	—	—	(5,249,998)	1.62
Expired during the year	(59,573,411)	7.88	(22,583,335)	1.75
Outstanding at the end of the year	84,376,189	4.76	143,949,600	6.78
Exercisable at the end of the year	84,376,189	4.76	143,949,600	6.78

The share options outstanding at 31 December 2023 had a weighted average exercise price of 4.76p (2022:6.78p) and a weighted average remaining contractual life of 1.95 years (2022: 2.16 years).

No Options were issued by the Company during the year.

No options were exercised during the year.

A total of 59,573,411 warrants expired during the year. A total of 5,555,555 expired with an exercise price of 4.50p, 4,910,714 with an exercise price of 5.60p and 4,910,714 with an exercise price of 5.60p and 49,107,142 with an exercise price of 8.50p per ordinary share.

New options and warrants granted are valued using the Black Scholes model, a commonly used option-pricing model. The calculation of volatility used in the model is based upon the share price and equity instrument movements during the financial period. The following factors are all taken into consideration when the options are valued:

- Weighted average share price
- Expected volatility
- Expected dividends
- Stock price
- Exercise price
- Option life
- Risk free interest rate

The inputs used to value new warrants issued during the period under review are as follows:

Fair value was determined by using the Black-Scholes Valuation Model.

Notes to the Financial Statements

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25. Share-based payments (continued)

The following inputs were used for new options issued:

	2023	2022
Average spot at grant date (pence)	—	3.08p
Expected volatility	—	67.45%
Expected option life	—	5 years
Expected dividends	—	—
The risk free interest rate	—	3.52%

Share-options have been valued using the Black-Scholes model.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year.

The expected life used in the model has been adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

The total charge in the year to the income statement was £Nil (2022: £248k). The total amount recognised in equity by the Group relating to share-based payments at the Balance Sheet date is £2,106k (2022: £2,121k) in the share-based payments reserve after the reversal of expired and lapsed share options, and £Nil (2022: £304k) in the warrants reserve.

26. Financial instruments

Finance Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Capital
- Market
- Interest rate
- Foreign currency
- Credit
- Liquidity

This information included relates to the exposure to each risks, the objectives, policies and processes for measuring and managing risk. Management determines, as required, the degree to which it is appropriate to use financial instruments to mitigate risk. Currently the Company's principal financial instruments comprise cash and cash equivalents and equity capital. The Company does not enter into complex derivatives to manage risk. There is no material difference between the book value and fair value of the Group cash balances, trade and other receivables, trade payables.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Notes to the Financial Statements

CONTINUED

26. Financial instruments (continued)

Categories of financial instruments

The Group calculates the fair value of assets and liabilities by reference to amounts considered to be receivable or payable at the balance sheet date.

The Group's financial assets and liabilities, which book value approximate their fair value.

Trade payables are non-interest bearing and are normally settled within 30 days. Other payables are to be settled within the next 12 months, as and when they become due.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern. The Group is not subject to externally imposed capital requirements. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group has historically generated limited amounts of cash from its alluvial operations in Mozambique and managed its liquidity through raising finance to finance its activities for limited periods until further funding was required in order to provide for any shortfall in working capital and operating costs. Going forward, the Group will be generating cash from its hard rock operations in Mozambique, through its 23% net profit share agreement.

The group continues to utilise cash from operations along with capital raisings and will also consider project funding where necessary.

Market risk management

The Group's activities expose it primarily to the financial risks of foreign currency exchange rates. The Group applies a continuous review process to manage its exposure to foreign currency and equity price risk:

- The respective exchange rates of the currencies for which the Group holds significant balances are monitored on a daily basis;
- known cash requirements in the respective currencies in which the Group transacts are matched against cash reserves and any shortfalls are addressed through transfers throughout the longest practical timeframes in order to minimise as best as possible foreign currency risk; and
- strategies are updated on a regular basis to reflect actual market data and the changing needs of the business.

Interest rate risk management

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates. Currently, the Company has no borrowings and therefore no risk of significant fluctuations. The Company's exposure to interest rate risk is limited to its cash and cash equivalents held and are not considered material.

Notes to the Financial Statements

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26. Financial instruments (continued)

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies and consequently exposures to year end and average exchange rate fluctuations arise.

The Group is mainly exposed to the US Dollar, Australian Dollar, Mozambican Metical, Euro and Danish Krone currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including tax liabilities) at the reporting date are as follows:

Group	Liabilities		Assets	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 £'000	31 December 2022 £'000
US dollar	205	69	444	1,007
Australian Dollar	6	62	45	101
Euro	44	49	4	1
Mozambican Metica	1,067	942	1,445	614
Danish Krone	8	8	—	2
Total	1,330	1,130	1,938	1,725

Company	Liabilities		Assets	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 £'000	31 December 2022 £'000
US dollar	837	800	1,178	1,454
Australian Dollar	—	—	7,202	7,531
Euro	—	—	—	—
Mozambican Metica	—	—	(20)	280
Danish Krone	—	—	192	191
Total	837	800	8,551	9,456

Sensitivity analysis

A 10% strengthening of the British pound against the respective currencies at 31 December 2023 would have increased/(decreased) profit and loss by the amounts shown below:

	Group		Company	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 £'000	31 December 2022 £'000
US dollar	65	108	65	34
Australian Dollar	4	4	753	720
Euro	(4)	(5)	—	—
Mozambican Metica	38	(33)	28	(2)
Danish Krone	(1)	(1)	19	19
Total	102	73	865	771

Notes to the Financial Statements

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26. Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's principal financial assets are cash deposits and the credit risk on these liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

An allowance for impairment is made where there is an identified loss event, which is evidence of a reduction in the recoverable cash flows.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Group		Company	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 £'000	31 December 2022 £'000
Trade and other receivables	1,163	1,342	1,213	1,443
Loan receivables	—	—	—	—
Cash and cash equivalents	630	192	608	51
Loans to group companies	—	—	—	—
Total	1,793	1,534	1,821	1,494

Liquidity risk management

Liquidity risk is the risk is the possibility that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses. The following are contractual maturities of financial liabilities at the balance sheet date:

	Group		Company	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 £'000	31 December 2022 £'000
Trade and other payables	485	759	219	183
Tax payable	—	312	—	—
Other loans	50	50	50	50
Total	535	1,121	269	233

Notes to the Financial Statements

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26. Financial instruments (continued)

Group 31 December 2023	Carrying amount £'000	2 months or less £'000	2 to 12 months £'000	More than 12 months £'000
Trade and other payables	485	485	—	—
Tax payable	—	—	—	—
Other loans	50	—	50	—
Total	535	485	50	—

Company 31 December 2023	Carrying amount £'000	2 months or less £'000	2 to 12 months £'000	More than 12 months £'000
Trade and other payables	219	219	—	—
Other loans	50	—	50	—
Total	269	219	50	—

Group 31 December 2022	Carrying amount £'000	2 months or less £'000	2 to 12 months £'000	More than 12 months £'000
Trade and other payables	759	759	—	—
Tax payable	312	—	312	—
Other loans	50	—	50	—
Total	1,121	759	362	—

Company 31 December 2022	Carrying amount £'000	2 months or less £'000	2 to 12 months £'000	More than 12 months £'000
Trade and other payables	183	172	8	3
Other loans	50	—	50	—
Total	233	172	58	3

Notes to the Financial Statements

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27. Related party transactions

Group

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. During the year the Company invoiced fees to subsidiaries within the group amounting to a total of £188k (2022: £184k).

Transactions with directors

Lion Mining Finance Limited, a Company incorporated in the England and Wales, in which Colin Bird is a Director and shareholder has provided and continues to provide essential administrative services to the Company to carry out its operations in a cost-efficient manner. The total for services provided during the year amounted to £35k plus VAT. An amount of £4k was outstanding as at 31 December 2023 (2022: £Nil).

As at 31 December 2023, the Company owed a balance of £50k (2022: £50k) Galileo Resources Plc, a company incorporated in England and Wales in which Colin Bird and Joel Silberstein are directors, in respect of a current other payables balance. The outstanding amount of £50k was repaid on 25 January 2024.

A total £22k (2022: £23k) of Alastair Ford's fee was invoiced by Sofabar Consulting Ltd, a company controlled by him.

As at 31 December 2023 directors' fees of £85k (2022: £70k) relating to current and prior year fees remains outstanding, of which £38k (2022: £23k) relates to Colin Bird, £8k (2022: £Nil) relates to Joel Silberstein, £20k (2022: £20k) relates to Alastair Ford and £19k (2022: £27k) relates to Kjeld Thygesen.

The emoluments of the Directors are disclosed in note 8 on page 66.

The Directors' shareholding and options are disclosed in the Report of the Directors.

Remuneration of key management personnel

The remuneration of the Directors and other staff members, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual directors is provided in note 8 on page 66.

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Salaries and other short-term employee benefits	358	268
Share-based payments	—	132
	358	400

Notes to the Financial Statements

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28. Contingent liability

Nexus Collaboration Agreement

On 10 December 2019, the Company announced that the Collaboration Agreement for the exploitation of the Manica alluvials had been terminated by Nexus Capital Holdings PTE Limited (“Nexus”) with an effective date of 2 December 2019. Prior to termination, Nexus had disputed the receipts in respect of alluvial gold production and pending resolution of this and as provided for under the Collaboration agreement, Nexus had submitted a claim to South African arbitration on 21 June 2019 for payment of US\$347K, being the gross proceeds from alluvial gold sales due to Nexus as at the end of April 2019.

On 3 October 2019, Nexus amended its claim to US\$110K plus interest which was submitted by Nexus to the arbitrators. On 14 November 2019, a South African “arbitral tribunal” determined that Nexus’ claim could be heard in South Africa, but no ruling was made on the quantum of Nexus’ claim. Explorator challenged whether a South African arbitration tribunal had jurisdiction and appealed on this basis to the South African High Court.

The appeal process requires Nexus to have delivered an answering affidavit by the middle of February 2020. Instead of doing this Nexus attorney’s withdrew as such. New attorneys came on record in December 2020, but the answering affidavit, which was even by then grossly overdue, has still not been delivered. Having regard to the extent that it is overdue, it is probable that the appeal will succeed on an unopposed basis. In any event, it is the Board’s view that, even if Nexus does now deliver an answering affidavit and the appeal fails, the Arbitration Tribunal will not make an award in favour of Nexus.

29. Ultimate controlling party

The Directors believe there is no ultimate controlling party.

30. Events after balance sheet date

Disposal of the Manica Gold Project

On 24 January 2024, the Company announced that it had agreed with its Mozambique partner, MMP, and parties related to MMP terms for the disposal of the Manica Gold Project. The terms agreed were as follows:

The Share Purchase Agreement

The Company agreed to sell its 23% net profit share interest in the Manica Gold Project (by way of a sale of the entire issued share capital of Mistral) to the Buyers for a consideration of up to US\$15 million in cash in regular staged payments by the Buyers over the period to 1 March 2027.

The Settlement and Restructuring Agreement

The termination of Company’s mining collaboration agreement with MMP dated 28 May 2019 in relation to the Manica Gold Project under which the Company would be paid US\$3.325 million in cash to settle all monies due under the Mining Collaboration Agreement. All funds have been received by the Company.

On 24 February 2024, the Company announced that it had completed the disposal of the Manica Gold Project.

Zambian Exploration Licence Joint Venture

On 3 April 2024, the Company announced that the Company had entered into an option and joint venture agreement (“Agreement”) with Oval Mining Limited (“Oval”), who in cooperation with Cooperlemon Consultancy Limited (“Cooperlemon”), the advisory Company, to earn-in up to a 70% interest in the Silverking copper mine and accompanying exploration licence 26673-HQ-LEL (“Silverking”) covering an area of approximately 81.7km² located in the Mumbwa District of the Central Province of Zambia.

Notes to the Financial Statements

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30. Events after balance sheet date (continued)

Joint Venture Agreement

The Company has an option period of 18 months to earn an initial 51% in the Licence provided it spends US\$0.5 million in exploration over the period.

The Company may withdraw at any time during the option period but will lose its right to earn 51% in the Licence. On completion of the earn in period, or as such other time as the Company has spent US\$0.5 million, it may then advise Cooperlemon of its intention to increase its interest in the Licence to 70% by agreeing to spend a further US\$1 million over two years on exploration and development of the Licence, subject to Cooperlemon's right to maintain its interest in the Licence through an option to earn back up to 70% by participating in such ongoing expenditure.

In the event that an inferred resource in excess of 300,000 tonnes of contained copper is reported, then the Company's beneficial interest shall remain at 70% or if different, its respective interest at the date of the resource estimate. If an inferred resource of greater than 500,000 tonnes of contained copper is reported, then any subsequent sale of the project to a third-party will result in an equal share of the disposal proceeds between the parties, after costs of disposal but such costs to exclude the actual cost of the resource discovery – Cooperlemon will not be responsible for any exploration costs, but will be responsible for any costs incurred during the disposal process, to include local taxes and legal fees.

If the exploration programme demonstrates that the Licence cannot support an inferred resource of 300,000 tonnes or more, then the parties by mutual agreement may elect to commence a small mining project. In the event, that a small mining project is developed then the Company's interest in the project will be 70%. If a small mine is developed, the Company will be responsible for funding the entire project and will not recover from Cooperlemon any share of costs.

Additional Zambian Joint Venture Exploration Licences

On 30 May 2024 the Company announced that it had entered into an addendum to restate the existing joint venture agreement with Cooperlemon Consultancy Limited ("Joint Venture Agreement") in relation to the exploration for copper in Zambia as previously announced on 24 August 2023. The addendum adds three additional large scale exploration licenses in Northwest Zambia (the "Additional Licences") to the joint venture.

Restated Agreement

The restated joint venture agreement with Cooperlemon Consultancy Limited ("Cooperlemon") is in relation to the exploration for copper at the Original Licences and the Additional Licences in Northwest Zambia (together the "Licences"). Under the restated joint venture agreement (the "Restated Agreement"), the Company agreed the following additional key terms in addition to those in the joint venture which was announced on 24 August 2023.

Earn-in and Phase 1 exploration budget for the Additional Licences

The Company will earn a 65% interest in the Additional Licences by funding exploration expenditure of not less than US\$0.5 million on each of the three Additional Licences over an initial two-year period commencing on the date of the Restated Agreement ("Additional Licences Phase 1"). The Company will earn a 65% interest in the Original Licences by funding exploration expenditure over an initial two-year period commencing on 23 August 2023 ("Phase 1") on the Original Licences of not less than US\$2 million and in aggregate therefore, the Company's commitment under the Restated Agreement amounts to US\$3.5 million.

Notes to the Financial Statements

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30. Events after balance sheet date (continued)

If results are positive at the end of the Additional Licences Phase 1 period a joint venture company (“JV company”) in relation to the Additional Licences will be formed and this JV Company will then raise funds to further develop the Additional Licences with the objective of achieving Positive Exploration Results. For this purposes Positive Exploration Results means drilling results that prove continuity of mineralisation at grades suggesting the potential for the future development of a Mineral Resource of not less than 500,000 (“five hundred thousand”) tonnes of contained copper at grades consistent with Economic Recovery achievable at the depth of discovery. Economic Recovery is defined as a project which has a minimum IRR (“internal rate of return”) of not less than 25% and a payback period not exceeding 42 months including recovery of capital expenditure. Xtract anticipates funding this exploration expenditure from existing resources and current ongoing operational activities.

Consequence of Trade Sale during the Additional Licences Phase 1 period

If there is a trade or any other sale or joint venture of the Additional Licences during the Additional Licences Phase 1 period then the Company will be deemed to have a 50% interest in the Additional Licences. A sale requires the agreement of both the Company and Cooperlemon.

The of the terms and conditions of the original joint venture as announced on 24 August 2023 in respect of the Original Licences otherwise remain unchanged by the Restated Agreement.

Company Information

Directors

Colin Bird, Executive Chairman
Joel Silberstein, Finance Director
Alastair Ford, Non-Executive Director
Kjeld Thygesen, Non-Executive Director

Company Secretary

Lion Mining Finance Limited
1st Floor, 7/8 Kendrick Mews
South Kensington
London SW7 3HG

Nominated Advisor and Joint Broker

Beaumont Cornish
Building 3
566 Chiswick High Road
London W4 5YA

Joint Brokers

NOVUM Securities Limited
8-10 Grosvenor Gardens
London SW1W 0DH

Company Registered Number

05267047

Bankers

NatWest
2nd Floor
180 Brompton Road
London SW3 1HL

Solicitors

Fladgate LLP
16 Great Queen Street
London WC2B 5DG

Auditors

MAH, Chartered Accountants
2nd Floor
154 Bishopsgate
London EC2M 4LN

Registrars

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Registered address

1st Floor
7/8 Kendrick Mews
London SW7 3HG

