

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in the Company, please send this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.



XTRACT RESOURCES PLC

(incorporated and registered in England and Wales under company registration number 05267047)

Circular to shareholders Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 to 6 of this document and which recommends you vote in favour of the Resolutions.

Your attention is drawn to a notice convening a General Meeting of the Company to be held at 12.00 noon on 30 December 2016 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG is set out at the end of this document.

A Form of Proxy for use at the General Meeting is enclosed. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed on it to the Company's Registrars, Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive no later than 12.00 noon on 28 December 2016.

Completion and return of a Form of Proxy will not preclude shareholders from attending and voting at the General Meeting should they choose to do so. Further instructions relating to the form of proxy are set out in the Notice of General Meeting.

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Expected timetable

Posting of Circular and Form of Proxy	13 December 2016
Latest time and date for receipt of completed Forms of Proxy for General Meeting	12.00 noon on 28 December 2016
Latest time and date for receipt of CREST Proxy Instruction	12.00 noon on 28 December 2016
General Meeting	12.00 noon on 30 December 2016

Definitions

In this document the following expressions have the following meanings unless the context otherwise requires:

“Act” or “Companies Act”	the Companies Act 2006 (as amended from time to time);
“2016 AGM”	the annual general meeting of the Company held on 30 June 2016;
“Board” or “Directors”	the directors of the Company whose names are set out on page 4 of this document;
“Company” or “Xtract”	Xtract Resources PLC;
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registration number 02878738, being the Operator of CREST;
“Form of Proxy”	the form of proxy for use by Shareholders in relation to the General Meeting;
“General Meeting”	the general meeting of Xtract to be held at 12.00 noon on 30 December 2016, or any adjournment thereof;
“Group”	the Company and its subsidiaries;
“Notice”	the notice of the General Meeting, which is set out at the end of this document;
“Ordinary Shares”	ordinary shares of 0.01 pence each in the capital of the Company;
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice;
“Shareholders”	holders of Ordinary Shares;
“Statutory Pre-Emption Rights”	the statutory pre-emption rights contained in section 561 of the Companies Act;

LETTER FROM THE CHAIRMAN OF XTRACT RESOURCES PLC

(Incorporated and registered in England and Wales under company registration number 05267047)

Colin Bird (*Executive Chairman*)
Joel Silberstein (*Finance Director*)
Peter Moir (*Non-executive Director*)

Registered office:
4th Floor
2 Cromwell Place
London
SW7 2JE

13 December 2016

To the Shareholders (and, for information only, to the holders of options and warrants to subscribe for Ordinary Shares)

Dear Shareholder

1. Introduction

Set out at the end of this document is a notice convening the General Meeting, which will be held at 12.00 noon on 30 December 2016 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG. The Company is convening the General Meeting to give the Directors authority to issue Ordinary Shares for cash as described further below in Part 2.

This letter explains the background to the Resolutions, which are being submitted for approval at the General Meeting, and why the Board considers that the Resolutions are in the best interests of Shareholders as a whole.

There is also enclosed a Form of Proxy to enable you to vote on the Resolutions should you be unable to attend the General Meeting. If you hold your shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Company's agent, Capita Asset Services, so as to arrive no later than 12.00 noon on 28 December 2016.

2. Background to and reasons for the General Meeting

As previously reported in November, the Company entered into a subscription agreement with YA II EQ, Ltd. (the "**Investor**") for a subscription for new ordinary shares in the Company for £980,000 in cash. In addition, the Company entered into an equity swap agreement with the Investor for a payment by the Company of £870,000, which entitles the Company to twelve monthly settlement payments of £72,500, subject to an agreed adjustment. The proceeds of the subscription (net of expenses and the swap payment), together with monthly proceeds pursuant to the equity swap agreement enables the Company to remain funded for its short and mid-term progress.

The focus of the Company is now solely on its project at Manica (which the Board intends to develop solely on an open pit basis). The definitive feasibility study is in preparation and as and when complete, will enable the Company to move the Manica project forward to its next step of development. As the Company moves forward to ensure Manica's value is fully released and to take advantage of opportunities at Manica and surrounding areas, and in order to provide the Company with the flexibility to take advantage of favourable market conditions at short notice and as required raise further funds for the development of Manica, as well as possibly taking advantage of other opportunities currently being discussed internally and finance working capital, the Board wishes to have the ability to raise further equity finance as and when required.

In order to issue shares a company needs authority to do so under the Companies Act. The Directors were given authority at the 2016 AGM to issue Ordinary Shares under the Companies Act and have used that authority since the 2016 AGM to issue Ordinary Shares for cash. However, at the prevailing share price of Ordinary Shares, the Directors do not believe that the Company has the necessary authority to raise an

amount that the Directors consider to be an appropriate. The Directors therefore are convening the General Meeting to obtain further authority from Shareholders to issue Ordinary Shares.

3. General Meeting

The General Meeting will be held at 12.00 noon on 30 December 2016 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG. The Notice is set out at the end of this document.

The Resolutions to be proposed at the General Meeting are:

- as Resolution 1, an ordinary resolution granting authority to the Directors to issue up to 9,143,864,272 Ordinary Shares (representing approximately 50% of the issued share capital of the Company as at the last practicable date prior to the date of this letter); and
- as Resolution 2, a special resolution to disapply the Statutory Pre-Emption Rights which (in addition to disapplying Statutory Pre-Emption Rights for pre-emptive issues and for options), will also disapply the Statutory Pre-Emption Rights in respect of the issue of up to 9,143,864,272 Ordinary Shares for cash.

4. Recommendation

Your Board considers that the Resolutions to be proposed at the General Meeting are in the best interests of Shareholders as a whole and unanimously recommends that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial shareholdings, which amount in aggregate to 97,706,897 Ordinary Shares, representing approximately 0.53 percent. of the issued share capital of the Company (as at 12 December 2016, being the last practicable business day before the date of this document).

If the Resolutions are not passed, the Company may be unable to realise the underlying value of the Manica asset, which is considered by the Board to be a major potential gold asset, in the medium term.

5. Action to be taken

The General Meeting will be held at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG. Shareholders are entitled to attend and vote at the General Meeting. A Form of Proxy for use by Shareholders is enclosed. Whether or not you intend to be present in person at the General Meeting, you are requested to complete the form in accordance with the instructions thereon and return it to the Company's registrars, Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive no later than 12.00 noon on 28 December 2016.

CREST members who wish to appoint a proxy or proxies for the General Meeting through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Asset Services (ID RA10), no later than 12.00 noon on 28 December 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

If you complete and return the Form of Proxy you can still attend and vote at the General Meeting if you wish.

6. Change of registered office

Shareholders should note that with effect from 15 December 2016 the business address and registered office of the Company will change to 1st Floor, 7/8 Kendrick Mews, London SW7 3HG.

Yours faithfully

Colin Bird
Executive Chairman

XTRACT RESOURCES PLC

(incorporated and registered in England and Wales under company registration number 05267047)

Notice of General Meeting

Notice is hereby given that a general meeting (the “**General Meeting**”) of Xtract Resources PLC (the “**Company**”) will be held at 12.00 noon on 30 December 2016 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG to consider and, if thought fit, pass the following resolutions, of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution:

Ordinary Resolution

1. **THAT** the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “**Act**”) (in substitution for any and all authorities previously conferred upon the directors for the purposes of section 551 of the Act, without prejudice to any allotments made pursuant to the terms of such authorities) to allot equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £914,386 (representing approximately 50% of the nominal value of the issued share capital of the Company at 12 December 2016), and this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of 30 June 2017 and the conclusion of the 2017 Annual General Meeting of the Company save that the Company may make an offer or agreement which would or might require equity securities to be allotted after the expiry of this authority and the Directors may allot equity securities pursuant to that offer or agreement as if this authority had not expired; and this authority shall be in substitution for any other authority to allot equity securities but without prejudice to the continuing authority of the Directors to allot equity securities in pursuance of an offer or agreement made before the expiry of the authority pursuant to which such offer or agreement was made.

Special resolution

2. **THAT**, subject to and conditional upon Resolution 1 above being passed, the Directors be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 (the “**Act**”) to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 1 above and to allot equity securities (including where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act) in each case as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:-
 - (i) the allotment of equity securities, whether by way of rights issue, open offer or otherwise, to holders of Ordinary Shares and to holders of other securities in the Company that by their terms are entitled to participate in such rights issue, open offer or otherwise in such a manner that the number of equity securities allotted to them is in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto and the Directors may deal as they see fit with fractional entitlements, overseas shareholders and with the legal or practical problems or requirements of any regulatory body or stock exchange in any territory;
 - (ii) the allotment of equity securities for cash up to an aggregate nominal value of £74,418.79 in connection with the exercise of options and warrants that have been granted by the Company to subscribe for ordinary shares in the Company; and
 - (iii) (other than pursuant to sub-paragraphs (i) and (ii) above) the allotment or sale of equity securities up to an aggregate nominal amount of £914,386 (representing approximately 50% of the nominal value of the issued share capital of the Company at 12 December 2016);

and this power shall be in substitution for all such powers previously given but without prejudice to the continuing power of Directors to allot equity securities pursuant to an offer or agreement made by the Company before the date this resolution is passed and unless previously renewed, varied or revoked by the Company in general meeting shall expire on the earlier of 30 June 2017 and the

conclusion of the Annual General Meeting of the Company to be held in 2017, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities (including where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act) in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

By order of the Board
Lion Mining Finance Limited
Company Secretary

13 December 2016

Registered office:
4th Floor
2 Cromwell Place
London
SW7 2JE

Notes:

Entitlement to attend and vote

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 (Uncertificated Securities Regulations), only those members entered in the register of members of the Company as at close of business on 28 December 2016, and in the case of an adjourned meeting, two days before such adjourned meeting, shall be entitled to attend, speak and vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after the close of business on 28 December 2016, or if the General Meeting is adjourned, after close of business on the day two days before the adjourned meeting shall be disregarded in determining the rights of any person to attend, speak and vote at the General Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a proxy form with this notice of meeting.

You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this form.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
6. Any corporation which is a member of the Company can appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
7. A member of the Company may not use any electronic address provided either in this notice of meeting or any related documents (including the proxy form) to communicate with the Company for any purpose other than those expressly stated.

Appointment of proxy using hard-copy proxy form

8. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed; and
- sent or delivered to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU no later than 12.00 noon on 28 December 2016.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Registrar by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Asset Services no later than 12.00 noon on 28 December 2016. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

12. As at close of business on 12 December 2016 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital comprised 18,287,728,545 ordinary shares of 0.01 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on 12 December 2016 was 18,287,728,545.

CREST

13. CREST members who wish to appoint a proxy or proxies through the CREST Electronic Proxy Appointment Service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
14. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("EUI") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by 12.00 noon on 30 December 2016 (or 48 hours preceding the date and time for any

adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

15. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in EUI for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations.

