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Alluvial Collaboration Agreement terms amended

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Xtract Resources Plc
("Xtract" or the "Company")
Alluvial Collaboration Agreement terms amended

The Board of Xtract Resources Plc ("Xtract" or the "Company") is pleased to announce that Xtract and Nexus Capital Limited (previously Mineral Technologies International Limited, "Nexus") have agreed to revise terms of a collaboration agreement for the exploitation of alluvial gold deposits at Manica which was agreed to by the parties on 13 February 2017.

Highlights

- Addendum to collaboration agreement ("**Addendum**") signed between the Company and Nexus
- Parties will use their best endeavours to procure that each contract miner pays an entry fee
- In the event no entry fees are paid, the obligation for Nexus to receive first \$US1 million of entry fees, which was previously mandatory, will lapse
- Provided at least 2 Alluvial mining agreements are signed no later than 1 December 2017, all previous agreements with Nexus will lapse
- The Collaboration Agreement provides Xtract with potential for significant long term income with minimal operating risk

Colin Bird, Chairman said: "The addendum to the Collaboration Agreement, represents a practical working arrangement between the Company and Nexus. The alluvial mining contracts may differ considerably in structure and it was therefore deemed appropriate to modify the terms of the agreement to allow the parties to enter into various contracts. The Company will put in place technical monitoring systems to ensure that the appropriate controls are in place to ensure the Company receives its due income. The Company is currently negotiating the eastern part of the gold alluvial deposit with other contract miners as well as reviewing financing alternatives for the hard rock deposit".

Amendments to the Collaboration Agreement

On 13 February 2017 The Company announced that it had entered into an agreement with Nexus (a private Hong Kong registered company) and agreed to develop the alluvial gold interest of the Mining Concession together through the appointment of third party contract miners, who would have the exclusive right to mine unconsolidated alluvial deposits on specified areas of the Mining Concession area. The Company would operate a smelter ("**Smelter**") to smelt the alluvial gold recovered by the Contract Miners from the Mining Concession. Previously each

Contract Miner would have been expected to enter into a different agreement, to be agreed by both the Company and Nexus and would have required a front end payment.

The parties have now agreed that they would use their best endeavours to procure that each alluvial contract mining agreement would require an upfront payment and that Nexus will receive all front end fees, if and when any front end fees are received from the Contract Miners. Provided that a least two alluvial contract mining agreements are signed no later than 1 December 2017, all previous agreements between the Company and Nexus will lapse and will be superseded by the Collaboration Agreement. On the 19 June 2017, the Company announced that it had completed its first contract mining agreement and expected to complete the second agreement by the end of July 2017.

Project costs

The parties have now agreed that the Company will be responsible for unpaid historic costs of US\$95,000, all transportation costs and 40% of the smelter costs capped at US\$16,000 per month in addition to other operating costs (including gold export royalties and taxes). Nexus would be responsible for all refining costs, 60% of the smelter costs capped at US\$24,000 as well as all capital costs including project equipment and project vehicles.

Nexus will be paid a refining administration fee ("**Refining Admin Fee**") equal to 5.5% of all alluvial gold delivered on Explorator's account to a refiner for refining and a service fee equal to 60% of all alluvial contract mining proceeds received by the Company from Contract Miners less the applicable Refining Admin Fee and Nexus' 60% share of the smelter costs.

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

This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014 on market abuse.

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