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# Chepica update

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("Xtract" or "the Company")

Operational update at Chepica Mine and return to profitability

Xtract Resources Plc (AIM:XTR) announces an operational update on the Chepica gold and copper project in Chile ("Chepica") which returned to profitability in May 2015.

- Chepica has returned to profitability for the production month of May 2015, with a profit of US\$150,000 before capital expenditure
- Off reef development has been increased from one to four ends to open up new areas for stoping (two at Chepica Main, one at Colin and one at Theoni)
- On reef development has been increased from one to three ends (two at Colin and one at Theoni)
- Two major drill targets have been identified which could significantly extend the Life of Mine ("LOM")

## Chepica Main Mining Area

Development on 7 level continues to the reef and a new decline is being developed to access the reef on 8 level. An inter-level between 7 and 8 level is also being planned to make more face length available for stoping within the next two months.

The portal and the surrounding area to the portal at the Chepica Main mining area is being wire-mesh, laced and shotcreted to prevent any block failure for the coming rainy season. A new surface and underground pump station on 7 level has also been established to deal with excess water from the rainy season.

A detailed drilling programme is being planned from the surface to define the resource further below 8 level to 12 level (approximately 120m below 8 level). The company estimates that this area, if proved up, would significantly extend the LOM.

## Colin Mining Area

Development is continuing from the footwall of the reef to access the continuation of the reef system sampled and being mined on the surface to depth. Current development is accessing the reef approximately 45m below the surface and is being positioned in such a way to access the reef down to a depth of 85m with a decline. Borehole information confirms the extension of the reef to depth, with borehole intersections of 5.5m @ 5.05g/t Au, 11.48% Ag and 0.77% Cu (Borehole CH100) and 5.9m @ 1.77g/t Au, 11.56% Ag and 1.14% Cu (Borehole CH101).

The company estimates that this area could contain approximately 100,000 oz of gold (estimated from the surface to a depth of 150m over a 1km strike-length). Geological modeling is underway and a detailed drilling programme is being planned to prove this drill target up over the next four months.

Road access is being put in place to mine the reefs on the surface within the next month.

#### Theoni Mining Area

A new portal has been cut and development is currently underway to intersect the reef that is approximately 60m from current access. Boreholes confirm the strike and depth extent of the reef. The drive is being developed as an exploration drive and drilling is planned to compliment the development.

#### Salvadori Surface Mining Area

Mining continues on the surface and a second cut has been developed after the ore in the first cut was mined out.

#### Geological Modelling & Drilling

A Geological contractor has also been on site to collate all geological information and build a 3D model of the ore-bodies at the mine. This will assist in mining lay-out as well as the 3,000m drilling programme that is being planned. The information will also be used to update the resources and reserves at the mine that will positively impact on the LOM.

**Jan Nelson**, CEO of Xtract, said: "We are delighted that Chepica has returned to profitability and expect it to deliver on target moving forward. Development is progressing well and we anticipate having three major areas ready for stoping within the next four months, which will greatly improve the flexibility on the mine. If our estimates are confirmed, our planned drilling programme could significantly extend the LOM and we expect to provide a resource update within the next three months."

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#### Qualified Person

In accordance with AIM Guidelines, Peter Moir, B.Sc. Civil Engineering, M.Eng. Petroleum Engineering, UK Chartered Engineer and Director of Xtract Resources plc is the qualified person as defined in the Guidance Notes for Mining, Oil and Gas Companies, February 2010, of the London Stock Exchange, that has reviewed the technical information contained in this press release. Mr Moir has more than 30 years' experience in technical, operational and commercial aspects of the E&P business.

This information is provided by RNS

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