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JV on new alluvial gold production at Manica

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

JV signed on Manica Gold Project to start Alluvial Gold production within six months

Xtract Resources Plc (AIM:XTR) has signed a Joint Venture Agreement with Mineral Technologies International Limited ('MTI') to mine alluvial gold on the Manica gold project (the 'JV Project'). Whilst this project falls within the larger Manica Gold license, it will be progressed as a separate project from the planned open pit gold mine on which Xtract is currently completing a Bankable Feasibility Study.

The Company expects that the JV Project will produce approximately 32,000oz gold per annum (16,000 gold per annum net to Xtract), in addition to that already planned from the Manica open pit. The JV Project does not impede development of the open pit project and has the added benefit of removing a lot of overburden material thereby benefitting the open pit project by partially pre-stripping the pit.

The key aspects of the Join Venture Agreement are:

- MTI will fund the construction of an alluvial gold plant, which is expected to commence production in Q3 2016
- The cost of the plant (to be borne wholly by MTI) is estimated at US\$1.2 million
- MTI will also be responsible for the cost to transport the plant to site
- MTI will appoint Xtract as the operator of the plant
- MTI and Xtract will split the gold produced from the plant on a 50:50 basis
- Xtract will be responsible for the operating costs of the plant

The key metrics of the JV Project (as determined on a company in-house basis) are:

- Estimated NPV of US\$97 million, delivering an IRR of 68% (discount rate of 10%)
- Life of Mine of 10 years
- Payback of less than 6 months
- Produce 32,000oz per annum
- Operating cost of US\$203/oz
- Treat 6.7Mt per annum
- Total resource of 29Mt at between 0.6g/t and 1g/t on surface

Jan Nelson, CEO of Xtract, said: "Through strategic partnerships this JV with MTI delivers an additional 32,000oz of gold production, 16,000oz attributable to Xtract, within six months. We expect this operation to produce approximately three times more gold than the Chepica Gold mine with no additional capital outlay to Xtract. In addition, the operating

costs of the JV Project, for which Xtract is responsible, are extremely low and will help ensure a significant margin for the Company. A further benefit to the open pit at Manica is that the alluvial operation will remove a lot of overburden material and therefore have the added benefit of partially pre-stripping the pit."

Enquiries:

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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.

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