



[Xtract Resources plc](#) - XTR

Manica Acquisition - Revised Terms Agreed

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("Xtract" or "the Company")

Revised Terms Agreed resulting in fixed share issuance mitigating Potential Dilution from the Acquisition of the Manica Gold Project in Mozambique

Xtract Resources Plc (AIM:XTR) is pleased to announce that it has negotiated revised terms with Auroch Minerals NL ("Auroch") regarding the conditional acquisition of 100% of the Manica gold project ('Manica') in Mozambique (the "Transaction").

On 29 June 2015 the Company announced that the total consideration for the Transaction was US\$12.5 million and would be satisfied through a payment of US\$4.5m in cash, the issue of new ordinary shares of 0.01p per share ("Ordinary Shares") to the value of US\$6.5m ("Consideration Shares"), and a further cash payment by Xtract of up to US\$1.5 million to settle project related creditors.

Under the terms of the original agreement the number of Consideration Shares issued was to be determined by using the lesser of the VWAP at which the Company's shares traded 10 days prior to Completion and 0.35p (the "Conversion Price"). At an assumed Conversion Price of 0.35p the Company anticipated that it would be required to issue Consideration Shares which would result in dilution to existing Xtract shareholders ("Dilution") of approximately 12%. Since the terms of the Transaction were agreed the Company's share price has decreased and the closing price on 9 September 2015 stood at 0.26p. At an assumed Conversion Price of 0.26p Dilution would be approximately 16%. In order to limit Dilution the Company has successfully negotiated a revision to the terms of the Transaction whereby a fixed number of Conversion Shares will now be issued and Dilution will be approximately 11%.

The cash consideration will now total US\$7 million and has been re-structured such that US\$2 million of cash payable to Auroch three months after Completion is expected to be settled through project finance and a further US\$1 million of cash will be retained by the Company to settle any tax liability relating to the capital gain due on the disposal of the asset in due course.

Under the revised terms the Company will:

- Issue Auroch 1,032,258,065 new Ordinary Shares, to the value of US\$4 million, at Completion plus a 3 month lock in from issuance.
- Pay cash of US\$3.5 million at Completion (which is subject to Auroch shareholders approving the proposed Transaction, which is expected to occur within the next eight weeks and securing any approvals required under the Mozambique Mining Act and other applicable laws relating to the change of control of Auroch Minerals subsidiary and communicating such change of control to the Mozambican mining authorities ("Completion"))

- Pay Auroch US\$2 million in cash three months after Completion (Xtract expects to fund this cash payment from project finance which is currently being negotiated with a number of lenders or from current cash flow)
- Assume responsibility to settle the remaining US\$1 million of Manica project creditors (a cash payment of US\$500,000 has already been made to Auroch to settle certain Manica project creditors)
- Assume responsibility for any tax liability relating to the capital gain due on the disposal of the asset, capped at an amount of US\$1.25 million (as a result the cash consideration payable that was originally agreed has been reduced by US\$1 million)

Commenting on the new terms, **Jan Nelson**, CEO, said: "We are pleased to have renegotiated the terms of this acquisition in order to mitigate and protect unnecessary downside dilution to Xtract's shareholders. In addition to fixing the number of shares to be issued, the new terms will also allow us to conserve cash resources by the funding of a proportion of the cash consideration through project finance which is currently being negotiated.

"The Company is in advanced discussions with a number of lenders to finance the construction of the Manica project and the Board expects to receive firm proposals in this regard within the next three months.

"We are also pleased to report that the Manica project remains on track to commence operations in 16 months, with gold production of 50koz per annum, in accordance with previous announcement."

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