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Manica Gold Alluvial Mining Contractor Agreement

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("Xtract" or the "Company")
Manica Gold Alluvial Mining Contractor Agreement

The Board of Xtract Resources Plc ("**Xtract**" or the "**Company**") is pleased to announce that the Company's wholly-owned Mozambican subsidiary, Explorator Limitada ("**Explorator**") has concluded its second mining contractor agreement ("**Mining Contractor Agreement**" or "**Agreement**") with Sino Minerals Investment Company Limited ("**Contract Miner**") for the exploitation of alluvial gold deposits at Manica at its Manica mining concession in Mozambique.

Highlights

- Established alluvial mining contractor appointed to mine the eastern half of the Company's alluvial interest in the Manica Concession
- Based on district reportive grades of 0.5g/t and current gold price, the initial monthly income expected to be no less than US\$160,000 and increasing to US\$320,000 once the 2nd plant is fully operational
- Agreement provides for Explorator to be entitled to 25% for the gold mined, which amounts to a net 19% after Mining Production Tax
- Initial mining to take place no later than 15 October 2017 with a minimum throughput of 200 tonnes per hour and a further 200 tonnes per hour to be achieved by 15 January 2018
- Initial contract period of 10 years or the depletion of alluvials, with an option to extend for a further 5 years if the alluvials are not yet depleted

Colin Bird, Chairman said:

"The conclusion of this contract for the eastern section of the Manica concession is an important milestone. The combined revenue, once achieved, is expected to be significant and will form a substantial platform from which the company can develop both at Manica and globally. We continue to discuss financing and operational agreements for the hard rock and on receipt of income of the alluvials will commence further hard rock exploration potential which we know exist in the area. We will keep shareholders fully informed of construction developments as they occur."

Contract Mining Agreement

The Company's wholly-owned Mozambican subsidiary, Explorator, has today appointed the Contract Miner, who will have the exclusive right to mine on the eastern block of the unconsolidated alluvial deposits on the Permitted Area of the Mining Concession area. The Agreement will endure for a period of 10 years or the depletion of alluvials, with the option to extend for a further period of 5 years, if the alluvials have not depleted, by the Contract Miners as well as rights of early termination either by Explorator or the Contract Miner.

The Agreement includes performance targets whereby the Contract Miner from the 15 October 2017 will be required to have a fully operational plant with a mining capacity of 200 tonnes per hour. The minimum target mining capacity increase from 15 January 2018 to 400 tonnes per on a consistent 24 hours per day basis.

Explorator will be responsible for recording the gold concentrate produced from the permitted area on a daily basis. The Contractor will be responsible for the smelting of the gold concentrate and delivering of gold dore bars equal to 25% of the gold concentrate produced.

Explorator will be responsible for all statutory and legal requirements regarding the license.

Consideration and Payments

The Agreement is subject to the condition precedent that the Contractor pays an entry fee of US\$400,000 in aggregate by 15 December 2017 ("**Entry Fee**"), to be paid to Nexus. In consideration for the appointment of the Mining Contractor, Explorator will pay the Mining Contractor a net fee of 75% of gold produced by the Mining Contractor (equivalent to 68.5% after deduction of the applicable mining production tax). Explorator will therefore initially retain 25% of the sales value of all gold produced, equivalent to 19% after deduction of the applicable mining production tax,) (the "**Net Sales Balance**").

The Net Sales Balance will then be apportioned between Xtract and Nexus on the basis as explained further below.

Project Income Distribution

As previously announced on 20 June 2017, Xtract and Nexus Capital Limited (previously Mineral Technologies International Limited, "**Nexus**") agreed the terms of an amended collaboration agreement for the exploitation of alluvial gold deposits at Manica ("**Collaboration Agreement**") which set out, *inter alia*, that Nexus would receive all Entry Fees as well as the basis for sharing monthly income from the sale of alluvial gold mined in the Manica Concession.

Based on the consideration and payments terms in the Agreement, and the payment of 60% of gross total monthly gold sales to Nexus pursuant to the Collaboration Agreement, Explorator's net share of gross total monthly gold sales from the sale of alluvial gold mined in the Manica Concession by the Contract Miner, will be approximately 40% of the Net Sales Balance.

Other

The Contract Miners will be responsible and laible for any rehabilitation of the mining concession to the extent mined by the Contract Miners as required under the relevant mining laws.

The Agreement contains an indemnity from the Mining Contractor to Explorator and further customary terms and conditions (including termination).

Further details about the company's project portfolio as well as a copy of this announcement are available from the Company's website: 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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