

Company [Xtract Resources plc](#)
TIDM XTR
Headline MoU on Gold & Copper Project in Chile
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("Xtract" or "the Company")

Exclusive Agreement to conduct due diligence and option to acquire 100% of the Chépica Gold and Copper Mine together with 100% of Mejillones Phosphate Property in Chile

Xtract Resources Plc (AIM: XTR) has signed a Memorandum of Understanding ('MOU') with Polar Star Mining Corporation ('Polar Star') which provides an exclusive four month period for further due diligence and an option to acquire Minera Polar (the 'Project'), which has an earn-in agreement on the Chépica gold and copper mine and the Mejillones Phosphate project in Chile.

Summary

- Xtract has agreed to pay Polar Star US\$250,000 which provides an exclusive four month option to conduct due diligence on Chépica ("Exclusivity fee").
- Polar Star, via a 100% owned Barbados subsidiary, owns 100% of the Chilean company Minera Polar, which in turn has an earn-in agreement on Chépica, a gold and copper producing mine ('Chépica'), located 300km south of Santiago, Chile.
- Polar Star, via a 100% owned Barbados subsidiary, Polar Star (Barbados) Limited, also owns 100% of the Mejillones Phosphate project ('Mejillones'), located near the city of Antofagasta in Northern Chile.
- Chépica is an operating gold and copper mine with good cash flow potential.
- Mejillones is a phosphate development project covering 15,800 hectares with initial technical reports indicating the potential to delineate 60 to 200Mt of phosphate upgradeable to over 25% P205.
- Should the Company elect to enter into a definitive agreement for the acquisition of Chépica from Polar Star, the previous JV agreement on Mejillones will be replaced and Xtract will own 100% of the project.

Jan Nelson, CEO commented: "Having outlined the strategy to focus on precious and base metal opportunities that could deliver near term production and cash flow, the Board believes the Chépica gold and copper mine could represent a major step in achieving our stated strategy. The Board intends to use the four month exclusivity period to review the operational and financial viability of the mine which is located in one of the more favorable mining investment regimes in the world. Should our due diligence prove successful, our primary focus would be on financing and developing the mining operation, however, the phosphate deposit represents additional upside that can be exploited through JV partners. I look forward to providing an update to shareholders in due course."

Chépica

Located 300km south of Santiago, Chile, Chépica is an operating gold and copper mine. Polar Star owns 100% of Minera Polar, which holds the rights to the Chépica property, through an earn-in agreement.

Mejillones

The Property covers approximately 15,800 hectares of a prospective phosphate deposit in Chile which is close to surface. Previous reports on the Property estimate the potential of approximately 60-200 million tonnes of open pit sedimentary phosphate with a concentrate grade of +25% P2O5 post upgrading. This will have to be confirmed upon future exploration work. The Property is within 15km of a major port accessible by paved roads.

Option Agreement

The MOU grants Xtract an exclusive right to conduct due diligence on the Project, and upon completion thereof, if the due diligence results are satisfactory to Xtract, to acquire the Sale Interest from Polar Star's interest in the Chépica property.

Xtract will pay Polar Star US\$250,000 in cash ("Exclusivity Fee"). Polar Star agrees to utilise the Exclusivity Fee solely for the purpose of advancing this to Minera Polar, which will utilise the cash solely for purposes of discharging its obligations under the Earn-In Agreement.

At any time prior to the end of the Option period, should Xtract wish to purchase Chépica, it will give notice of its intention to do so and will commence negotiations on the terms of a definitive sale agreement.

Related Party

Colin Bird is a director of both Polar Star and Xtract and therefore deemed a related party under AIM Rule 4 for Companies. As a result Mr. Bird recused himself from any involvement, discussion or review process. With the exception of Mr. Bird, the directors of Xtract consider, having consulted with its nominated advisor, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

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