



[Xtract Resources plc](#) - XTR

Mozambique Government approve Manica acquisition

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

Mozambique Government approve sale of Manica Gold project to Xtract

Xtract Resources Plc (AIM: XTR), the gold mining and development Company has received final approval under the Mozambique Mining Act from the Mozambican mining authorities to complete the acquisition of 100% of the Manica gold project in Mozambique ("Manica") from Auroch Minerals NL ("Auroch") (the "Transaction"). This was the final outstanding approval and all conditions have now been fulfilled in order to complete the Transaction.

Xtract is also pleased to announce that following discussions with Auroch both parties have agreed to revise the terms of the Transaction, further details of which are set out below. Completion of the Transaction will now occur upon the payment of US\$3.0 million by the Company to Auroch (the "Consideration Cash"), which is expected to occur on 1 March 2016.

On 10 September 2015, Xtract announced that it had agreed revised terms for the Transaction which were as follows:

- 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
- 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\$0.5 million 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. In January 2016, Auroch received a final ruling from the Honorable President of the Mozambique Tax Authority, who determined a total of US\$0.7 million due in capital gains tax. As per the terms of the Transaction at that time, Xtract paid capital gains tax and a further US\$0.05 million to Auroch

Under the revised terms the Company will:

- Pay the Consideration Cash of US\$3.0 million to Auroch ("Completion")
- Issue Auroch 1,137,258,065 new Ordinary Shares, to the value of US\$4.4 million shares at Completion ("Consideration Shares"). The disposal of the Consideration Shares is subject to an orderly market arrangement and will have no lock in period.
- Pay Auroch US\$2.5 million three months after Completion. A total of US\$1.3 million will be payable in cash and the remaining US\$1.2 million will, at Auroch's election, be payable either in Ordinary Shares, issued at a 20% discount to the 10 day VWAP prior to the election or cash.

- The date for the fulfillment of all conditions regarding the Transaction has been extended from 29 February 2016 to 31 March 2016 to facilitate payment of the Consideration Cash and admission to trading on AIM of the Consideration Shares
- In addition to the above, the Company has assumed the responsibility to settle the remaining portion of the US\$1 million relating to Manica project creditors

The revised terms of the Transaction provide the Company with additional flexibility in terms of cash flow, with minimal additional dilution.

Webcast update on Manica Project

The Company will provide an update on the Manica project via a live webcast on Monday, 7 March 2016 at 12.15pm, hosted by Jan Nelson, CEO and Joel Silberstein, CFO. Please use the following link to connect to the live Webcast on 7 March at 12.15pm:

<http://webcasting.brrmedia.co.uk/broadcast/56d45f09e79cbbe025fd1c87>

Jan Nelson, CEO, commented: "We are delighted to have received approval from the Mozambican mining authorities and to conclude the acquisition of the Manica gold project. This signifies the next step in Xtract's transformation from a small-scale miner to mid-tier gold producer. We have revised the terms of the agreement to issue slightly more shares to Auroch, which we believe does not represent material further dilution in order to optimize cash flow and capital flexibility following Completion. We are pleased that Auroch will become a significant shareholder in Xtract through this Transaction, as we seek to progress towards gold production at Manica and the creation of value for all shareholders."

Admission of shares

Application will be made for the Consideration Shares to be admitted to trading on AIM which is expected to occur on or around 7 March 2016.

Following Admission of the Consideration Shares, the Company will have 9,740,761,586 Ordinary Shares of 0.01p each in issue. Xtract does not currently hold any shares in treasury. Accordingly, this figure of 9,740,761,586 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

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