



[Xtract Resources plc](#) - XTR

Notice of GM

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**Xtract Resources Plc
("Xtract" or the "Company")
Notice of General Meeting**

The Board of Xtract Resources Plc ("**Xtract**" or the "**Company**") announces that the Company is posting today a circular to Shareholders convening a general meeting at 10.00am on 13 March 2017 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG. The circular will also be available on the Company's website www.xtractresources.com

The circular contains a letter from the Chairman of the Company which is set out in Appendix 1 below without material change or amendment.

Enquiries:

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Appendix 1

Letter from the Chairman of the Company

"Dear Shareholder

1. Introduction

Set out at the end of this document is a notice convening the General Meeting, which will be held at 10.00 a.m. on 13 March 2017 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG. The Company is convening the General Meeting to give the Directors authority to issue Ordinary Shares for cash as described further below in paragraph 5.

This letter explains the background to the Resolutions, which are being submitted for approval at the General Meeting, and why the Board considers that the Resolutions are in the best interests of Shareholders as a whole. There is also enclosed a Form of Proxy to enable you to vote on the Resolutions should you be unable to attend the General Meeting. If you hold your shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Company's agent, Capita Asset Services, so as to arrive no later than 10.00 a.m. on 9 March 2017.

2. Background to and reasons for the General Meeting

Following the announcements by the Company of the further progress it had made on the Manica Gold Project, including reaching agreement with Auroch on amounts owing by the Company and separately the collaboration agreement with Nexus Capital Limited in the exploitation of alluvial gold deposits, the Company's broker Beaufort approached the Company with the indicative terms and amount of a proposed funding and the Board was encouraged by the potential interest shown in the Company by potential investors. The Board considered the proposed funding and concluded that, given the working capital requirements of the Group and the objective to advance the Manica Gold Project and continue to reduce accrued historic creditors, the proposed funding, while opportunistic, would substantially improve the Company's financial position and therefore the Board's confidence in progressing Manica successfully. The Board is very aware of the dilution on Shareholders of additional equity issues, but believed that the proposed placing would be in the interests of the Company and Shareholders as a whole. Accordingly, the Board decided to proceed with Beaufort's proposal and on 16 February 2017 the Company announced that Beaufort, the Company's broker, had raised up to £1,878,933 (before expenses) following the conditional placing of 10,156,398,001 new Ordinary Shares at the Placing Price (of 0.0185p per Ordinary Share). The Company will issue the Beaufort Warrants to Beaufort as part of the fee payable to Beaufort in respect of the Placing.

Under the Placing, the Company conditionally agreed to issue a total of 3,496,940,001 new Ordinary Shares at the Placing Price to raise gross proceeds of £646,934, subject to the terms of a placing agreement with Beaufort and admission of the new Ordinary Shares to trading on AIM ("**Tranche 1 Placing Shares**"). The admission of the Tranche 1 Placing Shares to trading on AIM is expected to take place on or around 2 March 2017. The Tranche 1 Placing Shares are being issued under the authorities to issue Ordinary Shares previously granted to the Directors. Beaufort procured subscribers for a further 6,659,458,000 new Ordinary Shares with gross proceeds of £1,232,000 ("**Tranche 2 Placing Shares**") to be issued at the Placing Price and on the same other terms as the Tranche 1 Placing Shares, but conditional on shareholder approval of the necessary increase in authority to issue the Tranche 2 Placing Shares.

The net proceeds from the Placing will be used by the Company to fund the completion of the Definitive Feasibility Study on the Manica Gold Project (anticipated to be completed on or around 28 February 2017), extend the Environmental Impact Assessment to cover all alluvials within the Manica Gold Project, further consolidation within the area of the Manica Gold Project, and for general working capital purposes. In addition, the Company will be able to review new investment opportunities to diversify its interests and a proportion of the funding could be used for this process. In addition, the Company will redeem part of the Convertible Loan Note.

As described above, the Board is acutely aware of the impact of dilution on shareholders and will make every effort to limit future dilution and, in the event that it is practicable and cost effective to do so, give full consideration to ways in which shareholders can participate in any future fund raisings.

3. Manica Debt

As announced on 9 February 2017, the Company reached an agreement with Auroch regarding the Manica Debt (being the sum of US\$1,748,136 owed by the Company to Auroch).

US\$748,136 of the Manica Debt was settled by the issue of the Convertible Loan Note to Auroch. Auroch agreed that, other than the circumstances where there has been an event of default under the Convertible Loan Note, the Company will not be required to allot and issue any Conversion Shares to the extent that Auroch's interest in the Company would exceed 10% of the Company's issued share capital. The Convertible Loan Note converts into new fully paid Ordinary Shares at a conversion price equal to a 15% discount to the VWAP of Ordinary Shares during the 10 business days prior to the Conversion Date subject to a floor price of 0.012p per Ordinary Share.

As announced on 16 February 2017, Auroch converted US\$200,000 of the Convertible Loan Note. In addition, under the terms of the Convertible Loan Note, Auroch may require that 15% of the net proceeds of any fundraising may be applied to redeem part of the Convertible Loan Note. As announced, US\$115,000 of the Convertible Loan Notes will be redeemed on completion of the issue of the Tranche 1 Placing Shares, following which US\$433,133 will be outstanding under the Convertible Loan Note.

The balance of Manica Debt was structured as an unsecured US\$1 million loan agreement. As announced on 9 February 2017, the Company agreed that the Company will endeavour to obtain relevant shareholder authorities on

or before 30 June 2017 to authorise the Company to replace the Loan Agreement with a convertible loan note on substantially the same terms as the Convertible Loan Note. In the event that the Company does not obtain the necessary approvals by 31 December 2017, an accelerated interest rate of 30% per annum will accrue going forward on any outstanding balance of the Loan Agreement.

The increased authorities being sought at the General Meeting will enable the Company therefore to meet this undertaking to Auroch and avoid the accelerated interest becoming payable on the Loan Agreement (unless otherwise repaid).

4. Share Capital

Following completion of the Tranche 2 Placing, there will be 25,043,110,119 Ordinary Shares in issue. The Directors consider that it is in the best interests of the Company's long term development as a publicly quoted company to have a more manageable number of issued ordinary shares relative to other comparable AIM-traded companies and in due course when and if practicable will consider proposals in respect of a capital reorganisation.

5. General Meeting

At a general meeting of the Company held on 30 December 2016 resolutions were passed granting the Directors authority under section 551 of the Act to issue 9,143,864,272 Ordinary Shares and to disapply the Statutory Pre-Emption Rights in respect of the same number of Ordinary Shares.

Since 30 December 2016 the Company has: issued 335,484,611 Ordinary Shares in settlement of outstanding invoices for services on 6 January 2017; issued the Convertible Loan Note and the Auroch Warrants on 9 February 2017; and will, following their admission to trading on AIM on or around 2 March 2017 have issued the Tranche 1 Placing Shares. The Company has therefore very nearly utilised the authorities to issue Ordinary Shares given to the Directors at the general meeting of the Company held on 30 December 2016. The Directors therefore are convening the General Meeting to obtain additional authority from Shareholders under section 551 of the Act to issue 16,963,064,516 Ordinary Shares and to disapply the Statutory Pre-Emption Rights in respect of 16,963,064,516 Ordinary Shares. This will enable the Company to issue the Tranche 2 Placing Shares as well as authorise the Company to replace the Loan Agreement with a convertible loan note on substantially the same terms as the Convertible Loan Notes, as described further in paragraph 3 above.

The General Meeting will be held at 10.00 a.m. on 13 March 2017 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG. The Notice is set out at the end of this document.

The Resolutions to be proposed at the General Meeting are:

- as Resolution 1, an ordinary resolution granting authority to the Directors to issue up to 16,963,064,156 Ordinary Shares (representing approximately 85% of the issued share capital of the Company as at the last practicable date prior to the date of this letter); and
- as Resolution 2, a special resolution to disapply the Statutory Pre-Emption Rights in relation to the Placing Shares which (in addition to disapplying Statutory Pre-Emption Rights for pre-emptive issues and for options), will also disapply the Statutory Pre-Emption Rights in respect of the issue of up to 16,963,064,156 Ordinary Shares for cash.

6. Recommendation

Your Board considers that the Resolutions to be proposed at the General Meeting are in the best interests of Shareholders as a whole and unanimously recommends that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial shareholdings, which amount in aggregate to 491,646,291 Ordinary Shares, representing approximately 2.46 percent. of the issued share capital of the Company (as at 23 February 2017, being the last practicable business day before the date of this document).

If the Resolutions are not passed, the Board believes that this would adversely affect the Company's ability to realise the underlying value of the Manica Gold Project for the benefit of all shareholders, which is considered by the Board potentially to be a major gold asset of the Company.

7. Action to be taken

The General Meeting will be held at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG. Shareholders are entitled to attend and vote at the General Meeting. A Form of Proxy for use by Shareholders is enclosed. Whether or not you intend to be present in person at the General Meeting, you are requested to complete

the form in accordance with the instructions thereon and return it to the Company's registrars, Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive no later than 10.00 a.m. on 9 March 2017.

CREST members who wish to appoint a proxy or proxies for the General Meeting through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Asset Services (ID RA10), no later than 10.00 a.m. on 9 March 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

If you complete and return the Form of Proxy you can still attend and vote at the General Meeting if you wish.

Yours faithfully
Colin Bird
Executive Chairman"

Appendix 2

Definitions

In the circular and this announcement the following expressions have the following meanings unless the context otherwise requires:

"Act" or "Companies Act"	the Companies Act 2006 (as amended from time to time);
"AIM"	the AIM market operated by the London Stock Exchange plc;
"Auroch"	Auroch Exploration Pty Ltd, the company from which Xtract purchased the Manica Gold Project;
"Auroch Shares"	the 1,589,623,629 new Ordinary Shares to be issued to Auroch (as announced on 16 February 2017) at an issue price of 0.013282p per share following the Conversion by Auroch of US\$200,000 of the Convertible Loan Note and in order to satisfy the obligation by the Company to pay Auroch a fee of US\$50,000 and interest payable of US\$13,722, in aggregate US\$263,722;
"Auroch Warrants"	the warrants issued by the Company to Auroch to subscribe for up to 500,000,000 Ordinary Shares at an exercise price of 0.02p per new Ordinary Share at any time before 21 December 2017;
"Beaufort"	Beaufort Securities Limited, the Company's broker;
"Beaufort Warrants"	the warrants to be issued by the Company to Beaufort Securities Limited to subscribe for up to 507,819,900 Ordinary Shares at the Placing Price per new Ordinary Share at any time before 16 February 2019;
"Board" or "Directors"	the directors of the Company
"Company" or "Xtract"	Xtract Resources PLC, incorporated in England and Wales with company number 05267047;
"Conversion Discount"	a 15% discount to the VWAP during the 10 business days prior to the Conversion Date;
"Conversion Shares"	any Ordinary Shares issued on the conversion of the Convertible Loan Note, and the expressions " Conversion " and " Conversion Date " shall be construed and interpreted accordingly;
"Convertible Loan Note"	the unsecured convertible loan note issued to Auroch on 9 February 2017 pursuant to which the Company agreed to pay Auroch US\$748,136, further details of which are set out in paragraph 3 of the chairman's letter set out in this document;

"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registration number 02878738, being the Operator of CREST;
"Form of Proxy"	the form of proxy for use by Shareholders in relation to the General Meeting;
"General Meeting"	the general meeting of Xtract to be held at 10.00 a.m. on 13 March 2017, or any adjournment thereof;
"Group"	the Company and its subsidiaries;
"Loan Agreement"	the loan agreement made between Auroch (1) and the Company (2) in respect of loan of US\$ 1 million owed to Auroch by the Company, further details of which were set out paragraph 3 of the chairman's letter set out in this document and in the announcement made by the Company on 9 February 2017;
"Manica Debt"	the sum of US\$1,748,136, being the outstanding amounts owed by the Company to Auroch in relation to the acquisition of the Manica Gold Project;
"Manica Gold Project"	the Group's Manica gold project in Mozambique;
"Notice"	the notice of the General Meeting, which is set out at the end of this document;
"Ordinary Shares"	ordinary shares of 0.01 pence each in the capital of the Company;
"Placing"	the placing of the Placing Shares at the Placing Price;
"Placing Price"	0.0185p per Placing Share;
"Placing Shares"	10,156,398,001 new Ordinary Shares, being the Tranche 1 Placing Shares and the Tranche 2 Placing Shares;
"Resolutions"	the resolutions to be proposed at the General Meeting, as set out in the Notice;
"Shareholders"	holders of Ordinary Shares;
"Statutory Pre-Emption Rights"	the statutory pre-emption rights contained in section 561 of the Companies Act;
"Tranche 1 Placing Shares"	the 3,496,940,001 Ordinary Shares referred to in paragraph 2 of the chairman's letter set out in this document which are to be issued under the existing authorities granted to the Directors;
"Tranche 2 Placing Shares"	the 6,659,458,000 Ordinary Shares referred to in paragraph 2 of the chairman's letter set out in this document which are to be issued under the authorities to be granted to the Directors pursuant to the Resolutions;
"VWAP"	the average volume weighted average price of Ordinary Shares.

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This information is provided by RNS
The company news service from the London Stock Exchange

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