



[Xtract Resources plc](#) - XTR

Placing to raise £1.75m

Released 13:05 30-Mar-2015



RNS Number : 87031

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

Placing to Raise £1.75m

Xtract Resources Plc (AIM:XTR) has raised £1.75 million ('the Placing') following the placement of 1,166,666,667 ordinary shares of 0.01p per share ("Ordinary Shares") at 0.15p per Ordinary Share.

The funds raised will be utilised for further underground development at the Chepica Gold and Copper Mine in Chile ('Chepica') and to carry out drilling and metallurgical test work on the Sulphide Copper tailings dumps in South Africa ('O'Kiep Project') which the Company signed a Deed of Assignment ('DoA') with the O'Kiep Copper Company on 26 March 2015.

Chile

At Chepica, the funds will enable the Company to accelerate the underground development work in order to fully expose the extend and mine the reef horizon which will deliver significant profit margin within 3 months. In addition, development work will commence on the newly discovered gold bearing reef at the Salvadori prospect on Chepica in order to ascertain the most efficient and cost effective way to mine this project, which will increase mining flexibility and is expected to positively impact on the gold grade recovered. In addition the funds raised will also be directed to start development on three new areas of the mine (Salvadori and Colin prospects) that will increase flexibility at the mine and ensure consistent production delivery.

South Africa

At the O'Kiep Project, the Company will now commence the 2,500m drilling programme on the tailings dams in order to define a measured and indicated resource and undertake metallurgical test work to determine mineralogy and recoveries.

Based on Xtract's initial in-house calculations, which have not been validated by any independent third party, it is estimated that the Project has a Net Present Value ('NPV') of US\$110m with an Internal Rate of Return ('IRR') of 68%. These calculations are based on the following assumptions: (i) recoveries of 85% (ii) a copper price of US\$4,500/t; (iii) operating costs of US\$2,500/t; (iv) a requirement for US\$40m of new capital to finance the Project; (v) a discount rate of 10%; (vi) an annual throughput of 5.6Mt over the first 10 years of the project which declines to an annual throughput of 1.4Mt over the last 4 years; and (vii) the in situ copper grade being upgraded to a concentrate grade of 25% Cu.

It is expected that the above valuation of the Project will be re-assessed following completion of the testing work and receipt of the feasibility report.

Commenting on the Placing, **Jan Nelson**, CEO, said: "We are delighted to have received strong support on this Placing and the team are incredibly excited about the development work in Chile and the newly acquired Copper tailings project in South Africa. What is even more encouraging is that the cash was raised at a share price equivalent to the current 6 month VWAP.

"With Chepica now at break even and producing good cash flow which will be further underpinned by the development work we are carrying out underground, we are poised to transition into a mid tier low cost copper producer with upside on the gold production in Chile."

Application has been made for the new Ordinary Shares being issued in connection with the Placing to be admitted to trading on AIM which is expected to occur on or around 7 April 2015.

Following Admission of the new Ordinary Shares, the Company will have 4,997,266,647 Ordinary Shares in issue. Xtract does not currently hold any shares in treasury. Accordingly, this figure of 4,997,266,647 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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