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Update on Manica Gold Project

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07 March 2016

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

Update on Manica Gold Project

Xtract Resources Plc (AIM: XTR), the gold mining and development Company, which announced on 1 March 2016 that it had received approval from the Mozambique Government to acquire a 100% of the Manica Gold Project (the 'Manica Project'), is pleased to confirm that it has completed an in-house update on the economic metrics of the Manica Project, as part of the Definitive Feasibility study ('DFS') that is currently being undertaken by independent consultants.

On 29 June 2015 the Company reported on certain economic metrics for the Manica Project, which had been completed by Auroch Minerals NL ('Auroch') as part of the Preliminary Economic Assessment report ('PEA'). Following the development work undertaken by Xtract since this time, based on the Company's in-house estimates, the Board now has the following expectations regarding the Manica Project:

Key metrics (all based on Xtract's in-house estimates)

- Project Net Present Value ('NPV') (discounted at 10%) increased to US\$70 million (PEA NPV: US\$50 million) with an Internal Rate of Return ('IRR') of 50% (PEA IRR: 58%) assuming a gold price of US\$1,250/oz
- Life of Mine ('LOM') increased to 12 years (PEA LOM: 8 years)
- Production expected to commence in Q4 2017
- Annual LOM production of 6.3mt at a head grade of 2.93g/t recovering 477koz (PEA Annual LOM production: 3.4mt at a head grade of 3.49g/t recovering 316koz of gold)
- Recoveries for oxide ore is 96%, 82% for transitional ore and 80% for sulphide ore
- Start-up capital cost of US\$35 million compared to PEA capital estimate of US\$28.4 million for open pit and plant. Additional capital of US\$14 million, from cash flow, will be expended in years three and four of the Manica Project as part of underground access development compared to US\$8.7 million capital for underground development planned in PEA (8 years of underground mining projected vs 3 years under the PEA)
- Cash cost of US\$757/oz compared to cash cost in PEA of US\$650/oz
- EBITDA of US\$245 million (assuming LOM of 12 years) compared to PEA EBITDA of US\$130 million (assuming LOM of 8 years)

Shareholders are to use caution when reviewing these numbers as they are based on company in-house estimates and have not been verified by independent consultants and have a high probability of changing as the DFS is completed and independently verified.

Jan Nelson, CEO, commented: "The economic metrics of the Manica Gold project remain robust and the Company's in-house estimates of EBITDA have significantly increased relative to the increased capital requirement compared to the

PEA. The Manica Project remains at the low end of the cost scale and we are now focusing on completing the DFS and starting mine construction.

"We are completing a new resource calculation for the Manica Project and expect to provide an update to the market as soon as possible. We will also report on the alluvial mining plan for the project within Q2 2016."

Mining stage, sequence and throughput

The Manica Gold project can be divided into two stages. The first stage involves surface mining operations and is scheduled to commence in Q4 of 2017 with target production of 477kt at a head grade of 2.62g/t. This would recover approximately 32koz of gold over a LOM of 4 years.

Underground Mining Operations ('UMO') will be the second stage of mining and with target production of 555kt at a head grade of 3.06g/t would recover approximately 43koz of gold per annum. The LOM of UMO is eight years but the ore body is still open to depth and it is anticipated that with further drilling from underground once mining starts the LOM could potentially be increased.

Timing to project completion and critical time-line factors

The DFS is still on schedule to be completed by the end of Q2 2016. Most of technical studies will be complete by the end of Q1 2016 and the environmental studies are expected to be finished in the first half of Q2 of 2016. Completion of the re-settlement study is expected to occur by the end of Q2 2016, however, this process has been influenced by a recent change in legislation and will be subject to certain approvals being granted by a government committee, which may require additional time and, in a worst case scenario, could prolong completion of the DFS by three months.

Finance and timing

The Company is currently engaged in discussions with several banks and institutions regarding finance for the Manica Project. Shareholders will be updated on the outcome and progress of these negotiations in due course.

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>

The presentation to be given via the webcast will be available on the Company's website from 11.30am on Monday, 7 March.

Qualified Person

In accordance with AIM Guidelines, Peter Moir, B.Sc. Civil Engineering, M.Eng. Petroleum Engineering, UK Chartered Engineer and Director of Xtract Resources plc is the qualified person as defined in the Guidance Notes for Mining, Oil and Gas Companies, February 2010, of the London Stock Exchange, that has reviewed the technical information contained in this press release. Mr Moir has more than 30 years' experience in technical, operational and commercial aspects of the E&P business.

Enquiries:

Xtract Resources Plc	Jan Nelson, CEO	+44 (0)20 3416 6471
Cenkos Securities plc	Derrick Lee	+44 (0)131 220 6939
	Beth McKiernan	
Beaufort Securities	Jon Belliss	+44 (0)207 382 8300
St James's Corporate Services	Phil Dexter	+44 (0)20 7796 8647
		+44 (0)7798 634398
Gable Communications	Justine James	+44 (0)20 7193 7463
	xtract@gablecommunications.com	+44 (0) 7525 324431

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