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Zambia Copper Exploration Agreement

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Xtract Resources Plc ("Xtract" or the "Company") Zambia Copper Exploration Agreement

The Board of Xtract Resources Plc ("**Xtract**" or the "**Company**") is pleased to announce that the Company has today concluded a Memorandum of Agreement ("**Agreement**") with a consortium ("**Consortium**") to jointly undertake exploration works on the copper / gold small scale mining license number 8370-HQ-SML ("**Licence**") located at Kajevu, Kasempa, North Western Province In The Republic of Zambia ("**Matrix Project**").

Highlights of the Agreement

- Agreement to jointly undertake exploration work on the copper / gold Licence in Zambia
- Matrix Project's breccia vein system extends for at least 3km, with initial target section of 800m within the Licence
- Recent small scale open pit recovered high grade hand-picked copper as well as alluvial gold nuggets
- Selective grab samples taken from the pit outcrop indicate values ranging between 3.99-7.28% Cu and 1.0-3.42g/t Au
- Bulk sample material stockpiled at surface
- Objective to identify a copper / gold resource within a period of 24 months
- Xtract to acquire a 50 per cent. share in the project
- Parties agree to jointly fund an exploration works programme up to US\$1 million in aggregate

Colin Bird, Executive Chairman said: " The iron oxide copper gold (IOCG) exploration potential in Zambia has not been fully explored and several highly prospective opportunities exist. We have identified the Matrix Project as being high in potential and are currently investigating other areas which possess similar potential. In developing our activities into Zambia, we are providing a country balance and also introducing copper as a commodity hedge against gold. The Board of Xtract believes that the fundamentals for copper in the future are stronger than have been experienced for a considerable time."

Matrix Project Summary

There is a small open pit trial mine approximately 150 metres long and 15 metres deep that was previously developed over a copper-gold mineralised, hydrothermally altered quartz vein zone striking slightly north of west and dipping steeply towards the north. At the western end of the pit a breccia zone of iron-rich quartz is exposed within siltstone host rock over a minimum width of 3 metres, with strong visible copper mineralisation in the form of malachite and chalcocite throughout the matrix and on fractures. Selective composite grab samples taken by the Company from the exposed mineralisation at the western end of the main pit were assayed by the Geochemical Analytical Laboratory at the University of Lusaka School of Mines. These returned values ranging 3.99-7.28% Cu, 1.0-

3.42g/t Au. The pit operators did not have the necessary equipment to process the ore but they reported recovery and sale of high grade copper from hand-picked material, as well as recovery of alluvial gold nuggets. Bulk sample material from the open pit was stockpiled at surface for possible future processing.

The vein system can be traced continuously within the Licence for at least 800 metres from the eastern end of the open pit to the western margin of the Licence. The system continues to be strongly altered and brecciated, with iron-rich matrix as seen at the mineralised pit exposure, however there is no visible copper mineralisation at surface outside the pit, probably due to near-surface leaching. To the east the vein partly tracks outside the licence. Here it is generally less altered and brecciated, but strong copper mineralisation is exposed in a trial digging within the southeast corner of the licence, more than 2 kilometres from the open pit. A selective grab sample taken from mineralised material at this locality returned assay values of 4.49% Cu, 2.94g/t Au.

The target can be classified as iron oxide copper gold (IOCG) type. Several mineral deposits of this type have recently been recognised in Zambia, genetically and spatially related to the major sediment-hosted deposits of the nearby Copperbelt. They are generally underexplored compared to the Copperbelt deposits. The Matrix Project has not previously been systematically explored and no historic drilling is known which might have tested its' extension to depth.

Memorandum of Agreement

Background

The Memorandum of Agreement has been entered today by the Company and the Consortium (the "**Parties**"). The Company has to date been involved in gold and copper exploration and mining, while the consortium has to date invested in assets within Africa. The objective of the Agreement is to collectively undertake exploration works on the Licence area and the intent of this agreement is to identify a copper/gold resource which the Parties are targeting to achieve within a period of 24 months.

Key terms of the Agreement

The parties have agreed to incorporate a special purpose company ("**Newco**") to acquire the shares of Starshine Mineral Exploration Limited ("**Starshine**"), incorporated in the Republic of Zambia. This Agreement shall come into force and effect upon signature and shall endure for a term of 24 months. Xtract will hold a 50% share in Newco with one of the two directors of Newco being a representative of Xtract. Within 14 days of incorporation, Newco will be issued with 90% shares of Starshine, with the remaining 10% of the Starshine to held by a local shareholder (with no voting rights). Xtract will appoint one of the two directors of the board of Sunshine. The Licence is currently being transferred to Starshine. Under the current licence agreement, only in the event that Starshine builds a mine and commences production and reaches a target of 15,000 tonnes of copper per annum for 15 years, an aggregate amount of US\$4,900,000 in deferred consideration will become payable in 49 instalments of US\$100,000 to the former Licence holder.

Exploration programme

To date, the Consortium has undertaken preliminary studies at the Matrix Project and the Parties have agreed that the preliminary prospecting work shall be undertaken on the Licence within 6 months from the date of the Agreement.

Upon completion of preliminary prospecting works and in the event that the prospect is not worthy of development, none of the Parties will be obliged to contribute any further funding.

Upon completion of the preliminary prospecting works and agreement from both Parties to proceed, the Parties have agreed that further detailed exploration work shall be undertaken on the Licence area for a period of no more than 18 months from the date of the Agreement.

Budget

The Parties have agreed that the total budget for exploration works shall not exceed US\$1,000,000, apportioned as follows:

- US\$200,000 in relation to preliminary prospecting works; and
- US\$800,000 in relation to detailed exploration works.

Early termination during the Exploration Works Period

- Neither party shall be compelled to remain as a shareholder in the event of a party requiring to exit as shareholder;
- The exiting party shall have no claims against the Company or its shareholders;
- The exiting party will ensure that it acts in good faith to ensure that the remaining party has all the benefits and obligations of the license.

Further details are available from the Company's website which details the company's project portfolio as well as a copy of this announcement: www.xtractresources.com

This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014 on market abuse. The person who arranged for the release of this announcement on behalf of the Company was Colin Bird, Director.

Enquiries:

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Qualified Person:

Information in this announcement relating to the Licence has been reviewed by Edward (Ed) Slowey, BSc, PGeo, a consultant to Xtract. Mr Slowey is a graduate geologist with more than 40 years' relevant experience in mineral exploration and mining, a founder member of the Institute of Geologists of Ireland and is a Qualified Person under the AIM rules. Mr Slowey has reviewed and approved the geological content of this announcement.

Qualified Person:

In accordance with AIM Note for Mining and Oil & Gas Companies, June 2009 ("Guidance Note"), Colin Bird, CC.ENG, FIMMM, South African and UK Certified Mine Manager and Director of Xtract Resources plc, with more than 40 years experience mainly in hard rock mining, is the qualified person as defined in the Guidance Note of the London Stock Exchange, who has reviewed the technical information contained in this press release.

TECHNICAL GLOSSARY

The following is a summary of technical terms:

"altered zone"	a zone exhibiting change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions
"Au"	Gold
"breccia/brecciated"	rock fragmented into angular components
"chalcocite"	A copper sulphide mineral, Cu ₂ S, found in zones of secondary enrichment of copper ores
"Cu"	Copper

"exploration"	method by which ore deposits are evaluated
"g/t"	gram per metric tonne
"grade"	relative quantity or the percentage of ore mineral or metal content in an ore body
"malachite"	a green copper carbonate mineral ($\text{Cu}_2(\text{OH})_2\text{CO}_3$) which forms by alteration of copper sulphide minerals
"mineralisation"	process of formation and concentration of elements and their chemical compounds within a mass or body of rock
"quartz"	a mineral composed of silicon dioxide, SiO_2
"schist" and "schistose"	a metamorphic rock with a platy or foliated texture

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