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

Additional Manica Gold Hard Rock Mining Agreement

The Board of Xtract Resources Plc ("**Xtract**" or the "**Company**") is pleased to announce that the Company's wholly-owned Mozambican subsidiary, Explorator Limitada ("**Explorator**") has concluded an additional mining contractor agreement ("**Boa Esperanza Agreement**") with Longhau Tianci Mining Co Ltd ("**Longhau**" or "**Contract Miner**") for the exploitation of the Boa Esperanza hard rock gold deposit at its Manica mining concession in Mozambique.

Highlights

- Longhau appointed to mine the Boa Esperanza hard rock gold deposit for 6 years or until the ore body is depleted or no longer viable
- Boa Esperanza Agreement provides for Explorator to receive 20% of gold production (after settlement by Explorator of the Mining Production Tax)
- Explorator will remit 35% of its share of Boa Esperanza gold production (after applicable expenses and tax) to Mutapa Mining and Processing LDA, Explorator's existing hard rock collaboration partner
- Longhau to commence adit mining and initial underground development during the processing build phase
- Previously reported SAMREC-compliant Inferred Resource of 143,000 tonnes @ 0.77g/t Au
- Shallow drill intercept of 15.45m @ 1.35g/t Au highlights potential for higher grade ore shoots
- Further gold potential along sparsely drilled structural extension to the west-northwest

Colin Bird, Executive Chairman said: "I am pleased to report the conclusion of negotiations and signing of the Boa Esperanza agreement with Longhau. Boa Esperanza has had only limited drilling and as such the contractor plans to open the veins progressively and follow the vein and ore shoot. This approach is common to this type of ore body and it is not unusual for mines to still be in production for many years after their original ore estimate. This new agreement provides the Company with another potential source of cash flow concurrent with the Guy Fawkes agreement. We are also pleased to report that the previous onerous Covid-19 lockdown protocols in South Africa have been reduced and we are confident that border restrictions will be lifted to allow the importing of machinery from South Africa to Mozambique."

Background

On 29 May 2019, the Company announced that it had entered into a collaboration agreement ("Mutapa Agreement") with Mutapa Mining and Processing LDA ("MMP") for the mining and mineral processing of the Company's Manica hard rock gold deposits ("Manica Project") at Xtract's Manica mining concession licence 3990C in Mozambique.

Under the Mutapa Agreement, the Company had appointed MMP as an independent mineral processing contractor to conduct hard rock mining on the Manica Project permitted area comprising the main deposit at Fairbride, and the three ancillary deposits at Guy Fawkes, Dots Luck and Boa Esperanza. Construction has yet to commence on site.

The Company and MMP subsequently agreed to release the ancillary deposits at Guy Fawkes and Boa Esperanza from the Mutapa Agreement in order to enable Xtract to appoint third party mining contractors who might be able to provide early cash flow pending construction by MMP at Fairbride and on 19 August 2020 the Company entered into an agreement with Longhau to mine the Guy Fawkes hard rock deposit.

Boa Esperanza Contract Mining Agreement

The Company's wholly-owned Mozambican subsidiary, Explorator, has today additionally appointed Longhau Tianci Mining Co Ltd ("Contract Miner") who will have the exclusive right to mine the Boa Esperanza hard rock deposit on the Permitted Area of the Mining Concession area. The Boa Esperanza Agreement will endure for a period of 6 years, with rights of early termination either by Explorator or the Contract Miner.

The Boa Esperanza Agreement is subject to a number of pre-conditions including the Contract Miner obtaining a gold trading licence and Explorator securing a mining licence and environmental licence. The Boa Esperanza Agreement includes performance targets whereby the Contract Miner will be required to commission a plant with a minimum throughput of 60 tonnes per day within 2 months from the date of signing. The throughput tonnage will be increased to 120 tonnes per day within 3 months of commencing operations.

Explorator will be responsible for recording the gold concentrate produced from the permitted area on a daily basis. The Contract Miner will be responsible for the smelting of the gold concentrate and delivery of gold dore bars.

Explorator will be responsible for all statutory and legal requirements regarding the licence and for payment of the Mining Production Tax of 6%.

Consideration and Payments

In consideration for the appointment, in respect of the stripped material up to a depth of 30 meters, the Contract Miner will retain 84% in gold for services provided, and Explorator will retain 16% of all gold production, amounting to 10% after payment by Explorator of the applicable Mining Production Tax of 6%. Thereafter, Explorator will retain 26% of all gold production, amounting to 20% after payment by Explorator of the applicable Mining Production Tax of 6%.

After deduction of applicable expenses and costs and tax incurred by Explorator, Xtract has agreed with MMP to split the net cash flow 65% in Explorator's favour (with 35% due to MMP).

Other

The Contract Miner will be responsible and liable for any rehabilitation of the mining concession to the extent mined by the Contract Miner as required under the relevant mining laws. The Agreement contains an indemnity from the Mining Contractor to Explorator and further customary terms and conditions (including termination).

Project Technical Summary

Boa Esperanza is a steeply north-dipping Archean Greenstone Belt Orogenic Gold deposit occurring within the 10km long west-northwest trending Mutamborico shear zone in western Mozambique. It lies within a complex area of sheared and tectonised Banded Iron Formation ("BIF") and quartz veining. Gold is associated with disseminated pyrite mineralisation which is oxidised near surface.

The project was mined historically since at least 1936, with total production of 4,800oz Au reported from two small open pits and underground workings.

Limited exploration drilling has been undertaken, with 12 holes for which records are available, totalling about 1,000m in all. Four of these holes completed in 2003 using diamond core drilling, intersected mineralisation of note, including BED001 which intersected a zone of 15.45m @ 1.35g/t Au from 38.15m downhole, and BED002 which intersected 31.48m @ 0.76g/t Au from 49.95m downhole, including 5.15m @ 1.97g/t Au.

A 2016 technical report commissioned by Xtract estimated a SAMREC Code (2009) compliant Inferred Mineral Resource of 143,000 tonnes @ 0.77g/t Au, as detailed in the table below:

Boa Esperanza Total Mineral Resource

Mineral Resource Category	Tonnes	Au	Au	Au
	Mt	g/t	kg	koz
@ 0.5g/t Less 20% Mine Depletion				
Measured	-	-	-	-
Indicated	-	-	-	-
Total M&I	-	-	-	-
Inferred	0.143	0.77	111	3.55
Total Measured, Indicated and Inferred	0.143	0.77	111	3.55

Notes:

1. Orebody volume estimated from digital wireframe.
2. Source: 2016 Mineral Resource estimation carried out by Mr L. Hope of Minxcon (NHD (Econ Geol.), Pr.Sci.Nat.) under supervision of and verified by Mr U Engelmann, as Competent Person of the report, with an effective date of 8 June 2016.
3. The Inferred Mineral Resources have a large degree of uncertainty as to their existence and whether they can be mined economically or legally.
4. Only Mineral Resources lying within the legal boundaries are reported.
5. Mineral Resources would be inclusive of Mineral Reserves (no Mineral Reserves were declared).

6. Mineral Resources are declared at cut-offs shown in the table above and a gold price of US\$1,466 per oz.
7. No Geological losses are accounted for.
8. All figures are in metric tonnes.
9. 1 kg = 32.15076 oz.
10. Explorator is the operator and owns 100% of the Manica gold project such that gross and net attributable mineral resources are the same.

The drilling at Boa Esperanza, as well as underground sampling, indicates that there are potentially pockets or shoots of higher-grade ore within the overall resource. Also, the Duque gold workings, located 5km along strike to the west-northwest, suggests potential for additional discoveries beneath scree and overburden cover where the zone has been only sparsely drilled or remains untested by drilling.

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:

Xtract Resources Plc	Colin Bird,	+44 (0)20 3416 6471
	Executive Chairman	www.xtractresources.com
Beaumont Cornish Limited	Roland Cornish	+44 (0)207628 3369
Nominated Adviser and Joint Broker	Michael Cornish	www.beaumontcornish.co.uk
	Felicity Geidt	
Novum Securities Limited	Colin Rowbury	+44 (0)207 399 9427
Joint Broker		www.novumsecurities.com

Qualified Person:

Information in this announcement relating to the exploration works 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:

"Archean"	The oldest of the two divisions of the Precambrian Era; older than 2,500 million years ago
"Au"	Gold
"Banded Iron Formation (BIF)"	Chemical sedimentary rock composed of finely alternating layers of silica and iron oxide, iron silicates or iron carbonates
"cut-off"	The grade above which samples are included in a mineral resource or reserve
"diamond drilling"	Drilling method which obtains a cylindrical core of rock by drilling with an annular bit set with diamonds
"Greenstone Belt"	Zones of variably metamorphosed mafic to ultramafic volcanic sequences with associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss bodies
Inferred Mineral Resource	That part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
"mineralisation"	Process of formation and concentration of elements and their chemical compounds within a mass or body of rock
"open pit"	The main type of mine designed to extract minerals close to the surface
"ore body"	A solid and fairly continuous mass of ore
"ore shoots"	High-grade mineral zones, usually occurring as steeply-dipping zones along veins or faults
"orogenic"	Pertaining to mountain building events in the Earth's history
"overburden"	Material such as soils and gravels deposited over bedrock, typically deposited by rivers, ice sheets or on the sea floor.
"oz"	Ounce
"pyrite"	Iron sulphide mineral, FeS ₂

"quartz"	A mineral composed of silicon dioxide, SiO ₂
"SAMREC Code"	The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
"scree"	A mass of small loose stones that form or cover a slope on a mountain
"shear zone"	Plane of failure in faulted body of rock
"stockwork"	A large-scale ramifying series of fissures filled with mineralized material
"tectonised"	A rock modified by a process resulting from the deformation of the earth's crust
"vein"	A mineral-filled fracture or fault in a rock

ENDS

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