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Alluvial Collaboration Agreement terms amended

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For immediate release
30 October 2018

Xtract Resources Plc
("Xtract" or the "Company")
Alluvial Collaboration Agreement terms amended

The Board of Xtract Resources Plc ("Xtract" or the "Company") is pleased to announce that Xtract and Nexus Capital Limited (previously Mineral Technologies International Limited, "Nexus") have today agreed to revise the terms of the collaboration agreement for the exploitation of alluvial gold deposits at Manica, which was previously amended and agreed to by the parties as announced on 20 June 2017.

Highlights

- The new collaboration agreement ("**New Agreement**") signed between the Company and Nexus
- Net gold production attributable to the Company to be shared equally with Nexus
- All Entry Fees received from the Contract Miners after 31 May 2018 to be divided equally between the Company and Nexus
- Agreed settlement of US\$76,000 to be paid by the Company to Nexus for fees accrued between 1 January 2018 and 31 May 2018
- The New Agreement provides Xtract with more favourable terms and potential additional income with minimal operating risk

Colin Bird, Executive Chairman said:

"The New Agreement is the result of prolonged negotiations between Nexus and Xtract targeted towards an equitable agreement which reflects concession ownership and our responsibilities. This agreement has removed key aspects of negative control by Nexus and remains in the general interest of both parties. I am very pleased that agreement has been reached with Nexus and now look forward to working to increase the production of the Manica alluvials by revising the current contracting arrangements."

Background to the new Collaboration Agreement

On 13 February 2017, the Company announced that it had entered into an agreement with Nexus (a private Hong Kong registered company) and agreed to develop the alluvial gold interest of the Mining Concession together through the appointment of third-party contract miners, who would have the exclusive right to mine unconsolidated alluvial deposits on specified areas of the Mining Concession area ("**February Agreement**"). The Company would operate a smelter ("**Smelter**") to smelt the alluvial gold recovered by the Contract Miners from the Mining Concession.

On 20 June 2017, the Company announced that the parties had agreed to revise the terms of the February Agreement signed on the 13 February 2017 ("**June Agreement**"). The parties agreed that Nexus would receive all front-end fees received from the Contract Miners. The parties also agreed that Explorator Limitada, the Company's wholly-owned Mozambican subsidiary ("**Explorator**") would be responsible for all transportation costs and 40% of

the smelter costs capped at US\$16,000 per month, in addition to other operating costs (including gold export royalties and taxes). Nexus would be responsible for all refining costs, 60% of the smelter costs capped at US\$24,000 as well as all capital costs including project equipment and project vehicles. Nexus would be paid a refining administration fee ("**Refining Admin Fee**") equal to 5.5% of all alluvial gold delivered on Explorator's account to a refiner for refining and a service fee equal to 60% of all alluvial contract mining proceeds received by Explorator from Contract Miners less the applicable Refining Admin Fee and Nexus' 60% share of the smelter costs.

The New Collaboration Agreement

The parties have today agreed to enter into a New Collaboration Agreement which takes effect as of 1 June 2018.

Gold Production & Nexus Fees

The total amount of gold produced from the Mining Concession Area, less the percentage Mining Production Tax and gold paid the Contract Miners, ("**Net Gold Production**"), will now be shared equally the Company and Nexus. Nexus will be entitled to an amount equal to 100% of the sales' price of Nexus's share of the Net Gold Production, less Nexus's *pro rata* share of transport costs, and 50% of any transporter costs and refinery fees recovered from the Contract Miners.

Any Entry Fees payable by any Mining Contractor to Explorator after 31 May 2018 will now be divided equally between the Company and Nexus.

Project costs

Nexus will be responsible for contributing US\$20,000 towards monthly costs and expenses of the project ("**Project Costs**") as well 50% of any land compensation costs (comprising any *ad hoc* compensation payments made to local inhabitants of the Mining Concession Area to allow the alluvial mining of the Mining Concession Area).

Settlements

The Company will pay a settlement amount of US\$76,000 in relation to fees due to Nexus for the period 1 January and 31 May 2018. The parties have further agreed that the Company and Explorator will take all necessary steps to recover amounts owed by Moz Gold under the terms of the Moz Gold Agreement (entered into on 6 March 2018), and that any amounts recovered will be divided between the parties on the basis of the June Agreement, being 60% payable to Nexus and 40% to the Company.

Quarterly alluvial gold production update

As the New Agreement takes effect from 1 June 2018, Xtract's previously reported share of Explorator's attributable revenue from gold sales and total direct alluvial production costs for the three-month period ended 30 September 2018 (see announcement dated 25 October 2018), will increase to 50% (from 40%) and as now amended will be as follows:

	3rd Quarter ended 30 September 2018	2nd Quarter ended 30 June 2018	1st Quarter ended 31 March 2018
Production and Sales:			
Xtract share of Explorator attributable revenue from gold sales (<i>Note 1</i>)	US\$121,000	US\$116,400	US\$133,200
Xtract share of Explorator alluvial direct alluvial operational production costs (<i>Note 1</i>)	US\$64,575	US\$59,478	US\$62,352
Xtract share of Explorator alluvial direct alluvial production costs (<i>Note 1</i>)	US\$146,090	US\$126,232	US\$107,200

Note 1: Under the Collaboration Agreement between Explorator and Nexus Capital Limited (previously Mineral Technologies International Limited, "Nexus") as previously announced on 20 June 2017, Xtract's net share of Explorator's gold revenue and costs was 40% for the two three-month periods ended 30 June 2018. Under the New Collaboration Agreement for the three-month period ended 30 September 2018 Explorator's gold revenue and costs increases to 50%.

Note 2: Save for the changes above there has been no further adjustment to the un-audited alluvial production results as announced on 25 October 2018.

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 Joel Silberstein, Director.

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