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**Xtract Resources plc
26 July 2021**

Xtract Resources Plc

("Xtract" or the "Company")

Bushranger Conceptual Open Pit Mining Study

The Board of Xtract Resources Plc ("Xtract" or the "Company") is pleased to announce the results of a preliminary conceptual open pit mining study completed by independent consultant, Optimal Mining Solutions (Pty) Ltd of Australia ("Optimal") on the Racecourse copper-gold deposit at the Bushranger project in New South Wales (the "Conceptual Study"). The objective of the Conceptual Study was to assess the potential of the Racecourse deposit to be initially developed as an open cut mine and to identify material variables which could affect the overall economics of a mining operation at Racecourse.

Highlights

- Open pit modelling was carried out using the currently defined JORC (2012) compliant Inferred Resource of 71Mt @ 0.44% Cu and 0.064 g/t Au at a cut-off of 0.3% Cu, as well as additional unclassified resources at the Racecourse prospect
- Analysis of 12 development options utilising various parameters shows that an open pit based upon the currently defined Racecourse Mineral Resource, can deliver a positive NPV return at a 0.15% Cu cut-off with a production rate of 20Mt per annum at a copper price of US\$5 per lb
- The Conceptual Study concluded that the Racecourse deposit contains significant low-grade tonnes of copper and gold which may be economically recovered at a copper sales price above US\$4 per lb
- Opportunities exist to improve the economic viability by increasing the size of the Mineral Resource, analysing lower production rates such as 12 or 15Mt per annum and optimising the pit design together with dump development and tailings design
- Ongoing assessment of the open pit potential of Racecourse will model the economic effect of increasing the Racecourse Mineral Resource based on drill intersections from the Bushranger Phase One drilling programme and the results of the recently initiated Phase Two drilling programme

Colin Bird, Executive Chairman said: "We are pleased with the results of the Conceptual Study as the potential is beginning to look attractive, with modelling indicating that an open pit based upon the current geological model and at recently achieved and forecast copper prices could pay back the pre-production capital expenditure needed to put the overall project into operation. The shallower drilling targets which have been identified can considerably improve the economics of any open pit by enhancing the tonnage resource and I am further encouraged by the fact that the modelling key assumptions were based on the Cadia Hill Copper-Gold Mine located some 75km northwest. We confidently expect to be able to significantly increase the current Racecourse Mineral Resource, following the results of the Phase One drilling as well as the Phase Two drilling programme which has recently commenced, and any increases to

the Mineral Resource will enhance the economics of a mining operation at Racecourse. Essentially, we see an open pit at Racecourse as being potentially a viable stand-alone operation which would facilitate cheaper underground mining utilising all of the pre-paid surface infrastructure including the process plant. The effect of this would be that underground extensions could be looked at on a marginal cost basis, i.e., incremental capex and own variable cost."

Bushranger Racecourse preliminary conceptual mining study

The Racecourse deposit currently contains a Mineral Resource estimated as 71Mt @ 0.44% Cu & 0.064g/t Au at a cut-off of 0.3% Cu, which has been classified as Inferred in accordance with JORC (2012) (the "Inferred Resource").

The preliminary conceptual open pit optimisation mining study ("Conceptual Study") was completed by independent consultant, Optimal Mining Solutions (Pty) Ltd of Australia ("Optimal"). Where appropriate, other independent consultants were used, including Cartledge Mining and Geotechnics together with Lycopodium (mineral processing experts). The Conceptual Study was commissioned to assess the open pit potential based on the currently defined Inferred Resource. The objective of the Conceptual Study was to assess the potential of the deposit to be initially developed as an open cut mine and to identify material variables which could affect the overall economics of a mining operation at Racecourse.

Shareholders should note that the Conceptual Study is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves. The Conceptual Study is based on low-level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Conceptual Study will be realised.

The Conceptual Study evaluated 12 development options for the currently estimated Inferred Resource, covering a range of production rates, copper sale prices and cut-off grades to calculate a pre-tax net present value ("NPV") using a range of discount rates. The following items were covered in the Conceptual Study:

- Project Methodology
- Infrastructure Layout Concept
- Process Plant and Tailings Cost Estimate
- Pit Optimisation (Pseudoflow) Inputs & Results
- Practical Pit Shell Designs
- Scenario Schedule Inputs
- Scenario Schedule Results
- Financial Model Inputs
- Financial Model Results

The various scenarios examined produced an optimal case (Scenario 10) which processes ore above 0.15% Cu at a throughput of 20mtpa with an assumed copper sale price of US\$5/lb. This returns a positive NPV at

both the consultant's preferred 8% discount rate as well as at a 10% discount rate as set out in Table 1 below (together with the other scenarios):

Table 1 - Racecourse Open Pit Development

NPVs for Various Development Scenarios

Mill Capacity		Cu Sale Price (US\$/lb)	Cut-off Grade (Cu%)	8% Discount Rate (NPV8) (AU\$m)	10% Discount Rate (NPV10) (AU\$m)
Scenario	(mpta)				
1	10	3.00	0.00	-688,170	-712,187
2	10	4.00	0.00	-465,566	-529,843
3	10	5.00	0.00	-53,289	-194,402
4	20	3.00	0.15	-1,167,808	-1,189,931
5	20	3.00	0.20	-1,209,649	-1,223,689
6	20	3.00	0.25	-1,302,094	-1,307,005
7	20	4.00	0.15	-454,507	-520,732
8	20	4.00	0.20	-697,709	-746,863
9	20	4.00	0.25	-953,679	-981,076
10	20	5.00	0.15	267,768	134,943
11	20	5.00	0.20	-183,800	-270,536
12	20	5.00	0.25	-414,955	-482,297

The development parameters for Scenario 10 are shown in Table 2 below:

Table 2 - Racecourse Open Pit Development Parameters - Scenario 10

Item	Parameters
Mill Capacity (mpta)	20
Copper Sale Price (US\$/lb)	5
Cut-off Grade (Cu%)	0.15
Total Ore Tonnes (mt)	162
Strip Ratio (t:t)	4.37
Copper Recovery (%)	86.80
Gold Recovery (%)	82.30
Copper Produced (000lb)	913,788
Gold Produced (oz)	229,114
Mine Life (yrs)	9
Total Capex (AU\$m)	1,454
Total Opex (AU\$m)	4,152
Total Revenue (AU\$m)	6,627
Cashflow (AU\$m)	1,021
NPV @ 8% (AU\$m)	268
NPV @ 10% (AU\$m)	135

Source: Optimal Mining Solutions (Pty) Ltd of Australia Conceptual Study dated July 2021.

The Conceptual Study concluded that the Racecourse deposit contains significant low-grade tonnes of copper and gold which may be economically recoverable at copper sale prices above US\$4/lb. Optimal

believe that the economic recovery and processing of ore with low grades between 0.1 - 0.2% Cu is pivotal for the economic viability of the Racecourse project, with the sensitivity analysis showing that for each 0.05% drop in cut-off grade the NPV drops by as much as AU\$341 million. Overall, Optimal believe that taking account of the project's large size and relatively low grade, conditions should support the efficient and productive mining of the deposit. Optimisation of the processing plant capacity, capital cost, metallurgical recoveries and operating cost will improve the economic viability, and further opportunities exist to:

- Increase the size of the current Inferred Resource which will be critical to project viability;
- Analyse lower production rates, such as 12 or 15mpta;
- Evaluate further phase 1 and 2 pit designs; and
- Optimise dump development and the rehabilitation schedule.

The preliminary open pit economic modelling in the Conceptual Study showed that an open pit based on the current geological model, which includes the estimated Inferred Resource, at Racecourse could pay back the cost of capital for a combined open pit and underground mining operation while being NPV positive based only on an initial open pit operation. When the results of the Phase One and Phase Two drilling programmes are incorporated into the Racecourse mineralisation model, Xtract expects that the Inferred Resource will increase significantly in size, which will have a strongly positive effect on the overall economics of a mining operation at Racecourse.

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

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

The person who arranged for the release of this announcement on behalf of the Company was Colin Bird, Director.

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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.

Optimal Mining Solutions (Pty) Ltd of Australia

Optimal Mining Solutions (Pty) Ltd of Australia has reviewed the information in this announcement which has been derived from the Conceptual Study and has confirmed that the information so presented is balanced and complete and not inconsistent with the Conceptual Study.

TECHNICAL GLOSSARY

The following is a summary of technical terms:

"Au"	Gold
"Cu"	Copper
"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
"JORC Code"	Australasian Institute of Mining and Metallurgy Joint Ore Reserves Committee code on mineral resources and ore reserves
"mineralisation"	Process of formation and concentration of elements and their chemical Compounds within a mass or body of rock
"mpta"	Million tonnes per annum
"NPV"	Pre-tax net present value
"porphyry"	A deposit of disseminated copper minerals in or around a large body of intrusive rock
"Pseudoflow"	The Pseudoflow algorithm is used to outline the ultimate pit limit by finding the maximum net value of the blocks extracted.

ENDS

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