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Chepica Gold Mine - Operational Update

Released 07:00 31-Aug-2016



RNS Number : 48001

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31 August 2016

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("Xtract" or "the Company")

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Further to the notification by Xtract Resources Plc (AIM:XTR) on 17 August 2016 the Company provides an update regarding the Company's Chepica gold and copper mine in Chile ("Chepica").

Highlights

- Refurbishment of the crushing plant has been completed
- New floatation plant has been refurbished with rubber liners and construction is expected to be completed on schedule and within budget
- First shipment containing cleaner cells and electrical systems from Durban in South Africa to Santiago in Chile dispatched and second shipment containing rougher cells currently being packed
- Metallurgical and mineralogical test work carried out by SGS Lakefield laboratories indicate that, once the proposed upgrades have been completed, gold recovery in excess of 75% could be achieved at Chepica
- The Company believes that the proposed upgrades at Chepica will negate any problems relating to metallurgical issues at the processing plant and the production of concentrate
- Underground development continues at both Chepica main and Colin section with ore recovered being stock piled for treatment once the plant is recommissioned

Jan Nelson, CEO of Xtract, said: "We are aggressively pursuing our optimisation programme for the Chepica plant and the work to date is on time and budget. I am pleased that independent laboratory test work has confirmed our prognosis for the processing characteristics of the ore. The board will keep shareholders updated as to progress at Chepica."

Results of test work to determine optimum plant performance

Two 25kg samples from the ore at Colin were taken and sent to SGS Lakefield laboratories in South Africa for metallurgical and mineralogical test work to determine optimum processing parameters. The results from the test work have shown that the ore is amenable to recoveries in excess of 75% (compared to previous recoveries of less than 35% at the mine as a result of the inability to liberate the gold). Two critical factors from the test work have been (a) residence time (the time the ore stays in solution in the floatation plant) and (b) grind size (the size of the rock going into the floatation plant after being processed by the crushing plant).

The test work has confirmed that the grind size of the crushing plant at Chepica, before the current refurbishment, was not optimal and that the old floatation circuit would have been unable to deliver the required recoveries. The residence time in the new floatation plant will be double that achieved in the old floatation plant (with new floatation cell being three times the size of the old ones and the technology in the new cell lending itself to total automation) which is expected to result in recoveries in excess of 75% without the introduction of chemicals that could enhance recoveries

further. The finer grind size will also eliminate any problem with Pb and Zn suppressing gold liberation. Grind will further be improved with new liners being installed in the mills.

Underground Progress

Development continues from both Colin and the Chepica sections of the mine and all ore is being stockpiled until production is restarted once the plant is commissioned. Major focus and capital has been invested in new ventilation shafts, pump stations and new mining equipment at the Colin section. Work is progressing well on a new resource statement for the mine.

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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.

This information is provided by RNS

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