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Hard Rock Collaboration Agreement Update

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Xtract Resources Plc ("Xtract" or the "Company") Hard Rock Collaboration Agreement Update

The Board of Xtract Resources Plc ("**Xtract**" or the "**Company**") is pleased to provide an update on the hard rock collaboration agreement ("**Omnia Agreement**") with Omnia Mining Ltd ("**Omnia**") as announced on 19 February 2018, for the exploitation of the hard rock gold deposits at Xtract's Manica mining concession in Mozambique other than the Fair Bride project, which remains under the sole control and management of Xtract.

Highlights

- Twelve potential mining sites identified within 15 km radius of Omnia plant
- Eight of the potential mining sites identified are already within the existing license areas of the Joint Venture parties
- Construction by Omnia of its 40kt per month free gold processing plant completed, with commissioning planned in November 2018
- Newly discovered quartz vein/alteration system, named André Zone, has been channel sampled in trenches and gold grades vary from 1.1m at 0.89g/t (Trench TOM003) to 0.5m at 20.8g/t (Trench TOM002) (see Table 1 below)
- The André Zone will be further explored by opening an underground adit
- Working with outside engineering consultant to optimise plant upgrade to treat transitional and sulphide ores

Colin Bird, Executive Chairman said: "The general Manica area has abundant gold mineralisation occurrences with varying mineralisation hosts and types. The objective of the Omnia Agreement is to allow us to process these ore types with no alternative sophisticated processing equipment available in the area. We are currently carrying out financial and technical exercises to assist us to decide whether to work the various veins sequentially or to install a total capability plant suitable for all ore types. Should we elect the latter route, then Fair Bride may well be processed through the Omnia plant subject to final agreement with Omnia".

Background

As previously announced on 19 February 2018, the Omnia Agreement was entered into by the Company and the Company's wholly-owned subsidiary, Explorator Limitada ("**Explorator**"), (the "**Group**"), and Omnia.

The objective of the Omnia Agreement was to investigate, explore and evaluate all hard rock exploration targets within the Manica concession (excluding the Fair Bride Project) with the aim of being able to convert these targets into a joint mining operation with Omnia. Omnia currently has a gold processing plant installed within its adjacent concession which has a capability to process free gold. The plant has a milling capacity of 40kt a month with a gravity circuit which handles the feed. The Omnia plant is unable currently to process fine gold which requires liberation by

a combination of flotation and cyanidation. Omnia will manage and operate all the processing of material approved and delivered through Explorator to Omnia's processing plant.

Xtract will provide technical personnel capable of evaluating the hard rock gold potential of the Omnia concession and surrounding areas for mutual development and will be solely responsible for all exploration and future mining on all target areas.

The implementation of the Omnia Agreement was structured in five phases. The parties have completed the desktop study (Phase 1), and the initial exploration primarily comprising trenching (Phase 2) and are currently undertaking further follow-up exploration work. No drilling has been undertaken by the parties at this time (Phase 3).

During phase 2 the parties have identified 12 potential mining sites within a 15km radius from the Omnia Plant. A number of these sites (Guy Fawkes, Dots Luck and Boa Esperanza) have under prior ownership had some exploration drilling and mining activities but none of these sites would justify the construction of a plant solely for their production. The parties have agreed to re-visit these sites with an objective of identifying "open-pittable" mines or slots in order to supply a constant feed of 500 tonnes a day for at least the next 2 years, with the capacity to grow production further.

The following potential mining sites are already within the existing license areas of Omnia and Xtract:

- André Mine,
- Guy Fawkes,
- Dots Luck,
- Mushongarokwa,
- Boa Esperanza,
- Duke Mine,
- Try Again
- Munhena Extension.

The first exploration target is the André Mine Zone (Mining Area A) which is situated approximately 300m from the Omnia plant. Recently completed exploration work by Xtract included the following operations and observations:

- A programme of six trenches totalling 511m was completed on mining Concession 3373C, in order to understand previously inconsistent drilling assay results and to try to establish "open-pittable" resources for possible immediate mining, targeting an area near old historical workings.
- It was established from historical workings and field observations that the gold at André Mine Zone is related to bleached calcium or potassium-altered zones within talc chlorite schist invaded by quartz veins varying from stringers to 15cm in width.
- The general orientation of the schistose rocks is approximately east-west, dipping toward south, while most of the quartz veins are concordant to subparallel to the schist structures.
- The altered package which consists of alternations between bleached and unaltered zones, has as its foot and hanging-walls tremolite schist with a total length along strike of about 170m so far established, with a possibility to extend eastward for an additional 250m, toward historic drill hole OMN016. A maximal width of about 25m has been established for the André Zone in the eastern margin of the trenched area.

Channel sampling was carried out across intervals of interest totalling 322m in the trenches (quartz veining and alteration zones). Assay test reports were prepared externally by Performance Laboratories Zimbabwe.

Table 1: André Mine Zone - Selected Channel Sample Assay Results

Trench No.	Trench length (m)	From (m)	To (m)	Sample width (m)	Au (g/t)	Sample type
TOM001	61.0	19.8	20.8	1.0	1.21	Quartz vein
		53.6	54.0	0.4	6.08	Altered schist
TOM002	61.0	16.0	16.5	0.5	20.8	Quartz vein
		26.0	26.9	0.9	2.19	Leached zone
		35.7	36.2	0.5	0.99	Leached zone
TOM003	61.0	17.5	18.6	1.1	0.89	Quartz vein
		42.2	42.65	0.45	0.90	Leached zone
TOM004	139.0	100.6	101.35	0.75	0.81	Leached zone/quartz vein

The parties plan to map these zones on site in order to establish their continuity. Of the sampled quartz veins, one may represent a single vein located in four adjoining trenches over about 120m strike extent along the northern margin of the André Zone. While the leached zone gold content is low, with good plant efficiency and grades greater than 0.8g/t, open pit mining may potentially be profitable, subject to the very limited availability of volume of ore. Furthermore, it is known from other gold sites at Manica that the gold content of near-surface leached zones may not reflect the true gold content of unweathered bedrock below the water table. Therefore, it is proposed to develop an underground adit to test the André Zone beneath the intercepts obtained from the trenching programme.

In addition, further exploration is planned on 3 other areas of the André Zone not yet tested by trenching. An in-house feasibility study (Phase 4 of the Omnia Agreement) is planned to be completed during September 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 Colin Bird, Director.

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Qualified Person:

Information in this announcement relating to the exploration activities 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
"adit"	a horizontal opening to an underground mine from the surface
"au"	Gold
"bleached"	made whiter or lighter in colour, due to exposure hydrothermal solutions
"concordant"	in alignment with
"deposit"	coherent geological body such as a mineralised body

"exploration"	method by which ore deposits are evaluated
"flotation"	selectively separating hydrophobic materials from hydrophilic materials to upgrade the concentration of valuable minerals
"g/t"	gram per metric tonne
"grade"	relative quantity or the percentage of ore mineral or metal content in an ore body
"hanging wall" and "footwall"	the mass of rock above/below a fault vein or bed of mineralisation
"kt"	thousand tonnes
"leached zone"	a zone where soluble minerals or metals have been dissolved out of the ore
"mineralisation"	process of formation and concentration of elements and their chemical compounds within a mass or body of rock
"recovery"	proportion of valuable material obtained in the processing of an ore, stated as a percentage of the material recovered compared with the total material present
"quartz"	a mineral composed of silicon dioxide, SiO ₂
"schist" and "schistose"	a metamorphic rock with a platy or foliated texture
"stringer"	a narrow vein or irregular filament of mineral traversing rock mass of different composition
"sub-parallel"	almost parallel
"talc chlorite"	dark green, platy, hydrous silicate mineral related to mica containing talc
"tremolite schist"	A platy rock comprising white or grey amphibole mineral containing calcium and magnesium
"vein"	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle

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