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

Manica Gold Hard Rock Mining Contractor 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 a mining contractor agreement ("Guy Fawkes Agreement") with Longhau Tianci Mining Co Ltd ("Longhau" or "Contract Miner") for the exploitation of the Guy Fawkes hard rock gold deposit at its Manica mining concession in Mozambique.

Highlights

- Longhau appointed to mine the Guy Fawkes hard rock gold deposit for 6 years or until the ore body is depleted or no longer viable
- Guy Fawkes 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 Guy Fawkes 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
- The processing plant is currently within Mozambique and therefore lead times to be minimised
- Previously reported SAMREC-compliant Indicated and Inferred Resource of 1.13Mt @ 1.91g/t Au with potential for additional upside in several dimensions

Colin Bird, Executive Chairman said: "We are pleased to report the signing of this agreement, which should provide the opportunity for incremental cash flow during MMP's Fair Bride construction and building phase. The Guy Fawkes deposit shows considerable variation both in mining width and grade, demonstrating propensity for selective higher-grade mining. Longhau intends to work a portion of the deposit by open cast methods where drilling indicates that suitable grades locally can run close to surface. Underground mining will be selective.

We are currently in discussions in respect of the Boa Esperanza deposit and look forward to updating shareholders shortly."

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 have subsequently agreed to release the three ancillary deposits at Guy Fawkes, Dots Luck 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.

Guy Fawkes Contract Mining Agreement

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

The Guy Fawkes 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 Guy Fawkes 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, the Contract Miner will retain 74% in gold for services provided, and 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

Guy Fawkes is a near-vertically dipping Archean Greenstone Belt Orogenic Gold deposit occurring within the 10km long west-northwest trending Mutamborico shear zone in western Mozambique. It sits in a multi-deformed quartz vein stockwork zone hosted within meta-sedimentary mafic lithologies. Gold is associated with non-refractory arsenopyrite-pyrite sulphide mineralisation.

The project was mined historically since 1893 and was one of the largest of a series of hard-rock gold mines in the district, with total production of almost 16,000oz Au reported.

A 2016 technical report commissioned by Xtract estimated a SAMREC Code (2009) compliant Indicated and Inferred Mineral Resource of 1.13Mt @ 1.91g/t Au (ca. 70,000 oz. contained gold), as reproduced in the table below:

Guy Fawkes Total Mineral Resource

Mineral Resource Category	Tonnes	Au	Au	Au
	Mt	g/t	kg	koz
@ 0.5g/t Open Cut and 1.5g/t Underground				
Measured	-	-	-	-
Indicated	0.908	1.82	1,648	52.98
Total M&I	0.908	1.82	1,648	52.98
Inferred	0.225	2.30	519	16.68
Total Measured, Indicated and Inferred	1.133	1.91	2,167	69.66
@ 0.5g/t Au Open Cut				
Measured	-	-	-	-
Indicated	0.718	1.69	1,216	39.09
Total M&I	0.718	1.69	1,216	39.09
Inferred	0.060	1.43	86	2.76
Total Measured, Indicated and Inferred	0.778	1.67	1,302	41.86
@ 1.5g/t Underground				
Measured	-	-	-	-
Indicated	0.190	2.27	432	13.89
Total M&I	0.190	2.27	432	13.89
Inferred	0.165	2.62	433	13.92
Total Measured, Indicated and Inferred	0.356	2.43	865	27.81

Notes:

- Orebody volume estimated from digital wireframe.
- 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.
- The Inferred Mineral Resources have a large degree of uncertainty as to their existence and whether they can be mined economically or legally.
- Only Mineral Resources lying within the legal boundaries are reported.
- Mineral Resources would be inclusive of Mineral Reserves (no Mineral Reserves were declared).
- Mineral Resources are declared at cut-offs shown in the table above and a gold price of US\$1,466 per oz.
- No Geological losses are accounted for.
- All figures are in metric tonnes.
- 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 resource utilised data from several phases of diamond and RC drilling by various operators along a strike length of 1.35km, and the cut-off grade was based on a gold price of US\$1,466/oz.

The estimate did not include ore within sub-parallel lenses to the northwest, further strike extent to the southeast or additional depth continuations below 220 metres from surface, mainly due to limited drilling density. In addition, drilling suggests that there are potentially pockets of high-grade ore near surface.

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 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
"arsenopyrite"	An iron arsenic sulphide, FeAsS
"Au"	Gold
"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
"Indicated Mineral Resource"	That part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit
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
"mafic"	Containing or relating to a group of dark-coloured minerals, composed chiefly of magnesium and iron, that occur in igneous rocks
"meta-sedimentary"	A metamorphosed sediment
"mineralisation"	Process of formation and concentration of elements and their chemical compounds within a mass or body of rock
"open cut"	The main type of mine designed to extract minerals close to the surface; also known as open pit
"orogenic"	Pertaining to mountain building events in the Earth's history
"oz"	Ounce
"pyrite"	Iron sulphide mineral, FeS ₂
"quartz"	A mineral composed of silicon dioxide, SiO ₂
"RC drilling"	A reverse circulation drilling method in which the sample is brought to the surface inside the drill rods, thereby reducing contamination
"refractory"	Having a very high melting point
"SAMREC Code"	The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
"shear zone"	Plane of failure in faulted body of rock
"stockwork"	A large-scale ramifying series of fissures filled with mineralized material
"sulphide"	A metallic compound of sulphur
"vein"	A mineral-filled fracture or fault in a rock

ENDS

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