



[Xtract Resources plc](#) - XTR

Notice of AGM and proposed share consolidation

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30 May 2017

Xtract Resources Plc
("Xtract" or the "Company")
Notice of Annual General Meeting
Proposed Share Consolidation

The Board of Xtract Resources Plc ("Xtract" or the "Company") announces that the notice of annual general meeting ("Notice") has been posted to shareholders and will be available from the Company's website www.xtractresources.com. The AGM will be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG on 22 June 2017 at 12:00 noon for the purpose of considering, and if thought fit, passing the following resolutions of which resolutions 1 to 4 and resolution 6 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution.

Ordinary Business

Resolution 1

To receive and adopt the directors' report and financial statements for the year ended 31 December 2016, together with the auditors' report thereon.

Resolution 2

To re-elect Mr. J Silberstein as a director of the Company who retires by rotation and offers himself for re-election.

Resolution 3

To appoint Chapman Davis LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and to authorise the directors to determine their remuneration.

Resolution 4

That for the purposes of section 551 of the Companies Act 2006 ("the Act"), the directors of the Company be and are hereby generally and unconditionally authorised (in substitution for any and all authorities previously conferred upon the directors for the purposes of section 551 of the Act, but without prejudice to any allotments made pursuant to the terms of such authorities) to exercise all powers of the Company to issue and allot or grant equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £36,903.108

provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of the conclusion of the next Annual General Meeting of the Company or 30 June 2018 save that the Company may before such expiry make an offer or agreement, which would or might require equity to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Business

Resolution 5

That, subject to and conditional upon the passing of resolution 4 above, the directors of the Company be and hereby empowered pursuant to section 570 of the Companies Act 2006 ("the Act") to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority conferred by resolution 4 (in substitution for any and all authorities previously conferred upon the directors for the purposes of section 570 of the Act, but without prejudice to any allotments made pursuant to the terms of such authorities) as if section 561 of the Act did not apply to any such allotment PROVIDED THAT the power conferred by this resolution shall be limited to:

5.1 the allotment of equity securities for cash in connection with an issue or offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of equity securities subject only to such exclusions or other arrangements as the directors of the Company may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under laws of any territory, or the requirements of any regulatory body or stock exchange in any territory;

5.2 the allotment of equity securities for cash up to an aggregate nominal value of £2,441.865 in connection with the exercise of options and warrants that have been granted by the Company to subscribe for ordinary shares in the Company; and

5.3 the allotment (otherwise than pursuant to paragraphs 5.1 and 5.2 above) of equity securities for cash up to an aggregate nominal value of £34,461.243;

and the power conferred by this resolution 5 shall expire (unless previously renewed, revoked or varied by the Company in General Meeting), at such time as the general authority conferred on the directors of the Company by resolution 4 above expires, except that the Company may at any time before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Resolution 6

That:

6.1 every 200 ordinary shares of 0.01 pence each in the capital of the Company in issue at close of business on the date of the Annual General Meeting ("Existing Ordinary Shares") be consolidated into one ordinary share of 2 pence ("Consolidated Share"), provided that, where such consolidation results in any shareholder being entitled to a fraction of a Consolidated Share, such fraction shall be dealt with by the directors as they see fit pursuant to their powers available to them under article 15.1 of the Company's articles of association (the "Articles"); and

6.2 each Consolidated Share (together with any fraction of a Consolidated Share) then in issue be sub-divided into one ordinary share of 0.02 pence in the capital of the Company ("New Ordinary Share") (or fraction thereof) and twenty-two Deferred Shares of 0.09 pence in the capital of the Company ("New Deferred Share") and that the New Ordinary Shares shall have the same rights and be subject to the same restrictions as the Ordinary Shares that are currently in issue and as set out in the Articles and that the New Deferred Shares shall have the same rights and be subject to the same restrictions of the Deferred Shares of 0.09 pence in the capital of the Company, as set out in the Articles.

Consolidation and subdivision of the existing ordinary shares ("Capital Reorganisation")

Purpose of the Capital Reorganisation

The Company's issued ordinary share capital currently consists of 34,461,242,980 ordinary shares of 0.01 pence each ("Existing Ordinary Shares"). The number of shares in issue has resulted from, amongst other things, capital raisings, the settlement of the consideration due to Auroch Exploration (Pty) Ltd in respect of the acquisition of the Manica gold project. The number of shares in issue is considerably higher than the majority of companies on AIM, and the Board believes that this, combined with the current share price of significantly less than 0.1 pence per Existing Ordinary Share (as at 25 May 2017) affects investor perception of the Company and share price volatility. Accordingly, the primary objective of the Capital Reorganisation is to reduce the number of Existing Ordinary Shares to a level which is more in line with other comparable AIM-traded companies with the intention of also creating a higher share price per ordinary share in the capital of the Company. The Directors believe that the Capital Reorganisation should improve the liquidity and marketability of the ordinary shares. The purpose of the subdivision described below is to retain the nominal value per New Ordinary Share similar to the current nominal value (of 0.01 pence) of each of the Existing Ordinary Shares.

Proposed Capital Reorganisation

The proposed Capital Reorganisation will comprise two elements:

- *Consolidation* - Every 200 Existing Ordinary Shares will be consolidated into one ordinary share of 2 pence (a "Consolidated Share").
- *Subdivision* - Immediately following the Consolidation, each Consolidated Share will then be sub-divided into one New Ordinary Share of 0.02 pence and twenty-two New Deferred Share of 0.09 pence.

The Capital Reorganisation requires the passing of the resolution in relation to the Capital Reorganisation, being the resolution numbered 6, at the Annual General Meeting. The resolution will be proposed as an ordinary resolution, and is in two parts. If the Resolution is passed, the Capital Reorganisation will become effective immediately following close of business on 22 June 2017 (being the date of the AGM).

In anticipation of the Resolution being passed by the Shareholders, the Company will, immediately prior to the General Meeting, issue such number of additional Existing Ordinary Shares as will result in the total number of Existing Ordinary Shares in issue being exactly divisible by 200. Assuming no other Existing Ordinary Shares are issued between the date of this document and immediately before the Annual General Meeting, this will result in 20 additional Existing Ordinary Shares being issued and will create 172,306,215 Consolidated Shares (subject to any revision to the Company's issued share capital between the date of this document and close of business on the date of the AGM (the "Record Date")).

Following the consolidation each Consolidated Share of 2 pence each will be sub-divided into one New Ordinary Share of 0.02 pence and twenty-two New Deferred Shares of 0.09 pence each.

Fractional entitlements

The Consolidation (which is part of the Capital Reorganisation) will give rise to fractional entitlements to a Consolidated Share where any holding is not precisely divisible by 200. On subdivision of any such Consolidated Share which occurs immediately thereafter, the same fractional entitlement will apply to each New Ordinary Share but not a New Deferred Share then arising. As regards the New Ordinary Shares, no certificates regarding fractional entitlements will be issued. Instead any New Ordinary Shares in respect of which there are fractional entitlements will be aggregated and sold in the market for the best price reasonably obtainable on behalf of Shareholders entitled to fractions (the "Fractional Shareholders").

The Company is required by article 15.1 of the Articles to distribute the proceeds of sale in due proportion to any such Fractional Shareholders. However, Article 15.1 also provides that in the event that the net proceeds of sale amount to £3.00 or less, the Company is not required (because of the disproportionate costs) to distribute such proceeds of sale, which instead shall be retained for the benefit of the Company. Given the current price of the Existing Ordinary Shares, the Company does anticipate that the net proceeds of sale attributable to all Fractional Shareholders will be less than £3.00, and it therefore anticipates that there will be no distribution of any net proceeds of sale.

For the avoidance of doubt, the Company is only responsible for dealing with fractions arising on registered holdings. For Shareholders whose shares are held in the nominee accounts of UK stockbrokers, the effect of the Capital Reorganisation on their individual shareholdings will be administered by the stockbroker or nominee in whose account the relevant shares are held. The effect is expected to be the same as for shareholdings registered in beneficial names, however, it is the stockbroker's or nominee's responsibility to deal with fractions arising within their customer accounts, and not the Company's.

Resulting share capital

Following the subdivision the Consolidated Shares will have been divided into 172,306,215 New Ordinary Shares of 0.02 pence each and 3,790,736,730 New Deferred Shares of 0.09 pence each. There are already 1,547,484,439 Deferred Shares in issue and so following the subdivision there will be a total of 5,338,221,169 Deferred Shares in issue.

Each New Ordinary Share having the same rights as the Ordinary Shares as noted in the Articles including voting, dividend, return of capital and other rights and the New Deferred Shares will have the same rights as the existing Deferred Shares as noted in the Articles which includes, no right to any dividend or to attend speak or vote at any general meeting of the Company and on the return of assets in a winding up of the Company, after the holders of the Ordinary Shares have received the aggregate amount paid up thereon plus £10,000,000 for each such share held by them (the "Deferred Right"), there shall be distributed amongst the holders of the Deferred Shares an amount equal to the nominal value of the Deferred Shares and thereafter any surplus shall be distributed amongst the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held by each of them respectively. Save for the Deferred Right, the holders of the Deferred Shares shall have no interest or right to participate in the assets of the Company. Statistics relating to the Capital Reorganisation are set out below.

Statistics relating to the Capital Reorganisation

Conversion ratio of Existing Ordinary Shares to Consolidated Shares	200 Existing Ordinary Shares : 1 Consolidated Share
Number of Existing Ordinary Shares in issue at the date of this Notice	34,461,242,980
Number of Existing Ordinary Shares in issue at Record Date	34,461,243,000
Total expected number of New Ordinary Shares in issue following the Capital Reorganisation	172,306,215

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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