

## **Update on Zambian Copper Joint Venture and Strategy**

The Board of Xtract Resources Plc ("Xtract", 'XTR' or the "Company") is pleased to announce an update on progress in Zambia with the copper exploration joint venture agreement ("Joint Venture") with Cooperlemon Consultancy Limited ("CL") first announced on 24 August 2023, and also the overall Company copper exploration strategy in Zambia. The Joint Venture is focussed on the highly prospective large scale exploration licenses 29123-HQ-LEL and 30459-HQ-LEL in Northwest Zambia (the "Licences").

### **Highlights**

- The two exploration licences are located within the Western Foreland geological district that hosts the Kamoia - Kakula deposit and the Central Fold and Thrust Belt ("Fold Belt") in NW Zambia.
- The two licences cover a combined 107,000 ha in a highly prospective part of Northwest Zambia where competition for exploration licences is intense.
- Licence 29123 - HQ - LEL is located to the west of the perceived boundary between the Western Foreland and Fold Belt, and Licence 30459 - HQ - LEL is coincident with the boundary and may also include part of the Fold Belt.
- The Company believes there is scope for the discovery of potentially high-grade Kamoia-style mineralisation at depth and lower grade Kolwezi-type mineralisation at or near-surface.
- Exploration initiated with the recent acquisition of a major historic database created by Anglo American plc and enabling a cost-effective and fast-track programme.

**Colin Bird, Executive Chairman said:** "We have recently embarked on an intensive exploration campaign targeting a discovery of commercial grade and tonnage of copper in a region of NW Zambia that is not only the subject of more intense competition than I have ever known for exploration ground but also the focus of attention for most of the world's major mining companies. NW Zambia is a proven host for large scale copper deposits and the geology of our Joint Venture ground is highly prospective. Zambia as a nation has set ambitious targets for copper production to underpin its economic progress and Xtract intends to become a part of that story initially by being the only junior company operating its own Joint Venture licences on a self-financing and independent basis"

### **Background**

The geology of the Licence areas subject to the Joint Venture with Cooperlemon is dominated by the architectural domain known as the Western Foreland succession (Kamoia-style mineralisation) and the neighbouring Lufilian Fold Thrust Belt that plays host to lower grade, bulk tonnage, near-surface mineralisation.

NW Zambia is the subject of intense competition at this time not least because the style of the underlying mineralisation and associated geology is believed to be similar to that of the Kamoia-Kakula deposit operated by Ivanhoe Mines in the neighbouring Democratic Republic of the Congo ("DRC"). The licence areas comprising the Joint Venture are projected to have continuity with the geology of the DRC and are entirely surrounded by ground under licence to, or within, partnerships or joint ventures between local companies and global leaders in the mining industry such as Rio Tinto plc, Anglo American plc, First Quantum Minerals Ltd., and Ivanhoe Mines. (Figure 1)

**Figure 1:** Plan Showing Exploration and Mining Licences in NW Zambia and the Democratic Republic of Congo in Relation to Exploration Licences held by Xtract Resources

[http://www.rns-pdf.londonstockexchange.com/rns/3942C\\_1-2024-2-7.pdf](http://www.rns-pdf.londonstockexchange.com/rns/3942C_1-2024-2-7.pdf)

Moreover, on 27 November 2023 Ivanhoe Mines announced 'greenfield' prospecting rights for exploration over 22,195km<sup>2</sup> in the Angolan provinces of Moxico and Cuando Cubango. This exploration block is immediately to the west of the Joint Venture licences and believed (by Ivanhoe) to be similar to their Kamoakakula province but mostly covered by Kalahari sand and Karoo volcanics where conventional exploration methods are less effective (Figure 2).

**Figure 2:** Xtract Exploration Licences Illustrated in Relation to adjoining Licences which includes Licences held by Third Party Tier 1 Companies and Licences Situated in the Democratic Republic of Congo.

[http://www.rns-pdf.londonstockexchange.com/rns/3942C\\_2-2024-2-7.pdf](http://www.rns-pdf.londonstockexchange.com/rns/3942C_2-2024-2-7.pdf)

The copper footprint in the DRC is believed to extend across the border into NW Zambia where the Joint Venture licences are located. Ivanhoe Mines' Kakula Mine in the DRC is reported to be the world's highest-grade copper mine with deep, high-grade (>5% Cu) copper mineralisation. The density of Tier 1 mining companies in the region reflects the significant prospectivity of the Joint Venture licences.

Xtract, has title and managed project activities over 107,000 hectares in this highly competitive region.

### **Joint Venture Agreement**

Under the terms of the Joint Venture, Xtract has agreed a phased investment.

In Phase 1 the Company will earn a 65% interest in the JV by funding exploration expenditure over an initial 2-year period of not less than US\$2 million. If the Phase 1 exploration results are successful, and prove the continuity of mineralisation at grades suggesting the potential for the future development of a Mineral Resource of not less than 500,000t of contained copper, then Phase 2 will be initiated with a second 2-year exploration period and a budget of US\$3M. Xtract will be the operator of the licences for the 4-year duration.

Should a trade, or any other sale, of the licences take place in the initial 2 years, then Xtract will be deemed to have a 55% interest in the Joint Venture. A sale requires the agreement of both Xtract and Cooperlemon.

### **Further information on the JV Licences**

Licence No: 29123-HQ-LEL, which comprises 88,149 ha and expires on 7 September 2025, is held by Oval Mining Limited ("Oval"). The application for Licence 30459-HQ-LEL, which comprises 19,600 ha and which has been approved for issue by the Zambian Mining Cadastre, is held by Far North Enterprises Limited ("Far North"). Both licences are located in NW Zambia adjacent to the Democratic Republic of Congo (DRC) border. Oval and Far North have each agreed with Xtract to be bound by the terms and the conditions of the Joint Venture with Cooperlemon (who is acting on their behalf) as though they were a party to the Agreement.

## **Opportunities and Prospects**

Xtract acquired its interest in the Joint Venture licences by virtue of the long-standing and successful presence in Zambia of the senior management of Xtract and the historic success reflected in discovery of a now Tier 1 asset, Sentinel Mine, later developed and still operated by First Quantum Minerals (FQM). Long-term alliances formed with senior Zambian exploration companies and entrepreneurs and consultants with deep exploration experience in Zambia have created a strong platform for Xtract. There are clear cost benefits from the use of consultants with common geological skills, mobile assets and logistics/administration staff operating in the same geographic region.

### **Exploration Progress in Q4, 2023 and Financing**

Xtract now has exclusive access to unique historic data sets generated by Anglo American plc which pre-date any proper understanding of the Western Foreland geological setting and potential. This has enabled a fast-track early-stage exploration strategy on a very cost-effective basis that will save an estimated US\$1.5M in direct exploration costs during Phase 1 of the Joint Venture.

With funds received from Xtract's entitlement from its 23% net interest in the Manica project in Mozambique for the period ended September 2023 as announced on 24 January 2024, Phase 1 exploration commitments for the Joint Venture are available from existing cash resources meaning no fund-raise is anticipated and therefore no dilution to shareholders. The financing of Phase 2 will be based on the results from Phase 1 and also, the decision by shareholders on the proposed disposal of XTR's interest in Manica at the Extraordinary General Meeting (EGM) to be held on 13 February 2024 and detailed in the EGM circular sent to XTR shareholders which is available on the Company web site.

### **Prospects for Mine Development**

In the event that either or both of the Joint Venture licences advance to a point where they reveal commercially viable copper assets that are suitable for development, then the licences will be moved to a corporate entity to be owned 75% by Xtract and 25% by Cooperlemon. It will then be the responsibility of the newly formed corporate entity to raise all capital for mine development and future operations.

The Zambian government has expressed a clear ambition to increase domestic Cu production from the present 830K tpa to 3M tpa by the end of the decade. This implies a clear political and strategic national support for the mining industry and the granting of licences to develop opportunities for this 'clean-energy' and battery metal. Elsewhere, for example in Central and South America, there is a mixture of sentiment from qualified support to total opposition to mining. Moreover, the complexity of permitting worldwide now means long lead times in decision-making of several years is being experienced between discovery and commissioning of Tier 1 projects.

Taking into consideration the almost universally projected increased global demand for Cu, with a more than 40% increase to 36.6Mt expected by 2031, linked to by the 'Clean and Green' energy revolution, The Board anticipates that it is likely that Zambia will be a major source of Cu production for at least the next 75 years.

Xtract shareholders have an opportunity to share in this potentially historic rebirth of the Zambian Cu Belt.

### **Further information**

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](http://www.xtractresources.com)

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (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, Executive Chairman and Director.

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**Qualified Person:**

Colin Bird: The technical information contained in this announcement has been reviewed, verified, and approved by Colin Bird, C.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.

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