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## Manica Alluvial Mining Contractor Agreement

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Xtract Resources Plc  
("Xtract" or the "Company")  
Manica Gold Alluvial 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 ("**Mining Contractor Agreement**" or "**Agreement**") with Omnia Mining Ltd and Moz Gold Group Limitada ("**Contract Miners**") for the exploitation of alluvial gold deposits at its Manica mining concession in Mozambique.

### Highlights

- Experienced alluvial mining contractors, who are already operating in the Manica area, appointed to mine the western half of the alluvials in the Manica Concession
- Agreement provides for monthly payments against the monthly run-of-mine performance
- Initial mining to take place (subject to obtaining the environmental impact assessment) no later than 1 September 2017 with a minimum capacity of 220,000 tonnes per month to be achieved by 1 November 2017
- Price per tonne to vary according to installed capacity
- Run-of-mine payment adjusted against gold price with a floor price of \$US1,250 per ounce and a cap of US\$1,600 per ounce
- Annual production target of 2,640,000 tonnes of alluvial materials, with penalties and termination clauses against non-performance
- Assuming a base gold price of US\$1,250, from November onwards expected Explorator attributable monthly revenue of US\$165,000
- Initial contract period of 10 years or the depletion of alluvials, with an option to extend for a further 5 years if the alluvials are not yet depleted

**Colin Bird, Chairman said:** "The alluvial agreement is a very positive move for Xtract, providing potential significant cash flows with upside based on contractual minimums. We are currently negotiating the eastern half of the concession with other contractors and expect to make an announcement by the end of July 2017. This Agreement will begin early next week and we fully expect to receive some income during the build-up to September. In the meantime, we have further evaluated the Manica concession and see much potential to value add to our hard rock as well as possible further alluvial mining. We are also reviewing financing alternatives for the open pit mine and will keep the market informed with our progress "

Contract Mining Agreement

The Company's wholly-owned Mozambican subsidiary, Explorator, has appointed the Contract Miners, who will have the exclusive right to mine unconsolidated alluvial deposits on the Permitted Area of the Mining Concession area. The Agreement will endure for a period of 10 years or the depletion of alluvials, with the option to extend for a further period of 5 years, if the alluvials have not delpeted, by the Contract Miners as well as rights of early termination either by Explorator or the Contract Miners.

The Mining Agreement includes performance targets whereby the Contract Miners from 1 September 2017 until 31 October 2017 will be required to have in place a fully operational plant with a mining capacity of 100 tonnes per hour. The minimum target mining capacity increases from 1 November 2017 to 400 tonnes per hour subject to obtaining the environmental impact assessment ("EIA"). All target dates in the Agreement will be advanced by the number of days, if any, that mining has not been able to take place due to the absence of an EIA.

Explorator may direct the Contract Miners to suspend carrying out of services for such time as Explorator considers necessary and may terminate the Mining Agreement, *inter alia*, if the Contract Miners fails to achieve and maintain any production target by more than 20 per cent for more than two years in a row. The Contract Miners may terminate the Mining Agreement in the event that for a period of three months of continuous work the grade of gold recovered falls to a level that would make the continuance of the operation inappropriate.

Explorator will receive a base net price per tonne of ore processed by the Contract Miners and additional incremental payments based on a proportion of any increase in the gold price above a reference price of US\$1,250 per ounce and / or any failure by the Mining Contractors to achieve the agreed production targets. Assuming a base gold price of US\$1,250, from November 2017, Explorator would expect to receive monthly revenue of US\$165,000 . All costs associated with transport and refining of the gold will be shared equally between the Mining Contractors and Explorator.

The Contract Miners will be responsible and liable for any rehabilitation of the mining concession to the extent mined by the Contract Miners as required under the relevant mining laws.

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

This announcement contains inside information for the purposes of Article 7 of EU Regulation No. 596/2014 on market abuse.

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