



10 October 2024

Xtract Resources Plc
("Xtract" or the "Company")
Zambian Exploration Licence collaboration agreement

The Board of Xtract Resources Plc ("Xtract" or the "Company") is pleased to announce that it has signed an exclusive collaboration agreement with Chilibwe Mining Limited ("Chilibwe") in relation to large scale exploration licence 22118-HQ-LEL in Zambia (the "Licence"). Xtract will earn a 25% shareholding in Chilibwe Mining and /or 25% interest in the Project by preparing a work programme and budget for the exploration and development of the Licence and assisting in obtaining funding for the Project.

Highlights

- The Licence covers 27,527 ha and is situated in North Central Zambia on the border with the Democratic Republic of the Congo.
- The Licence is located to the northwest of Eurasian Resources Group's Frontier mine which is situated on the Zambian-DRC border and to the southeast of the historic Mufulira copper mine. There has been historic exploration and Xtract has commenced the process of assessing the data currently available and assessing in-country archives.
- Xtract will assist Chilibwe in preparing a work programme and budget for the exploration and development of the Licence and assisting in obtaining funding for the Project in return for which Xtract will earn a 25% interest in the Project. Xtract has made no commitment to provide any funding to the Project.

Colin Bird, Executive Chairman of Xtract, commented

"We are pleased that we have entered into the collaboration agreement with Chilibwe Mining. The licence area is well positioned relative to major mines in the area and on trend with the mineralisation package. We look forward to progressing this agreement with Chilibwe and will keep the market informed on progress as it occurs."

Licence Information

As set out in the Zambia Mining Cadastre on 7 October 2024, Licence 22118-HQ-LEL is a large-scale exploration licence covering 27,202 ha in the name of Chilibwe Mining Limited (the "Licence"). The Licence was granted on 7 February 2018 and has an expiry date of 6 February 2025. The Licence is for cobalt, copper, gold and nickel.

The Licence is currently subject to Zambian Court proceedings in respect of a dispute between Chilibwe and its previous joint venture partner which has restricted Chilibwe to date from developing the Project (the "Existing Joint Venture"). Chilibwe has lodged a case with the High Court for Zambia to have the Existing Joint Venture terminated such that it would retain a 100% interest in the Licence. The Licence may nevertheless in the future be subject to further or new challenges or other disagreements.

The Licence is located in the North Central province of Zambia and is located to the northwest of Eurasian Resources Group's Frontier mine which is situated on the Zambian-DRC border and to the southeast of the historic Mufulira copper mine. There has been historic exploration and Xtract has commenced the process of assessing the data currently available and assessing in-country archives and is planning a site visit as part of its initial assessment of establishing a work programme.

Chilibwe Mining exclusive collaboration agreement

On 10 October 2024 Xtract entered into an exclusive collaboration agreement with Chilibwe Mining Limited ("Chilibwe") in relation to large scale exploration licence 22118-HQ-LEL in Zambia (the "Licence") to prepare a work programme and budget for the exploration and development of the Licence and assist in obtaining funding for the Project ("Agreement").

The Agreement allows Xtract to further its exploration and development strategy, without any funding commitment. The key commercial terms of the Agreement are as follows:

Services to be provided by Xtract

Xtract has been appointed to assist Chilibwe on an exclusive basis for 24 months in preparing a work programme and budget for the exploration and development of the Licence and management of the subsequent exploration programme or any renewal of the Licence with a view to obtaining a mining licence (the "Project") and in obtaining funding for the Project (the "Business") (the "Services").

Xtract are to commence the Services within 15 days of the Agreement. Commencement is defined as both physical activity within the Licence boundaries and desktop studies related to the Services which will include technical, financial and legal due diligence in relation to a project of this nature.

The fee for the Services payable to Xtract is as follows:

- i) a 25% shareholding in Chilibwe and / or 25% interest in the Business ("Xtract Fee Shares"), and in the event of a Trigger Event will be due to be issued early as set out further below; and
- ii) 25% of any dividends due to be paid by Chilibwe in relation to the Business (the "Fees")

Trigger Event for payment of the Xtract Fee Shares

In the event of (i) the completion of funding for the Project; or (ii) a proposed change of control of Chilibwe and or sale of equity in Chilibwe; or (iii) Chilibwe entering into a joint venture or similar arrangement in relation to the Licence, Business or Project (a "Trigger Event"), then Xtract has the right to be immediately issued the Xtract Fee Shares which will represent 25% of Chilibwe's fully diluted issued share capital (as enlarged by the issue of the Xtract Fee Shares and assuming the exercise of all other options or other rights to subscribe for Chilibwe shares).

No commitment to obtain financing

Xtract has made no commitment to provide any funding itself to the Project pursuant to the Agreement. Furthermore, Xtract has made no representation or commitment that it will be able to obtain funding for the Project. Any funds provided to Chilibwe by Xtract or spent on the project by Xtract ("Xtract Loan") can at Xtract's election be converted into shares in Chilibwe based on the funds provided by Xtract and by Chilibwe ("Loan Conversion Shares").

Exclusivity & break fee

Chilibwe has appointed Xtract as its sole and exclusive agent for 24 months in relation to the Services (the "Exclusivity Period"). If Chilibwe accepts funding from another party in the Exclusivity Period then it shall within 7 days: (i) pay a break fee to Xtract of US 500,000 (the "Break Fee"); (ii) issue the Xtract Fee shares (if not already issued); and (iii) issue any Loan Conversion Shares / or make any Xtract Loan repayments.

Information on Chilibwe Mining

Chilibwe Mining Limited was registered on 17 August 2005 in Zambia with company number 120050059656 and its main activity is the Chilibwe Project. The executive director of Chilibwe Mining is Lukonde Makungu who is also an executive director and shareholder of Cooperlemon Consultancy Limited which is a private Zambian based mining consultancy firm.

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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