



26 February 2025

Xtract Resources Plc
("Xtract" or the "Company")
Moroccan Joint Venture & Collaboration Agreement

The Board of Xtract Resources Plc ("Xtract" or the "Company") is pleased to announce the acquisition of an initial 50% shareholding for US 500,000 in Wildstone SARL ("Wildstone"), a Moroccan-based minerals exploration and development company. Wildstone is currently developing an exploration and small-scale mining company operating in various commodities including copper, silver and antimony within Morocco.

Highlights

- Morocco is a recognised mining country with both large and small mining operations in multi-commodities
- Wildstone initially has 15 exploration licences for copper, silver and antimony
- Wildstone plans to commence exploration and subject to results, commercial production

Colin Bird, Executive Chairman of Xtract, commented:

"This acquisition has been carefully considered and ticks all the boxes for Xtract's mission to explore and where appropriate develop small mines in strategic and critical minerals. The business will be progressed along traditional lines i.e. exploration into feasibility study and development where appropriate. We strongly believe the entry into Morocco will establish a firm base for shareholder value enhancement and we will keep shareholders updated as the project progresses."

Background on Wildstone SARL

Morocco is a recognised mining country with both large and small mining operations in multi commodities and a favoured trading partner of the US, China and the European Union. Key commodities include phosphate, manganese, zinc, gold, copper, tungsten, tin, antimony and other strategic and critical metals.

Wildstone was incorporated in Casablanca, Morocco on 22 September 2021 with company number 516789 and its main activity is mining, exploration and extraction in Morocco. Wildstone has 15 licences for the exploration and extraction of copper, silver and antimony which are situated in Central Morocco and are not contiguous. To date very limited exploration has taken place and the licences expire in October 2026. Wildstone intends to initially evaluate all of the licences and thereafter establish priorities. Once priorities are established, general exploration, including drilling, will commence and based on results, appropriate projects will be advanced into either small-scale production or in the course of time evaluated for large scale potential.

Small-scale production is envisaged to commence within 9 months of the transaction closing, provided that mining licences and any other necessary permits are timeously obtained, and suitable agreements have been concluded with artisanal miners. Wildstone intends that ore will be processed with basic equipment currently in use for similar multiple sites in Morocco. If the exploration is successful and deemed appropriate then a more sophisticated plant will be built, the design and capacity of which will be designed relative to the metallurgical characteristics and the size of the orebody.

Joint Venture and Collaboration agreement

On 24 February 2025, Xtract entered into an exclusive collaboration agreement with Wildstone in relation to the acquisition of Wildstone in Morocco ("Agreement"), pursuant to which Wildstone (the "Vendor") agreed to issue up to 80% of its issued equity on a fully diluted basis to Xtract in a phased basis.

Payment Terms to earn 50%

The Agreement comprises phased payments to acquire an initial interest of 50%. As Xtract has completed its site visit and due diligence in respect of the project, Xtract has elected to accelerate all such phased payments and has therefore acquired today an interest of 50% of the fully diluted equity of Wildstone for a cash consideration of US 500,000 funded from internal cash resources, following which the Agreement has now become binding.

Exploration expenditure to earn 80%

Xtract may increase its interest in Wildstone by the following further phased payments of up to US 900,000 in aggregate

Xtract may increase its interest in Wildstone by the following further phased payments of up to US 500,000 in aggregate (which, at Xtract's sole election, it may accelerate).

In the first 12 months following signing of the Agreement, Xtract has committed to spend US 150,000 on basic exploration to earn a further 10% fully diluted interest in the Vendor.

Xtract will in the second year earn a further 10% fully diluted interest in the Vendor by spending a further US 250,000 on exploration, which is anticipated to be a continuation of progress made in Year 1, but with more drilling and consequent assay work, and in the third year earn a further 10% fully diluted interest in the Vendor by spending US 500,000 on drilling and resource evaluation and definition, with the anticipation of producing one or more JORC resources.

Xtract will, whilst it is a 25% shareholder, continue to contribute to fund its local share of overheads and any costs incurred in transferring any license to other entities within Wildstone. Should Xtract earn-in to 80% of the Vendor through exploration expenditures but not deliver the Larger Scale Mine Development, cash flows from the Small-Scale Development will be shared 75% to Xtract and 25% to the existing shareholders of Wildstone.

Small and Larger Scale Mine Development

The parties anticipate that within 6 months of signing the Agreement, small scale mining shall commence, utilising Wildstone's own contractors (the "Small Scale Development"). The capital funding for the Small-Scale Development of US 200,000 will be provided by Xtract who will be allowed to recover the initial capital by being paid 75% of free cashflow. Xtract shall be responsible for all Small-Scale Development mining funding until such time as the operation is demonstrating a surplus income over expenditures (including sustaining and maintenance capital). On full capital repayment, Xtract will be entitled to 60% of all profits.

The Small-Scale Development will continue during the exploration phase and will be replaced or may run concurrently if the potential for a larger more sophisticated processing plant is identified (Larger Scale Development). For the purposes of defining potential for a Larger Scale Development, the criteria to be used is not less than 5 years mine life at a minimum annual throughput of 150,000 tonnes, with a DCF model demonstrating a payback of not more than 18 months and a return on investment not less than 20%. Xtract will be expected to fund 100% of the Larger Scale Development, anticipated to be US 1million on the plant design, construction, implementation and commissioning. On commencement of production, Xtract will receive 60% of cashflow for capital recovery, the remainder being shared 70% to Xtract and 30% to the existing shareholders in Wildstone. This arrangement will continue for 18 months, or until the capital is fully repaid, whichever is the shorter. After the completion of the 18-month period, the profits will be shared 80% to Xtract and 20% to the existing shareholders.

Operating Committee

Xtract and the Vendor will appoint one person each to be on an operating committee. The Vendor board shall comprise of 2 representatives from Xtract and the two existing shareholders. As a 50% shareholder, Xtract has the right to appoint the chairman, who will have a casting vote in addition to his vote.

The existing shareholders will also have the right but not the obligation, until Xtract has earned an 80% shareholding in the Vendor, to nominate a non-executive director to be appointed to the Board of Xtract. Such director will have the right to receive options in Xtract Resources as decided by Xtract's Remuneration Committee and receive a salary of US 1,500 per month for his services and may at Xtract's sole election continue as a director of Xtract after Xtract has earned an 80% shareholding in the Vendor. Any appointment will be subject to standard AIM regulatory approvals.

Further information on Wildstone and the Agreement

The total amount committed by Xtract under the terms of the Agreement amounts to US 2.7 million to be funded from Xtract's internal resources.

As at 31 December 2023, the last period for which unaudited (and unverified) financial statements have been prepared, Wildstone's total assets amounted to £9.7K and total liabilities (more than one year) to £5.6K. For the year ended 31 December 2023 revenue amounted to £ nil and the loss before tax to £3K.

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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