

18 February 2019

TECTONIC GOLD PLC
("Tectonic Gold" or the "Company")

50% FARM IN TO CONCESSION ON PRODUCING DIAMOND MINE TO PRODUCE CASH FLOW FOR EXISTING GOLD OPERATIONS

Tectonic Gold plc (TDIM: TTAU), an Intrusive Related Gold ("IRGS") exploration pioneer, is pleased to announce that it has executed an agreement with VAST Mineral Sands Pty Ltd ("VAST") for a 50% economic interest ("Joint Venture") in diamond mining concessions on the South African Government's operating Alexkor diamond mine in the Republic of South Africa. The Directors of the Company expect that the Joint Venture will result in immediate and sustainable cash flows to support the development of the Company's gold exploration activities in Australia.

Highlights:

- 10 year concession to mine alluvial diamonds
- Tectonic Gold to acquire a 50% economic interest for US\$650,000 in equity priced at 2.2p per share
- Concession forms part of a South African Government owned mine that has been in operation since 1928
- Over 10 million carats recovered to date
- Currently over 50 operating concessions on the mine
- Over 500,000 carats of gem grade diamond resources in the VAST/Tectonic allocated concession areas
- Diamond resources, exploration, mining, processing and sales metrics well understood by Alexkor and operators
- VAST has an experienced operating team already on site
- Initial 900 carat per month production target from the VAST mine plan

Following the successful diamond drilling program at Specimen Hill in 2018, Tectonic Gold has entered into a Joint Venture agreement to acquire a 50% economic interest in the concessions held by VAST on an operating alluvial diamond mine. The Directors of the Company expect that the Joint Venture will generate immediate cash flows enabling Tectonic Gold to fully fund corporate costs and follow on exploration and drilling of the Company's Australian gold portfolio.

The transaction with VAST was struck at a price of 2.2p per Tectonic Gold share, a 10% premium to the Company's June 2018 listing price.

Tectonic Gold intends to undertake a fundraising to provide working capital for the Joint Venture. This is being co-ordinated through the Company's broker, VSA Capital Limited and is currently expected to be in the form of a convertible debt instrument.

About VAST Mineral Sands Pty Ltd:

VAST is a privately held South African company with interests in heavy mineral sands and diamonds. VAST owns a heavy mineral sand tenement overlying the South African Government's Alexkor diamond mining tenement, on the west coast of the Northern Cape in South Africa. In addition, VAST has negotiated rights to the tailings dumps and slimes dams on the Alexkor mine. The heavy mineral sand rich tailings and the in situ material form a significant resource containing commercial mineral sands including zircon, rutile, ilmenite, monazite, garnet and magnetite.

The Alexkor diamond mining operation is bordered by the Orange River and Namibia to the north, where Namdeb (De Beers Namibia) operates major alluvial and marine diamond mines. To the south it is bordered by De Beers' Kleinsee diamond operations. The 80km stretch of Alexkor leases between the two De Beers operations has been an operating mine site since 1928. This has resulted in significant coarse tailings dumps and slimes dams being created. Ongoing mining operations continue to add to these tailings...

Tectonic Gold successfully negotiated a farm-in to this concession for an equity consideration of US\$650,000 at a price of 2.2p per share and a commitment to facilitate acquiring suitable mining equipment via rent, lease or by arranging financing for the purchase of the mining equipment required to facilitate the production profile at the current concessions. The US\$650,000 investment was based on a cost recovery of the exploration and pre-development work completed by VAST in progressing the mineral sands and diamond projects to date.

The consideration of US\$650,000 for the farm-in will be satisfied by the issue to VAST of 22,727,272 new ordinary shares of 0.01p each in the Company ("Ordinary Shares") at a price of 2.2p per Ordinary Share. The Ordinary Shares, which will represent approximately 3% of the Company's enlarged issued share capital, are expected to be issued on 18 July 2019, subject to Tectonic Gold's continued participation in the concession at that date.

Alongside testing for heavy minerals, the VAST team have taken bulk samples and processed them to validate independently the diamond resource estimates from Alexkor's external technical consultants. This, together with the extensive exploration and mining history on the site, has enabled VAST and Tectonic Gold to form a confident view of the mineral resources available and mining, production and sales metrics.

Alexkor concession terms:

Alexkor is the registered operator and owner of the 80km stretch of mining leases along the north coast of South Africa to its border with Namibia. Alexkor outsources all mining activities to contractors via concession contracts. The miners are required, by contract, to mine within allocated concession areas according to Alexkor's prescribed standards of operation.

Mining at the VAST concessions is conducted by a fleet of large and small surface mining and earth moving machinery through a simple free dig operation. No drilling or blasting is required. The underflow heavy mineral concentrates that are produced are then transported to one of Alexkor's processing plants for toll treatment and final recovery. The diamonds that are recovered are then put to a public auction by Alexkor's marketing team with the revenues from this process being split 80:20 between VAST and Alexkor respectively after deductions for toll treating costs, royalties and any other costs for ancillary services such as security during transportation.

Alexkor provides concession holders with a range of services including access to workshops for maintenance and on-site facilities. Alexkor also provides concession holders with detailed exploration data to optimise their mine planning designs and facilitates reviews of these mine plans and schedules before contractors begin mining.

The final recovery of diamonds is handled at Alexkor's Alexander Bay operations with a representative of VAST present during this operation. The recovered parcel of diamonds is then weighed and sorted in this secure facility prior to the parcel being dispatched for auction.

Alluvial mining start-up strategy:

The VAST resource estimates for the concession areas allocated are in excess of 500,000 carats. Tectonic Gold and VAST will take a staged approach to initiating mining operations under the concession with a target production commencing at 900 carats per month. Indicative sales prices for the average grade and size stone from the concession areas is currently US\$450 per carat.

Tectonic Gold has also opened discussions to acquire full ownership of the allocated concessions and diamond operations of VAST via an equity-based buyout, conditional on terms to be negotiated. Tectonic Gold intends to pursue this and apply the generated cash flows to the development of the core gold exploration portfolio in Australia.

About Tectonic Gold:

Tectonic Gold is a specialist gold exploration company, focused on the identification and delineation of large-scale, multimillion-ounce Intrusion Related Gold System (“IRGS”) assets. Tectonic Gold holds a number of gold discoveries in the New England Orogen in Eastern Australia, a prolific gold region that is home to Australia’s two largest gold production companies, Newcrest Mining and Evolution Mining.

A successful diamond drilling campaign in 2018 on the Company’s flagship “Specimen Hill” project has confirmed a large diatreme IRGS system similar to regional multi-million ounce deposits such as Kidston and Mt Rawdon. Tectonic Gold intends to apply the cash flows from the diamond mining operations to further drilling at Specimen Hill under an existing drill for equity deal with Titeline Drilling. 7,500m of diamond drilling remains available on a 50% cash payment basis under this agreement.

Funds will also be allocated to progressing the Company’s Mt Cassidy prospect during the 2019 calendar year.

The final allocation will depend on the performance of the VAST / Tectonic diamond concession and cash flows from that project, but it is management’s intention to provide sufficient funds to initiate drilling on the Mt Cassidy project in the final quarter of 2019.

Tectonic Gold has begun to explore with its financial adviser, VSA Capital, the possibility of a listing on the Main Market of the London Stock Exchange (“LSE”) via a Standard Listing and plans are at an early stage of being formulated. Further details will be provided in due course.

Mr. Brett Boynton, Managing Director – Tectonic Gold Plc

The Alexkor diamond mine has a long, well documented history and we find ourselves in a very fortunate position to have an expert team to partner with in adding a small piece to this history.

We have been conducting due diligence on this project for 6 months and we are comfortable with the mineral resource and the experienced operational and management team at VAST.

Qualified Persons:

Mr Jonathan Robbeson – BSc (Hons1), MEconGeol, MMinEng, (CP Geo) is a full time employee Signature Gold Limited and is a registered Chartered Professional (Geology) with the Australian Institute of Mining and Metallurgy (AusIMM – 304542). Mr Robbeson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the Note for Mining Oil & Gas Companies,

June 2009, of the London Stock Exchange and the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Robbeson consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

The Directors of the Company accept responsibility for the contents of this announcement.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.