

13 May 2019

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

ACQUISITION OF DIAMOND MINING CONTRACT

Tectonic Gold plc (TDIM: TTAU) is pleased to announce that it has restructured the diamond mining joint venture previously announced and that the Company's 100% owned subsidiary, Tectonic South Africa Pty Ltd ("Tectonic SA"), is taking full operating control and a 100% economic interest in the VAST Mineral Sands Pty Ltd ("VAST") diamond mining contract. VAST remains a partner via the equity consideration in Tectonic Gold previously agreed and a production royalty on the contract.

Highlights:

- Tectonic Gold has, as of 1 May 2019, taken operational control of the VAST land mining contract
- Intention to self fund all future gold exploration activities from project cash flows
- New subsidiary, Tectonic SA, established
- VAST diamond mining team transferred to Tectonic SA
- Equipment leases transferred to Tectonic SA
- Consideration includes the original JV consideration announced 18 January 2019 and a 3% royalty on gross diamond sales
- Tectonic SA to reimburse VAST for provision of on-going support to meet contract compliance in rehabilitation, health and safety and security.

Following the initiation of mining under the joint venture agreement with VAST, the mining team completed bulk sampling in a number of areas with recoveries from all samples showing grade and average stone size above expectations. Tectonic Gold has subsequently reached agreement to take full control of the project as exclusive subcontractor with the VAST diamond mining team moving to Tectonic SA effective immediately.

Restructuring the 19 April 2019 joint venture into a subcontract gives the Company operational autonomy in on-going development, equipment financing and planning the expansion of diamond mining operations.

The existing diamond mining team is being transferred to Tectonic SA together with all the equipment currently leased. This has enabled a transition with no operational interruptions to on-site activities.

VAST remains a major on-site presence with their other interests and will continue to support Tectonic Gold as a significant shareholder and Tectonic SA as their exclusive subcontractor.

The Company has identified plant and equipment required for expansion of our mining operations. This is currently planned to occur in two stages with the first stage targeting 950 carats per month production and the second increasing production to a minimum of 1,500 carats per month. The Company is in advanced discussions with equipment lease finance providers to acquire the required plant and equipment.

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.

Mr. Brett Boynton, Managing Director – Tectonic Gold Plc

This transaction gives us full control over a considerable and readily accessible diamond resource. We have been very encouraged by the grade and stone size coming from our initial bulk testing. In order to maximise the opportunity we have worked with VAST to restructure our original deal and take full control over the operations. This has enabled us to advance equipment-financing discussions and more confidently plan the mine development, leading to increased production and revenues.

The strategy remains to fully fund for all of our gold exploration programs from internal production and this transaction gives the Company a strong platform to achieve that. It also puts us on a firmer footing to create liquidity in our share register and encourage interest from new investors.

Qualified Person:

Mr Jonathan Robbeson – BSc (Hons1), MEconGeol, MMinEng, (CP Geo) is a full time employee of 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.

For further information, please contact:

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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.