

30 September 2019

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

UPDATE ON DIAMOND MINING PROJECT

Tectonic Gold plc (TDIM: TTAU) is pleased to announce that its 100% owned subsidiary Tectonic South Africa Pty Ltd ("Tectonic SA") was earlier this month invited to tender for a direct land mining contract for mining on its South African diamond project. As announced on 13 May 2019, the company was planning to operate under a long-term sub-contract with VAST Mineral Sands Pty Ltd ("VAST") who had previously been granted a land mining contract. Following successful trial mining and bulk sampling over the last six months the we are pleased to be offered the opportunity to apply for a mining contract in our own right on the same terms as the original VAST contract and consequently the proposed contract with VAST will not be taken to completion.

Highlights:

- Tectonic SA has filed an application to become prime diamond mining contractor
- Sub-contract with VAST will not be taken to completion, no equity issuance for the proposed purchase consideration from VAST
- Successful trial mining and bulk sampling completed
- Targeting areas containing in excess of 500,000 carats
- Management estimates average revenues of approximately US\$400 per carat

Tectonic SA has responded to an invitation to submit a tender and today filed an application to become a direct land mining contractor on the Alexkor/RMC Pooling and Sharing Joint Venture ("PSJV") diamond mine in South Africa.

Tectonic SA has been active on the site over the past six months building a local team and conducting trial mining on selected areas to provide ores for bulk sampling. This has enabled the operations team to understand the mining environment in more detail. The areas tested during this period have resources reported under the SAMREC code of in excess of 500,000 carats of gem grade diamonds and these areas will form the core focus of the new contract operations.

Tectonic SA's management have been active on this site in various capacities for over 30 years. Their estimates are for average revenues of US\$400 per carat from the grade and stone sizes returned in independent resource testing.

Tectonic SA's testing activities were conducted under an arrangement with VAST with a view to Tectonic operating as a long-term sub-contractor under VAST's pre-existing mining contract. With the opportunity of becoming a prime contractor, the proposed sub-contractor arrangement with VAST will not be completed. The US\$650,000 equity consideration contemplated under the proposed sub-contract with VAST will not be paid and no further monthly fees or royalties will be incurred.

A prerequisite for becoming a prime contractor is establishing a compliant Black Economic Empowerment ("BEE") partnership under South Africa's Broad Based Black Economic Empowerment Act, No 53 of 2003. Tectonic has successfully negotiated a BEE partnership with an experienced South African mining and commodities trading group who will become a 26% equity shareholder via a loan to purchase scheme which is a common mechanism for supporting local empowerment.

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.

Mr. Brett Boynton, Managing Director – Tectonic Gold Plc

We are pleased to have the opportunity to upgrade our status to a direct land mining contract on this project. We have an experienced team and it makes sense to take full control over areas such as mine planning, health and safety and rehabilitation works, which were subject to final approval under the proposed sub-contract. The improved contractual position also gives us additional financing flexibility.

Diamond prices have softened over the past year and taking a direct contract enhances the revenues to Tectonic from this project, which was a key consideration. We look forward to working with our new empowerment partners and beginning work under the new contract.

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:

Tectonic Gold plc

+61 2 9241 7665

Brett Boynton

Sam Quinn

www.tectonicgold.com.

@tectonic_gold

NEX Exchange Corporate Adviser and Broker

+44 20 7469 0930

Peterhouse Capital Limited

Mark Anwyl

Financial Adviser and Broker

+44 20 3005 5004

VSA Capital Limited

Andrew Raca

Ends