Alecto Minerals plc / EPIC: ALO / Market: AIM / Sector: Mining

17 January 2017

Alecto Minerals plc ("Alecto" or the "Company")

Issue of Convertible Loan Notes to raise £1 million (gross)

Alecto Minerals plc (AIM: ALO), the Africa-focused gold and copper exploration and development company, is pleased to announce that it has raised £1 million (before expenses) through the issue of convertible loan notes ("Notes"). Alecto will utilise these funds to recommence operations at the Mowana Copper Mine in Botswana ("Mowana") and to fund certain transaction expenses in relation to the completion of the reverse takeover process associated with the proposed acquisition of Cradle Arc Investments (Proprietary) Limited ("Cradle"), which owns Mowana, further details of which were announced by the Company on 21 December 2016 and as more particularly described below.

The Notes have been subscribed to by clients of Beaufort Securities Limited, the Company's broker ("Noteholders"). The principal terms of the Notes are as follows:

- The Notes are repayable by the Company on 16 July 2017.
- Interest at the rate of 20% will be paid to the Noteholders and will be satisfied by the issue of new ordinary shares in the capital of the Company ("Ordinary Shares") at a price of 0.06625 pence per Ordinary Share, being the mid-market price at which the Ordinary Shares were suspended from trading on AIM. This will result in the issue of 301,886,792 Ordinary Shares to the Noteholders (the "Interest Shares").
- The Noteholders have the right, but not the obligation, to convert part of, or the whole of, the principal amount outstanding under the Notes into new Ordinary Shares. During the first ten trading days following the date of re-admission of the Company's Ordinary Shares to trading on AIM following publication of an admission document ("Re-Admission"), the Noteholders can convert the principal amount of the Notes at a conversion price equal to the lower of (a) the closing price per Ordinary Share on the trading day immediately after Re-Admission and (b) 80% of the closing mid-price per Ordinary Share as quoted on AIM on the trading day immediately prior to the date of receipt by the Company of the conversion notice in question (the "Floating Price"). Following that ten trading day period the conversion price will be the Floating Price.
- The Notes will not be converted to the extent that doing so would trigger a mandatory offer for the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers.
- The terms of the Notes include customary terms of default pursuant to which the Noteholders may demand immediate repayment including in the event that the proposed acquisition of Cradle is not completed by 7 July 2017.

The net funds raised from the issue of the Notes will be used to provide a loan of up to US$1m to Cradle, which it will use to recommence operations at Mowana. Fujax Minerals and Energy Limited ("Fujax"), the South African minerals and energy trading company providing off-take financing to Mowana, will match Alecto's loan to Cradle, thereby providing Mowana with funding of up to, in aggregate, US$2m in the short-term with the aim of bringing the mine back in to production in Q1 2017. The balance of the funds raised will be used for general working capital purposes, including the transaction expenses relating to the Company's proposed acquisition of Cradle through a reverse takeover process.

The Company's broker, Beaufort Securities Ltd, will be paid a fee of £50,000 to be satisfied by the issue of 75,046,904 Ordinary Shares (the "Fee Shares")at the price of 0.06625 pence per Ordinary Share.

Application will be made to the London Stock Exchange plc for the Interest Shares and the Fee Shares to be admitted to trading on AIM ("Admission") and it is expected that the shares will be admitted to AIM on 24 January 2017 and that trading will commence when the current suspension is lifted. Following Admission, Alecto will have in issue 5,649,248,546 Ordinary Shares. The Interest Shares and Fee Shares will be fully paid and will rank *pari passu* in all respects with the Company's existing Ordinary Shares. The Company does not currently hold any Ordinary Shares in treasury. Accordingly, the above figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Alecto's CEO, Mark Jones, commented:

"We are delighted that the investment potential of Mowana is recognised and that we have been able to secure these funds to support Alecto's transition from developer to producer. It is extremely exciting that our loan of US$1m to Cradle will then be matched by Fujax, thereby meeting our US$2m budget to recommence operations at Mowana. The injection of these funds means that we can continue to progress the reverse takeover process and securing of shareholder approval for the Mowana transaction, whilst at the same time commencing production of saleable copper from the mine, allowing Alecto to benefit from its management contract at the mine.

"We have made good progress on the ground in Botswana, despite the interruption of the festive season, with work completed at Mowana to-date comprising the clean-up and recommissioning of equipment, detailed mine planning and design and the recruitment of new personnel. This investment marks a major step forward in bringing the project back into operation and Alecto's management is working closely with our partners to restart production and to complete the acquisition."

Shareholder Conference Call

The Company takes this opportunity to remind shareholders that it will be holding a call today, Tuesday 17 January at 11.00am. For full details of the call, please view the announcement dated 23 December 2017. The Company invites shareholders to submit questions to its public relations advisers, St Brides Partners Ltd, ahead of the call via email to shareholderenquiries@stbridespartners.co.uk.

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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 Regulation (EU) No. 596/2014 ("MAR").

Notes to editors:

Alecto Minerals plc is an African focused, gold and copper exploration and development company quoted on AIM with gold exploration projects in Mali, Botswana, Burkina Faso and Mauritania and a development project with near-term gold production in Zambia.

In Zambia, the historical Matala and Dunrobin gold mines have, in aggregate, a 760,000 oz Au JORC Code compliant resource estimate in the Measured, Indicated and Inferred categories at an average grade of 2.3g/t Au. The Company is focused on bringing Matala into low-cost production in the near to mid-term.

In Botswana, the Company is, subject to shareholder approval, looking to acquire a 60% interest in the Mowana Copper Mine, a formerly producing copper mine and plant, which can be brought back into production at a relatively low cost. The mine has a mineral resource inventory of 683,000 tonnes copper ("Cu") in the Measured and Indicated categories (JORC-code compliant) with an additional 945,000 tonnes Cu in the Inferred category. Alecto and its partners have re-modelled the Mowana mine to ensure profitable operations even at depressed commodity prices, leading to an internal estimate for the project's NPV of US$245 million at a copper price of US$2.50 per lb. Alecto has also agreed a 10-year management contract for Mowana with its partners and will receive management fees equal to 1.5% of revenue.

In Mali, the Company has secured a number of joint-venture agreements, in-line with its strategy to retain exposure to the value in its African gold exploration portfolio for little or no cost; the Kossanto East project, which has an inferred JORC Code compliant resource estimate of 6.72Mt grading at 1.14g/t Au for an aggregate of 247,000 oz Au with a cut-off grade of 0.5g/t Au, is under a joint venture agreement with Ashanti Gold Corp; the Kossanto West Project is under a joint venture with Randgold Resources Limited; the 250 sq. km. Karan gold project in southern Mali is under joint venture with Cora Gold Limited.

Alecto also owns the Kerboulé Project, located in the highly prospective Birrimian-age Djibo gold belt in northern Burkina Faso, as well as the wholly owned Wad Amour IOCG Project in Mauritania which is at an exploration stage.

Accordingly, the Company has a strong, diversified project portfolio with exciting exploration upside potential.