

17 November 2016

Alecto Minerals plc ('Alecto' or the 'Company')
Update on Matala Mine financing

Alecto Minerals plc (AIM: ALO), the Africa-focused gold and base metal exploration and development company, is pleased to provide an update on its financing activities for the Matala Gold Project (the "Project") in south central Zambia.

The Company's financing plan, which was set out in its announcements made in April 2016, is focused on obtaining vendor financing from China. The Company continues to make good progress with this proposed financing arrangement.

In April 2016, the Company announced that Yantai Xinhai Machinery Company Limited ("Xinhai") had agreed to assist in arranging the vendor financing – the first step to securing a Chinese export bank funding agreement. At the end of May 2016, the Company received a conditional term sheet from Xiamen XGMA International Trade Company Limited ("XGMA") confirming that agreement had been reached for the provision of risk cover and Supplier's Finance from state owned China Export & Credit Insurance Corporation ("Sinasure"). The Supplier's Financing Terms included, *inter alia*, a requirement for security to be provided in favour of the financing Chinese Bank that in turn requires Ministerial approval in Zambia.

According to the term sheet provided by XGMA, it was expected that the financing arrangements could be completed by the end of September 2016. However, shortly after receipt of the term sheet, parliament in the Republic of Zambia was dissolved ahead of Presidential elections which were concluded on 8 September 2016, with incumbent President Edward Lungu reconfirmed as the successful candidate. On 28 September 2016, the Company received confirmation from Sinasure that subject to a local institution holding the security on behalf of the lender they would approve the risk cover as previously envisaged.

On 10 October 2016, on resumption of parliament, approval from the Honourable Christopher Yaluma, Minister for Mines and Mineral Development in Zambia, was granted for the Company to encumber its large scale mining licence in favour of the proposed financiers. The Company is continuing to make good progress towards completing the final arrangements in Zambia and has, since his re-election, received the highest level of approval for its business plan from the President in Zambia.

The Company is now focusing on completing the last leg of the financing plan, which is to reach agreement with local Zambian institutions for the provision of an on-lending facility and additional security in order to facilitate the flow of funds from China. Once the necessary guarantees have been agreed in principle with a financial institution in Zambia, the Company will enter the documentation phase with all parties to finalise the financing.

Subject to the agreement of final documentation, the Company expects that Matala will be commissioned in 2017. Further updates will be provided, as appropriate, as the financing progresses.

Mark Jones, Alecto CEO, commented:

“We made very rapid progress with our Chinese funding partners at the beginning of this year, and it is regretful that we have subsequently been unable to meet our original timeline for completion. However, the external factors outside of our control have required us to exercise patience as we seek to close the financing.”

“The Company, and our partners, are very excited about what will be a true Zambian gold mining success story, and we are fully committed to ensuring that it happens. Due to our size, satisfying potential financiers of the merits of taking on project risk has not been without its challenges, and progress has been slower than we would have wished. However, our commitment to the process is undimmed and we continue to believe that bringing Matala in to production is the best way to realise value for shareholders.”

“We are in the process of transforming Alecto on a number of fronts, and we intend to be far more than simply a small gold producer in one country. Our technical teams have been actively engaged in our joint venture opportunities, as well as reviewing and assisting with other potential business development activities, throughout the last few months. We look forward to providing more details on these activities in due course.”

“I would like to personally thank our shareholders for their patience during these difficult times, and reconfirm my commitment to building Alecto into an important player in the African gold and base metals market.”

This announcement contains inside information.

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