

29 September 2017

Alecto Minerals plc (“Alecto” or the “Company”)

Corporate Update

Alecto, the African focused gold exploration and base metal development company, is pleased to provide investors with an update on recent developments.

Highlights:

- Alecto and Penmin, the vendor of Cradle Arc Investments (Proprietary) Limited (“Cradle Arc”) which owns the Mowana Copper Mine in Botswana (‘Mowana’), have entered into an amended and restated version of the Sale and Purchase Agreement (‘SPA’), originally signed on 21 December 2016, to update the transaction ahead of distribution of the Whitewash Circular;
- The Whitewash Circular will contain further information on the transaction, the vendor and the concert party, and include a notice convening a general meeting, at which independent shareholders will be asked to vote on a Whitewash Resolution, enabling the issue of the consideration shares representing 60% of the Company’s enlarged issued share capital (“Consideration Shares”) to the vendor of Mowana, thereby completing the acquisition;
- Kevin van Wouw, CEO of Penmin, has joined the board as a non-executive director in anticipation of the Company completing the acquisition of Cradle Arc, the owner of the Mowana mine and thereafter seeking to make application for re-admission of the enlarged group to trading on AIM;
- Significant progress has been made with respect to restructuring the debt and funding arrangements for Mowana, including for the Dense Media Separation (‘DMS’) upgrade, on which work is expected to commence this month; and
- Alecto has reduced its liabilities and sought to conserve cash by issuing shares in satisfaction of certain outstanding obligations, thereby strengthening its balance sheet and ensuring that the Company is best positioned for the forthcoming listing process.

Alecto’s current primary focus is on completing the acquisition of Mowana, and the subsequent re-admission of the enlarged group to trading on the AIM market. On 26 September 2017, the Company signed an amendment and restatement of the SPA which was announced on 21 December 2016 (the ‘Amended and Restated SPA’) in order to better reflect the current circumstances of the Company and enable completion of the acquisition of Cradle Arc, following the passing of the Whitewash Resolution to allow the Consideration Shares to be issued to the vendor. In addition, Mr Kevin van Wouw, CEO of Penmin, has been appointed as a non-executive director of Alecto, with effect from 26 September 2017, in order to assist in the AIM Admission

workstreams.

Alecto has been working closely with its key advisers in both London and southern Africa in order to identify potential sources of working capital. Accordingly, an approach has been made to the Botswana Stock Exchange ('BSE') in order to assess the group's suitability to be listed in Botswana, either before re-listing in London, or as a dual listing once the AIM re-admission process is complete. If a BSE listing is pursued, the Company would seek a Main Board listing by way of Introduction or a Placing, but the ultimate decision on securing such a BSE listing will depend on numerous factors including the ability to access capital as well as satisfying the suitability criteria according to the BSE listing rules. Alecto has submitted initial documentation to the BSE Listing Committee for its consideration but there is currently no set timeline for completing this process and there can be no guarantee that a BSE listing will take place.

At the project level, Leboam has successfully renegotiated the terms of the underlying acquisition agreement, such that the payment for the purchase consideration to the liquidator and arrangements for the funding of the DMS process route upgrades have, in principal, been improved. Further details will be made available once final documentation has been entered into and will be reflected in the Whitewash Circular and AIM Admission document in due course.

Since July 2017, when Alecto's shares were cancelled from trading on AIM, the Company has prudently undertaken several initiatives to conserve its cash resources. As such, it has issued new ordinary shares in order to satisfy certain cash liabilities. Accordingly, the outstanding 2015 Convertible Loan Notes, the Deferred Matala Consideration, the 2017 Convertible Loans Note Fees and Interest liabilities, and cash accruals for staff and directors who have deferred their pay, have been satisfied by the issuance of new ordinary shares in the Company. In total, 3,942,363 new Ordinary Shares were issued to creditors at the consolidated suspension price, such that the Company's issued share capital is now 22,773,192.

The Company has initiated the Whitewash process with its Financial Adviser, which will involve the publication of a Whitewash Circular that will, *inter alia*, outline the key terms of the Mowana transaction and request that independent shareholders vote on a Whitewash resolution to approve the grant of a waiver by the Panel of any obligation on the Concert Party to make a general offer to Shareholders under Rule 9 of the City Code, which would otherwise arise from the issue of the Consideration Shares to the vendor, pursuant to the Acquisition.

Once the Whitewash Circular is published, and if shareholders vote to approve the resolutions, then an application to AIM will be made. At the same time, a private placement to raise sufficient working capital for the enlarged company will be completed such that the Company is best

positioned financially for a minimum of the next 24 months. The quantum of such placement is estimated to be £5million. The Company intends to offer existing shareholders the opportunity to participate in the equity on the Company on terms equal to those offered to institutional investors. Further details of this will be communicated in due course.

The Company would like to clarify that a change of name is being considered in order to help establish a stronger corporate identity and reflect the change of operational focus from exploration to mining. A number of alternatives are being considered, including Cradle Arc Mining, which has positive associations with Cradle Arc, the Botswana based company which currently owns the Mowana mine. However, a final decision has not been made, and this decision is not a priority at this stage. Any such change of name in due course will not affect the domiciliation or registration of the Company. Alecto is, and will remain, a UK incorporated PLC and will continue to operate through its locally incorporated subsidiaries in its respective project jurisdictions. Accordingly, in Botswana, the Company will register as a foreign firm in line with standard procedure. Furthermore, the proposed name change has no bearing on the proposed acquisition of Cradle Arc and Alecto continues to work diligently towards the acquisition in accordance with the terms of the Amended and Restated SPA.

Mark Jones, Alecto's CEO, commented:

"We remain fully committed to completing the acquisition of Mowana and thereafter seeking the admission of the enlarged group to trading on AIM, and have made significant strides by agreeing an amended and restated SPA with Penmin. As a Board, we have been actively assessing a number of development opportunities including a potential BSE listing either as a pre-cursor to or concurrently with an AIM listing. A Botswana listing offers a number of potential benefits, including helping to raise our corporate profile in the country, as well as access to a differentiated capital base.

"In order to assist in preparations for re-applying to trading on AIM, we have focused on removing some of the complexities of the transaction that had previously caused delays in our original reverse take-over process. These include re-negotiating and removing certain conditions precedent from the underlying Leboam transaction, as well as simplifying the path to completion of our own acquisition agreement with Penmin. We are confident that the revised proposals will be easier to understand and place the enlarged group in a better position to secure a more rapid re-admission to trading on the AIM market. We will continue to keep shareholders updated with as our plans progress."

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Mark Jones

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