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If you sell or transfer or have sold or otherwise transferred all of your Ordinary Shares in Cradle Arc, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee, save that such documents should not be distributed, forwarded or transmitted in or into the United States or any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to any Excluded Territories. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should immediately consult the stockbroker, bank manager or other agent through whom the sale or transfer was effected.

CRADLE ARC PLC

(formerly Alecto Minerals plc)

(Incorporated under the Companies Act 1985 and registered in England and Wales with registered number 05315922)

**PROPOSED ACQUISITION OF CRADLE ARC INVESTMENTS (PROPRIETARY) LIMITED
PROPOSED APPROVAL OF A WAIVER OF THE OBLIGATIONS UNDER RULE 9 OF THE CITY CODE
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF GENERAL MEETING**

Your attention is drawn to the letter from the Chairman of Cradle Arc which is set out in Part I “Letter from the Chairman of the Company” of this document, which contains the recommendation of the Directors (save for Kevin van Wouw) that you vote in favour of the Resolutions set out in the Notice of General Meeting referred to below.

Strand Hanson Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser to the Company in connection with the matters referred to herein and is not acting for any other person (including a recipient of this document) or otherwise responsible to any person for providing the protections afforded to clients of Strand Hanson Limited or for advising any other person in respect of the matters referred to herein or any transaction, or other arrangement referred to in this document. No representation or warranty, express or implied, is made by Strand Hanson Limited, for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

Notice of a General Meeting of the Company, to be held at 11.00 a.m. on 13 November 2017 at the offices of Michelmores LLP, 12th Floor, 6 New Street Square, London EC4A 3BF, is set out at the end of this document. Whether or not you intend to be present at the General Meeting, please complete the Form of Proxy enclosed with this document in accordance with the instructions printed thereon and return it to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR by no later than 11.00 a.m. on 9 November 2017 in order to be valid. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you so wish.

Copies of this document are available free of charge from Cradle Arc PLC, 47 Charles Street, London W1J 5EL.

FORWARD-LOOKING STATEMENTS

Certain statements in this document are “forward-looking statements” including without limitation, statements containing the words “believes”, “anticipate”, “expect”, “target”, “estimate”, “will”, “may”, “should”, “would”, “plan”, “could”, “intend” and similar expressions. These forward-looking statements are not based on historical facts but rather on the expectations of the Directors regarding the Group’s future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), planned expansion and business prospects and opportunities. Such forward-looking statements reflect the Directors’ current beliefs and assumptions and are based on information currently available to the Directors. Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including risks associated with vulnerability to general economic market and business conditions, competition, environmental and other regulatory changes or actions by governmental authorities, the availability of capital, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although the forward-looking statements contained in this document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

NOTICE TO OVERSEAS SHAREHOLDERS

The New Ordinary Shares have not been, and will not be, registered or qualified under the relevant laws of any state, province or territory of the Excluded Territories and may not be offered or sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, into or within any of the Excluded Territories except pursuant to an applicable exemption from such Excluded Territory’s registration or qualification requirements.

Subject to certain exceptions in compliance with the US Securities Act of 1933, as amended (the US Securities Act) and the rules promulgated thereunder or any applicable laws in the Excluded Territories, this document will not be published, released, or distributed, directly or indirectly and must not be sent, in whole or in part: (i) in or into any Excluded Territory; (ii) to any person within the United States; or (iii) to any person in any jurisdiction where to do so might constitute a violation of local securities laws or regulation.

The New Ordinary Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States. Accordingly, the New Ordinary Shares may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly to or within the United States or to any US Person, except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission (the SEC), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

No action has been taken by the Company or Strand Hanson that would permit an offer of any New Ordinary Shares or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than the United Kingdom. Neither the Company nor Strand Hanson nor any of their respective affiliates, directors, officers, employees or advisers is making any representation to any offeree, purchaser or acquirer of the New Ordinary Shares regarding the legality of an investment in any of the New Ordinary Shares by such offeree, purchaser or acquirer under the laws applicable to such offeree, purchaser or acquirer. This document does not constitute an offer to sell any New Ordinary Shares to any person in any jurisdiction. The Company reserves the right, in its sole and absolute discretion, to reject any subscription or purchase of any New Ordinary Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

ROUNDING

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

This document is dated 27 October 2017.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following is the expected timetable of principal events in relation to the Proposals:

	<i>2017</i>
Date of publication of this document and the Form of Proxy	27 October
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 9 November
General Meeting	11.00 a.m. on 13 November
Expected date of allotment of the Consideration Shares	13 November

Notes:

- (1) References to time are to London time unless otherwise stated. Each of the dates in the above timetable is subject to change at the absolute discretion of the Company and Strand Hanson without further notice.
- (2) If any of the details contained in this timetable should change, the revised times and/or dates will be notified by means of an announcement through a Regulatory Information Service.
- (3) Certain of the events in the above timetable are conditional upon, amongst other things, the approval of the Resolutions to be proposed at the General Meeting.

ACQUISITION STATISTICS

Number of Existing Ordinary Shares in issue	22,949,293
Number of October 2017 CLN Fee Shares to be issued	4,062,500
Number of Consideration Shares to be issued to the Vendor on Completion ⁽¹⁾⁽²⁾	40,517,689
Enlarged Share Capital following the issue of the October 2017 CLN Fee Shares and the Consideration Shares ⁽¹⁾⁽²⁾	67,529,482
Percentage of Enlarged Share Capital represented by the Consideration Shares	60.00%
Number of Ordinary Shares held by the Concert Party following Completion ⁽¹⁾	45,705,868
Percentage of Enlarged Share Capital held by the Concert Party following Completion ⁽¹⁾⁽²⁾	67.68%
SEDOL of the Existing Ordinary Shares	B5SCHP6
ISIN of the Existing Ordinary Shares	GB00B5SCHP68

Notes:

- (1) To the extent that further new Ordinary Shares are issued up to the date of Re-Admission, the Vendor will be issued with additional new Ordinary Shares such that its shareholding remains at 60 per cent. of the then enlarged share capital on Re-Admission.
- (2) Assuming no new Ordinary Shares are issued between the date of this document and Completion other than as set out in this document.

DIRECTORS, SECRETARY AND ADVISERS

Directors: Toby Howell *Non-Executive Chairman*
Mark Jones *Chief Executive Officer*
Dominic Doherty *Operations Director*
Roger Williams *Non-Executive Director*
Kevin van Wouw *Non-Executive Director*

all of:

47 Charles Street
London W1J 5EL

Company Secretary: Heytesbury Corporate LLP

Registered Office: 47 Charles Street
London W1J 5EL

Financial Adviser: Strand Hanson Limited
26 Mount Row
London W1K 3SQ

Joint Broker: Tamesis Partners LLP
New Liverpool House
3rd Floor, 15 Eldon Street
London EC2M 7LD

Joint Broker: Beaufort Securities Limited
131 Finsbury Pavement
London EC2A 1NT

Solicitors to the Company: Ronaldsons LLP
55 Gower Street
London WC1E 6HQ

Auditors of the Company: BDO LLP
55 Baker Street
London W1U 7EU

Solicitors to the Financial Adviser: Michelmores LLP
12th Floor, 6 New Street Square
London EC4A 3BF

Registrars: Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

Financial PR: St Brides Partners Limited
3 St Michael's Alley
London EC3V 9DS

Website: www.alectominerals.com

PART I:

LETTER FROM THE CHAIRMAN OF THE COMPANY

CRADLE ARC PLC
(formerly Alecto Minerals plc)

(Incorporated under the Companies Act 1985 and registered in England and Wales with registered number 05315922)

Directors:

Toby Howell (*Non-Executive Chairman*)
Mark Jones (*Chief Executive Officer*)
Dominic Doherty (*Operations Director*)
Roger Williams (*Non-Executive Director*)
Kevin van Wouw (*Non-Executive Director*)

Registered Office:

47 Charles Street
London W1J 5EL

27 October 2017

PROPOSED ACQUISITION OF CRADLE ARC INVESTMENTS (PROPRIETARY) LIMITED
PROPOSED APPROVAL OF A WAIVER OF THE OBLIGATIONS UNDER RULE 9 OF THE CITY CODE
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF GENERAL MEETING

To the holders of Existing Ordinary Shares and, for information purposes only, to the holders of options, warrants and convertible loan notes

Dear Shareholder,

1. Introduction

On 21 December 2016, the Company announced that it had entered into a conditional acquisition agreement to acquire the entire issued share capital of Cradle Arc Investments for consideration comprising £1 million payable in cash (the Cash Consideration) and the issue of new Ordinary Shares to the Vendor representing, in aggregate, 60.0 per cent. of the Company's enlarged share capital (the Consideration Shares). Cradle Arc Investments is a holding company incorporated in Botswana which, via Leboam, its wholly owned subsidiary, has conditionally acquired the assets comprising the Mowana Copper Mine, a producing mine located in north east Botswana.

The proposed Acquisition constituted a reverse takeover under the AIM Rules and accordingly trading in the Company's Ordinary Shares on AIM was suspended from 21 December 2016 pending publication of an admission document. On 5 July 2017, the Company announced that, due to the delay in publishing such admission document, the admission of the Company's Ordinary Shares to trading on AIM would be cancelled. Pursuant to AIM Rule 41, the admission of a company's shares will be cancelled where such shares have been suspended from trading for six months. The Company's Ordinary Shares were suspended for more than six months and, despite securing a short extension to the prescribed deadline, cancellation took effect from 7.00 a.m. on 11 July 2017.

On 17 August 2017, the Company announced that it had entered into a legally binding agreement to sell its interest in its non-core Kossanto East Gold Project (Kossanto East) in western Mali to Ashanti Gold Corp. (Ashanti), for consideration of CAD\$1 million. Following completion of the sale, Ashanti will acquire full ownership of Kossanto East and Cradle Arc will retain a 1.5 per cent. net smelter return (NSR). Ashanti will also have the right to purchase the NSR, in whole or in part, by paying US\$100,000 for each 0.1 per cent.

(up to a maximum of US\$1.5 million) to the Company. The funds raised from this disposal were used to support the Company's planned acquisition of the Mowana Copper Mine in Botswana by providing working capital to continue operations at the mine and for the Company's general corporate purposes.

On 26 September 2017, the Company and the Vendor entered into the Amended Acquisition Agreement, pursuant to which the Vendor agreed to defer the Cash Consideration until sufficient funds are raised by the Company. Accordingly, following the passing of the Whitewash Resolution and the subsequent issue of the Consideration Shares, the Acquisition of Cradle Arc Investments will unconditionally complete. In line with the Original Acquisition Agreement, to the extent that further new Ordinary Shares are issued up to and including the date of Re-Admission (including pursuant to funds raised on or before Re-Admission), the Vendor will be issued with additional new Ordinary Shares such that its shareholding remains at 60 per cent. of the then enlarged share capital.

On 27 September 2017, the Company issued a Pre-Listing Statement in relation to a potential listing on the Main Board of the Botswana Stock Exchange. Should the listing on the BSE occur, it is likely to be concurrent with Re-Admission. Accordingly, certain amendments to the Company's articles of association are required, in order to effect the Company's proposed BSE listing, further details of which are set out in section 15 of this Part I of this document.

To reflect the proposed acquisition of Cradle Arc Investments, on 17 October 2017, the Company changed its name from Alecto Minerals plc to Cradle Arc plc. Should Shareholders approve the Resolutions at the forthcoming General Meeting, the proposed acquisition of Cradle Arc Investments will unconditionally complete, and, once the requisite completion payment has been made to the liquidator of the Mowana Copper Mine and the ZCI Debt Restructuring is completed, Cradle Arc intends to seek Re-Admission for the Enlarged Group to trading on AIM and to raise additional funds via the associated Placing.

In late October 2017, the Company raised £3.25 million (before expenses) through the issue of zero coupon unsecured pre-IPO convertible loan notes (the October 2017 Convertible Loan Notes) to certain institutional investors and high net worth individuals, which will automatically convert into new Ordinary Shares on Re-Admission at the lower of 20 pence and the price at which further funds are raised on or prior to Re-Admission. However, if the Acquisition does not complete within three months or Re-Admission does not occur within six months from the date of issue of the notes, interest will then accrue at a rate of 15 per cent. per annum and the conversion price will be lowered to 10 pence (the Penalty Terms). On conversion of the October 2017 Convertible Loan Notes, the Company will also issue two warrants (the October 2017 CLN Warrants) to the noteholders for every three new Ordinary Shares issued pursuant to the conversion, which will have an exercise price set at a 30 per cent. premium to the conversion price. The Company has agreed to issue 4,062,500 new Ordinary Shares (the October 2017 CLN Fee Shares) to the investors in the October 2017 Convertible Loan Notes.

In recognition of Shareholders' continued loyalty and valuable support, the Board is committed to offering Existing Shareholders the opportunity to participate in a fundraising, at the same price as funds are raised on or prior to Re-Admission. Further details, including the quantum and mechanics of such an offer, will be announced in due course as and when appropriate.

The Vendor of Cradle Arc Investments and certain other connected parties are deemed to be acting in concert under the provisions of the City Code and, upon Completion, such Concert Party will hold, in aggregate, a maximum of 67.68 per cent. of the Enlarged Share Capital. Accordingly, the purpose of this document is, *inter alia*, to provide information on the Proposals to enable Independent Shareholders to 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, arising from the issue of the Consideration Shares, thereby enabling Completion of the Acquisition.

Accordingly, the Board is convening a General Meeting, at which the Resolutions, including the Whitewash Resolution, will be put to Shareholders. The General Meeting will be held at 11.00 a.m. on 13 November 2017 at the offices of Michelmores LLP, 12th Floor, 6 New Street Square, London EC4A 3BF and notice of which is set out at the end of this document.

The purpose of this document is to provide you with information on, and explain the background to, the Proposals, to explain why the Directors consider the Proposals to be in the best interests of the Company

and its Shareholders as a whole, and to seek Shareholder approval for the Proposals. This document also contains the Directors' (excluding Kevin van Wouw, who is conflicted as a representative of the Vendor) recommendation that you vote in favour of all of the Resolutions as they intend to do themselves in so far as they are permitted.

2. Overview of the Mowana Copper Mine

Production at the Mowana Copper Mine recommenced in March 2017, having previously been dormant for approximately 15 months. Since recommencement, over 7,400 tonnes of copper concentrate have been produced and on sold to Fujax, Leboam's offtake partner. The mine is currently continuing to ramp-up its production rate to approximately 4,000 tonnes of copper concentrate per month.

The Mowana Copper Mine consists of an open pit operation and a processing plant utilising standard flotation process technology that has been designed to produce saleable copper concentrate from the treatment of up to 1.2Mtpa of oxide, supergene and sulphide ores. Mowana has JORC Mineral Resources of 72,093,000 tonnes, containing 686,000 tonnes Cu in the Measured and Indicated categories at an average grade of 0.94 per cent. Cu, and a further 99,778,000 tonnes containing 758,000 tonnes Cu grading at 0.76 per cent. Cu in the Inferred category.

Cradle Arc has agreed a management contract for the Mowana Copper Mine with Leboam pursuant to which, it is entitled to receive management fees equal to 20 per cent. of the Company's corporate costs during the project phase of the work required to design, build and commission Mowana and 1.5 per cent. of Leboam's total revenue during the production phase following recommencement of operations. To date, US\$0.3 million has been invoiced by Cradle Arc in respect of its management services, which remains outstanding.

The Company has partnered with both PenMin (the Vendor's parent company) and DigMin to structure and deliver the Acquisition. Cradle Arc and its partners have conducted extensive due diligence on the Mowana Copper Mine, concluding that, although the geological characteristics of the ores present at Mowana mean that it will be a challenging project, an appropriate mine plan has been developed to address the issues historically encountered by prior third party management. PenMin has re-designed and re-mapped the mining operations based on a re-logging of the historical drill cores and a geological remodelling exercise to better define the ore types present and thereby increase the Company's understanding of the ore body.

In summary, the Company's future mining strategy is to treat low-oxide ores, which contain less than 25 per cent. acid soluble copper. The reason for excluding high oxide ores is predicated on the low recovery rates (30 to 40 per cent.) and low concentrate grades (approximately 15 per cent.) achieved when treating oxides in the Mowana processing plant historically. Therefore, whilst oxide ores are copper bearing, it is uneconomic to treat them using the current facilities and they will instead be stockpiled for future recovery. This approach will ensure higher recoveries are achieved in the processing plant and will also provide additional revenue potential from processing the stockpiled oxide ores in the future.

Dense Media Separation (DMS) Process Route Upgrades

Detailed scoping studies have been completed previously by third parties regarding the potential installation of a new DMS pre-concentration process and upgraded crushing plant at Mowana. The Company has agreed non-binding terms of a turnkey proposal for the DMS upgrades with SGS Bateman. Following Re-Admission and the completion of further due diligence, it is the intention of the Board to consider entering into a binding agreement with SGS Bateman. Should such a decision be taken to proceed with the DMS installation, SGS Bateman estimate that the upgrades will cost approximately US\$5 million and it is currently expected that this would be financed from Leboam's operational cash flows, although terms have not yet been agreed.

Subject to agreeing financing, should the installation proceed following Re-Admission, the DMS facility and associated upgrades are expected to (i) increase flotation plant throughput, (ii) reduce fine tailings production, (iii) enable mining of lower grade ore including carbonate mineralisation and (iv) enable the rejection of carbon/graphite ahead of flotation. The ability to then include carbonate mineralisation in the reported Mineral Resources provides the potential to increase the existing Mineral Resources base at Mowana.

Accordingly, the Directors believe that by installing a DMS plant and using pre-concentration, the Enlarged Group can address the historical operational issues identified in their comprehensive due diligence exercise and also provide an additional level of automation and control. Following a review of an initial report from Minero Consulting (Pty) Ltd, Cradle Arc believes that the upgrades could increase processing capability at the Mowana Copper Mine from 1.2Mt/pa to approximately 2.6Mt/pa and achieve increased copper production of approximately 22,000 tonnes of saleable copper per annum.

3. Overview of the Leboam Acquisition, the ZCI debt restructuring and the Acquisition

Leboam agreed conditionally to acquire the assets that comprise Mowana from MCB through a liquidation process which was approved by the High Court of Botswana in Lobatse pursuant to a meeting of MCB's creditors held on 16 December 2016. Prior to the commencement of MCB's liquidation proceedings on 13 November 2015, MCB was controlled by African Copper plc, the shares of which were cancelled from trading on AIM on 8 June 2015. Whilst legal title to the assets which comprise the Mowana Copper Mine has been transferred to Leboam, an administrative condition precedent to the Leboam Acquisition Agreement, relating to the registration of security over some of the assets in Botswana remains outstanding and it is intended that this will be addressed as part of the restructuring set out below.

ZCI is the major creditor to MCB with US\$110 million secured debt outstanding and currently holds security over the Mowana assets and a pledge over the Leboam shares held by Cradle Arc Investments.

Agreements for Original ZCI Debt Restructuring

As announced on 22 December 2016, the consideration payable for the Mowana Copper Mine currently comprises a deferred cash payment of US\$20 million, due to the liquidator of MCB by the extended long stop date of 14 November 2017 (the Leboam Payment) and the assignment of US\$100 million of debt to Leboam, currently owed to ZCI by MCB. Subject to the Leboam Payment being made, ZCI will restructure its debt, such that it will release its security in its entirety, convert US\$79 million of the debt into 40.0 per cent. of the equity in Leboam, leaving an unsecured term loan of US\$21 million (the ZCI Term Loan), repayable over a 10 year period (together, the Original ZCI Debt Restructuring).

Leboam has entered into a five year US\$20 million offtake funding arrangement with Fujax, the drawdown of which was originally intended to be utilised to settle the US\$20 million Leboam Payment and the terms of which are summarised in Part IV of this document. However, the Fujax Financing is conditional on achieving several commercial milestones and Leboam, ZCI and the liquidator have now agreed an alternative structure, involving unconditional financing, which is summarised below. The longstop date stipulated in the Original ZCI Debt Restructuring has been extended from 30 September 2017 to 14 November 2017, in order to allow all relevant parties to enter into the Revised ZCI Debt Restructuring documentation.

Proposed Revised ZCI Debt Restructuring Arrangements

In late September 2017, the liquidator, Leboam and ZCI, agreed in principle the terms of an accelerated restructuring process (the Revised ZCI Debt Restructuring), whereby one of Fujax's funding partners, Barak, will provide a US\$12 million loan to Leboam on a secured basis, of which US\$10 million will be paid to the liquidator (the Revised Leboam Payment) and US\$2 million will be paid to ZCI in cash. ZCI will convert US\$69 million of its existing secured debt into a 40 per cent. shareholding in Leboam and retain US\$8 million by way of a secured loan to Leboam, in addition to the US\$21 million unsecured loan (on the same terms as the abovementioned ZCI Term Loan). The secured loans from Barak and ZCI will be provided on identical terms with a 9 month capital repayment moratorium and repayment over the following 24 months, with interest accruing at a rate of 13.5 per cent. per annum and payable monthly. In addition, Barak has agreed to simultaneously provide a secured working capital facility for Leboam for up to US\$3 million (the Barak Facility).

As at the date of this document, the revised debt restructuring and security transfer documentation is currently being finalised and therefore the proposed arrangements are not yet legally binding. The Board currently expects that final binding documentation will be entered into in early November 2017, following which, the Original ZCI Debt Restructuring will lapse and be superseded by the Revised ZCI Debt Restructuring, which is subsequently expected to complete and the Revised Leboam Payment will then be made to the liquidator.

Should the Revised ZCI Debt Restructuring complete in its current expected form, Cradle Arc Investments will be interested in 60.0 per cent. of the issued share capital of Leboam, which will have a US\$8 million secured loan and US\$21 million unsecured loan outstanding to ZCI, and up to a US\$15 million secured loan outstanding to Barak, of which US\$3 million will be a secured facility made available to fund working capital for the Mowana Copper Mine.

If, for whatever reason, the documentation for the Revised ZCI Debt Restructuring is not entered into as currently envisaged, then the Company would seek alternative providers of similar asset financing and off-take financing to satisfy, *inter alia*, the Leboam Payment, which the Directors are confident in securing by the extended longstop date of 14 November 2017, if required.

However, Shareholders should note that, should the Revised ZCI Debt Restructuring documentation not be entered into and completed by 14 November 2017 and the parties to the restructuring do not agree to an extension or alternative arrangement, ZCI would be entitled to enforce the security it holds over the Mowana assets and/or Leboam's shares. Should ZCI enforce its security, Cradle Arc Investments would no longer have any interest in the Mowana Copper Mine. Whilst the Directors believe that this outcome is extremely unlikely, in such circumstances, the Directors' do not believe that the Company would be in a position to make an application for Re-Admission.

The Company will have incurred substantial costs in connection with the Acquisition and Shareholders will have suffered dilution from the issue of the Consideration Shares and will likely suffer further dilution from the October 2017 Convertible Loan Notes reverting to the Penalty Terms, whereby the conversion price is reduced to 10 pence.

The Acquisition

On 21 December 2016, the Company announced that it had entered into a conditional acquisition agreement to acquire the entire issued share capital of Cradle Arc Investments for consideration comprising £1 million payable in cash (the Cash Consideration) and the issue of new ordinary shares to the Vendor representing, in aggregate, 60.0 per cent. of the Company's enlarged share capital (the Consideration Shares).

On 26 September 2017, the Company and the Vendor entered into the Amended Acquisition Agreement, pursuant to which the Vendor agreed to defer the Cash Consideration until in aggregate £5 million has been raised by the Company on or prior to Re-Admission. Accordingly, following the passing of the Whitewash Resolution and the subsequent issue of the Consideration Shares, the Acquisition of Cradle Arc Investments will unconditionally complete.

In line with the Original Acquisition Agreement, to the extent that further new Ordinary Shares are issued up to and including the date of Re-Admission (including pursuant to funds raised on or before Re-Admission), the Vendor will be issued with additional new Ordinary Shares such that its shareholding remains at 60 per cent. of the then enlarged share capital.

4. Future strategy for the Enlarged Group

Following Completion, the Company's mining strategy is to continue to operate Mowana and ramp-up production, progressing towards solely treating low-oxide ores, which contain less than 25 per cent. acid soluble copper, in order to improve recovery rates and concentrate grades. The oxide bearing ore will be stockpiled for future recovery.

Detailed scoping studies assessing the potential installation of a new DMS pre-concentration process and upgraded crushing plant at Mowana have been completed previously by third parties. The Company has agreed non-binding terms of a turnkey proposal for the DMS upgrades with SGS Bateman and, subject to further due diligence to be completed following Re-Admission, it is the Board's intention to consider entering into a binding agreement with SGS Bateman. Should the process route upgrades proceed, it is anticipated that ore throughput can be increased to approximately 2.6 Mtpa and that increased copper production of approximately 22,000 tonnes of saleable Cu per annum can be achieved. As announced by the Company in December 2016, the initial results of the scoping studies show significantly enhanced economics following the installation of the DMS upgrades.

Following Re-Admission, the Board also intends to utilise the Enlarged Group's strengthened balance sheet and debt servicing capacity to enable it to provide security to potential finance providers and thereby secure the requisite funding to commence operations at its Matala Gold Project in Zambia.

Cradle Arc remains focused on becoming a multi-commodity mining company with diverse geographical reach. The Board believes that the ramp-up in production at Mowana and potential commencement of operations at Matala can be progressed on favourable terms, and will also seek active participation in the Group's other joint venture projects as and when appropriate.

In addition to Mowana and its existing operations, Cradle Arc will continue to work closely with PenMin and DigMin to identify and evaluate other potential future opportunities whereby the proven partnership model can be utilised to replicate the Matala and Mowana transactions, in due course.

5. Information on the Vendor and the Concert Party

The Vendor of Cradle Arc Investments, PenMin (Botswana), is a Botswana registered company wholly owned by PenMin, a South African company performing Design, Build and Operate contracts within the mining sector in Africa, and which is ultimately controlled by Kevin van Wouw, currently a Non-Executive Director of Cradle Arc. PenMin has been appointed by Leboam to operate the processing plant at the Mowana Copper Mine and Mr van Wouw will assume the role of Executive Chairman of Cradle Arc, with effect from Completion.

Following Completion, in due course, the Vendor intends to transfer 5,188,180 of the Consideration Shares to the PenMin EBT.

C3W is a company in which Gerald Chapman, a former director of Cradle Arc, is interested. Gerald Chapman is currently interested in shares in Cradle Arc through C3W and CNG, and is also the chairman of DigMin. DigMin has worked closely with PenMin and Cradle Arc in structuring and delivering the Mowana transaction and has been appointed by Leboam to provide mining management services at the Mowana Copper Mine. Details of both the PenMin and DigMin service contracts are set out in section 7 of Part V of this document.

Accordingly, Kevin van Wouw, PenMin (Botswana), PenMin, the PenMin EBT, Gerald Chapman, C3W, CNG and Schindlers Trust (the trustee of CNG and ultimate controller of C3W) are considered to be acting in concert for the purposes of the City Code (the Concert Party).

The Consideration Shares will, subject to Shareholder approval, be issued to the Vendor on Completion. Accordingly, the interests of the Concert Party in Ordinary Shares carrying voting rights in the Company will increase as set out in Table 1 below.

Table 1: Interests of the Concert Party in Cradle Arc's issued share capital

<i>Concert Party Member</i>	<i>Number of Ordinary Shares held as at the date of this document</i>	<i>Percentage of issued share capital</i>	<i>Consideration Shares to be issued to the Vendor*</i>	<i>Total number of Ordinary Shares held on Completion*</i>	<i>Percentage of Enlarged Share Capital held on Completion*</i>
Gerald Chapman					
C3W	3,188,180	13.89%	–	3,188,180	4.72%
CNG	1,999,999	8.71%	–	1,999,999	2.96%
Sub-total	5,188,179	22.61%	–	5,188,179	7.68%
Kevin van Wouw					
PenMin (Botswana)	–	–	40,517,689	40,517,689	60.00%
PenMin EBT	–	–	–	–	–
Sub-total	–	–	40,517,689	40,517,689	60.00%
Total Concert Party	5,188,179	22.61%	40,517,689	45,705,868	67.68%
Total Company voting rights	22,949,293			67,529,482	

* Assuming no new Ordinary Shares are issued between the date of this document and Completion, save as set out in this document.

In line with the intent of the Original Acquisition Agreement, the Amended Acquisition Agreement provides that, to the extent that further new Ordinary Shares are issued up to the date of Re-Admission (including pursuant to the Placing), the Vendor will be issued with additional new Ordinary Shares such that its shareholding remains at 60 per cent. of the then enlarged share capital.

6. The City Code and the Whitewash

The Acquisition and the issue of the Consideration Shares to a member of the Concert Party gives rise to certain considerations under the City Code. Brief details of the Panel, the City Code and the protections they afford to Shareholders are described below.

The Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company has its registered office in the United Kingdom, the Channel Islands or the Isle of Man and, *inter alia*, whose securities are admitted, or have been admitted in the previous 10 years, to trading on a multilateral trading facility in the United Kingdom (such as AIM). The Company is therefore subject to the City Code.

Rule 9 of the City Code requires that any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the City Code) in shares which, taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, will normally be required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with any persons acting in concert with him, is interested in shares which, in aggregate, carry not less than 30 per cent. of the voting rights of such a company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person, or any person acting in concert with him. An offer under Rule 9 of the City Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

Rule 9 of the City Code further provides, *inter alia*, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company and acquires an interest in shares which carry additional voting rights, then they will not normally be required to make a general offer to the other shareholders to acquire their shares. However, the Panel may deem an obligation to make an offer to have arisen on the acquisition by a single member of a concert party of an interest in shares sufficient to increase his individual interest to 30 per cent. or more of a company's voting rights, or, if he already holds more than 30 per cent. but less than 50 per cent., an acquisition which increases his interest in shares carrying voting rights in that company.

Under the City Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of, or to frustrate the successful outcome of an offer for a company, subject to the City Code. Control means an interest, or interests, in shares carrying, in aggregate, 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

Under Note 1 of the Notes on Dispensations from Rule 9 of the City Code, when the issue of new securities in consideration for an acquisition or a cash subscription would otherwise result in an obligation to make a general offer under Rule 9 of the City Code, the Panel will normally grant a waiver of that obligation if, *inter alia*, the independent shareholders of the Company pass an ordinary resolution on a poll at a general meeting approving the proposals which would otherwise give rise to the obligation to make an offer (the Whitewash).

On Completion, the Vendor will receive the Consideration Shares that will represent 60.0 per cent. of the then enlarged share capital. The Concert Party will therefore become interested, in aggregate, in shares carrying more than 30 per cent. of the voting rights in Cradle Arc on Completion. Under such circumstances, the Concert Party would therefore ordinarily be obliged to make a cash offer pursuant to Rule 9 of the City Code for the remaining issued shares of Cradle Arc which the Concert Party did not then already own. Accordingly, the Concert Party and Cradle Arc have sought a Rule 9 Waiver via the Whitewash procedure. The Panel has agreed to waive the obligations on the Concert Party to make a general offer that would otherwise arise under Rule 9 of the City code as a result of the New Ordinary Shares being issued to the

Concert Party pursuant to the Proposals, subject to the passing of the Whitewash Resolution by Independent Shareholders on a poll.

The Independent Shareholders comprise all of the Shareholders other than Toby Howell, Mark Jones and Dominic Doherty (each of whom will receive New Director Options on Re-Admission as part of the Proposals as set out in section 11 of this Part I) and the Concert Party members who hold Ordinary Shares. Accordingly, Toby Howell, Mark Jones and Dominic Doherty are not deemed independent and will not vote on the Whitewash Resolution. Kevin van Wouw is a member of the Concert Party and is therefore not deemed independent for the purposes of recommending the Proposals. Gerald Chapman, as part of the Concert Party (via C3W and CNG), will also not vote on the Whitewash Resolution. None of Kevin van Wouw, PenMin, PenMin (Botswana) or the PenMin EBT are currently Shareholders.

On Completion, the Concert Party will between them (and, in the case of PenMin (Botswana), individually) be interested in Ordinary Shares representing more than 50 per cent. of the Enlarged Share Capital. Accordingly, for so long as the Concert Party is interested in Ordinary Shares carrying more than 50 per cent. of the Company's voting share capital (for the purposes of the City Code), it may increase its interest in the Company without incurring an obligation under Rule 9 to make a general offer for the Company, although individual members of the Concert Party will not be able to increase their interests in shares carrying voting rights through or between a Rule 9 threshold without Panel consent.

Furthermore, the Concert Party would have considerable influence over the business of the Company. For so long as the Concert Party is interested in shares carrying 25 per cent. or more of the voting rights of the Company, the Concert Party will, subject to the provisions of the Relationship Agreement, be able to block a special resolution of the Company and, for so long as their aggregate interests exceed 50 per cent. of the voting rights, they will be able to pass or defeat an ordinary resolution of the Company. Further, based on the Concert Party's interests at Completion, in order to approve a special resolution, the Concert Party would require Shareholders with an interest in, in aggregate, 7.32 per cent. of the voting rights to vote in favour with it to be able to pass a special resolution of the Company assuming all Shareholders vote.

If the Whitewash Resolution proposed in the Notice of General Meeting is approved at the General Meeting, the Concert Party will not be restricted from making an offer for the remaining issued share capital of Cradle Arc. Further details on the Concert Party are set out in Part III "Information on the Concert Party" of this document.

7. Independent advice

Strand Hanson has provided advice to the Directors (save for Kevin van Wouw) in relation to the Rule 9 Waiver in accordance with the requirements of paragraph 4(a) of Appendix 1 to the City Code. This advice was provided by Strand Hanson to the Directors (save for Kevin van Wouw) only and, in providing such advice, Strand Hanson has taken into account the Directors' commercial assessments as well as, but not limited to, the confirmations as to the future intentions of the Concert Party as described in section 8 of this Part I.

8. Concert Party's intentions

The Concert Party has confirmed that it does not intend, irrespective of whether or not it obtains any increase in its interest in shares carrying voting rights as a result of the Proposals, to change the general nature and strategy of the Company's business, nor does it intend to take any action, other than as provided pursuant to its rights under the Relationship Agreement (as described in paragraph 9 below) or as reasonably required in the ordinary course of the Company's business, to alter the management of the Company or the continued employment of its employees (including any material change in conditions of employment), employer contributions into the Company's pension schemes, the location of the Company's places of business or the deployment of the Company's fixed assets. Following Completion, the Concert Party intends to assist the Board in seeking Re-Admission of the Enlarged Group to trading on AIM.

Following Completion, in due course, the Vendor intends to transfer 5,188,180 of the Consideration Shares to the PenMin EBT.

9. Relationship Agreement

The Company, Strand Hanson, Kevin van Wouw, PenMin, PenMin (Botswana), CNG and C3W have entered into the Relationship Agreement to govern the relationship between the Enlarged Group and its major shareholders, such agreement to become effective upon Completion.

Under the Relationship Agreement, each of the abovementioned parties has agreed, amongst other things, for so long as they together with their respective associates hold, in aggregate, at least 20 per cent. of the issued share capital of the Company:

- (i) that they shall have the right to appoint one director unless their aggregate shareholding along with any parties connected with them is less than 20 per cent. of the issued share capital of the Company in which case the right to nominate a director will cease. Mr van Wouw is the Concert Party's current Board representative;
- (ii) to procure that all transactions and relationships between them or any of their associates and the Company are conducted at arm's length and on normal commercial terms; and
- (iii) not to take certain actions, such as the variation of the Company's corporate governance regime, the appointment or removal of directors and, subject to Re-Admission in due course, not to seek the cancellation of the admission to trading on AIM of the Ordinary Shares or delisting from any other stock exchange.

10. Board changes

The Board of Cradle Arc currently comprises Toby Howell (Non-Executive Chairman), Mark Jones (Chief Executive Officer), Dominic Doherty (Chief Operations Officer), Roger Williams (Non-Executive Director) and Kevin van Wouw (Non-Executive Director).

As announced on 14 July 2017, Gerald Chapman stepped down from the Board and, on 26 September 2017, Kevin van Wouw, the founder and Chief Executive Officer of PenMin, joined the Board as Non-Executive Director. Following Completion, Kevin van Wouw will assume the role of Executive Chairman and Toby Howell will become a Non-Executive Director. Biographies for each of the Directors are provided in section 9 of Part II of this document.

11. Share Options

The Directors believe that the success of the Enlarged Group following Re-Admission will depend, to a high degree, on management being appropriately motivated and rewarded. The Enlarged Group therefore proposes to adopt a new share incentive scheme, the New Approved Option Scheme, which has been designed to motivate and retain the Company's management. Participants in the New Approved Option Scheme will be entitled, in aggregate, to options over 10.0 per cent. of the issued share capital following Re-Admission.

Subject to the passing of the Resolutions at the General Meeting and to achieving Re-Admission, it is proposed to cancel, in aggregate, 490,111 Options being all of the existing Options held by Toby Howell, Mark Jones and Dominic Doherty and grant New Director Options to them representing 10.0 per cent. of the enlarged share capital on Re-Admission, pursuant to the New Approved Option Scheme. Additional information relating to the New Director Options is set out in section 4 of Part V of this document.

12. October 2017 Convertible Loan Notes

In late October 2017, the Company raised £3.25 million (before expenses) through the issue of zero coupon unsecured pre-IPO convertible loan notes (the October 2017 Convertible Loan Notes) to certain institutional investors and high net worth individuals, which will automatically convert into new Ordinary Shares on Re-Admission. The conversion price will be the lower of 20 pence and the price at which funds are raised on or prior to Re-Admission.

However, if the Acquisition does not complete within three months or Re-Admission does not occur within six months from the date of issue of the notes, the Penalty Terms will come into effect and interest will then accrue at a rate of 15 per cent. per annum and the conversion price will be lowered to 10 pence.

The October 2017 Convertible Loan Notes rank equally with the Company's other outstanding convertible loan notes, are not interest bearing (unless the Penalty Terms are triggered) and, if not converted, will become due for repayment on 31 December 2018. On conversion of the October 2017 Convertible Loan Notes, the Company will issue two October 2017 CLN Warrants to the noteholders for every three new Ordinary Shares issued pursuant to the conversion, which will have an exercise price set at a 30 per cent. premium to the conversion price and an exercise period of the earlier of 24 months from the date of issue or 12 months from the date of Re-Admission. Should Re-Admission not occur within six months, then the October 2017 CLN Warrants will be issued to the noteholders with an exercise price of the lower of 10 pence and the price at which funds are raised on or prior to Re-Admission.

The Company will shortly issue, in aggregate, 4,062,500 October 2017 CLN Fee Shares to the investors which have subscribed for the October 2017 Convertible Loan Notes, representing a fee of 25 per cent. of the value of notes subscribed for, at a price of 20 pence per share.

The net proceeds raised from the issue of the October 2017 Convertible Loan Notes will be used to fund the ongoing working capital requirements of the Enlarged Group.

13. Dilution

Subject to the passing of the Whitewash Resolution, Existing Shareholders' interests will be diluted by approximately 60.0 per cent. as a result of the allotment and issue of the Consideration Shares in relation to the Proposals, assuming that no further new Ordinary Shares are issued between the date of this document and Completion.

In addition, to the extent that further new Ordinary Shares are issued up to and including the date of Re-Admission (including pursuant to the Placing), the Vendor will be issued with additional new Ordinary Shares such that its shareholding remains at 60 per cent. of the then enlarged share capital, which will cause additional dilution.

Shareholders should note that, should Resolutions 1, 5 and 6 not be passed at the General Meeting, the Acquisition is not likely to complete within three months from the date of issue of the October 2017 Convertible Loan Notes, therefore additional dilution will be likely following the October 2017 Convertible Loan Notes reverting to the Penalty Terms, whereby the conversion price is reduced to 10 pence.

14. General Meeting

The Notice convening the General Meeting is set out at the end of this document. The General Meeting has been convened for 11.00 a.m. on 13 November 2017 at the offices of Michelmores LLP, 12th Floor, 6 New Street Square, London EC4A 3BF, where the following Resolutions will be proposed:

- Resolution 1:* an ordinary resolution, to be voted on by a poll of Independent Shareholders, to approve the Rule 9 Waiver;
- Resolution 2:* an ordinary resolution to approve the New Approved Option Scheme;
- Resolution 3:* a special resolution to amend the articles of association of the Company as required for the proposed listing of the Ordinary Shares on the Botswana Stock Exchange;
- Resolution 4:* an ordinary resolution to receive the Company's annual report and financial statements for the year ended 31 December 2016;
- Resolution 5:* an ordinary resolution to authorise the Directors to allot equity securities up to a maximum nominal amount of £14,427.75; and
- Resolution 6:* a special resolution to dis-apply statutory pre-emption rights in respect of (a) the allotment of ordinary shares arising from the exercise of options, warrant options, warrants and other convertible securities outstanding at the date of the resolution; (b) the allotment of equity securities in connection with a rights issue or open offer; (c) the grant of a right to subscribe for, or to convert any equity securities into Ordinary Shares, including under the New Approved Option Scheme, up to a maximum aggregate amount of 10 per cent. of the issued share capital on Re-Admission of the Company's Ordinary Shares to trading on the AIM market of the London Stock Exchange; and (d) the allotment (otherwise than pursuant

to sub-paragraphs (a), (b) and (c) above) of equity securities up to an aggregate nominal amount of £12,660.69 in respect of any other issues for cash consideration, including the implementation of the Proposals.

Shareholders should note that, if Resolutions 1, 5 and 6 are not approved at the General Meeting, the Acquisition will not proceed and the Company will have incurred substantial costs in connection with the Proposals. In addition, should the Acquisition not complete within three months of the date of issue of the October 2017 Convertible Loan Notes, further dilution is likely, due to the notes reverting to the Penalty Terms, whereby the conversion price is reduced to 10 pence and further costs will be incurred with interest beginning to accrue at a rate of 15 per cent. per annum.

15. Amendments to the Articles

The Botswana Stock Exchange requires certain amendments to be made to the Articles and these include, *inter alia*, the inclusion of provisions confirming that any offer made by the Board for unissued shares shall be offered to existing shareholders *pro rata* to their shareholding, unless issued for the acquisition of assets or to the extent statutory pre-emption rights are dis-applied by Shareholders, a prohibition on the Company paying commission exceeding 5 per cent. to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the Company, removal of the Chairman of the Board's casting vote where only two directors are present at a meeting of the board, an increase in the minimum number of Directors, unless otherwise determined by ordinary resolution, to four and certain provisions to facilitate the Company's shares being listed on a stock exchange other than AIM.

A marked version of the Articles, showing the proposed changes, is available on the Company's website, at www.alectominerals.com.

16. Action to be taken in respect of the General Meeting

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, Shareholders are asked to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, as soon as possible and in any event so as to arrive not later than 11.00 a.m. on 9 November 2017, being 48 hours (excluding weekends and public holidays) before the time appointed for the holding of the General Meeting. The completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they wish so to do. Accordingly, whether or not Shareholders intend to attend the General Meeting they are urged to complete, sign and return the Form of Proxy as soon as possible.

17. Directors' Recommendation and voting intentions

The Panel has agreed to the Rule 9 Waiver on the basis that the Directors (save for Kevin van Wouw), who have been so advised by Strand Hanson as to the financial terms, consider the terms of the Proposals to be fair and reasonable and in the best interests of Shareholders and the Company as a whole. Accordingly, the Directors (save for Kevin van Wouw) recommend that Shareholders vote in favour of the Proposals at the General Meeting. In providing its financial advice to the Directors, Strand Hanson has taken into account their commercial assessment of the Proposals. Further information on the Concert Party is set out in Part III of this document and further information on the Rule 9 Waiver is set out in section 6 of this Part I.

The Independent Shareholders comprise all of the Shareholders other than members of the Concert Party and Toby Howell, Mark Jones and Dominic Doherty, each of whom will receive New Director Options as part of the Proposals (as set out in section 11 of this Part I). Accordingly, C3W, CNG, Toby Howell, Mark Jones and Dominic Doherty will not vote on the Whitewash Resolution. Neither Kevin van Wouw nor any member of the PenMin group are Shareholders as at the date of this document. Save for the Whitewash Resolution (on which they are precluded from voting), the Directors who hold Cradle Arc shares, being Toby Howell, Mark Jones and Dominic Doherty, intend to vote in favour of the Resolutions in respect of their existing beneficial

holdings of, in aggregate, 480,639 Ordinary Shares, representing approximately 2.09 per cent. of the Existing Ordinary Shares.

Yours faithfully

Toby Howell

Non-Executive Chairman

PART II:

INFORMATION ON THE ENLARGED GROUP

1. Company history, background to and reasons for the Acquisition

The Company was incorporated on 17 December 2004 in England and Wales as Cue Energy plc. The Company was admitted to trading on AIM on 3 August 2006 and changed its name to Alecto Energy plc on 4 August 2008, before changing its name again to Alecto Minerals plc on 24 May 2011. The Company's Ordinary Shares were cancelled from trading on AIM on 11 July 2017. On 27 September 2017, the Company issued a Pre Listing Statement in relation to a potential listing on the Main Board of the Botswana Stock Exchange. Should the listing on the BSE occur it is likely to be either prior to or concurrent with Re-Admission. On 17 October 2017, the Company changed its name to Cradle Arc plc pursuant to a board resolution.

The Company is an African focused, gold and base metal exploration and development company with exploration projects in Mali, Burkina Faso and Mauritania and a development project, with near-term gold production potential, in Zambia. Further details on Cradle Arc's current project portfolio are set out in section 6 of this Part II.

Copper mines in Africa have been under considerable pressure in recent years due, *inter alia*, to low commodity prices and a lack of effective contingency plans being in place to reduce costs accordingly, which, in the case of Mowana, has led to an exciting opportunity for Cradle Arc.

Cradle Arc's approach, when searching for a suitable production project, has been to consider projects where mining could be recommenced quickly and more efficiently, from a much lower cost base, in order to generate profit and cash flow even at depressed commodity prices. In its partnership model with PenMin and DigMin, Cradle Arc has been able to identify and secure such a project in the form of the Mowana Copper Mine and the Company has already worked diligently with its partners to successfully bring Mowana back into production.

Cradle Arc and its partners have conducted considerable technical due diligence on the Mowana Copper Mine and concluded that the Acquisition represents an excellent opportunity to purchase a producing, cash flow generative asset, in an historically mining friendly jurisdiction, thereby achieving a complete transformation of the Company and, the Directors' believe, creating material value for Shareholders. Following Re-Admission, subject to completing its final due diligence and entering into a binding EPC contract with SGS Bateman, there is further upside potential via the installation of the DMS process route upgrades, which could potentially lead to throughput at the mine being doubled.

In addition, Cradle Arc has agreed a management contract with its partners to operate the Mowana Project, which will generate income at the parent level at a rate of 20 per cent. of the Company's corporate costs during the project phase of work required to design, build and commission Mowana and 1.5 per cent. of the total revenue of Leboam during the production phase following the commissioning of Mowana which will be available to satisfy corporate costs and fund the potential development of other assets owned by the Group.

The Acquisition is in line with Cradle Arc's strategy to become a major metals producer in Africa. The Board is cognisant of the benefits of a strong balance sheet and debt servicing capacity which they believe the Acquisition will provide, and which are essential in order to enable it to finance the Company's other projects. In particular, the Board believes that the Acquisition will strengthen the Group's position in seeking to unlock the financing required to develop its Matala Project in Zambia. By acquiring a producing asset, Cradle Arc will be capable of achieving its core objective of becoming a profitable metals producer in Africa, with immediate copper production and near term gold production potential.

In summary, the Directors believe that the Acquisition fits within the Company's stated strategy and that, subject to the settlement of the payment by Leboam to the liquidator, the Acquisition will transform the Enlarged Group into a cash flow generative, Africa-focused, mining company and better position the Group to unlock the potential of its existing assets.

2. Information on Cradle Arc Investments and Leboam

Cradle Arc Investments was incorporated in Botswana at the direction of the Vendor, on 24 April 2016, and designated to incorporate Leboam. Cradle Arc Investments is the sole shareholder of Leboam and was itself conditionally acquired by Cradle Arc, pursuant to the Original Acquisition Agreement, on 21 December 2016, as subsequently amended and restated by the Amended Acquisition Agreement, on 26 September 2017.

Leboam was incorporated on 27 June 2016 and designated for use in acquiring the assets of the Mowana Copper Mine from MCB as part of the Leboam Acquisition, which was effected via a liquidation process and approved by the High Court of Botswana in Lobatse pursuant to a meeting of MCB's creditors held on 16 December 2016.

To date Cradle Arc Investments has been funded by pre-payments for off-take from Fujax and the Cradle Arc Investments Loan Facility. The Company intends to transfer up to a further £2.5 million to Leboam via the Cradle Arc Investments Loan Facility from the net proceeds of the October 2017 Convertible Loan Notes to support the ramp up of the Mowana Copper Mine to full production.

3. Information on Mowana

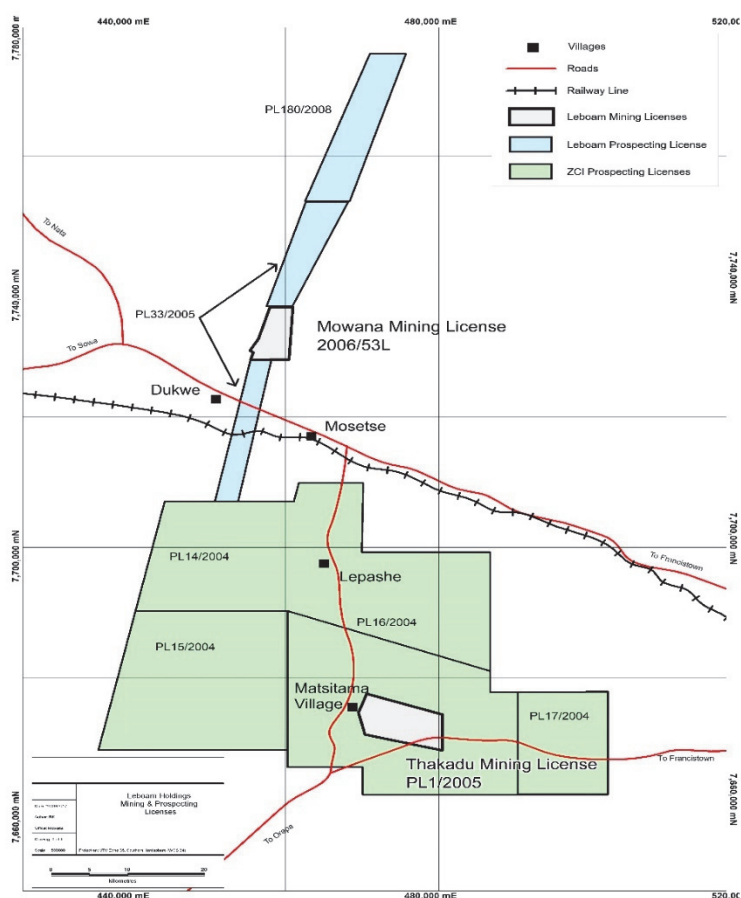
The Mowana Copper Mine is located in north-eastern Botswana, approximately 120km northwest of Francistown and was previously known as the Dukwe Project. Mowana is hosted within north-northeast striking, steeply east dipping carbonaceous and argillaceous metasediments of the Matsitama Metasedimentary Group which are enclosed within foliated granitoids of the Mosetse Complex. Copper has been historically mined at Mowana from two open pit mines, Thakadu, which reached the end of its mine life in 2015, and Dukwe (Mowana open pits), which will be the area of focus going forward. Figure 1 below shows the project's location and a summary of the Botswanan mineral assets held by Leboam is set out in Table 2 below.

Table 2: A summary of Leboam's Botswanan mineral assets

<i>Asset</i>	<i>Holder</i>	<i>Interest (%)</i>	<i>Status</i>	<i>Concession Expiry Date</i>	<i>Concession Area</i>	<i>Comments</i>
Mowana (ML2006/53L)	Leboam	100%	Production	2031	32.7km ²	Production re-started March 2017
Thakadu (ML2010/96L)	Leboam	100%	Development	7 December 2017	28.5km ²	Planned underground operation at Makala
PL180/2008	Leboam	100%	Exploration	30 November 2017	65.2km ²	Further North extension of Mowana
PL33/2005	Leboam	100%	Exploration	30 November 2017	76.5km ²	North extension of Mowana

Source: Competent Person's Report

Figure 1: Map showing the location of the Mowana Copper Mine in Botswana



Source: Competent Person's Report

Mowana's previous owner, African Copper plc, via its wholly owned subsidiary, MCB, began construction of the Mowana Copper Mine in 2006, with commissioning occurring in late 2008, at a total cost in excess of US\$170 million. During the construction phase, African Copper undertook additional drilling and metallurgical testwork which was compiled into a NI 43-101 compliant feasibility report by Read, Swatman and Voight, published in November 2007. The feasibility report relied on geological modelling by Caracle Creek, mine design by Turgis Consulting and plant design by SENET (Pty) Limited. Their mine plan relied on recovering copper rich concentrates through flotation methodologies and the concentrates produced were to be on sold to smelter companies.

In July 2008, the first copper concentrate was produced from Mowana and, in October 2008, the first shipment was made from the mine site. However, in late 2008, African Copper ran into financial difficulties (the reasons for which are referred to below) and, in January 2009, mining at the Dukwe site was placed into care and maintenance, due to MCB entering into a liquidation process. In May 2009, ZCI ultimately took control of African Copper and negotiated a settlement with MCB's creditors. The copper price reached a peak of US\$4.58 per pound in February 2011, having fallen to as low as US\$1.27 per pound in December 2008.

Accordingly, MCB's management re-evaluated the mine plan in light of the then prevailing low metal prices and commenced mining at the Thakadu site in 2010, with the mined ore being trucked via a 70km gravel road to the Mowana facility for processing. By 2014, viable resources at the Thakadu open pit were nearing depletion, and mining operations were moved back to the Dukwe deposit at Mowana and concentrated on two partially overlapping open pit mining areas, termed the north pit and the south pit. In 2015, the Mowana Copper Mine ceased all operations and was placed into care and maintenance. The infrastructure remains in place at the Mowana site, including power, water and communication links. In its last full year of production, the year ended 31 March 2014, Mowana produced 9,431 tonnes of copper.

Processing Plant and Potential Upgrades

The existing operations at Mowana consist of an open pit mine and a processing plant. The processing facilities use a standard flotation process technology and have been designed to produce saleable copper concentrates from the treatment of up to 1.2Mtpa of oxide, supergene and sulphide ores mined at Mowana.

The processing plant has two flotation circuits, whereby minerals are initially separated, then the tailings from the roughers are transported to an oxide circuit. Most other mineral species are recovered in the oxide flotation process and concentrates are filtered to recover excess process water. The tailings are de-watered using thickeners and then deposited into a tailings storage facility. The water recovered in the de-watering stages is recycled to the various parts of the plant as appropriate.

The crushing and processing plant comprises:

- a conventional crushing and screening circuit consisting of a primary crusher (fed from the ROM pad), and a secondary and tertiary crusher presenting a 15mm feed size to the mill;
- a single 160tph ball mill;
- a conventional dual oxide/sulphide flotation circuit;
- a concentrate drying circuit, including a Larox filter;
- a concentrate bagging station; and
- tailings dewatering equipment.

Leboam has contracted PenMin to operate the mine and DigMin to manage the mining process. Summaries of these contracts are set out in section 7.2 of Part V of this document. PenMin and Cradle Arc have conducted detailed due diligence and a thorough review of the previous operations to understand the issues historically encountered. Their findings indicate that the key reasons MCB ran into financial and operational difficulties are as follows:

- The Mowana ore body has an oxide and supergene cap with some oxidized material present down to a depth of up to 300m. Historically, highly variable mineralisation and volumes were mined at Mowana, due to the absence of meticulous analysis and mine planning; these feedstocks along with poor plant control systems led to inefficient processing.
- In addition to variable levels of oxides in the ore, the presence of significant levels of graphite had a deleterious effect on downstream efficiencies.
- Due to the complex geology and hence mineralogy, processing resulted in variable recoverable grades and reagent mixes in the processing facility. The lack of on-line measurement and feedback control mechanisms ultimately resulted in low processing recoveries.
- The Mowana Copper Mine was originally commissioned in a higher overall commodity pricing environment, which resulted in the inefficiencies then present in the mining and processing operations not being prioritised and, in some cases, not addressed at all.

Future Mining Strategy

Following their extensive due diligence exercise, the Company and its partners, have concluded that the geological characteristics of the ores present at Mowana mean that it will be a challenging project to manage and operate efficiently. Accordingly, to ensure that Mowana is a profitable operation, the Company's base case mine plan envisages that mining operations at Mowana will require close supervision and application of the appropriate skills, to ensure that the challenges encountered in the past are minimised and dealt with effectively.

PenMin has also re-designed and re-mapped the mining operations based on a re-logging of the historical drill cores and a geological remodelling exercise to better define the ore types present and increase the Company's understanding of the ore body.

In summary, the Company's future mining strategy is to treat low-oxide ores, which contain less than 25 per cent. acid soluble copper. The reason for excluding oxide ores is predicated on the low recovery rates (30 to 40 per cent.) and low concentrate grades (approximately 15 per cent.) achieved when treating oxides in the Mowana processing plant historically. Therefore, whilst oxide ores are copper bearing, it is uneconomic

to treat them using the current facilities and they will instead be stockpiled for future recovery. This approach will ensure higher recoveries are achieved in the processing plant and will also provide additional revenue potential from processing the stockpiled oxide ores in the future.

Dense Media Separation (DMS) Process Route Upgrades

Detailed scoping studies have been completed previously by third parties assessing the potential installation of a new DMS pre-concentration process and upgraded crushing plant at Mowana. Following Re-Admission, subject to further due diligence, the Company intends to enter into a binding EPC contract with SGS Bateman and to commence the process of installing the DMS process route upgrades.

Should the decision be made to install the DMS process route upgrades, they are expected to (i) increase flotation plant throughput, (ii) reduce fine tailings production, (iii) enable mining of lower grade ore including carbonate mineralisation and (iv) enable the rejection of carbon/graphite ahead of flotation. The ability to then include carbonate mineralisation in the reported Mineral Resources provides the potential to increase the existing Mineral Resources base at Mowana.

Accordingly, the Directors' believe that by installing a DMS plant and using pre-concentration, they can further address the historical operational issues identified in their due diligence and also provide an additional level of automation and control. Following a review of an initial report from Minero Consulting (Pty) Ltd, Cradle Arc believes that the upgrades could increase processing capability at the Mowana Copper Mine from 1.2Mtpa to approximately 2.6Mtpa and achieve increased copper production of approximately 22,000 tonnes of saleable Cu per annum.

From the work PenMin has completed, the Company estimates a life of mine (LOM) of 11 years (from known Mineral Resources with exploration upside potential), producing an average copper grade of 1.16 per cent. Cu, with average annual production of 11,875 tonnes Cu over the LOM.

Current Operations

On 27 February 2017, the Company announced that Leboam had appointed Giant Transport to undertake mining operations at Mowana, for an initial period of six months. However, during the contract period, PenMin and Leboam were not satisfied with Giant Transport's performance, and certain ramp up equipment was not delivered as per the mining schedule. This has led to significant delays and loss of revenues and Leboam is considering legal action against Giant Transport for damages, further details of which are set out in section 8 of Part V of this document.

Accordingly, Leboam has capitalised replacement mining equipment on a finance lease basis with the original equipment manufacturer, including five articulated dump trucks, two excavators, a bulldozer and a front end loader, with a value of approximately US\$6.5 million, with such equipment on site and operated and maintained by Leboam.

The short term drill and blast contract with Capital Drilling Limited has been replaced with a long term (2 year) drill and blast agreement with Farmer & Pitt Limited, a regional contractor, who is already on site and has commenced blasting operations.

The process plant is ramping up to full scale production with over 7,400 tonnes of copper concentrate sold to Cradle Arc's offtake partner, Fujax, from March 2017 to date. Shipments of copper concentrate depart the Mowana site on a daily basis and are transported to the port of Durban in South Africa from where they are then shipped to Fujax's customers. Significant improvements have been achieved in the process plant, and considerable testing has been taking place on different reagent blends to improve recoveries.

The ramp-up to the name plate pre-DMS installation processing rate of 1.2Mtpa is ongoing and additional equipment has been ordered, including 15 articulated dump trucks, three bulldozers and two excavators, to assist in increasing the rate of mining. Leboam is yet to take delivery of such equipment but the first shipment is anticipated to arrive on-site at the end of October 2017, which is expected to enable the optimum mining rate for the base case model.

The Offtake Funding Agreement

Leboam and Fujax entered into an Offtake Funding Agreement dated 29 November 2016, as amended on 20 December 2016 (which amendment added Cradle Arc Investments as a party), pursuant to which Leboam agreed to sell and Fujax agreed to buy 100 per cent. of the copper sulphide concentrate and/or further refined product from the Mowana Copper Mine. Further details of the terms of the Offtake Funding Agreement are set out in section 6 of Part IV of this document.

Ore Reserves and Mineral Resources

Cradle Arc Investments' mineral assets comprise two existing pits and several exploration prospects. As announced on 12 May 2017, the Company commissioned Wardell Armstrong to produce a CPR, which reported on the Enlarged Group's material assets in Africa and which has since been updated as part of the BSE listing process. The CPR covers the existing pits at Mowana and Thakadu and certain exploration prospects included within the Mine Plan.

Pursuant to the CPR, Mowana has Mineral Resources of 686,000 tonnes Cu in the Measured and Indicated categories at an average grade of 0.94 per cent. Cu and a further 758,000 tonnes Cu grading at 0.76 per cent. Cu in the Inferred category.

Erasmus and Makala are additional exploration areas for which JORC Mineral Resources have been prepared historically, but which fall outside of the Company's Mine Plan. The Company would need to complete further drilling and exploration work on these additional prospects before assessing whether they represent commercially viable deposits. It is for this reason that they are not considered material and have not been included in the CPR but provide additional upside for the Enlarged Group.

The CPR takes as its source the JORC reports by Golder Associates produced for Mowana in September 2014 and June 2015. However, there is some overlap in the geological models for this deposit, which is shown as an adjustment in Table 3. At Thakadu, there is also an adjustment for depletion in the Mineral Resource due to the historical production under African Copper's ownership.

Accordingly, taking into account the deposits at Makala and Erasmus and adjusting for overlap and depletion as set out in Table 3 below, Cradle Arc Investments has adjusted JORC Mineral Resources of 650,000 tonnes Cu in the Measured and Indicated categories at an average grade of 0.96 per cent. Cu and a further 932,000 tonnes Cu grading at 0.83 per cent. Cu in the Inferred category.

Table 3: JORC Code compliant resources and adjustments thereto

<i>Deposit</i>	<i>Cut-off</i>	<i>Category</i>	<i>Tonnes of ore (kt)</i>	<i>Cu grade (%)</i>	<i>Cu (kt)</i>
Mowana ⁽¹⁾	0.25% Cu	Measured	14,725	1.00	147
		Indicated	57,368	0.94	539
		Inferred	99,778	0.76	758
Grand total Mowana			171,871	0.84	1,445
Adjustment for overlap ⁽²⁾	0.25% Cu	Measured	(29)	1.00	–
		Indicated	(6,675)	0.87	(58)
		Inferred	(4,087)	0.87	(26)
Total adjustment			(10,791)	0.78	(84)
Adjusted Mowana (Company internal estimate)	0.25% Cu	Measured	14,696	1.00	147
		Indicated	50,693	0.95	481
		Inferred	95,691	0.76	732
Adjusted Grand total Mowana (Company internal estimate)			161,080	0.84	1,360
Thakadu ⁽¹⁾	0.25% Cu	Indicated	2,268	1.11	25
		Inferred	5,380	0.63	34
Grand total Thakadu			7,648	0.77	59
Adjustment for depletion ⁽³⁾	0.25% Cu	Indicated	(1,085)	1.38	(15)
		Inferred	(137)	0.73	(1)
Total adjustment			(1,222)	1.31	(16)
Adjusted Thakadu	0.25% Cu	Indicated	1,183	0.85	10
		Inferred	5,243	0.63	33
Adjusted Grand total Thakadu			6,426	0.67	43
Deposits not included in the Mine Plan					
Erasmus	0.20% Cu	Indicated	1,522	0.81	12
Total Erasmus			1,522	0.81	12
Makala	0.25% Cu	Inferred	11,454	1.46	167
Total Makala			11,454	1.46	167
Grand total⁽⁴⁾	0.25% Cu	Measured	14,696	1.00	147
		Indicated	53,398	0.94	503
		Measured + Indicated	68,094	0.96	650
		Inferred	112,388	0.83	932
Grand total			180,482	0.87	1,582

Notes:

- (1) Source: Table 1.2: Alecto Mineral Resource in the Competent Person's Report.
- (2) Source: Table 1.2: Alecto Mineral Resource in the Competent Person's Report contains overlap in the geological models used in the September 2014 and June 2015 reports by Golder Associates. This has been adjusted by the Company to remove the double counting effect in the Mineral Resource estimate.
- (3) Source: Internal Company adjustment for depletion in the Mineral Resource due to production at Thakadu under African Copper's ownership.
- (4) On 21 December 2016, the Company announced that Mowana had a mineral resource inventory of 683,000 tonnes Cu in the Measured and Indicated categories with an additional 945,000 tonnes Cu in the Inferred category, the difference to the figures set out above (650,000 tonnes Cu in Measured and Indicated and 932,000 tonnes Cu in Inferred) is attributable to the Nakalakwana prospect, which is located within a licence which ZCI has retained, and therefore does not form part of the Mowana assets being purchased by the Company.

Exploration Prospects

The Makala orebody lies approximately 600m to the north of Thakadu, and has the potential for underground mining with access from the Thakadu open pit. Whilst the current mining licence covering Thakadu expires on 7 December 2017, Leboam is in productive discussions with respect to applying for an underground licence in the same area. The Makala deposit is hosted within the same broad metasedimentary package as Thakadu with the principal lithologies enclosing the deposit being quartz-rich calcareous rocks, various mica schists, phyllites and minor carbonaceous (graphitic) phyllites and various amphibolites. Three zones of copper mineralisation have been identified at Makala; the main Makala Ore Zone, the Hanging wall Makala Ore Zone and the Logolo Ore zone. At Makala there is generally less variation in the thickness of the mineralised zones than at Thakadu, with mineralisation ranging from 30cm up to 12m at its thickest point. Makala has an Inferred resource of 11,454 kt at 1.46 per cent. Cu using a cut-off grade of 0.25 per cent. Cu, with mining proposed to take place using a retreat open stoping mining method from an adit driven from the base of the Thakadu open pit.

The mineralisation in the southern extension to the Mowana Open Pit forms a deposit known as Erasmus, which is characterised by a similar geology to that of the adjacent Mowana Copper Mine. Both deposits occur within the Bushman Shear Zone and contain complex bodies of vein and vein breccias hosted within quartz-calcite-potassium feldspar breccia and a quartz-calcite graphite breccia forming the host to Cu mineralisation. The estimated Indicated copper resources are 1,522 kt at 0.81 per cent. Cu, using a cut-off grade of 0.20 per cent. Cu. The Erasmus orebody, as a shear hosted deposit, is inherently variable on a local scale and therefore close spaced drilling is planned to increase the level of confidence in the mineralisation.

4. PenMin financial model and asset valuation

PenMin has produced a financial model incorporating the base case future mining strategy. The key data and assumptions from PenMin's model has been reviewed and reported on in the CPR, which is incorporated by reference, as set out in section 11.1 of Part V of this document. The model excludes the possible increase in throughput and efficiencies, which are expected following the potential DMS process route upgrades.

The PenMin model indicates a life of mine (LOM) of 11 years (from known Mineral Resources with exploration upside potential), producing an average copper grade of 1.16 per cent. Cu, with average annual production of 11,875 tonnes Cu over the LOM. The model indicates a potential net present value (at a 10 per cent. discount rate) of US\$87.4 million over the life of the Mowana Copper Mine and an unlevered IRR of 56 per cent. As announced by the Company in December 2016, when PenMin included the initial results of the DMS scoping study, the installation of a DMS processing plant upgrade showed significantly enhanced economics.

The independent valuer, for the purposes of Rule 29 of the Code, is Wardell Armstrong, who prepared the CPR containing the NPV asset valuation in connection with the Company's proposed reverse takeover. The CPR was published by the Company on 11 May 2017 and subsequently updated by Wardell Armstrong, on 10 August 2017, in respect of the Company's potential BSE listing. Pursuant to Rule 29.4 of the Code, Wardell Armstrong have confirmed that the indicative valuation set out in the CPR would not be materially different if provided as at the date of this document.

As set out in the CPR, Wardell Armstrong is an internationally recognised, independent minerals industry consultancy and all consultants used in the preparation of the CPR are directly employed by Wardell Armstrong and have relevant professional experience. Wardell Armstrong is independent of the Company and Cradle Arc Investments, Leboam and their respective directors, senior management and advisers.

As there is no current intention and therefore a very low likelihood that the Company would seek to dispose of Cradle Arc Investments, Leboam or the assets that comprise the Mowana Copper Mine in the foreseeable future, the Directors have not sought to calculate how any potential tax liabilities arising on such a sale of such assets, at the NPV value, would affect the valuation set out above and in the CPR.

5. Botswana country summary

The Republic of Botswana is a landlocked country located in Southern Africa. It is bordered by South Africa to the south and southeast, Namibia to the west and north, and Zimbabwe to the northeast. Botswana is the world's 48th largest country with a surface area of approximately 581,730km².

Botswana is predominantly flat, tending toward gently rolling tableland. Botswana is dominated by the Kalahari Desert, which covers up to 70 per cent. of its land surface. The Okavango Delta, one of the world's largest inland deltas, is located in the northwest and the Makgadikgadi Pan, a large salt pan, is situated in northern Botswana. Botswana is a mid-sized country, with a population of just over 2 million people and is one of the most sparsely populated nations in the world. Around 10 per cent. of the population lives in the capital and largest city, Gaborone. Over the past half-century political stability, good governance and prudent economic and natural resource management have helped to secure robust economic growth, supported by the discovery of diamonds.

The economy is dominated by mining, cattle and tourism. Having been one of the poorest countries in Africa, with a GDP per capita of approximately US\$70 in the late 1960s, Botswana is now an upper-middle income country and, in 2015, Botswana's gross domestic product per capita was approximately US\$18,825, which is one of the highest in Africa. Its relatively high gross national income (by some estimates the fourth-largest in Africa) gives the country a modest standard of living and the highest Human Development Index of continental Sub-Saharan Africa. Trading Economics has projected Botswana's headline GDP as set out in Table 4 below.

Table 4: Botswana GDP Forecast (2017-2020)

Botswana GDP	Botswana GDP Forecast (2017-2020)				
	Q4/17	Q1/18	Q2/18	Q3/18	2020
GDP Growth Rate (%)	1.59	0.8	1.4	1.4	1.18
GDP Annual Growth Rate (%)	3	3.2	3.5	3.8	5.5
GDP (US\$ billion)	16.5	16.25	16	15.75	15.9

Source: Trading Economics (www.tradingeconomics.com), October 2017

Despite being landlocked, Botswana has a well-developed infrastructure in comparison to other countries in the region. The country's road infrastructure remains strong, benefitting from many years of careful planning and investment, although additional funding will need to be made available for routine and periodic maintenance. There are prospects for expansion of the railway network, particularly as a means to export coal from the Mmamabula coal fields through Namibia. The country has a well-developed mobile telecommunications industry with one of the highest penetration levels in Africa. Botswana has 971km of rail lines, 18,482km of roads (23 per cent. of which are paved) and 92 airports (12 of which have paved runways).

In terms of climate, in general the summer season lasts from November to March with usually very high temperatures. It also experiences a lot of rain, which brings down temperatures for a short period. The winter season lasts from May to August. This is also the dry season when there is almost no rainfall. The rainy season lasts from October to April. January and February are generally the peak months for rain. The mean annual rainfall varies from a maximum of above 650mm in the extreme northeast area of the Chobe District to a minimum of less than 250mm in the extreme southwest part of the Kgalagadi District.

The constitution of Botswana is the rule of law which protects the citizens of Botswana and represents their rights. The politics of Botswana take place in a framework of a representative democratic republic, whereby the President of Botswana is both head of state and head of government, and of a multi-party system. Executive power is exercised by the government and legislative power is vested in both the government and the Parliament of Botswana. The most recent election, its eleventh, was held on 24 October 2014. Since independence was declared, the party system has been dominated by the Botswana Democratic Party.

In Botswana, the Department of Mines and Ministry of Mineral Resources, Green Technology and Energy Security (MMGE) maintains data regarding mining throughout the country. Debswana, the largest diamond mining company operating in Botswana, is owned as to 50 per cent. by the government. In 2007, significant quantities of uranium were discovered, and several international mining corporations have established

regional headquarters in Botswana, and prospected for diamonds, gold, uranium, copper and even oil. Currently, the Orapa mine is the largest diamond mine in the world in terms of value and quantity of carats produced annually.

Mining activities have been taking place in Botswana since the nineteenth century with the advent of the gold rush in the northern part of the country. Diamonds have been the leading component of the mineral sector since large-scale diamond production began. In 2016, Botswana was the world's second leading producer of diamonds by value. The country also produces coal, cobalt, copper, gold, nickel, platinum-group metals (PGMs), salt, sand and gravel, semiprecious gemstones and silver. Botswana has an estimated 822Mt of uranium, recently discovered, and (likely) 200Bt of coal.

Mining production in Botswana increased 13.4 per cent. year-on-year in the third quarter of 2016, following a downwardly revised 12.9 per cent. fall in the previous quarter. In the long-term, Botswanan GDP from mining is projected to trend around BWP 11,114 million in 2020. Notable mining activities include the gold mines around Francistown, copper mines at Matsitama, manganese mines at Kgwakgwe hills in Kanye and asbestos mines at Moshaneng.

MMGE oversees the operations and development of the energy, water and minerals sector in Botswana. Mining activities are chiefly administered under the Mines and Minerals Act, 1999. This legislation allows the government to acquire a minority stake (generally 15 per cent.) in mining projects, at the time of the grant of a mining licence, as a partner and seek participation in the mining projects through board representation. However, the Government of Botswana did not take up its stake in the Mowana Project when the mining licence was issued and does not currently have any representation on the board of Leboam. The act regulates the issuance of exploration and mining licenses and tries to reach a balance between mining activity and environmental impact.

6. Information on Cradle Arc's existing portfolio of assets

Zambia

In November 2015, Cradle Arc acquired Luri Limited, a private holding company incorporated in the Republic of Mauritius which, via Luri's wholly owned Zambian subsidiary, Luri Gold Mines Ltd, wholly owns a 25 year renewable mining licence, covering two historic open pit and underground mines, Matala and Dunrobin, and satellite deposits, Chosa and Shadreck, in south-central Zambia, which contain an estimated Mineral Resource reported in accordance with the JORC Code of 428,000 oz Au in the Measured and Indicated categories at an average grade of 2.6g/t Au. In addition, there are estimated Inferred Mineral Resources containing 332,000 oz Au at an average grade of 2.0g/t Au. Luri also holds additional rights to further gold exploration opportunities on a nearby licence covering 245km².

The Luri licence is located in an area of south-central Zambia dominated by the Mwembeshi Shear Zone. The regionally significant structural zone defines the boundary between the late Proterozoic Katanga Supergroup basinal sediments to the north and the more intensely deformed Zambezi Metamorphic Belt terrain to the south. The Luri licence area specifically incorporates the geologically complex 'Matala dome', an elongated east-northeast dome parallel, or sub-parallel, to the trend of the shear.

Extensive mineral processing and metallurgical testwork, undertaken in 2012 by Peacocke & Simpson, identified that the fully oxidised resources from both Matala and Dunrobin are amenable to gravity concentration and subsequent direct cyanidation.

The Matala deposit contains an estimated 278,000 oz Au reported in accordance with the JORC Code in the Indicated category and 290,000 oz Au classified as Inferred. The deposit was subject to limited historical underground mining during the period prior to Zambia becoming an independent country. The Dunrobin deposit contains an estimated 150,000 oz Au in the Measured and Indicated JORC categories and 43,000 oz Au in Inferred, and was subject to limited open pit and underground mining up to the beginning of the 21st Century. Low gold prices and Zambia's predominant focus as a copper producer, meant that neither mine was developed to its full potential.

The Mineral Resource summary in accordance with the JORC Code for the Luri licence is shown in Table 5 below:

Table 5: Zambian assets – JORC Code compliant Mineral Resource Summary

		Cut-Off Grade (g/t Au)	Tonnes (000's)	Average Grade (g/t Au)	Gold Resource (000's oz Au)
Dunrobin	Measured	1.0	978	2.6	81
	Indicated	1.0	1,063	2	69
	Inferred	1.0	763	1.8	43
Matala	Indicated	1.0	3,204	2.7	278
	Inferred	1.0	4,525	2	290
Total	Measured	1.0	978	2.6	81
	Indicated	1.0	4,267	2.5	347
	Inferred	1.0	5,288	2	332
Grand Total		1.0	10,533	2.3	760

Source: Coffey Mining (January and November 2012)

On 2 March 2016, the Company announced that the results from a confirmatory sampling programme conducted at Matala validated the ZIMCO Report which estimated that an additional non-code compliant mineral resource of 75,000 tonnes at a weighted average grade of 2.83 g/t Au, for approximately 6,800 ounces of gold, exists in historic dumps and tailings adjacent to the Matala deposit.

Agreement with PenMin

On 16 December 2015, the Company announced that it had entered into an agreement with PenMin to assist in the development of the Matala Project, pursuant to which PenMin would, *inter alia*, assist the Company in:

- updating and finalising the historic definitive feasibility study prepared by Coffey Mining and a works programme for Matala, in order to secure the two main contracts required to bring Matala into future production, namely a mining contract and the contract for the supply and operation of the plant;
- preparing the Design, Build and Operate contract (to FIDIC Gold Book standards) for the Matala Project, excluding the mining elements of the Matala Project, but including the supply of process plant and mining infrastructure components such as workshops, wellfield, earthworks and roads etc.;
- preparing the mining contract to secure a mining contractor and engagement of such mining contractor, who will finance the cost of supplying and operating the mine fleet, serving to reduce the initial capital required to commence mining operations at Matala;
- seeking to secure vendor financing for the supply of the processing plant, a major capex requirement for bringing the Matala Project into production;
- ensuring that all the relevant permits and approvals are in place to commence production, which will include securing the relevant insurance for the Project; and
- management of the master schedule for Matala.

Vendor Financing

On 13 April 2016, Cradle Arc announced that, following positive results from the PenMin DFS on the Matala Project, it had signed an agreement pursuant to which the Company is working with Xinhai and PenMin with respect to the proposed construction and financing of mining operations at Matala.

The PenMin DFS demonstrated positive economics for a 400,000 tpa oxide and transitional open pit operation with a mine life of approximately four years and eight months at US\$1,200/oz Au with exploration upside and underground potential including:

- estimated capital cost for plant and infrastructure of US\$14.4 million;
- project NPV of US\$28.6 million at an 8 per cent. discount rate; and
- unlevered project IRR of 52 per cent.

In addition, all parties agreed to enter into a Design, Build and Operate contract, under FIDIC Gold Book standards, for the processing plant and associated infrastructure and Xinhai agreed to arrange vendor financing for the Design, Build and Operate contract, having confirmed that it was satisfied with the technical and financial outcomes of the PenMin DFS.

Since April 2016, the Company has been working with potential financing partners to secure the necessary funding to bring Matala into production. Whilst considerable progress has been made, the proposed funders have not been able to accept security over the assets in Zambia to date. The Company is continuing to work with its partners and the government in Zambia to find a solution. However, the Directors believe that completion of the Acquisition will enhance the Enlarged Group's balance sheet and thereby strengthen its position in seeking to unlock the financing required.

Mali

Kossanto Gold Project

On 4 October 2013, the Company announced that it had completed the acquisition of AME West Africa Ltd, from Savannah Resources plc, which, through its wholly owned subsidiary Caracal, owns 100 per cent. of the Kossanto Gold Project. The Kossanto Gold Project consists of two exploration projects: Kossanto East and Kossanto West.

Kossanto East

The Kossanto East Project comprises a 66.41km² licence area located in felsic volcanic rocks in between two major regional structures, the Main Transcurrent Shear Zone and the Senegal-Malian Fault, that host most of the major gold deposits in the Birimian-age rocks of the Kedougou-Kenieba inlier in western Mali. Kossanto East has an independent Mineral Resource in accordance with the JORC Code comprising an unconstrained Inferred Mineral Resource of 6.72Mt grading at 1.14g/t Au for an aggregate of 247,000 oz Au (at a cut-off grade of 0.5g/t) as of June 2014, completed by Wardell Armstrong.

On 28 November 2016, the Company announced that it had agreed the final terms of the Kossanto East JV with respect to the Kossanto East Project having executed the Ashanti Option Agreement.

On 17 August 2017, the Company announced an agreement to sell its entire interest in the Kossanto East Project to Ashanti for CAD 1 million, retaining a 1.5 per cent. net smelter royalty. Ashanti has the right to purchase some or all of the 1.5 per cent. net smelter royalty by paying to Cradle Arc US\$100,000 for each 0.1 per cent. of the net smelter royalty purchased, up to a maximum of US\$1.5 million.

Kossanto West

Kossanto West comprises the Kobokoto Est and Koussikoto exploration permits, which cover 137km² in western Mali, located approximately 40km north-west of Randgold Resources' 10Moz Au Loulo/Goukoto complex and approximately 50km north-east of their 3Moz Au Massawa project in Senegal. It is interpreted that a major structural event occurred within the permit boundaries of Kossanto West. The regionally significant Main Transcurrent Shear Zone ('MTZ') appears to change its strike direction from NNE to NNW, and exploration work previously completed by Cradle Arc identified numerous high-grade gold targets coincident with this change of the MTZ. On 29 February 2016, Cradle Arc announced that its wholly owned subsidiary, Caracal, had entered into the Kossanto West JV with Randgold Resources for the exploration and development of the Kossanto West Project.

Pursuant to the terms of the Kossanto West JV, Randgold Resources holds a 65 per cent. participating interest in the Kossanto West exploration permits with Cradle Arc retaining a 35 per cent. interest and Randgold Resources is responsible for undertaking all exploration work over the Kossanto West exploration permits and funding all costs up to and including the completion of a pre-feasibility study. On completion of a pre-feasibility study, all costs will thereafter be split between the joint venture parties in accordance with their participating interest.

The Kossanto West JV Committee was formed on completion of the Kossanto West JV, comprising three representatives from Randgold Resources and one from Cradle Arc, to manage the Kossanto West JV and to approve, *inter alia*, the work to be undertaken and budgets for the Kossanto West Project, in respect of the production of a pre-feasibility study and any decision to proceed with the future development of a mine.

The Kossanto West JV Committee is also responsible for establishing a new joint venture company, at which point the relevant Kossanto West exploration permits will be transferred from Caracal to such joint venture company, with the Malian Government likely to be issued 10 per cent. of the equity (being a free carried interest or such other holding as may be prescribed by Malian Law) and the joint venture partners expected to hold 90 per cent. Equity will be held in the same proportion as each company's respective interests in the Kossanto West JV, resulting in Randgold Resources being expected to hold 58.5 per cent. and Cradle Arc being expected to hold 31.5 per cent. respectively of the joint venture company, assuming that Randgold Resources and Cradle Arc maintain their respective participating interests at the same level subsequent to the completion of the Pre-Feasibility Study and the Malian Government being issued with 10 per cent. of the joint venture company.

Cradle Arc has guaranteed the due and punctual performance by Caracal of Caracal's duties and obligations to Randgold Resources under the terms of the Kossanto West JV. Each party has pre-emption rights in the event the other party wishes to dispose of its participating interest in the Kossanto West JV.

On 28 November 2016, the Company announced that Randgold Resources' exploration teams had commenced their new field season activities at Kossanto West including pitting to check regolith profile and test further anomalous zones, as well as the generation of regional targets that present potential structure (alteration, lithology and mineralisation) for a multimillion ounce discovery.

Karan Gold Project

The Karan Gold Project covers 250km² and is located in the southern Mali Birimian greenstone belt, approximately 90km south-west of the capital Bamako, in the Siguiri Basin. The permit geology comprises a thick sequence of thinly bedded and weakly metamorphosed Birimian rocks of green schist facies, argillite, siltstone and sandstone. The local structural framework has been interpreted from aerial magnetic survey data. Interpretation of the historical survey data highlights a north-westerly oriented structure striking diagonally across the centre of the permit. This feature is intersected by northeast-trending and cross-cutting east-west faults.

The exploration work completed on the project has included RC and RAB drilling by African Mining & Exploration plc, lag, bulk leach extractable gold and stream sediment sampling and various regional mapping and geochemical sampling campaigns. Several vast areas of historical and active artisanal mining activity parallel to the north-westerly oriented structure, and new areas of mineralisation proving economic for artisanal miners are constantly being discovered.

On 12 May 2016, the Company announced that, via its wholly owned subsidiary, Newmines, it had entered into the Karan JV with Cora Gold for the exploration and development of the Karan Gold Project in southern Mali. Cora Gold is a wholly owned subsidiary of Kola Gold, an exploration and development company which has an existing portfolio of gold projects in Mali and the Republic of Congo, including certain gold permits which are contiguous to Karan.

Under the terms of the Karan JV, Cora Gold is solely responsible for funding exploration and development activities at Karan up to the completion of, initially, a scoping study and ultimately a bankable feasibility study. Cora Gold will earn-in for an interest of 65 per cent. by funding activities up to and including the completion of a scoping study, and will subsequently earn an additional 15 per cent. interest on completion of a bankable feasibility study, taking Cora Gold's total potential interest to, in aggregate, 80 per cent.

On completion of a future bankable feasibility study, all costs will thereafter be split between the Karan JV parties in accordance with their respective interests in the Karan JV. Should Cradle Arc elect not to contribute any future funding at that point, it will then relinquish its remaining 20 per cent. interest to Cora Gold and retain a 2 per cent. net smelter royalty over future commercial production. Cora Gold has been granted, for the first five year period of commercial production, an option to purchase, for cash, the 2 per cent. net smelter royalty for a sum of US\$3 million.

Cora Gold has been appointed as operator of the joint venture, with overall management responsibility for operations during the earn-in period. Cora Gold's exploration team had previously completed a short programme of detailed (1:2,000) mapping around the peripheries of the artisanal mining sites, and collected circa 500 termite samples for analysis to provide an indication of the distribution of possible primary sources at the south-east end of the principal structure.

Cora Gold Limited (AIM: CORA.L) is a new gold company focused on two world class gold regions in Mali and Senegal. It completed a successful IPO joining the AIM market on 9 October 2017 after raising £3.45 million to fund its exploration activities. Cora is owned 33 per cent. by Hummingbird Resources Plc (AIM: HUM.L).

Burkina Faso

Kerboulé Gold Project

The Kerboulé Gold Project covers 399.5km² of the highly prospective Birimian-age Djibo gold belt in the north of Burkina Faso, and lies 20km along strike of the 4.2Moz Inata gold mine. Cradle Arc acquired the project in November 2014 and compiled historical data and modelled the mineralised zone leading to an independent (non-JORC) estimate by Wardell Armstrong, as announced by the Company on 27 April 2015, of 6.2Mt grading at 1.16g/t Au for 230,758 oz Au, at a cut-off grade of 0.5g/t.

Despite a popular uprising and a military coup d'état in Burkina Faso during the year following acquisition of the Kerboulé Gold Project, the Company's geologists were able to complete essential work and demonstrate the potential of the project. Burkina Faso returned to stability in November 2015 when President Kaboré was elected in Burkina Faso.

On 5 May 2016, the Company announced that it had been awarded a further three-year term for its Kerboulé Gold Project to 16 January 2019. It is the Board's current intention to commence exploration work at Kerboulé, within a joint venture partnership, as soon as possible so that the true extent of the identified exploration potential can be defined.

Mauritania

Cradle Arc wholly owns the 1,369km² Wad Amour Project in Mauritania. The Company has completed a range of reconnaissance work including trenching, soil geochemistry and geophysical surveys, which have revealed significant potential for a high-grade iron oxide copper gold deposit. The Board considers the Wad Amour Project to be outside of its current focus, being copper production and near-term gold production, and is consequently in the process of handing the licences back to the government of Mauritania.

7. Current trading and prospects

The Group's activities during 2016 were principally focussed on Cradle Arc's wholly owned subsidiary Luri Gold Mines Ltd and its Matala and Dunrobin gold mines in Zambia. Cradle Arc is continuing to actively pursue funding options to commence operations at Matala. Cradle Arc has continued to develop its gold asset portfolio, in particular Zambia, but has focussed on minimising corporate costs in the run up to completing the Acquisition.

During 2016, Cradle Arc also entered into joint venture agreements on three of its Malian gold exploration projects, namely:

- in February 2016, Cradle Arc entered into a joint venture with Randgold Resources in respect of its Kossanto West gold project;
- in May 2016, Cradle Arc entered into a joint venture with Cora Gold in respect of its Karan gold project; and
- in August 2016, Cradle Arc entered into a joint venture with Ashanti Gold in respect of its Kossanto East gold project.

On 21 December 2016, Cradle Arc announced the execution of the conditional Original Acquisition Agreement to acquire the entire issued share capital of Cradle Arc Investments. Following which, in January and June 2017, Cradle Arc raised, in aggregate, £1.8 million gross through the issue of certain convertible loan notes (of which, the convertible loan notes issued in January 2017 and which were due for repayment by 16 July 2017, have subsequently been extended to 31 December 2018).

As at the date of this document, US\$2.4 million has been lent to Leboam pursuant to the Cradle Arc Investments Loan Facility and Cradle Arc has US\$0.3 million outstanding in respect of its management services to Mowana. The Company is in the process of preparing an application and associated documentation for the Enlarged Group to be re-admitted to trading on the AIM market.

On 17 August 2017, Cradle Arc announced that it had entered into a legally binding agreement to sell its interest in its non-core Kossanto East Gold Project (Kossanto East) in western Mali to Ashanti Gold Corp. (Ashanti), for consideration of CAD\$1 million. Following completion of the sale, Ashanti will acquire full ownership of Kossanto East and Cradle Arc will retain a 1.5 per cent. net smelter return (NSR). Ashanti will also have the right to purchase the NSR, in whole or in part, by paying US\$100,000 for each 0.1 per cent. (up to a maximum of US\$1.5 million) to Cradle Arc. The funds raised from this disposal were used to support Cradle Arc's planned acquisition of the Mowana Copper Mine in Botswana by providing working capital to continue operations at the mine and for Cradle Arc's general corporate purposes.

In late October 2017, the Company raised £3.25 million (before expenses) through the issue of zero coupon unsecured pre-IPO convertible loan notes (the October 2017 Convertible Loan Notes) to certain institutional investors and high net worth individuals, which will automatically convert into new Ordinary Shares on Re-Admission. Further details of the October 2017 Convertible Loan Notes are set out in section 12 of Part I and section 7 of Part V of this document. In conjunction with Re-Admission, the Company will seek to raise at least £1.75 million in the Placing in order to settle the Cash Consideration and for general working capital purposes.

Ownership of the Mowana Copper Mine will, the Directors believe, be transformational for Cradle Arc. The Acquisition would transform Cradle Arc into a producing mining company, rather than purely being an exploration company. Furthermore, the potential to increase capacity at Mowana via certain process route upgrades offers a material opportunity to enhance future Shareholder value. The Acquisition would also strengthen the Group's balance sheet and the Directors expect that this would thereby also improve the Group's ability to raise finance to develop the Group's other assets, in particular its Zambian gold assets.

Save for the disclosures set out in this section 6 of Part II of this document, there has been no significant change in the financial or trading position of Cradle Arc since 31 December 2016, being the date to which the latest audited financial information of Cradle Arc was prepared.

8. Historical financial information and ratings

Cradle Arc publishes its annual results and interim financial statements on its website, at www.alectominerals.com. Pursuant to Rule 24.15 of the Code, Cradle Arc's historical financial information for the last two years has been incorporated in this document by reference and hyperlinks to these documents can be found in section 11 of Part V of this document.

There are no current public ratings or outlooks accorded to Cradle Arc by ratings agencies.

9. Information on the Directors

Toby David Howell, aged 41 *(Non-Executive Chairman)*

Mr Howell is a corporate finance professional with 17 years' experience in the financial services industry and has specific natural resources experience on AIM. He began his career at UBS Warburg and went on to hold positions at firms including ARM Corporate Finance Ltd and Hichens, Harrison & Co plc. He is currently a director of Nash & Co Capital Limited, a corporate finance business focused on M&A, SME finance and asset backed lending. He is an officer in the British Army Reserve with operational leadership experience, a graduate of Newcastle University and holds the CISI diploma.

Mark Christopher Jones, aged 57 *(Chief Executive Officer)*

Mr Jones is a mining engineer with over 35 years' experience in mining production and associated businesses, 25 years of which have been spent in Africa. He has specific expertise in gold and base metals in Africa, Europe and the Former Soviet Union. Mr Jones was founder and CEO of African Mining and Exploration plc (now named Savannah Resources plc) that sold certain Malian assets to Cradle Arc. Previous positions include CEO of Aurum Mining plc and Expert Explosives (Pty) Ltd and he was also formerly a non-executive director of Antracor Mining Ltd. Mr Jones is a graduate of the Camborne School of Mines and holds an MBA.

Dominic James Doherty, aged 39 *(Operations Director)*

Mr Doherty is a retired British Army Officer with a Law Degree from the University of Exeter. He has spent over 20 years' working in Africa where he has forged strong bonds and developed a close network of relationships within some of the most inhospitable environments. With over 10 years' experience in commodity trading, mining and exploration he acted as Country Manager for African Mining and Exploration plc (now named Savannah Resources plc) in Mali and was responsible for the selection and acquisition of the Kossanto projects. At Cradle Arc, he has managed operations on the ground throughout its portfolio of assets and handled M&A matters relating to the Company's various joint ventures and recent acquisitions in Zambia and Botswana.

Roger Alyn Williams, aged 54 *(Non-Executive Director)*

Mr Williams is a Chartered Accountant with over 20 years' international experience in mining finance and an honours degree in French and Spanish. He was previously CFO of Randgold Resources Limited and part of the management team that transformed it from being an exploration and development company into a major gold producer. He then went on to become CFO of JSE-listed AECI Limited. His other experience includes directorships and interim executive appointments with various mining and mining services companies. Mr Williams is currently a Non-Executive Director of Sylvania Platinum Limited and Non-Executive Director of Digby Wells and Associates, an environmental and social consultancy to the resources sector in Africa.

Kevin John Ludolph van Wouw, aged 53 *(Non-Executive Director and proposed Executive Chairman)*

Mr van Wouw has over 30 years' experience in the mining industry and is currently the Managing Director of PenMin. Prior to PenMin, Mr van Wouw was the General Manager, Operations at FLSmidth (Pty) Ltd, where he introduced both its project management and risk management systems. Prior to this, he founded Minero Consulting, working as Project Director on numerous African mining projects, and was also Projects Director at LionOre Mining International Limited, where he was directly responsible for the commercialisation of its Activox™ technology, as well as conceptualising and implementing the Commercial DMS application for Tati Nickel Mining Company (Pty) Ltd, in Botswana. He was also Senior Project Manager for the Ngezi and Mimosa Platinum Projects while working for DRA International (Pty) Ltd. He has in-depth knowledge of the development of projects across many different currencies and sovereign regions, and the macroeconomic impact of African projects. Mr van Wouw holds an Honours degree in Metallurgy from Pretoria University and is a Fellow of the South African Institute of Mining and Metallurgy.

PART III:
INFORMATION ON THE CONCERT PARTY

1. The Concert Party

The Concert Party comprises Kevin van Wouw, PenMin (Botswana), PenMin, PenMin EBT, Gerald Chapman, C3W, CNG and Schindlers Trust.

Kevin John Ludolf van Wouw

Mr van Wouw, aged 53, has over 30 years' experience in the mining industry and is currently the Managing Director of PenMin. Prior to PenMin, Mr van Wouw was the General Manager, Operations at FLSmidth (Pty) Ltd, where he introduced both the project management and risk management systems. Prior this, he founded Minero Consulting, working as Project Director on numerous African mining projects, and was also Projects Director at LionOre Mining International Limited, where he was directly responsible for the commercialisation of its ActivoxTM technology, as well as conceptualising and implementing the Commercial DMS application for Tati Nickel Mining Company (Pty) Ltd in Botswana. He was also Senior Project Manager for the Ngezi and Mimosa Platinum Projects while working for DRA International (Pty) Ltd. He has in-depth knowledge of the development of projects across many different currencies and sovereign regions, and the macroeconomic impact of African projects. Mr van Wouw holds an Honours degree in Metallurgy from Pretoria University and is a Fellow of the South African Institute of Mining and Metallurgy.

Current directorships

PenMin (Pty) Ltd
PenMin Botswana (Pty) Ltd
Leboam Holdings (Pty) Ltd
Minero Consulting (Pty) Ltd
Cradle Arc Investments (Proprietary) Limited

Past directorships (within the last five years)

Advanced DigMin (Pty) Ltd
Minero Africa (Pty) Ltd
Minero Engineering (Pty) Ltd

Further to a board resolution on 6 October 2015, Advanced DigMin (Pty) Ltd entered into a business rescue procedure in the Republic of South Africa, which is similar in effect to a company administration under UK law.

PenMin (Botswana) (Pty) Limited

PenMin (Botswana) is a private limited company and was incorporated in the Republic of Botswana under registered number CO2016/17875 on 25 August 2016. Its registered office and principal business address is at Plot 17149, Bogoma Road, Gaborone West, Botswana. PenMin (Botswana) was incorporated at the direction of PenMin to hold PenMin's investment in Cradle Arc Investments and the Mowana Copper Mine and is currently wholly owned by PenMin. The directors of PenMin (Botswana) are Mr Kevin van Wouw (Managing Director), Mrs Alana van Wouw (COO), Mr Marthinus Appelgryn (CFO) and Thuso Cecil Dikgaka (Resident Director). Further information on Mr van Wouw is set out above and additional information on Mrs van Wouw and Mr Applegryn is set out below.

PenMin (Botswana) is not required to file or publish audited accounts.

PenMin (Pty) Limited

PenMin is a private limited company and was incorporated in the Republic of South Africa under registered number 1997/000448/07 on 16 January 1997. Its registered office and principal business address is at 1st Floor, Unit 5, 299 Pendoring Road, Randburg, 2195, South Africa. PenMin's principal activity is operating a Design, Build and Operate model, developing key strategic solutions for the power and mining industries throughout Africa. The directors of PenMin are Mr Kevin van Wouw (Managing Director), Mrs Alana van

Wouw (COO) and Mr Marthinus Appelgryn (CFO), holding 40 per cent., 40 per cent. and 20 per cent. of PenMin's issued share capital respectively.

PenMin is not required to file or publish audited accounts.

Further information on Mrs van Wouw and Mr Appelgryn is set out below:

Alana Pat van Wouw

Mrs van Wouw is the Chief Operating Officer of the PenMin group of companies, with a specific focus on the international scope of the business. Mrs van Wouw began her career in the Risk Management and Hospitality industries, before transitioning to mining project development, where her experience includes Project Management, Risk Management and Cost and Time Management. She is an accredited Project Management Professional and holds an M.Sc. in Global Human Resources.

Marthinus (Tony) Stephanus Appelgryn

Mr Appelgryn qualified as a Chartered Accountant (SA) in 1993 and was one of the founding partners of ARC Inc in 1996. Mr Appelgryn completed his studies at the University of Johannesburg (RAU) and his articles with international audit firm PwC. He served on various committees of The Afrikaanse Sakekamer and also as Chairman. In this capacity, and as an auditor in public practice and consultancy, Mr Appelgryn gained extensive experience in the business sector especially in mining and retail, both in the auditing and business managerial fields. He also serves as an independent director and as chairman of audit committees of listed companies on the Johannesburg Stock Exchange. Mr Appelgryn joined PenMin in 2015, where his current role is that of Chief Financial Officer of the PenMin group of companies.

PenMin's employee benefit trust

The PenMin EBT will be a trust for the benefit of employees of PenMin and is expected to be registered at the deeds office of Botswana as an International Trust in the near future. Each beneficiary's share will be determined by their remuneration in proportion to total remuneration with a modifier of length of employment being applied. The trust will hold assets, and derive income from these assets either by their sale, or by dividend. The trustees will be the directors of PenMin, being Mr Kevin van Wouw, Mrs Alana van Wouw and Mr Marthinus Appelgryn. The PenMin EBT will not be required to file or publish audited accounts.

Gerald David Chapman

Mr Chapman, aged 54, is a qualified engineer with over 30 years' experience in the mining industry. Following graduation in 1986, Mr Chapman enlisted in the South African Military School of Infantry, Oudtshoorn, and completed an officer course, becoming a Lieutenant. He then worked for various construction companies before founding Protech Projects (Pty) Ltd ('Protech') in 1992. Over the following 21 year period, he developed Protech into one of the most successful mining services and civil contracting companies in Africa, listing Protech Khuthele Holdings Pty Ltd on the Johannesburg Stock Exchange in 2007 and holding the position of CEO until his resignation in November 2010. Mr Chapman is currently the Chairman of DigMin Group (Pty) Ltd and Managing Director of Luiiri Gold Mines Limited. He has detailed working knowledge of the Mowana Project, having been involved in the process of reinstating the mining licence and conducting ground work. Mr Chapman holds a BSc in Civil Engineering from the University of Witwatersand, Johannesburg.

Current directorships

Bamboo Rock Civils and Mining Pty Ltd, Bamboo Rock Construction Pty Ltd, Bamboo Rock Drilling Ltd, Bamboo Rock East Africa Holding Ltd, Bamboo Rock Ltd, BC Mining Ltd, Cavetoll Properties Pty Ltd, DigMin Group Pty Ltd, FD Shared Office Services Pty Ltd, Kwa Puleng Property Management Pty Ltd, Luiiri Gold Mines Ltd and M'kepi Game Farm Pty Ltd.

Past directorships (within the last five years)

Advanced DigMin (Pty) Ltd, Bamboo Rock Mining Pty Ltd and Cradle Arc plc.

Further to a board resolution on 6 October 2015, Advanced DigMin (Pty) Ltd entered into a business rescue procedure in the Republic of South Africa, which is similar in effect to a company administration under UK law, following which Mr Chapman resigned as a director.

Mr Chapman was also previously a director of Big Dig Construction Pty Ltd ('Big Dig'), previously named Protech Projects Construction Pty Limited, and Capital Coal Pty Ltd which entered into voluntary liquidation and provisional liquidation respectively within 12 months of his resignation from the boards of both companies. In respect of Big Dig, the liquidation followed the advice of its legal team which assisted the company during an international arbitration case that was heard before the International Commercial Council.

The rationale for the liquidation was to prevent the other party from claiming a set-off of debts by instituting a spurious counter-claim after having been ordered to pay the claims brought against it by Big Dig. All creditors of the company agreed to the voluntary liquidation and repayment terms. One creditor, Corpcapital Investments did, however, insist that the repayment terms be made an Order of Court as a means of safeguarding their right to repayment as agreed in the liquidation process. In addition, Mr Chapman was a director of Delta Colliery (Pty) Limited and Century Carbon Limited which were liquidated by their respective boards of directors.

CNG Trust

CNG was established by Gerald Chapman and Schindlers Trust (a regulated Mauritius based corporate trustee and management services company, whose registered office and principal business address is at 2nd Floor, Block B, Medine Mews, Chaussée Street, Port Louis, Republic of Mauritius) on 3 December 2012 as a discretionary trust governed by the laws of the Island of Jersey. Gerald Chapman is the settlor of CNG and the sole trustee is Schindlers Trust. The appointed beneficiaries of CNG are Gerald Chapman, Nicholas Chapman and Caitlin Chapman. The trust had assets of approximately US\$1.94 million as at 30 August 2017. CNG is not required to file or publish audited accounts.

As at the date of this document, CNG has a direct interest in 1,999,999 Existing Ordinary Shares representing approximately 8.71 per cent. of Cradle Arc's issued share capital. On 23 August 2017, CNG was issued 427,083 new Ordinary Shares *in lieu* of its share of the Deferred Matala Consideration.

CNG is also interested in 80 per cent. of the issued share capital of C3W Limited.

C3W Limited

C3W is a private limited company incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001, with registered number 113704 C1/GBL. Its registered office and principal business address is at 2nd Floor, Block B, Medine Mews, Chaussée Street, Port Louis, Republic of Mauritius. C3W's principal activity is that of investment in and providing management services to its subsidiaries and related companies operating in the drilling and mining sector in Africa, including Xantuim Drilling Investments Limited, Xantuim Mining Investments Limited and Bamboo Rock Limited.

CNG owns and controls 80 per cent. of the issued share capital of C3W, with the balance being held by two trusts of which Schindlers Trust is trustee and the beneficiaries of which include certain other directors of DigMin (of which Mr Chapman is Chairman and major shareholder) and their families. Mr Chapman is neither a settlor nor a beneficiary of these trusts.

The directors of C3W are Mr Zaredhin Jaunbaccus and Mrs Sanjana Kissoondharry, each being an employee of Schindlers Trust.

C3W is currently interested in 3,188,180 Existing Ordinary Shares representing approximately 13.89 per cent. of Cradle Arc's issued share capital. On 23 August 2017, the Company served notice to C3W for the conversion of the 2015 Convertible Loan Notes, pursuant to which C3W was issued 1,188,181 new Ordinary Shares. In addition, on 23 August 2017, C3W was issued 427,083 new Ordinary Shares *in lieu* of its share of the Deferred Matala Consideration.

As required by Rule 24.3 of the City Code, certain financial information in respect of C3W is set out in its consolidated audited accounts for the two financial years ended 31 December 2014 and 31 December 2015, which are incorporated into this document by reference pursuant to Rule 24.15 of the Code and hyperlinks to which can be found in section 11.1 of Part V to this document.

Schindlers Trust Mauritius Limited

Schindlers Trust is a private limited company incorporated in Mauritius with registered number C25819/6290. It was incorporated on 7 November 2000 as Fairbairn Trust Mauritius Limited and was renamed Schindlers Trust Mauritius Limited on 31 December 2002. Its registered office address is at 2nd Floor, Block B, Medine Mews, Chaussée Street, Port Louis, Republic of Mauritius. Schindlers Trust acts as a professional trustee and company manager providing trust and corporate services to its clients and has been granted a Management Licence by the Financial Services Commission in Mauritius under licence number MC00006661. The directors of Schindlers Trust are Mandy Feldman, Zaredhin Jaunbacus and Jason Barr, all of whom are professional trustees. Schindlers Trust is not a public company and therefore is not required to publish audited accounts.

2. Effect of the Proposals on the Concert Party

As set out above, C3W, Schindlers Trust, PenMin and PenMin (Botswana) are companies which form part of the Concert Party and PenMin (Botswana) will receive New Ordinary Shares as part of the Proposals. Save for the transfer of ordinary shares in Cradle Arc Investments to Cradle Arc by PenMin (Botswana), the Proposals will not have a significant effect on any of the respective companies' earnings, assets, liabilities, future business or the continued employment within each company. No material changes are expected in the conditions of employment, location of employment or place of business of PenMin (Botswana) and, save for the intention to transfer 5,188,180 Consideration Shares to the PenMin EBT, it will continue to hold the Consideration Shares received until such time as it decides to sell such shares.

3. Ratings

No member of the Concert Party has any current public ratings or outlooks accorded to them by ratings agencies.

4. Material Contracts

Save for the contracts referred to in Part IV and section 7 of Part V of this document, no member of the Concert Party has entered into any material contracts (other than contracts entered into in the ordinary course of business) within the two years preceding the date of this document.

5. Arrangements

Save for the agreements set out in Part IV and section 7 of Part V of this document, there are no agreements or arrangements between any Concert Party member and Cradle Arc, its directors, recent directors, shareholders or recent shareholders, having any connection with or dependence on the outcome of the Proposals.

No member of the Concert Party has entered into any agreement, arrangement or undertaking to transfer any interest acquired in Cradle Arc, as a result of the issue of New Ordinary Shares, to any other person. Following Completion, in due course, the Vendor intends to transfer 5,188,180 of the Consideration Shares to the PenMin EBT.

6. Concert Party Dealings

The following dealings in relevant securities of Cradle Arc by the Concert Party, the Directors of the relevant Concert Party members and their close relatives and related trusts, have taken place during the disclosure period:

<i>Party</i>	<i>Date</i>	<i>Transaction</i>	<i>Number of Cradle Arc Shares issued</i>	<i>Price per share*</i>
C3W	23 August 2017	Loan Note Conversion	1,188,181	19.875 pence
CNG	23 August 2017	Deferred Consideration	427,083	36.000 pence
C3W	23 August 2017	Deferred Consideration	427,083	36.000 pence

** share issues related to historical arrangements, with the effective price per share for conversion/settlement respectively being adjusted to reflect the Company's 1:300 consolidation that was effected on 31 July 2017.*

PART IV:

SUMMARIES OF THE ACQUISITION DOCUMENTATION

1. Amended Acquisition Agreement

Pursuant to the Amended Acquisition Agreement dated 26 September 2017, as further amended by a deed of variation dated 24 October 2017, between PenMin (Botswana), Cradle Arc Investments and the Company, the Company has agreed to buy and PenMin (Botswana) has agreed to sell the entire issued share capital of Cradle Arc Investments in consideration for the sum of £1 million (to be paid upon the Company raising £5 million for working capital purposes) and the allotment and issue of the Consideration Shares representing 60.0 per cent. of the Enlarged Share Capital. The Amended Acquisition Agreement is conditional upon the passing of the Whitewash Resolution at the General Meeting and the issue of the Consideration Shares. In addition, the Company has agreed to issue additional new Ordinary Shares to PenMin (Botswana) should any new Ordinary Shares be issued to any other party, including in relation to the Placing, between the date of the Amended Acquisition Agreement and the date of Re-Admission, such that PenMin (Botswana) retains its 60 per cent. shareholding in the Company's issued share capital on Re-Admission. The long stop date (as amended) is the date falling 36 business days from the date of execution of the Amended Acquisition Agreement.

PenMin (Botswana) has undertaken to procure that Cradle Arc Investments conducts its business in the ordinary course so as to maintain it as a going concern and not to enter into any commitments that will materially affect it during the period between the date of the Amended Acquisition Agreement and Completion.

Each of the Company and PenMin (Botswana) have provided limited warranties relating, *inter alia*, to power and authority to enter into the Amended Acquisition Agreement, litigation and insolvency. Because Cradle Arc Investments' parent company, PenMin (Botswana), acquired the Mowana Copper Mine's assets out of liquidation, no warranties are provided as to title to the Mowana Project. There are no specific warranties relating to share capital, accounting, tax, intellectual property, data protection, information technology/disaster recovery or insurance.

2. Leboam Acquisition Agreement

A conditional amended and restated asset sale agreement dated 20 December 2016 as further amended by letters of variation dated 15 May 2017, 30 August 2017 and 27 September 2017, between MCB, MCB's liquidator, Leboam and ZCI, pursuant to which MCB agreed to sell and Leboam agreed to buy MCB's right, title and interest in Mowana for consideration consisting of (i) US\$20,000,000 in cash for distribution to the creditors of MCB to be paid to the liquidator by 14 November 2017 (the "Cash Consideration"); (ii) US\$21,000,000 representing the ZCI Term Loan (for further details of which see section 3 of this Part IV below); and (iii) US\$79,000,000 recorded by Leboam in favour of ZCI and convertible into 40 per cent. of the issued share capital of Leboam on payment of the Cash Consideration with a maximum of US\$110,000,000 being payable to ZCI including its share of the Cash Consideration. Leboam is obligated to pay the Cash Consideration by 14 November 2017 and interest will accrue on the full amount of the Cash Consideration from 30 September 2017 at a rate of 2 per cent. per annum.

3. ZCI Loan Agreement

An amended and restated loan agreement dated 14 December 2016 between ZCI and Leboam pursuant to which Leboam agreed to enter the ZCI Term Loan into its books of account. The ZCI Term Loan shall accrue interest at LIBOR monthly in arrears with accrued and unpaid interest capitalised until settled in full. One third of free cash after costs (including repayment of amounts due to Fujax and other senior debt obligations under the Fujax First Advance Agreement and Fujax Financing Agreement (details of which are set out in sections 7 and 8 of this Part IV of this document)) shall be credited to the loan accounts of ZCI and Cradle Arc Investments in proportion to their outstanding balances with payments to be made quarterly in arrears. The maximum term of the ZCI Loan Agreement is ten years on which date ZCI may demand that the loan account be fully and finally repaid. The ZCI Term Loan is secured until the date on which the Cash Consideration is paid under the Leboam Acquisition Agreement and the Fujax Financing and funding for the DMS has been raised.

4. ZCI Convertible Secured Term Loan Agreement

A convertible secured term loan agreement dated 14 December 2016 (as amended on 27 September 2017) between ZCI and Leboam pursuant to which Leboam recorded in its books of account that ZCI had loaned a principal amount of US\$79,000,000 to Leboam which shall convert automatically into 40 per cent. of the issued share capital of Leboam on the date on which ZCI receives the Cash Consideration under the Leboam Acquisition Agreement. In the event conversion has not occurred on or before 14 November 2017, the loan and accrued interest will be repayable to ZCI. The ZCI Convertible Secured Term Loan Agreement includes reserved matters that Leboam will not engage in, agree to, perform or undertake without ZCI's agreement in writing including the incurring of long-term debts or other material borrowings and the creation of charges other than in the ordinary course of trade and includes representations and warranties by Leboam in relation, *inter alia*, to its capacity, authority and solvency.

5. Leboam Shareholders Agreement

An amended and restated subscription and shareholders agreement dated 14 December 2016 as amended on 27 September 2017 between Cradle Arc Investments and ZCI governing their relationship as shareholders of Leboam. The Leboam Shareholders Agreement is conditional on, *inter alia*, the conclusion by Leboam of binding loan documents for aggregate funding commitments of no less than US\$40,000,000 on terms satisfactory to Cradle Arc Investments and ZCI. The Leboam Shareholders Agreement provides, *inter alia*, that the holders of each block of 15 per cent. of the issued shares of Leboam will be entitled to appoint one director of Leboam and the day-to-day affairs of Leboam will be managed by the managing director, the first of which will be Mark Jones and includes a list of matters reserved as requiring the approval of Cradle Arc Investments and ZCI. It further provides that if the funding requirements of Leboam are provided by way of loans by the shareholders these shall be in proportion to their shareholdings in Leboam and includes pre-emption and tag-along rights and a right of first refusal on a forced sale of shares.

6. Offtake Funding Agreement

Leboam and Fujax entered into a sale and purchase agreement for Mowana Sulphide Copper Concentrates and funding agreement dated 29 November 2016 and as amended on 20 December 2016 (which amendment added Cradle Arc Investments as a party) pursuant to which Leboam agreed to sell and Fujax agreed to buy 100 per cent. of the copper sulphide concentrate and/or further refined product from Mowana, including a minimum of 540,000 dry metric tonnes of concentrate (the Offtake Funding Agreement). Following the initial term, the Offtake Funding Agreement is renewable for a further period of five years and sets out maximum grades of various minerals expected to assay in the concentrate and provides for a minimum of 4,000 wet metric tons +/-10 per cent. of concentrate to be delivered per month from April 2018. The price per dry metric ton shall be based on annual benchmark terms and specified percentage payments less specified deductions. Deductions including refining charges, a marketing fee of 2.5 per cent. of final copper content and a royalty fee of 5 per cent. of final copper content are deductible from the delivered concentrate.

The Offtake Funding Agreement included terms for the funding to be provided by Fujax to Leboam. The terms of the sum of US\$1,000,000 to be loaned by Fujax to Leboam (the "First Advance") were further amended by the First Advance Agreement and the terms of the sums of US\$3,000,000 (the "Second Advance") and US\$20,000,000 (the "Third Advance") to be loaned by Fujax to Leboam were further amended by the Fujax Financing Agreement.

7. Fujax First Advance Agreement

An agreement dated 10 February 2017 between Leboam and Fujax pursuant to which Fujax advanced the First Advance of US\$1,000,000 to Leboam to recommence production. The First Advance Agreement is conditional, *inter alia*, on proof to the satisfaction of Fujax that the mining leases have or will be duly transferred from MCB to Leboam. Fujax has sole discretion to confirm if a drawdown request is acceptable. Repayment of the First Advance may be made by delivery of commodities, including copper concentrate in equal amounts over the first three months (or such longer period as may be agreed by Fujax in writing) during which the Mowana Copper Mine produces 12,000 tonnes of copper concentrate. In the event the First Advance has not been repaid within 13 months of first drawdown it will become repayable on demand by Fujax. The facility provided under the First Advance Agreement is uncommitted (the Directors have confirmed that this means that the funds will not be transferred to a designated account, but will be provided when a drawdown request is validly made) and Fujax's obligations to make any amount available to Leboam

are conditional on, *inter alia*, no event of default or any potential event of default having occurred under any of the transaction documents.

8. Fujax Financing Agreement

An agreement dated 28 February 2017 between Leboam and Fujax pursuant to which Fujax agreed to advance the Second Advance and the Third Advance. The agreement is conditional on, *inter alia*, Fujax being satisfied that the necessary funding for the refurbishment, development and upgrade of the Mowana Copper Mine is in place, Fujax being satisfied in respect of financial projections, production, the transfer of the Mowana Project and that the associated agreements are in place and incapable of being varied, cancelled, novated or supplemented, the ZCI security is released and registration of security over the assets registered in favour of Fujax and three full months production (12,000 tonnes) of concentrate. Fujax has sole discretion to confirm if a drawdown request is acceptable. The agreement also provides that Leboam will hold the proceeds of sale of commodities in a designated collection account over which Fujax has signing powers preventing any monies being released from this account without Fujax's written consent. Leboam further undertakes that it shall maintain the collateral coverage ratio of the security at 125 per cent. The facility is repayable over the first 20 months by delivery of minerals and thereafter on demand by Fujax which shall endeavour to extend the terms with its financiers so that interest shall only become due during the first 12 months from drawdown and that the capital shall be repayable in full 36 months from the first drawdown. Default interest is chargeable at the rate of 2 per cent. above the rate Fujax secures from its financiers, currently 13.5 per cent. Pursuant to the agreement, Leboam provides negative covenants, representations, warranties, undertakings and indemnities to Fujax that are customary to this type of agreement although these include an obligation to maintain the ratio of the debt owed of Leboam to the aggregate amount outstanding to Fujax under this agreement together with interest, fees, costs and default interest of 1:1 which effectively prevents Leboam from incurring any other debt (including any senior debt proposed to be raised).

9. Proposed Revised ZCI Debt Restructuring Arrangements

In late September 2017, the liquidator, Leboam and ZCI, agreed the terms of an accelerated restructuring process (the Revised ZCI Debt Restructuring), whereby Barak will provide a US\$12 million loan to Leboam on a secured basis, from which Leboam will transfer US\$10 million in cash to the liquidator (the Revised Leboam Payment) and US\$2 million to ZCI in cash. ZCI will convert US\$69 million of its existing debt into a 40 per cent. shareholding in Leboam and retain US\$8 million by way of a secured loan to Leboam, in addition to the US\$21 million unsecured loan (on the same terms as the ZCI Term Loan). The secured loans from Barak and ZCI will be provided on identical terms with a 9 month capital repayment moratorium and repayment over the following 24 months, with interest accruing at a rate of 13.5 per cent. per annum and payable monthly. In addition, Barak has agreed to simultaneously provide a secured working capital facility for Leboam for up to US\$3 million (the Barak Facility).

The revised debt restructuring and security transfer documentation is in the process of being drafted and therefore the proposed arrangements are not legally binding. Final legally binding documentation is currently expected to be entered into by early November 2017, following which, the Original ZCI Debt Restructuring will lapse and be superseded by the Revised ZCI Debt Restructuring, which will then complete and the Revised Leboam Payment will be made to the liquidator.

10. Mine Management Agreement

A mine management agreement dated 18 August 2016 between Cradle Arc and Leboam pursuant to which Cradle Arc agreed to provide management, technical and administrative services in relation to Mowana including general administration, geology and mineral exploration, mining, contract management and legal and company secretarial services for payments of 20 per cent. of Cradle Arc's corporate costs during the project phase of work required to design, build and commission Mowana and 1.5 per cent. of the total revenue of Leboam during the production phase following commissioning of Mowana. The Mine Management Agreement may be terminated by either party giving no less than 6 months' written notice to the other party.

11. DigMin Management Services Agreement (Botswana)

Details of this contract are set out in section 7 of Part V of this document.

12. PenMin Design, Build and Operator Agreement for the Mowana Copper Project

Details of this contract are set out in section 7 of Part V of this document.

PART V:
ADDITIONAL INFORMATION

1. Persons Responsible

- 1.1 Cradle Arc and its Directors whose names appear on page 5 of this document, accept responsibility for the information contained in this document, save for the information regarding the Concert Party, for which the members of the Concert Party are responsible, as referred to in paragraph 1.2 below. To the best of the knowledge and belief of Cradle Arc and the Directors (all of which have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and contains no omission likely to affect the import of such information.
- 1.2 The Concert Party (as described in Part III of this document and defined in Part VI of this document), accepts responsibility for the information contained in this document relating to the Concert Party. To the best of the knowledge and belief of the Concert Party (whose members have taken all reasonable care to ensure that such is the case), the information contained in this document relating to the Concert Party for which it is responsible is in accordance with the facts and contains no omission likely to affect the import of such information.

2. Incorporation and Registered Office

- 2.1 The Company was incorporated in England and Wales under the name Cue Energy PLC with registered number 05315922 on 17 December 2004. On 4 August 2008 the Company changed its name to Alecto Energy PLC and on 24 May 2011 the Company changed its name to Alecto Minerals PLC. On 17 October 2017, the Company changed its name to Cradle Arc plc pursuant to a board resolution.
- 2.2 The registered office of Cradle Arc is at 47 Charles Street, London W1J 5EL (telephone number +44 (0)20 7907 9316).
- 2.3 The principal legislation under which the Company operates, and under which the Ordinary Shares were created, is the Companies Act.

3. Directors' interests in Cradle Arc

- 3.1 The following table sets out the interests of the Directors and persons connected with them, within the meaning of sections 252-254 of the Companies Act, in the share capital of the Company as at the Latest Practicable Date and, the expected interests immediately following Completion, all of which are beneficial:

<i>Name</i>	<i>Number of Ordinary Shares held as at the Latest Practicable Date</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares to be held on Completion</i>	<i>Percentage of Enlarged Share Capital on Completion**</i>	<i>Number of Options held on Completion</i>
Toby Howell	1,425	0.01%	1,425	0.00%	16,666
Mark Jones*	314,463	1.37%	314,463	0.47%	289,328
Dominic Doherty	164,751	0.72%	164,751	0.24%	184,117
Roger Williams	–	–	–	–	–
Kevin van Wouw***	–	–	40,517,689	60.00%	–

* 216,237 shares are held by J Cubed Ventures Ltd of which Mr Jones is a director and beneficial owner.

** Assuming no new Ordinary Shares are issued between the date of this document and Completion save as set out in this document.

*** Held by PenMin (Botswana).

- 3.2 The interests of the Directors represent, in aggregate, approximately 2.09 per cent. of the Existing Ordinary Shares as at the Latest Practicable Date. Following Completion, the interests of the Directors are expected to represent, in aggregate, approximately 60.71 per cent. of the Enlarged Share Capital.
- 3.3 Save as set out in this paragraph 3, no Director has any interest in the share or loan capital of Cradle Arc.

4. New Director Options

- 4.1 There are a total of 877,853 options and warrants outstanding and, subject to the passing of the Resolutions and the subsequent Re-Admission, it is proposed to cancel, in aggregate, 490,111 Options being all of the existing Options held by Toby Howell, Mark Jones and Dominic Doherty and in conjunction with Re-Admission, to grant New Director Options to the Directors pursuant to the New Approved Option Scheme, representing 10 per cent. of the issued share capital following Re-Admission.
- 4.2 The New Director Options will be exercisable at the Issue Price, and will vest in three equal tranches being (i) on the first anniversary of Re-Admission, (ii) on the second anniversary of Re-Admission and then only exercisable when the 30 day volume weighted average price of the Ordinary Shares is over two times the Issue Price, and (iii) on the third anniversary of Re-Admission and then only exercisable when the 30 day volume weighted average price of the Ordinary Shares is over three times the Issue Price. All of the New Director Options shall expire seven years from their respective vesting dates.

5. Dealing Disclosures

- 5.1 Save as set out below, there have been no dealings in relevant securities of the Company by the Company or its Directors, their immediate family members or persons connected with them during the disclosure period:
- 5.1.1 On 23 August 2017, 186,964 new Ordinary Shares were issued to Mark Jones pursuant to the Deferred Remuneration Payments, at an effective value of 31.22 pence per share.
- 5.1.2 On 23 August 2017, 79,714 new Ordinary Shares were issued to Dominic Doherty pursuant to the Deferred Remuneration Payments, at an effective value of 31.22 pence per share.
- 5.2 At the close of business on the Latest Practicable Date, save as set out in this section 5 of this Part V of this document:
- 5.2.1 none of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) has any interest in or a right to subscribe for, or has any short position in relation to any relevant securities of the Company;
- 5.2.2 no person acting in concert with the Company has any interest in, or right to subscribe for, or had any short position in relation to any relevant securities of the Company; and
- 5.2.3 none of the Directors (including any members of their respective immediate families, related trusts or connected persons) nor any person acting in concert with the Company nor the Company has borrowed or lent any relevant securities of the Company, save for any borrowed shares which have either been on-lent or sold.
- 5.3 Save as set out in Part III of this document, as at the close of business on the Latest Practicable Date, neither the Company nor any Director or any of their close relatives or related trusts has any interest in the relevant securities of any member of the Concert Party or any right to subscribe for relevant securities in any member of the Concert Party or any short position (including any short position under any derivative), any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of any relevant securities of any member of the Concert Party.
- 5.4 Save as set out in section 6 of Part III of this document, there have been no dealings in relevant securities of the Company by any member of the Concert Party, directors of Concert Party members (where applicable), or persons acting in concert with them during the disclosure period.

5.5 At the close of business on the Latest Practicable Date, save as set out in Part III and Table 1 of Part I of this document, no member of the Concert Party, persons acting in concert with them (including any members of their respective immediate families, related trusts or connected persons) nor any director of any Concert Party member (as applicable) has:

5.5.1 any interest in, or right to subscribe for, or has any short position in relation to any relevant securities of the Company (including any short position under any derivative);

5.5.2 any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of any relevant securities of the Company; and

5.5.3 borrowed or lent any relevant securities of the Company (excluding any borrowed relevant securities which have either been on lent or sold).

5.6 In paragraphs 5.1 to 5.5 above, reference to:

(a) **“acting in concert”** has the meaning attributed to it in the City Code;

(b) **“arrangement”** includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

(c) **“associate”** of any company means, unless otherwise stated:

(i) its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);

(ii) connected advisers and persons controlling, controlled by or under the same control as such connected advisers;

(iii) the directors (together with their close relatives and related trusts) of the company or any company covered in sub-section (i);

(iv) the pension fund of the company or any company covered in sub-section (i) above; and

(v) an investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;

(d) **“connected adviser”** has the meaning attributed to it in the City Code;

(e) **“control”** means an interest, or interests, in shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or holdings give(s) *de facto* control;

(f) **“dealing”** has the meaning attributed to it in the City Code;

(g) **“derivative”** has the meaning attributed to it in the City Code;

(h) **“disclosure period”** means the period beginning on 26 October 2016, being the date 12 months prior to the posting date of this document and ending on 26 October 2017 (being the latest practicable date prior to the publication of this document);

(i) **“interest”** or **“interests”** in relevant securities shall have the meaning given to it in the City Code and references to interests of the members of the Concert Party or interests of the directors of the Concert Party in relevant securities shall include all interests of any other person whose interests in shares Concert Party Directors are taken to be interested in pursuant to Part 22 of the Act;

(j) **“relevant securities”** comprise the equity share capital of either Cradle Arc or any member of the Concert Party (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including trading options) in respect thereof, as appropriate; and

(k) **“short position”** means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative.

5.7 Set out below are the closing middle market quotations for the Ordinary Shares on:

(i) the first Business Day of each of the six months preceding the date of this document; and

- (ii) 26 October 2017, being the Latest Practicable Date prior to the posting of this document, as derived from the AIM appendix of the Daily Official List of the London Stock Exchange (prior to the cancellation of the admission to trading of the Ordinary Shares on AIM on 11 July 2017):

<i>Date</i>	<i>Price per Ordinary Share</i>
1 May 2017	suspended
1 June 2017	suspended
3 July 2017	suspended
1 August 2017	N/A
1 September 2017	N/A
2 October 2017	N/A
26 October 2017	N/A

6. Directors' Terms of Appointment

6.1 Existing arrangements

Save as referred to in this document, there are no service agreements or letters of appointment, existing or proposed between any Director and the Company that have been entered into or varied within six months prior to the date of this document. There are no existing or proposed service agreements or letters of appointment between the Company and any of the Directors which do not expire or are not determinable by the Company without payment of compensation within 12 months immediately preceding the date of this document:

Mr Howell was appointed as a director of the Company on 6 April 2006 and he currently holds the position of Non-Executive Chairman. Mr Howell entered into a letter of appointment with the Company dated 23 March 2011 and effective from 1 January 2011. The appointment was, subject to the Articles, for an initial term of 12 months unless terminated by either party by giving the other 6 months' written notice and renewable by the Board inviting Mr Howell to serve an additional period. In accordance with the letter of appointment Mr Howell is required to spend 2 days per month on work for the Company and is paid an annual fee of £38,000. Mr Howell's terms of employment will remain the same following Completion and him assuming the role of Non-Executive Director.

Mr Jones was appointed as a director of the Company and entered into a letter of appointment on 2 October 2013 and he holds the position of Chief Executive Officer. The appointment was for an initial term of 12 months, in accordance with the Articles of Association of the Company, unless terminated by either party by giving of at least 1 month's written notice. In accordance with the letter of appointment Mr Jones spends 2 days per month on work for the Company and is paid an annual fee of £30,000. In addition, the Company entered into a consultancy agreement with J Cubed Ventures Limited, a company of which Mr Jones is a director and shareholder, on 2 October 2013 pursuant to which J Cubed Ventures Ltd agreed to provide the services of Mr Jones to the Company. Under the agreement the consultancy services continue unless terminated by mutual consent or by not less than three months' written notice, and it was envisaged that Mr Jones will provide 144 service days per annum. Pursuant to this agreement the Company pays J Cubed Ventures Ltd a daily fee of no less than £833 upon submission of monthly invoices. On 11 September 2017, by mutual consent, the consultancy agreement with J Cubed Ventures Ltd was terminated. Mr Jones is currently negotiating a new letter of appointment on terms that match the remuneration of his original appointment and consultancy.

Mr Doherty was appointed as a director of the Company on 8 July 2014 and he holds the position of Operations Director. Mr Doherty entered into a service agreement with the Company dated 1 October 2013. The service agreement is terminable by either party giving the other 6 months' written notice. In accordance with the service agreement Mr Doherty devotes the whole of his working time and attention to the business of the Group and is paid a salary of £108,000 per annum together with full medical insurance and 2 economy class flights per annum for Mr Doherty, his wife and dependants when he is not based in the United Kingdom. The Company may, at the absolute discretion of the Company, award an annual bonus capped at 25 per cent. of Mr Doherty's salary.

Mr Williams was appointed as a director of the Company on 8 June 2017 and holds the position of Non-Executive Director. Mr Williams entered into a letter of appointment with the Company dated

8 June 2017. The letter of appointment is terminable by either party giving the other 3 months' written notice. In accordance with the letter of appointment Mr Williams will spend 2 days per month on work for the Company and is paid an annual fee of £38,000.

Mr van Wouw was appointed as a director of the Company on 26 September 2017 and holds the position of Non-Executive Director. Mr van Wouw entered into a letter of appointment with the Company dated 27 September 2017. The letter of appointment is terminable by either party giving the other 3 months' written notice. In accordance with the letter of appointment Mr van Wouw will spend 2 days per month on work for the Company and will be paid an annual fee of £38,000.

6.2 **New arrangements**

Mr van Wouw will assume the role of Executive Chairman upon Completion, and has entered into terms of appointment with Cradle Arc that will apply from Completion. His existing letter of appointment regarding his role as Non-Executive Director will be terminated. Effective from Completion, Mr van Wouw will enter into a letter of appointment with the Company, which will be terminable by either party giving the other 6 months' written notice. In accordance with the letter of appointment Mr van Wouw will devote the whole of his working time and attention to the business of the Group and will be paid an annual fee of £181,000.

Save as set out in this paragraph 6, no Directors have entered into any new service contracts or agreements with Cradle Arc in the six months preceding the date of this document.

7. **Material Contracts of the Enlarged Group**

Set out below is a summary of: (i) each material contract (other than a contract entered into in the ordinary course of business) to which Cradle Arc or any member of the Cradle Arc Investments Group is or has been a party within the two years immediately preceding the date of this document which is, or may be, material to Cradle Arc, or following Completion, the Enlarged Group; and (ii) any other contract (other than a contract entered into in the ordinary course of business) that has been entered into by Cradle Arc or any member of the Cradle Arc Investments Group which contains any provision under which Cradle Arc or any member of the Cradle Arc Investments Group (respectively) has any obligation or entitlement which is, or may be, material to Cradle Arc, the Cradle Arc Investments Group or, following Completion, the Enlarged Group as at the date of this document, or (iii) are subsisting agreements which are included within or which relate to the mineral assets and liabilities of the Cradle Arc Investments Group (notwithstanding whether such agreements are within the ordinary course of business or were entered into outside of the two years immediately preceding the publication of this document) and are, or may be, material. For information on the Cradle Arc Investments Group's mining and prospecting licences, please refer to Part II of this document.

7.1 **Cradle Arc**

(a) *Amended Acquisition Agreement*

A summary of the Amended Acquisition Agreement is set out in Part IV of this document.

(b) *Relationship Agreement*

On 25 October 2017, Cradle Arc, Strand Hanson and certain members of the Concert Party entered into the Relationship Agreement which will regulate the ongoing relationship between the Company and the Concert Party. The principal purpose of the Relationship Agreement is to ensure that the Company is capable of carrying on its business independently of the Concert Party and that transactions and relationships between the Concert Party and the Company are at arm's length and on normal commercial terms.

Under the Relationship Agreement, the members of the Concert Party have undertaken, for so long as they and their associates together are entitled to exercise or control the exercise of the equivalent of 20 per cent. or more of the voting rights of the Ordinary Shares, that:

- (i) the members of the Concert Party shall have the right to appoint one director unless the aggregate shareholding of the members of the Concert Party and any parties connected with them is less than 20 per cent. of the issued share capital of the Company in which case the right to nominate a director will cease;

- (ii) the parties shall procure that all transactions and relationships between the Company and members of the Concert Party or any of their associates are conducted at arm's length and on normal commercial terms; and
 - (iii) not to take certain actions, such as the adoption or variation of the corporate governance regime, the appointment or removal of a director(s) or, following Re-Admission, to seek the cancellation of the admission to trading of the Ordinary Shares on AIM or any other stock exchange on which the Ordinary Shares are listed.

- (c) *DigMin Agreement for Services (Zambia)*

On 20 November 2015, the Company entered into an agreement for services with DigMin pursuant to which DigMin agreed to provide services to the Company comprising mining services, exploration drilling and infrastructure development in respect of the Matala Project on a cost plus basis at a rate based on proven costs plus 10 per cent. net of all taxes. The DigMin Agreement for Services shall continue for an initial period of 24 months from the date of the agreement and thereafter until terminated by either party on 6 months' written notice.

- (d) *Cradle Arc Investments Loan Facility*

A loan agreement dated 17 January 2017 and amended by letter agreement dated 7 August 2017 between Cradle Arc and Cradle Arc Investments pursuant to which Cradle Arc agreed to loan the sum of US\$3,000,000 to Cradle Arc Investments. No interest is chargeable on the loan and the loan is repayable by Cradle Arc giving at least 30 days' prior notice or no later than 5 years after the date of the agreement. The loan is repayable immediately upon the occurrence of an event of default.

- (e) *Tamesis Engagement Letter*

An engagement letter between the Company and Tamesis dated 23 October 2017 pursuant to which Tamesis were appointed as financial adviser and broker in relation to the placing to raise approximately £3 million. The engagement is for the period of 6 months unless extended or terminated earlier by mutual written agreement. Under the engagement letter, Tamesis is entitled to a commission of 5 per cent. on all subscriptions from investors procured by Tamesis and a commission of 2.5 per cent. on all subscriptions from investors procured by third parties.

- (f) *Strand Hanson Engagement Letter*

An engagement letter between the Company and Strand Hanson dated 21 December 2016, as amended on 11 October 2017, pursuant to which Strand Hanson were appointed as financial adviser in relation to the Whitewash and Re-Admission. Pursuant to the engagement letter, Strand Hanson is entitled to £200,000, to be settled by the issue of 1,000,000 new Ordinary Shares, at 20 pence per share, satisfying services provided during 2017 and advice in relation to the Whitewash. Strand Hanson is also entitled to an additional cash fee following Re-Admission.

- (g) *Kossanto East Sale Agreement*

An agreement dated 3 August 2017 between the Company and Ashanti Gold Corp. ("Ashanti") pursuant to which the Company sold the Kossanto East Project to Ashanti for the sum of C\$1,000,000 of which US\$500,000 was paid to the Company as a loan pending the transfer of the Kossanto East licence following which the loan would be terminated. The balance of the C\$1,000,000 consideration was payable on or before 18 August 2017. In addition the Company was granted a 1.5 per cent. net smelter royalty on future production from the Kossanto east Project provided that Ashanti may at any time purchase some or all of the royalty by paying \$100,000 to the Company for each 0.1 per cent. of the royalty purchased. Each of Cradle Arc and Ashanti confirmed the representations and warranties under the existing Ashanti option agreement.

(h) *Luiru Acquisition Agreement*

On 20 November 2015, the Company, C3W and Schindlers Trust as trustee of CNG entered into an agreement for Cradle Arc to acquire the entire issued share capital of Luiru Limited, the ultimate holding company of Luiru Gold Mines Limited which is the holder of the Matala Project for the sum of £100,000 in cash and the allotment and issue of 943,750,000 Ordinary Shares and the Deferred Matala Consideration. C3W and Schindlers Trust provided warranties relating to power, finance, corporate, subsidiaries and the Matala Project as well indemnities relating to taxation and the Company provided warranties relating to power, finance and the Ordinary Shares to be issued as consideration.

(i) *Existing Relationship Agreement*

On 20 November 2015, Cradle Arc, C3W, Schindlers Trust and Strand Hanson entered into a relationship agreement to regulate the ongoing relationship between the Company and C3W and Schindlers Trust to ensure that the Company is capable of carrying on its business independently of C3W and Schindlers Trust and that transactions and relationships between C3W and Schindlers Trust and the Company are at arm's length and on normal commercial terms. Under the relationship agreement, C3W and Schindlers Trust as trustee of CNG undertook, for so long as they hold more than 20 per cent. of the voting rights of the Ordinary Shares, that:

- (a) C3W and Schindlers Trust as trustee of CNG shall have the right to appoint one director unless the aggregate shareholding of C3W and Schindlers Trust as trustee of CNG and any parties connected with them is less than 20 per cent. of the issued share capital of the Company in which case the right to nominate a director will cease;
- (b) the parties shall procure that all transactions and relationships between the Company and C3W and Schindler's Trust as trustee of CNG are conducted at arm's length and on normal commercial terms; and
- (c) to allow the Board to act in the best interests of all Shareholders and not to take certain actions, such as preventing the remuneration and audit committees from being capable of acting independently, the appointment or removal of a director(s) and, following Re-Admission, seek the cancellation of the admission to trading on AIM of the Ordinary Shares or the delisting from any other stock exchange, as appropriate.

(j) *January 2017 Convertible Loan Notes*

The Company constituted a convertible loan note instrument dated 16 January 2017 pursuant to which the Company created the January 2017 Convertible Loan Notes (the "**January 2017 Convertible Loan Note Instrument**"). Pursuant to the terms of the January 2017 Convertible Loan Note Instrument, interest is payable on the January 2017 Convertible Loan Notes at the rate of 20 per cent. per annum which was paid upfront by the issue of 301,886,792 Ordinary Shares at a price of 0.06625 pence per Ordinary Share. The January 2017 Convertible Loan Notes are repayable on 31 December 2018. The January 2017 Convertible Loan Notes are unsecured.

The January 2017 Convertible Loan Notes shall be redeemed by the Company paying to the noteholders of the January 2017 Convertible Loan Notes (the "**January 2017 Noteholders**") the sum of the loan outstanding on 31 December 2018. Prior to that, the Company may only redeem the January 2017 Convertible Loan Notes by giving not less than three Business Days' written notice to the January 2017 Noteholders at any time after the 10 trading days immediately following Re-Admission of the Company's shares to trading on AIM that it wishes to redeem all or part of the January 2017 Convertible Loan Notes then in issue. The January 2017 Convertible Loan Notes will become repayable immediately upon written demand by the January 2017 Noteholders upon an event of default.

A January 2017 Noteholder may elect by giving notice in writing to the Company at any time prior to 31 December 2018, but not prior to Re-Admission, to require the repayment of all or part of the January 2017 Convertible Loan Notes then outstanding by issuing the January 2017

Noteholder Ordinary Shares at the Conversion Price. For the purposes of this paragraph, the “Conversion Price” shall mean (a) during the first 10 trading days following Re-Admission of the shares of the Company to trading on AIM the lower of (i) the closing price per Ordinary Share on the trading day immediately after Re-Admission (the “**Fixed Price**”); and (ii) 75 per cent. 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**”); and (b) at any time after that period the Floating Price.

(k) *June 2017 Convertible Loan Notes*

The Company constituted a convertible loan note instrument dated 2 June 2017 pursuant to which the Company created the June 2017 Convertible Loan Notes (the “**June 2017 Convertible Loan Note Instrument**”). Pursuant to the terms of the June 2017 Convertible Loan Note Instrument, interest is payable on the June 2017 Convertible Loan Notes at the rate of 20 per cent. per annum which was paid upfront by the issue of 241,509,434 Ordinary Shares at a price of 0.06625 pence per Ordinary Share. The June 2017 Convertible Loan Notes are repayable six months after the date of the June 2017 Convertible Loan Note Instrument. The June 2017 Convertible Loan Notes are unsecured.

The June 2017 Convertible Loan Notes shall be redeemed by the Company paying to the holders of the June 2017 Convertible Loan Notes (the “**June 2017 Noteholders**”) the sum of the loan outstanding on 2 December 2017. Prior to that, the Company may only redeem the June 2017 Convertible Loan Notes by giving not less than three Business Days’ written notice to the June 2017 Noteholders at any time after the 10 trading days immediately following Re-Admission of the Company’s shares to trading on AIM that it wishes to redeem all or part of the June 2017 Convertible Loan Notes then in issue. The June 2017 Convertible Loan Notes will become repayable immediately upon written demand by the June 2017 Noteholders upon an event of default.

A June 2017 Noteholder may elect by giving notice in writing to the Company at any time prior to 2 December 2017, but not prior to Re-Admission, to require the repayment of all or part of the June 2017 Convertible Loan Notes then outstanding by issuing to the June 2017 Noteholder that number of Ordinary Shares at the Conversion Price. For the purposes of this paragraph, the “Conversion Price” shall mean (a) during the first 10 trading days following Re-Admission of the shares of the Company to trading on AIM the lower of (i) the closing price per Ordinary Share on the trading day immediately after Re-Admission (the “**Fixed Price**”); and (ii) 80 per cent. 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**”); and (b) at any time after that period the Floating Price.

(l) *October 2017 Convertible Loan Notes*

The Company entered into convertible loan note instruments in late October 2017 pursuant to which the Company created the October 2017 Convertible Loan Notes (the “**October 2017 Convertible Loan Note Instruments**”). Pursuant to the terms of the October 2017 Convertible Loan Note Instruments, a fee is payable on the October 2017 Convertible Loan Notes at the rate of 25 per cent. of the aggregate amount of the October 2017 Loan Notes to be paid upfront by the issue of up to 6,250,000 Ordinary Shares at a price of 20 pence per Ordinary Share. The October 2017 Convertible Loan Notes are repayable on 31 December 2018. The October 2017 Convertible Loan Notes are unsecured.

The October 2017 Convertible Loan Notes shall be redeemed by the Company paying to the noteholders of the October 2017 Convertible Loan Notes (the “**October 2017 Noteholders**”) the sum of the loan outstanding on the 31 December 2018. Prior to that, the Company may only redeem the October 2017 Convertible Loan Notes by giving not less than three Business Days’ written notice to the October 2017 Noteholders that it wishes to redeem all or part of the October 2017 Convertible Loan Notes then in issue. The October 2017 Convertible Loan Notes will become repayable immediately upon written demand by the October 2017 Noteholders upon an event of default.

The October 2017 Loan Notes will convert automatically on Re-Admission or by a October 2017 Noteholder giving notice in writing to the Company at any time prior to 31 December 2018 to require the repayment of all or part of the October 2017 Convertible Loan Notes then outstanding by issuing to the October 2017 Noteholder Ordinary Shares at the Conversion Price. For the purposes of this paragraph, the "Conversion Price" shall mean (a) in the case of automatic conversion the lower of (i) 20 pence per Ordinary Share; and (ii) the price per Ordinary Share at which the Company raises funds at the time of the Re-Admission or, if less, the price per Ordinary Share at which the Company raises funds prior to Re-Admission; (b) in the case of conversion pursuant to a conversion notice, 20 pence; and (c) if the Company's acquisition of Cradle Arc Investments has not completed within 3 months of the date of issue of the October 2017 Loan Notes, or if Re-Admission has not occurred within 6 months of the date of issue of the October 2017 Loan Notes, the price of 10 pence per Ordinary Share in which case the October 2017 Loan Notes shall remain as a debt instrument of the Company and interest shall accrue from that point at a rate of 15 per cent. per annum.

7.2 **Cradle Arc Investments Group**

(a) *DigMin Management Services Agreement (Botswana)*

On 12 April 2017, Leboam entered into a management services agreement with DigMin pursuant to which DigMin will provide management services and technical assistance to Leboam in relation to the Mowana Project during the initial start-up phase, including plant commissioning and mine re-design, following which it is anticipated that Leboam will enter into a mining services agreement with DigMin. The services will be provided on a cost-plus basis with a fixed monthly mark-up equating to ten per cent. net of local taxes on all verifiable reasonable direct costs incurred by DigMin in the provision of the management services.

(b) *PenMin Design, Build and Operate Agreement for the Mowana Copper Project*

An agreement for the design, build and operation of a 2.4Mtpa copper processing plant at the Mowana Copper Mine dated 30 January 2017 between Leboam and PenMin pursuant to which PenMin agreed to design, build and operate the DMS plant for the Mowana Copper Mine. PenMin will be paid on a cost-plus 10 per cent. basis with a guideline sum of US\$20,000,000 for the design and build of the plant, and estimated operating fees of US\$182,000 per month (fixed) and US\$3.91 per tonne processed (variable) once the DMS plant is commissioned. The agreement is based on the FIDEC Gold Book, 2008, and sets out detailed parameters with a time for completion of the design-build phase of 365 days and a period for notification of errors, faults and other defects of 365 days. The agreement includes provision for a performance security of 10 per cent. An advance payment of 15 per cent. of the accepted contract amount is payable. There is a bonus/incentive arrangement for early delivery and a 4 per cent. increase in the fixed part of the operational fee for every percentage increase in the recovery greater than 85 per cent.

(c) Details of other material contracts of the Cradle Arc Investments Group are set out in Part III of this document. Save as set out in Part III of this document and above, the Cradle Arc Investments Group has not entered into any contracts that are material.

8. **Litigation and Arbitration**

- 8.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Cradle Arc is aware) covering at least the 12 months preceding the date of this document which may have, or have had a significant effect on Cradle Arc's financial position or profitability.
- 8.2 As a result of its dissatisfaction with Giant Transport's performance and non-delivery of equipment in accordance with its contract and subsequent abandonment of its contract without notice, Leboam is considering litigation proceedings in the High Court of Botswana against Giant Transport due to, *inter alia*, the resultant loss of revenue. Leboam believes that its potential damages amount to a total of US\$10.5 million. Giant Transport has invoiced a total of US\$2,424,541 for its services, of which US\$408,962 remains unpaid and is disputed by Leboam.

- 8.3 An action has been brought against the Group in Zambia by David Chikopa Sokotela against Imperial Goldrich Zambia Limited and Luri Gold Mines Ltd under cause number 2008/HP/0134.

The area of dispute does not affect the Group's proposed operational areas of the Matala Project and therefore the outcome of the case will not affect the Group's development plans. In addition, the Matala Project does not cover the disputed area with regards the Sokotela case. Accordingly, the Directors are of the view that the risk associated with this case appears to be financial, rather than one that will affect the current physical operations of the Group in respect of the Matala Project.

- 8.4 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Cradle Arc is aware) covering the 12 months preceding the date of this document which may have, or have had a significant effect on the Cradle Arc Investments Group's financial position or profitability.

9. Consents

- 9.1 Strand Hanson has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they appear.
- 9.2 Wardell Armstrong has given and has not withdrawn its written consent to the inclusion in this document of its name and references to it in the form and context in which they appear and to the publication of the CPR.

10. General

- 10.1 The financial information contained in this document which relates to Cradle Arc does not constitute full statutory accounts as referred to in section 434 of the Companies Act.
- 10.2 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 10.3 Except as disclosed in this document, no exceptional factors have influenced the Company's activities.
- 10.4 Except as disclosed in this document, there have been no significant authorised or contracted capital commitments at the Latest Practicable Date.

11. Availability of this document and other display documents available for inspection and information incorporated by reference

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the Company's registered office until the conclusion of the General Meeting, and also on the Company's website at www.alectominerals.com.

- this document;
- the form of proxy;
- the memorandum and articles of association (to the extent applicable) of the Company and each of the members of the Concert Party;
- the Articles, marked to show the proposed amendments pursuant to Resolution 3;
- the consolidated audited accounts for the Company for the two financial years ended 31 December 2015 and 31 December 2016;
- the consolidated audited accounts for C3W for the two financial years ended 31 December 2014 and 31 December 2015;
- the material contracts referred to in paragraph 7 of Part V of this document relating to the Proposals;
- the Competent Person's Report prepared by Wardell Armstrong; and
- the consents referred to in paragraph 9 of Part V of this document.

11.1 **Information incorporated by reference:**

Pursuant to Rule 24.15 of the Code, the following information has been incorporated in this document by reference:

<i>Information</i>	<i>Hyperlink</i>	<i>Pages</i>
Cradle Arc's audited results for the year ended 31 December 2015 (financial statements and notes)	http://www.alectominerals.com/investors/documents/Alecto%20Minerals%20Plc%20Accounts%202015.pdf	18-55
Cradle Arc's audited results for the year ended 31 December 2016 (financial statements and notes)	http://www.alectominerals.com/investors/documents/Alecto%20Minerals%20Plc%20Accounts_2016.pdf	15-50
C3W's audited results for the year ended 31 December 2014 (financial statements and notes)	http://www.alectominerals.com/investors/documents/C3W%20Accounts_2014.pdf	6-30
C3W's audited results for the year ended 31 December 2015 (financial statements and notes)	http://www.alectominerals.com/investors/documents/C3W%20Accounts_2015.pdf	7-35
Competent Person's Report prepared by Wardell Armstrong, containing an asset valuation for the Mowana Copper Mine	http://www.alectominerals.com/investors/documents/CPR%20Alecto%202017%20Final%20V6.0.pdf	Entire Document
Economic appraisal (asset valuation)		98-108

Shareholders or other recipients of this document may request a hard copy of the above information incorporated by reference from the Company at its registered office, 47 Charles Street, London W1J 5EL or by telephoning +44 (0)20 7499 5881. Such copy will be provided to the requester within 7 days. A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless specifically requested.

Dated 27 October 2017

PART VI:

DEFINITIONS AND GLOSSARY

2015 Convertible Loan Notes	the US\$800,000 non-interest bearing convertible unsecured loan notes due 20 November 2020, which have subsequently been converted, in full, into Ordinary Shares;
Acquisition	the proposed acquisition of the entire issued share capital of Cradle Arc Investments by Cradle Arc pursuant to the terms and conditions of the Amended Acquisition Agreement;
AIM	the AIM market of the London Stock Exchange;
AIM Rules	the London Stock Exchange's rules and guidance notes contained in its "AIM Rules for Companies" publication relating to companies whose securities are traded on AIM, as amended from time to time;
Amended Acquisition Agreement	the conditional amended and restated acquisition agreement entered into between the Vendor, Cradle Arc and Cradle Arc Investments dated 26 September 2017 and as further amended on 24 October 2017;
Articles	the articles of association of the Company as at the date of this document;
Ashanti	Ashanti Gold Corp.;
Ashanti Option Agreement	the option agreement, dated 16 November 2016, between Cradle Arc and Ashanti that governed the terms of the Kossanto East JV;
Barak	Barak Fund Management, a company registered in Mauritius with company registration number 83597 which is regulated by the Mauritian Financial Services Commission;
Barak Facility	the US\$3 million secured working capital loan facility, expected to be provided to Leboam by Barak;
Board	the board of directors of Cradle Arc from time to time;
Botswana	the Republic of Botswana;
Botswana Stock Exchange or BSE	the national stock exchange of Botswana;
Business Day	a day (other than a Saturday, Sunday or a UK public holiday) on which clearing banks are generally open for business in the City of London for the transaction of normal commercial business;
C3W	C3W Limited, a Mauritian trust company in which Mr Gerald Chapman is beneficially interested;
CAD or C\$	means Canadian dollars, being the lawful currency of Canada;
Caracal	Caracal Gold Mali SARL, a wholly owned subsidiary of the Company;
Cash Consideration	a cash sum of £1 million due to the Vendor following the Company raising, in aggregate, £5 million (gross) either on or prior to Re-Admission;

City Code	the UK City Code on Takeovers and Mergers;
CNG	CNG Trust, a discretionary trust governed by the laws of the Island of Jersey, of which Schindlers Trust is the trustee;
Companies Act or Act	the Companies Act 2006, as amended;
Company or Cradle Arc	Cradle Arc PLC, a public limited company incorporated in England and Wales with registered number 05315922, formerly known as Alecto Minerals plc;
Competent Person or Wardell Armstrong	Wardell Armstrong International Ltd, being the independent technical consultant appointed by the Company;
Competent Person's Report or CPR	the report prepared by the Competent Person in respect of the Enlarged Group's mineral resources, which was published on 10 August 2017 and is incorporated by reference into this document;
Completion	completion of the Acquisition, which will occur following the issue of the Consideration Shares pursuant to the terms of the Amended Acquisition Agreement;
Concert Party	Kevin van Wouw, PenMin (Botswana), PenMin, PenMin EBT, Gerald Chapman, C3W, CNG and Schindlers Trust;
Consideration Shares	such number of New Ordinary Shares to be issued by the Company to the Vendor pursuant to the Amended Acquisition Agreement representing 60 per cent. of the enlarged share capital on Completion following a fundraise of £5 million;
Cora Gold	Cora Gold Limited;
Cradle Arc Group or Group	Cradle Arc and its subsidiaries;
Cradle Arc Investments	Cradle Arc Investments (Proprietary) Limited, a company incorporated in Botswana with registered number 2016/7916 and being a wholly-owned subsidiary of the Vendor prior to Completion;
Cradle Arc Investments Group	Cradle Arc and its subsidiary, Leboam;
Cradle Arc Investments Loan Facility	the loan of up to US\$3 million made to Cradle Arc Investments by Cradle Arc, which was used to fund the recommencement of operations at the Mowana Copper Mine;
Deferred Matala Consideration	£307,500 of deferred consideration relating to the Acquisition of Matala by Cradle Arc in 2015, which was settled in full by the issue of 854,166 new Ordinary Shares on 23 August 2017;
Deferred Remuneration Payments	the £101,378.56 of deferred remuneration for management, which was accrued and settled in full by the issue of 510,080 new Ordinary Shares on 23 August 2017;
DigMin	DigMin Group (Pty) Ltd;
Directors	the directors of Cradle Arc at the date of this document, being Toby Howell, Mark Jones, Dominic Doherty, Roger Williams and Kevin van Wouw;
DMS	dense media separation process route pre-concentration plant upgrades;

Dunrobin	the historical gold mine located approximately 120km from Lusaka in Zambia;
Enlarged Group	the Group as enlarged by the Acquisition;
Enlarged Share Capital	the Ordinary Shares in issue on Completion, comprising the Existing Ordinary Shares, the October 2017 CLN Fee Shares and the Consideration Shares;
Excluded Territories	Australia, Canada, Dubai International Financial Centre, Guernsey, Jersey, Japan, Malaysia, New Zealand, Singapore, Switzerland, The Republic of South Africa and the United States and any jurisdiction where the availability of this document would breach any applicable laws or regulations and Excluded Territory shall mean any of them;
Existing Ordinary Shares	the 22,949,293 Ordinary Shares in issue as at the date of this document;
Existing Shareholders	the Shareholders as at the date of this document;
FCA	the Financial Conduct Authority;
FIDIC Gold Book	International Federation of Consulting Engineers ‘Gold Book’, 2008, standards for the process plant and associated infrastructure;
Form of Proxy	the form of proxy for use at the General Meeting;
FSMA	the UK Financial Services and Markets Act 2000, as amended;
Fujax	Fujax Minerals and Energy Limited, a company incorporated in the Seychelles, with registered offices at Unit 117, Orion Mall, Palm Street, Mahé, Seychelles;
Fujax Financing	the conditional US\$20.0 million financing to be provided to Leboam by Fujax pursuant to the Offtake Funding Agreement and the Fujax Financing Agreement, which was originally intended to be used to settle the Leboam Payment;
Fujax Financing Agreement	the conditional financing agreement between Leboam and Fujax dated 28 February 2017;
GDP	gross domestic product;
General Meeting	the general meeting of Cradle Arc to be held at the offices of Michelmores LLP, 12th Floor, 6 New Street Square, London EC4A 3BF, at 11.00 a.m. on 13 November 2017, notice of which is set out in the “Notice of General Meeting” at the end of this document;
Giant Transport	Strategic Outcome Proprietary Limited, trading as Giant Transport Holdings Limited;
Gourbassi East	the mineralised zone with significant gold grades located within the Kossanto East Project;
Gourbassi West	the mineralised zone with significant gold grades located within the Kossanto East Project, approximately 3.7km northwest of Gourbassi East;
Group	the Company together with its subsidiaries;

Human Development Index	the United Nations' human development index;
IRR	internal rate of return;
ISIN	International Securities Identification Number;
Issue Price	the price at which the new Ordinary Shares are issued in the proposed Placing in conjunction with Re-Admission;
Independent Shareholders	for the purpose of the Rule 9 Waiver, all Shareholders save for the members of the Concert Party and Directors who hold Ordinary Shares and who are being issued New Director Options pursuant to the New Approved Option Scheme and are therefore deemed to be interested in the Proposals and not considered to be independent;
January 2017 Convertible Loan Notes	the £1 million 20 per cent. convertible unsecured loan notes due 31 December 2017, a summary of the principal terms of which is set out in paragraph 7 of Part V of this document;
JORC Code	the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia;
June 2017 Convertible Loan Notes	the £0.8 million 20 per cent. convertible unsecured loan notes due 2 December 2017, a summary of the principal terms of which are set out in paragraph 7 of Part V of this document;
Karan Gold Project	the 250km ² gold project located in the Mali Birimian greenstone belt;
Karan JV	the joint venture agreement, dated 11 May 2016, between Newmines and Cora Gold, in relation to the Karan Gold Project;
Kerboulé or Kerboulé Gold Project	the exploration project covering 399.5km ² located in the Birimian-age Djibo gold belt in northern Burkina Faso;
Kobokoto Est	one of the two exploration permits located at the Kossanto West Project in Mali;
Kossanto East or Kossanto East Project	the single exploration permit of Farikounda in Mali covering 66.41km ² located in the felsic volcanic rocks between the two major regional structures, the Main Transcurrent Shear Zone and the Senegal-Malian Fault;
Kossanto East JV	the historical joint venture partnership, pursuant to the terms of the Ashanti Option Agreement, between Cradle Arc and Ashanti with respect to Kossanto East;
Kossanto Gold Project	together, Kossanto East and Kossanto West;
Kossanto West or Kossanto West Project	the 137km ² exploration project in Mali, consisting of the Kobokoto Est and Koussikoto permits, located on the Main Transcurrent Shear Zone;
Kossanto West JV	the joint venture agreement, dated 29 January 2016, between Caracal and Randgold Resources with respect to Kossanto West;
Kossanto West JV Committee	the committee formed on completion of the Kossanto JV, comprising three representatives from Randgold Resources and one from Cradle Arc, to manage the Kossanto JV;

Koussikoto	one of the two exploration permits located at the Kossanto West Project;
Latest Practicable Date	26 October 2017 (being the latest practicable date prior to the publication of this document);
Leboam	Leboam Holdings Limited, a company incorporated in and registered in Botswana with company number 2016/13605, a wholly owned subsidiary of Cradle Arc Investments;
Leboam Acquisition	the conditional acquisition of the Mowana Copper Mine, by Leboam, via a liquidation process which was approved by the High Court of Botswana in Lobatse pursuant to a meeting of MCB's creditors held on 16 December 2016;
Leboam Acquisition Agreement	the agreement between MCB, the liquidator of MCB, Leboam and ZCI and dated 20 December 2016, further details of which are set out in paragraph 2 of Part IV of this document;
Leboam Payment	the original US\$20 million payment due to the liquidator of MCB by 14 November 2017 to be paid to MCB's creditors to settle their claims in full, which is expected to be superseded by the Revised Leboam Payment;
Leboam Shareholders Agreement	an amended and restated subscription and shareholders agreement dated 14 December 2016 between Cradle Arc Investments and ZCI governing their relationship as shareholders of Leboam, further details of which are set out in paragraph 5 of Part IV of this document;
London Stock Exchange	London Stock Exchange plc;
Luiiri	Luiiri Limited;
Mali	Republic of Mali;
Matala or Matala Project	the historical Matala gold mine located approximately 120km from Lusaka in Zambia;
MCB	Messina Copper (Botswana) (Pty) Limited;
Mine Management Agreement	the mine management agreement dated 18 August 2016 between Cradle Arc and Leboam pursuant to which Cradle Arc has agreed to provide management, technical and administrative services in relation to Mowana, further details of which are set out in paragraph 9 of Part IV of this document;
Mine Plan	the mine plan for the re-commencement and operation of the Mowana Copper Mine developed by the Company and PenMin;
MMEWR	Department of Mines and Ministry of Minerals, Energy and Water Resources;
Mowana, Mowana Copper Mine or Mowana Project	the producing copper mine located in north east Botswana;
New Approved Option Scheme	the Company Enterprise Management Incentive share option scheme proposed to be adopted on Re-Admission, details of which are set out in section 4 of Part V;

New Director Options	the Options to be issued on Re-Admission, subject to Shareholder approval at the General Meeting, pursuant to the New Approved Option Scheme;
New Ordinary Shares	new Ordinary Shares to be issued pursuant to the Proposals;
Newmines	Cradle Arc's wholly owned subsidiary, Newmines Holdings Limited;
NPV	net present value;
October 2017 CLN Fee Shares	the fee shares to be allotted and issued to the October 2017 Convertible Loan Note holders, representing 25 per cent. of the amount subscribed for at a price of 20 pence;
October 2017 CLN Warrants	the two warrants to be issued to the October 2017 Convertible Loan Note holders for every three new Ordinary Shares issued pursuant to the conversion a summary of the principal terms of which are set out in paragraph 7 of Part V of this document;
October 2017 Convertible Loan Notes	the £3.25 million convertible unsecured loan notes due 31 December 2018 and converting automatically on Re-Admission, a summary of the principal terms of which are set out in paragraph 7 of Part V of this document;
Offtake Funding Agreement	the sale/purchase agreement between Leboam and Fujax for Mowana sulphide copper concentrates dated 29 November 2016 and as amended on 20 December 2016 (which amendment added Cradle Arc Investments as a party), further details of which are set out in paragraph 6 of Part IV of this document;
Options	options to subscribe for new Ordinary Shares;
Ordinary Shares	ordinary shares in the issued share capital of the Company from time to time;
Original Acquisition Agreement	the conditional acquisition agreement entered into between the Vendor, Cradle Arc and Cradle Arc Investments dated 20 December 2016, which was cancelled and superseded by the Amended Acquisition Agreement;
Original ZCI Debt Restructuring	the conversion of US\$79 million of ZCI's outstanding debt into 40 per cent. of Leboam's issued share capital pursuant to the terms of the ZCI Convertible Secured Term Loan Agreement, with the residual US\$21 million remaining as the ZCI Term Loan, further details of which are set out in paragraph 3 of Part IV of this document;
Overseas Shareholders	Shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom;
Panel	the Panel on Takeovers and Mergers;
Peacocke & Simpson	a minerals processing consultant based in Zimbabwe with a focus on gravity recovery;
Penalty Terms	the revised terms for the October 2017 Convertible Loan Notes, whereby interest will accrue at 15 per cent. and the conversion price will be lowered to 10 pence, should Completion not occur within 3 months or Re-Admission does not occur within 6 months of the date of issue;

PenMin	PenMin (Pty) Limited, incorporated in the Republic of South Africa with its registered office at 1st Floor, Unit 5, 299 Pendoring Road, Randburg, 2195, South Africa;
PenMin DFS	the definitive feasibility study relating to Matala updated by PenMin;
PenMin EBT	an employee trust to be established for the benefit of PenMin's employees which is expected to receive Consideration Shares from the Vendor in due course following Completion;
Placing	the proposed placing to be conducted via Cradle Arc's joint brokers in conjunction with Re-Admission targeting to raise at least £1.75 million via the issue of new Ordinary Shares at the Issue Price;
Proposals	the Rule 9 Waiver and the Resolutions;
Pula, P or BWP	means Botswana Pula, being the lawful currency of Botswana;
Randgold Resources	Randgold Resources (Mali) Limited, a subsidiary of Randgold Resources Limited;
Re-Admission	the intended application for admission of the Company's issued share capital to trading on the AIM market of the London Stock Exchange and such admission becoming effective in accordance with the AIM Rules;
Relationship Agreement	the relationship agreement between Kevin van Wouw, PenMin, PenMin (Botswana), CNG and C3W, Strand Hanson and the Company, details of which are set out in paragraph 7 of Part V of this document;
Resolutions	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting and "Resolution" means any of them;
Revised Leboam Payment	the US\$10 million payment to be made to the liquidator immediately following Barak providing Leboam with the requisite funding pursuant to the Revised ZCI Debt Restructuring;
Revised ZCI Debt Restructuring	the proposed conversion of US\$79 million of ZCI's outstanding debt into 40 per cent. of Leboam's issued share capital pursuant to the terms of the ZCI Convertible Secured Term Loan Agreement, with the residual US\$21 million remaining as the ZCI Term Loan, ZCI receiving a US\$2 million cash payment and a US\$8 million secured loan being issued, further details of which are set out in paragraph 9 of Part IV of this document;
Rule 9 Waiver	the proposed waiver by the Panel of the obligation of the Concert Party to make a general offer under Rule 9 of the City Code for the entire issued share capital of the Company not already owned by the Concert Party, which would otherwise arise as a consequence of the Acquisition, to be granted by the Panel conditional upon the approval of Independent Shareholders by the passing of the Whitewash Resolution;
SGS Bateman	SGS Time Mining (Pty) Ltd and Bateman Modular, operating out of Johannesburg, South Africa and specialising in mining studies, evaluations, design and execution projects;

Schindlers Trust	Schindlers Trust Limited, a company incorporated in the Republic of Mauritius with its registered office at 2nd Floor, Block B, Medine Mews, Chaussée Street, Port Louis, Republic of Mauritius;
Share Registrars or Registrar or Receiving Agent	Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR;
Shareholders	holders of Ordinary Shares;
Strand Hanson	Strand Hanson Limited, financial adviser to the Company;
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland;
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
Vendor or PenMin (Botswana)	PenMin Botswana Proprietary Limited, incorporated in Botswana with registered number CO2016/17875, and prior to Completion, the direct parent entity of Cradle Arc Investments;
Whitewash	the procedure for obtaining a waiver of the obligation pursuant to Rule 9 of the City Code to make a general offer for the entire issued share capital of the Company;
Whitewash Resolution	Resolution 1 to be proposed to the Company's shareholders as set out in the Notice of General Meeting, and forming part of the Whitewash;
Xinhai	Yantai Xinhai Machinery Company Limited;
Zambia	Republic of Zambia;
ZCI	ZCI Limited;
ZCI Convertible Secured Term Loan Agreement	the convertible secured term loan agreement dated 14 December 2016 between ZCI and Leboam, further details of which are set out paragraph 4 of Part IV of this document;
ZCI Loan Agreement	the amended and restated loan agreement dated 14 December 2016 between ZCI and Leboam pursuant to which Leboam agreed to enter the ZCI Term Loan, further details of which are set out in paragraph 3 of Part IV of this document;
ZCI Term Loan	the US\$21 million term loan entered into pursuant to the terms of the ZCI Loan Agreement, further details of which are set out in paragraph 3 of Part IV of this document;
ZIMCO	Zambian Industrial and Mining Corporation;
ZIMCO Report	a historic report produced in 1984, which was issued by ZIMCO; and
£, GBP or Pounds	means UK pounds sterling, being the lawful currency of the United Kingdom.

GLOSSARY

ADT	articulated dump truck
argillaceous	a metamorphic rock, intermediate between shale and slate, that does not possess true slaty cleavage
artisanal	made in a traditional or non-mechanised way
Au	gold
Bt	billion tonnes
Cu	copper
DMS	dense media separation
EPC	engineering, procurement and construction
felsic	relating to an igneous rock that contains a group of light-coloured silicate minerals, including feldspar, feldspathoid, quartz, and muscovite
foliation	foliation in geology refers to repetitive layering in metamorphic rocks. Each layer may be as thin as a sheet of paper, or over a metre in thickness. The word comes from the Latin folium, meaning “leaf”, and refers to the sheet-like planar structure
granitoid	a rock mass consisting essentially of granite
greenstone belt	zones of variably metamorphosed mafic to ultramafic volcanic sequences with associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss bodies. The name comes from the green hue imparted by the colour of the metamorphic minerals within the mafic rocks
g/t	grammes per tonne
Indicated Mineral Resource	part of a mineral resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered
Inferred Mineral Resource	part of a mineral resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geology and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes

Measured Mineral Resource	part of a mineral resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered
Mineral resource	a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories
Modifying Factors	considerations used to convert mineral resources to ore reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors
Moz	million ounces
Mtpa	million tonnes per annum
mts or tonne	metric tonnes
ore	the economically mineable part of a Measured and/or Indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified
oxidation	a chemical reaction in which substances combine with oxygen
oz	troy ounces
RAB drilling	rotary air blast drilling
RC	reverse circulation
regolith	a general term used in reference to unconsolidated rock, alluvium or soil material on top of the bedrock
ROM	run-of-mine
schist	a medium-grade metamorphic rock with medium to large, flat, sheet-like grains in a preferred orientation (nearby grains are roughly parallel)
supergene	processes or enrichment of ore that occur relatively near the surface
tpa	metric tonnes per annum

NOTICE OF GENERAL MEETING

CRADLE ARC PLC

(formerly Alecto Minerals plc)

(Incorporated and registered in England and Wales with registered number 05315922)

NOTICE IS HEREBY GIVEN that a General Meeting of Cradle Arc PLC (the “Company”) will be held at the offices of Michelmores LLP, 12th Floor, 6 New Street Square, London EC4A 3BF at 11.00 a.m. on 13 November 2017, for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1, 2, 4 and 5 will be proposed as ordinary resolutions and resolutions 3 and 6 as special resolutions.

Unless otherwise defined in this notice, capitalised terms used in this notice will have the same meanings given to them in the circular dated 27 October 2017 (the “Circular”) as circulated to the shareholders of the Company to which this notice is attached.

ORDINARY RESOLUTIONS

1. That, the grant of the waiver by the Panel on Takeovers and Mergers described in the Circular of any obligation which may otherwise arise, pursuant to Rule 9 of the City Code, for the Concert Party to make a general offer for all the issued share capital of the Company following any increase in the percentage of shares in the Company carrying voting rights in which any member of the Concert Party is interested as a result of the issue of shares to it pursuant to the Acquisition, be and is hereby approved on a poll of Independent Shareholders.
2. That, subject to the passing of Resolution 1, the Enterprise Management Incentive (EMI) Share Option Plan no. 1 (the “Option Plan”), a copy of the rules of which will be produced to the meeting and initialled by the Chairman for the purposes of identification and the main features of which are summarised in paragraph 4 of Part V of the Circular be approved, and the directors be authorised to do all acts and things necessary to establish the Option Plan subject to Re-Admission of the Company’s issued share capital to trading on the AIM market of the London Stock Exchange.

SPECIAL RESOLUTION

3. That the articles of association of the Company produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification (the “Articles”) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

ORDINARY RESOLUTIONS

4. To receive the Company’s audited annual report and financial statements for the year ended 31 December 2016.
5. Subject to the passing of Resolution 1, that in substitution for all existing and unexercised authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the “Act”) to exercise all or any of the powers of the Company to allot equity securities (within the meaning of Section 560 of the Act) up to a maximum nominal amount of £14,427.75 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire on the earlier of the conclusion of the next annual general meeting of the Company or 15 months after the passing of this Resolution, unless renewed or extended prior to such time except that the Directors of the Company may before the expiry of such period make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

6. That in substitution for all existing and unexercised authorities and subject to the passing of Resolutions 1 and 5, the Directors of the Company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by the preceding Resolution as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by the Resolution, unless previously revoked or varied by special resolution of the Company in general meeting, shall be limited:
- (a) to the allotment of ordinary shares arising from the exercise of options, warrant options, warrants and other convertible securities outstanding at the date of this resolution;
 - (b) to the allotment of equity securities in connection with a rights issue or open offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory;
 - (c) the grant of a right to subscribe for, or to convert any equity securities into Ordinary Shares otherwise than under sub-paragraph (a) above, including under the New Approved Option Scheme, up to a maximum aggregate amount of 10 per cent. of the issued share capital on Re-Admission of the Company's Ordinary Shares to trading on the AIM market of the London Stock Exchange;
 - (d) to the allotment (otherwise than pursuant to sub-paragraphs (a), (b) and (c) above) of equity securities up to an aggregate nominal amount of £12,660.69 in respect of any other issues for cash consideration,

and shall expire on the earlier of the date of the next annual general meeting of the Company or 15 months from the date of the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Toby Howell

Non-Executive Chairman

Dated: 27 October 2017

Registered Office
47 Charles Street
London W1J 5EL

Notes:

- (1) Only persons entered on the register of members of the Company at 11.00 a.m. on 9 November 2017 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting (excluding weekends and public holidays)) are entitled to attend and vote at the meeting either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (2) A member is entitled to appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote instead of him/her at the meeting. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
- (3) Resolution 1 will be voted on by those shareholders, who are considered, for the purposes of the City Code on Takeovers and Mergers, to be independent for the purposes of this resolution, which at the date of this notice is considered to be all members save for members of the Concert Party and Directors who hold Ordinary Shares and are being issued New Director Options pursuant to the Option Plan and are therefore interested in the Proposals. As required by the City Code on Takeovers and Mergers, voting on Resolution 1 will be conducted by way of a poll of independent shareholders. Voting on all other resolutions will be on a show of hands.
- (4) The form of proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority must be received by the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, United Kingdom not later than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting (or any adjournment of it). Completion and return of the form of proxy will not prevent you from attending and voting at the meeting instead of the proxy, if you so wish. You must inform the Company's registrars in writing of any termination of the authority of a proxy not later than six hours before the time appointed for the meeting.
- (5) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (6) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available by logging in at www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA36) by 11.00 a.m. on 9 November 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (7) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (8) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (9) A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the general meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (10) The statement of the rights of members in relation to the appointment of proxies in paragraphs 2, 3 and 5 above does not apply to a Nominated Person. The rights described in these paragraphs can only be exercised by registered members of the Company.
- (11) Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.
- (12) As at 26 October 2017 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 22,949,293 ordinary shares carrying one vote each, 40,980,395,475 deferred shares and 18,830,829 A Deferred Shares. Therefore, the total voting rights in the Company as at 26 October 2017 are 22,949,293.
- (13) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

- (14) A member attending the meeting has the right to ask questions relating to the business of the meeting. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (15) A copy of this notice, and other information required by section 311A of the Companies Act can be found at the Company's registered office at 47 Charles Street, London W1J 5EL.

You may not use any electronic address (within the meaning of section 353(4) of the Companies Act) provided in this Notice of General Meeting (or in any related documents including the Chairman's Letter and proxy form) to communicate with the Company.

