

LETTER FROM THE CHAIRMAN

Alba Mineral Resources plc

(Registered in England and Wales with company number 05285814)

Directors:
George Frangeskides (Executive Chairman)
Michael Nott (Non-Executive Director)
Manuel Lamboley (Non-Executive Director)

Registered Office:
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3 April 2020

To the Shareholders

Notice of Annual General Meeting and Proposed Share Capital Reorganisation to Reduce Par Value

Dear Shareholders,

1 INTRODUCTION

The purpose of this document is to provide you with details of certain matters to be considered at the annual general meeting of the Company to be held at 10 a.m. on 28 April 2020 ("**Annual General Meeting**" or "**AGM**"). This document also sets out why the Directors consider the resolutions to be proposed at the Annual General Meeting ("**Resolutions**") to be in the best interests of the Company and its shareholders as a whole and to recommend that shareholders vote in favour of the Resolutions.

At the end of this document are the definitions of certain capitalised terms used in this document (see Schedule 1), together with an expected timetable for the AGM and proposed share capital reorganisation (see Schedule 2).

2 EXPLANATORY NOTES

Enclosed with this letter is a notice convening the Annual General Meeting of the Company to be held at 10 a.m. on 28 April 2020 which sets out the Resolutions to be proposed at that meeting.

By way of explanation:

ORDINARY BUSINESS

Resolution 1 – adoption of financial statements

This Resolution, which is required to be put to the Annual General Meeting, seeks to receive and adopt the report of the directors and the financial statements for the period ended 30 November 2019 and the report of the auditors thereon. A copy of the Report and Consolidated Financial Statements for the year ended 30 November 2019 is enclosed.

Resolution 2 - reappointment of director

This Resolution seeks my re-appointment as a director of the Company in accordance with Article 71 of the Company's Articles of Association.

Resolution 3 – reappointment of auditors

This Resolution seeks to re-appoint Nexia Smith & Williamson as auditors to hold office from the conclusion of the Annual General Meeting until the conclusion of the next general meeting of the Company at which the accounts are laid before members and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS

Resolution 4 – subdivision and redesignation of ordinary share capital in order to reduce par value of Ordinary Shares

In addition to the above resolutions, the Company is also proposing, as special business, the subdivision and redesignation of the existing ordinary share capital of the Company in order to achieve a reduction in the par value of each Existing Ordinary Share.

The Company presently has 3,793,351,946 Existing Ordinary Shares in issue, each of which has a nominal value of £0.001 (0.1p), and 93,070,100 Deferred Shares in issue, each of which has a nominal value of £0.009 (0.9p). Since about 5 March 2020, the Company's Ordinary Shares have been trading at less than their nominal value. The Company is not permitted by law to issue shares at an issue price which is below their nominal value. In order to ensure that the Company is able to issue shares in the future at an issue price which exceeds their nominal value, while maintaining the same number of Ordinary Shares in issue, shareholder approval is being sought to complete a share capital reorganisation ("**Share Capital Reorganisation**"). The Share Capital Reorganisation is subject to Shareholder approval and therefore to the passing of Resolutions 4 and 7.

Resolution 4 will be proposed as an ordinary resolution of the Company. Resolution 4 approves the subdivision and redesignation of the 3,793,351,946 existing Ordinary Shares of £0.001 each in the capital of the Company into (i) 3,793,351,946 new Ordinary Shares of £0.0001 each and (ii) 3,793,351,946 B Deferred Shares of £0.0009 each in the capital of the Company.

This document provides you with information about the background to and the reasons for the Share Capital Reorganisation and explains why the Board considers the Share Capital Reorganisation to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the Annual General Meeting, notice of which is set out at the end of this document.

As more fully explained in sections 3, 4, 5 and 6 below, the Share Capital Reorganisation is a standard process designed to alter the nominal value of the Company's ordinary share capital and create an appropriate buffer between the nominal value and market value of such shares.

IMPORTANT: The Share Capital Reorganisation will have no impact whatsoever on the total number of Ordinary Shares in issue. Each Shareholder will have the same number of Ordinary Shares immediately after the Share Capital Reorganisation as they have immediately prior to the Share Capital Reorganisation. However, Shareholders are advised to read this document in its entirety.

Resolution 5 – authority to allot Ordinary Shares

As required by the Companies Act, this Resolution, to be proposed as an Ordinary Resolution, relates to the grant to the Directors of authority to allot unissued Ordinary Shares until the conclusion of the Annual General Meeting to be held in 2021, unless the authority is renewed or revoked prior to such time. If approved, this authority is limited

to a maximum of 2,850,000,000 Ordinary Shares of £0.0001 each, being approximately 75 per cent. of the current issued share capital of the Company as at the date of this notice (comprising 3,793,351,946 Ordinary Shares).

Subject to Resolutions 4 and 7 being passed, the authority to allot granted by Resolution 5 (if passed) shall apply in relation to the allotment of New Ordinary Shares rather than Existing Ordinary Shares. If Resolutions 4 and 7 are not passed, the authority to allot granted by Resolution 5 (if passed) shall apply in relation to the allotment of Existing Ordinary Shares.

In order to enable the Company to take advantage of opportunities that may arise in the sector in which it operates, the Board believes it is important to put in place further authorities now to enable it to raise funds through the allotment of shares at short notice. Passing this Resolution will enable the Directors to retain the flexibility to act in the best interests of the Company and shareholders, so that when opportunities that benefit the Company arise, the Directors can issue New Ordinary Shares without the need to incur the cost and delay of convening a general meeting of the Company to seek specific authority for each allotment. Passing this Resolution will also enable the Company to issue shares pursuant to the financing transaction with a U.S.-based institutional investment fund managed by Bergen Asset Management, LLC which was announced by RNS on 24 February 2020 (the "Financing").

Resolution 6 – disapplication of pre-emption rights

The Companies Act requires that if the Directors decide to allot unissued Ordinary Shares in the Company, the shares proposed to be issued be first offered to existing shareholders in proportion to their existing holdings in accordance with the provisions of Section 561(1) of the Companies Act. This is known as shareholders' pre-emption rights. However, in order to act in the best interests of the Company, the Directors may require flexibility to allot shares for cash on a non-pre-emptive basis, including in relation to the Financing. Therefore, this Resolution, to be proposed as a Special Resolution, seeks authority to enable the Directors to allot equity securities on a non-pre-emptive basis up to a maximum of 2,850,000,000 Ordinary Shares of £0.0001 each, being approximately 75 per cent. of the current issued share capital of the Company as at the date of this notice (comprising 3,793,351,946 Ordinary Shares). This authority expires at the conclusion of the Annual General Meeting to be held in 2021.

Subject to Resolutions 4 and 7 being passed, the authority to allot equity securities on a non-pre-emptive basis granted by Resolution 6 (if passed) shall apply in relation to the allotment of New Ordinary Shares rather than Existing Ordinary Shares. If Resolutions 4 and 7 are not passed, the authority to allot equity securities on a non-pre-emptive basis granted by Resolution 6 (if passed) shall apply in relation to the allotment of Existing Ordinary Shares.

In proposing this Resolution, the Directors consider that it is in the best interests of the Company and its Shareholders that the Directors retain their flexibility to allot some shares without having to offer them to existing Shareholders first.

Resolution 7 – adoption of new Articles of Association

Resolution 7 will be proposed as a Special Resolution to enable the Directors to make consequential amendments to the Company's Articles of Association in order to include provisions in respect of the subdivision and redesignation of the existing Ordinary Shares and the creation of the B Deferred Shares and is conditional on the passing of Resolution 4 above. As explained below, the B Deferred Shares will have limited rights in respect of voting and the entitlement to receive dividends, and only very limited rights on a return of capital.

The B Deferred Shares shall have the same rights as the rights attaching to the Existing Deferred Shares of the Company, which were created upon the last share capital reorganisation of the Company in 2009.

These amendments to the Existing Articles are proposed to be implemented by the adoption of a set of New Articles, as is provided for in Resolution 7.

A copy of the proposed new articles of association (including a marked-up version showing the proposed amendments) will be available for perusal on the Company's website from the date of this Notice until the commencement of the AGM. To access the documents, please go to www.albamineralresources.com and click on "Investor Relations" and then "Corporate Documents".

3 BACKGROUND TO AND REASONS FOR SHARE CAPITAL REORGANISATION

The market price for the Company's shares is currently below its nominal value. Pursuant to the provisions of section 580 of the Companies Act, the Company may not issue shares at an issue price which is less than the nominal value of those shares. This restricts the Company's ability to preserve cash by using its shares as consideration for various ongoing expenditure such as the payments of commissions and consultants' and Directors' fees. In addition, in the event that the Directors believe it is in the best interests of the Company to raise capital, the current nominal value would restrict the Company's ability to do so.

The Share Capital Reorganisation will have the effect of enabling the Company to issue shares at an issue price above their nominal value.

The trading price of the New Ordinary Shares is not expected to be affected by the Share Capital Reorganisation. It is only the nominal value of the New Ordinary Shares which will change, to £0.0001, compared to the current nominal value of the Existing Ordinary Shares of £0.001.

Assuming no further Existing Ordinary Shares are issued before the Annual General Meeting and that the Resolutions are passed, the Company will have 3,793,351,946 New Ordinary Shares of £0.0001 each and 3,793,351,946 B Deferred Shares of £0.0009 each in the capital of the Company, together with the existing class of Deferred Shares being 93,070,100 Existing Deferred Shares of £0.009 each.

The entitlements to Existing Ordinary Shares of holders of securities or instruments convertible into ordinary shares (such as share options or share warrants) will not change as a result of the Share Capital Reorganisation.

4 DETAILS OF THE PROPOSED SHARE CAPITAL REORGANISATION TO REDUCE PAR VALUE

It is proposed that the 3,793,351,946 Existing Ordinary Shares will be subdivided and redesignated on the basis of, and according to, the steps set out in Resolution 4 so that each Existing Ordinary Share will be subdivided and redesignated as one New Ordinary Share of £0.0001 and nine B Deferred Shares of £0.0009. Please refer to Section 5 below for details of the B Deferred Shares.

5 B DEFERRED SHARE RIGHTS

As is standard, it is proposed that each B Deferred Share will have very limited rights and will effectively be valueless. CREST accounts of Shareholders will not be credited in respect of any entitlement to B Deferred Shares and the Company will not issue any share certificates in respect of B Deferred Shares.

The B Deferred Shares shall have the rights and restrictions set out in the New Articles. The holders of B Deferred Shares shall not be entitled to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution.

The holders of the B Deferred Shares shall on a return of capital or on a winding up or otherwise be entitled only to the repayment of the amounts paid up on such shares after the repayment of the capital paid up on the Ordinary Shares and the payment of an additional £1,000,000 on each such Ordinary Share, but the holders of the B Deferred Shares shall not be entitled to any further participation in the assets or profits of the Company.

The Company is irrevocably authorised to cancel all or any of the B Deferred Shares in accordance with the Companies Act without making any payment therefor or obtaining the sanction of the holder thereof.

6 NEW ORDINARY SHARE RIGHTS

It is proposed that each New Ordinary Share will carry the same rights in all respects under the New Articles as each Existing Ordinary Share does at present under the Existing Articles, including in respect of voting and the entitlement to receive dividends.

7 ADOPTION OF NEW ARTICLES

As part of the Share Capital Reorganisation, the Company proposes to make consequential amendments to the Existing Articles, including to incorporate provisions in respect of the B Deferred Shares. The Company has determined that it will be preferable to do this by adopting a new set of Articles. Please refer to Resolution 7 set out in the Notice of the Annual General Meeting at the end of this document for further details.

The Share Capital Reorganisation is conditional on the passing of Resolutions 4 and 7 at the Annual General Meeting.

8 ADMISSION TO AIM AND SETTLEMENT

The Share Capital Reorganisation is conditional upon the New Ordinary Shares being admitted to AIM. Application for Admission will be made so as to enable the New Ordinary Shares to be admitted to trading on AIM as soon as practicable following the Record Date. It is expected that Admission will become effective at 8.00 am on or around 29 April 2020.

The ISIN in respect of the Existing Ordinary Shares will remain unchanged in respect of the New Ordinary Shares.

Following the Share Capital Reorganisation, existing share certificates will continue to be valid. No share certificates will be issued in respect of the B Deferred Shares

9 TAXATION

The following statements are intended only as a general guide to the current tax position under UK taxation law and HM Revenue & Customs' published practice. They relate only to certain limited aspects of the UK tax position for Shareholders who (i) are the absolute beneficial owners of Existing Ordinary Shares, (ii) are resident and (in the case of individuals) domiciled in the UK for UK tax purposes, (iii) hold their Existing Ordinary Shares as an investment (and not as securities to be realised in the course of a trade) and (iv) did not acquire their Existing Ordinary Shares by virtue of an office or employment. The following is not, and is not intended to be, an exhaustive summary of the tax consequences of acquiring, holding and disposing of Existing Ordinary Shares, B Deferred Shares or New Ordinary Shares and it does not constitute advice. If you are in any doubt

as to your tax position or are subject to tax in any jurisdiction other than the UK, you should consult an appropriate professional adviser.

The proposed Share Capital Reorganisation should constitute a reorganisation of the Company's share capital for the purposes of section 126 of the Taxation of Chargeable Gains Act 1992. Therefore, you should not be treated as making a disposal of any of your Existing Ordinary Shares or an acquisition of B Deferred Shares or New Ordinary Shares for the purposes of UK taxation of chargeable gains. Your B Deferred Shares and New Ordinary Shares should instead be treated as the same asset as, and as having been acquired at the same time and for the same aggregate cost as, your holding of Existing Ordinary Shares from which they derive. Where it is necessary to apportion your base cost in your holding of Existing Ordinary Shares between your B Deferred Shares and your New Ordinary Shares on a disposal of part of the same, the apportionment should generally be by reference to market value of what is disposed of and what is retained as at the date of disposal.

No liability to stamp duty or stamp duty reserve tax should be incurred by a holder of Existing Ordinary Shares as a result of the proposed Share Capital Reorganisation.]

10 ACTION TO BE TAKEN BY SHAREHOLDERS IN RESPECT OF THE AGM

Shareholders will find enclosed with this document a Form of Proxy for use at the Annual General Meeting. Whether or not you propose to attend the Annual General Meeting in person, you are encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed on it as soon as possible, but in any event so as to be received **by no later than 10 a.m. on 24 April 2020** (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the Annual General Meeting in the event of your absence. **The completion and return of the Form of Proxy will not prevent you from attending and voting at the Annual General Meeting, or any adjournment thereof, in person should you wish to do so.**

11 RECOMMENDATION

The Directors believe that the Resolutions to be considered at the Annual General Meeting, including the Share Capital Reorganisation, are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions, including the Share Capital Reorganisation, as the Directors intend to do (or procure to be done) in respect of their own beneficial holdings totalling 90,280,520 Ordinary Shares, representing approximately 2.38 per cent. of the total voting rights of the Company.

Yours faithfully

George Frangeskides
Executive Chairman

SCHEDULE 1

DEFINITIONS

In this document, the following words and expressions shall, except where the context requires otherwise, have the following meanings:

"Admission"	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules;
"AIM"	the AIM market operated by the London Stock Exchange;
"AIM Rules"	the rules applicable to AIM companies and governing the operation of AIM, as published by the London Stock Exchange from time to time;
"Annual General Meeting" or "AGM"	the annual general meeting of the Company to be held on 28 April 2020, notice of which is set out at the end of this document;
"B Deferred Shares"	the new deferred shares of £0.0009 each in the Company arising from the Share Capital Reorganisation and having the rights set out in the New Articles;
"Board" or "Directors"	the board of directors of the Company;
"certificated" or "in certificated form"	the description of a share or other security which is not in uncertificated form (that is, not in CREST);
"Companies Act"	the Companies Act 2006, as amended;
"Company"	Alba Mineral Resources plc;
"CREST"	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which CREST Limited is the Operator (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 1/3755) (as amended);
"Existing Articles"	the articles of association of the Company as at the date of this document;
"Existing Deferred Shares"	the existing deferred shares of £0.009 each in the Company in issue at the date of this document;
"Existing Ordinary Shares"	the existing ordinary shares of £0.001 each in the Company in issue at the date of this document;
"Form of Proxy"	the form of proxy for use by Shareholders in connection with the Annual General Meeting;
"New Articles"	the articles of association of the Company as adopted following the passing of Resolution 7 at the Annual General Meeting, further details of which are set out in Section 7 of this document;
"New Ordinary"	the new ordinary shares of £0.0001 each in the Company arising on

"Shares"	subdivision of the Existing Ordinary Shares;
"Record Date"	close of business at 6 p.m. on 28 April 2020 (or such other time and date as the Directors may determine);
"Resolutions"	the resolutions set out in the notice of Annual General Meeting attached to this document;
"Share Capital Reorganisation"	has the meaning ascribed to that expression in Section 2 of this document;
"Shareholder"	a holder of Existing Ordinary Shares; and
"uncertificated" or "in uncertificated form"	shares being held in uncertificated form in CREST and title to which by virtue of the Regulations may be transferred by means of CREST.

SCHEDULE 2

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Circular posted to Shareholders	3 April 2020
Latest time and date for receipt of Forms of Proxy	10 a.m. on 24 April 2020
Annual General Meeting	10 a.m. on 28 April 2020
Record Date for the Share Capital Reorganisation	6 p.m. on 28 April 2020
Admission of the New Ordinary Shares to trading on AIM	8 a.m. on 29 April 2020