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Altus Strategies Plc / Index (EPIC): AIM (ALS) & TSX-V (ALTS) / Sector: Mining

5 December 2019

Altus Strategies Plc
(“Altus” or the “Company”)

Altus and La Mancha Sign Strategic Investment Agreement

Altus Strategies Plc (AIM: ALS & TSX-V: ALTS), the Africa focused project and royalty generator, announces that further to the Company’s announcement of 5 November 2019, it has entered into a Strategic Investment Agreement (“**Agreement**”) with La Mancha Holdings S.à.r.l, a Luxembourg-incorporated private gold investment company (“**La Mancha**”). Under the Agreement and subject to regulatory and Altus shareholder approval, La Mancha will subscribe for 124,229,389 new ordinary shares (“**Ordinary Shares**”) in the Company (the “**La Mancha Shares**”) at a price of C\$0.09 (approximately £0.052) per La Mancha Share, for aggregate gross proceeds of C\$11,180,645 (approximately £6.5M / US\$8.4M) (the “**La Mancha Investment**”).

Highlights:

- Conditional strategic investment from La Mancha of approximately C\$11.2 million (approximately £6.5 million / approximately US\$8.4 million).
- La Mancha Investment occurring at an approximate 20% premium to the closing market price and an approximate 30% premium to the Company’s 30 day volume weighted average price (“**VWAP**”), in each case on the TSX Venture Exchange (“**TSX-V**”) on 2 November 2019, being the last trading day prior to the announcement of the Letter of Intent between La Mancha and Altus.
- La Mancha is a private gold mining and investment company with a focus on Africa.
- Proceeds from La Mancha Investment to accelerate project and royalty generation activities.
- Numerous strong synergies for Altus from a long term strategic relationship with La Mancha.
- On completion of the La Mancha Investment, La Mancha will own 124,229,389 La Mancha Shares in aggregate representing approximately 34.5% of the then enlarged

issued share capital of Altus if the Placement is fully subscribed and approximately 40.5% if the Placement does not exceed the Directors' Subscription (as defined below).

- The La Mancha Investment requires (i) a waiver by the UK Panel on Takeovers and Mergers (the "**Panel**") under Rule 9 of the UK City Code on Takeovers and Mergers ("**City Code**") (subject to the approval by the "independent shareholders" as defined in Appendix I of the City Code (the "**Independent Shareholders**") at a general meeting of the shareholders (the "**General Meeting**") in respect of the obligation of La Mancha to make a mandatory offer under Rule 9 of the City Code in connection with the issue of the La Mancha Shares pursuant to the La Mancha Investment (the "**Rule 9 Waiver**") and (ii) approval of the issuance of the La Mancha Shares by Disinterested Shareholders (as defined below) in accordance with the TSX-V Manual (as defined below).

Steven Poulton, Chief executive of Altus, commented:

"We are delighted to have entered into a Strategic Investment Agreement with La Mancha, a pre-eminent Africa-focused mining investment group with an outstanding track record in deal selection and value creation. We expect this transaction will prove transformative for Altus, providing the capital and expertise to fast track our project and royalty generation activities, as well as unlocking new external growth opportunities. The deal, which includes a two year equity lock up, also represents a strong endorsement of the Altus team, portfolio and business model. Independent to the La Mancha Investment, Altus intends to undertake a non-brokered private placement with existing and new investors, at the same price as the proposed investment by La Mancha. We look forward to updating shareholders on our progress with these transactions."

Karim Nasr, Chief Executive of La Mancha, commented:

"Our proposed investment in Altus represents the first external investment of La Mancha in the mining exploration space. Throughout our due diligence exercise, we were impressed by the quality of management, by the disciplined investment process and by the quality of the Company's existing projects. Our transformational investment will enable the Company to build on those strong foundations to develop Altus into a pre-eminent exploration and royalties' company in Africa."

Proposed Non-Brokered Private Placement

Separate to and not conditional on the proposed La Mancha Investment, the Company is conducting a proposed non-brokered private placement ("**Placement**") of up to 58,500,000 new ordinary shares in the Company ("**Placement Shares**") to selected institutional or accredited investors, at a price of C\$0.09 per Placement Share, to raise aggregate gross proceeds of up to C\$5,265,000 (up to approximately £3.1m / US\$3.9m) including participation by directors of the Company ("**Directors**") subscribing for approximately

5,193,372 Placement Shares in aggregate (“**Directors’ Subscription**”). A further announcement will be made in relation to the Placement and Directors’ Subscription during December 2019. The La Mancha Investment and the Placement are not inter-conditional.

The Company will use the net proceeds of the Placement to fund project generation activities across its portfolio of projects, for generating and acquiring new project acquisitions, accrued expenses and for working capital purposes.

The closing of the Placement is subject to TSX-V and other regulatory approvals. The Placement Shares to be offered under the Placement have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons without an applicable exemption from registration requirements being available. The Shares distributed in Canada under the Placement will be subject to a statutory hold period of four months and one day from completion of the Placement.

Director Irrevocable Undertakings

As at the date of this Announcement, the Directors hold 64,342,998 Shares, representing a 36.2% interest in the issued and outstanding Ordinary Shares prior to the Placement. Each of the Directors has entered into irrevocable undertakings with La Mancha, to vote in favour of all shareholder resolutions (the “**Resolutions**”) at the General Meeting which pertain to the La Mancha Investment, in respect of the Ordinary Shares currently held by them and in respect to any Ordinary Shares they acquire prior to the General Meeting.

Rule 9 Waiver

The La Mancha Investment, upon its completion, will result in La Mancha owning more than 30% of the total voting rights of the Company. The La Mancha Investment is conditional upon a waiver being granted by the Panel from the obligation to make a mandatory offer for the Company under Rule 9 of the City Code. Such waiver, if granted, will be subject to the Company obtaining approval of Independent Shareholders, such that any shareholder of the Company who is involved in the La Mancha Investment will be disenfranchised from voting under Rule 9 of the City Code and such approval will be sought at the General Meeting.

The Company has been advised by La Mancha that it does not currently own or have control or direction over any Ordinary Shares or other securities of the Company and that it is not aware of any members of the concert party (as described in the section entitled “Persons acting in concert with La Mancha” below) holding Ordinary Shares in the Company. It is therefore expected that the Independent Shareholders for the purposes of the Resolution relating to the Rule 9 Waiver (the “**Whitewash Resolution**”) will be all of the shareholders of the Company.

La Mancha Investment

Under the proposed La Mancha Investment, La Mancha will subscribe for 124,229,389 La Mancha Shares at a price of C\$0.09 per La Mancha Share for aggregate gross proceeds of C\$11,180,645 (approximately £6.5m / US\$8.4m). Completion of the La Mancha Investment (“**Completion**”) is subject to certain conditions as described in the section entitled “Strategic Investment Agreement” below).

The Company will use the net proceeds of the La Mancha Investment to fund project generation activities across its portfolio of projects, for generating and acquiring new project acquisitions and for working capital purposes.

On Completion, La Mancha would own 124,229,389 La Mancha Shares in aggregate representing approximately 34.5% of the then enlarged issued and outstanding Ordinary Shares if the Placement is fully subscribed and approximately 40.5% if the Placement does not exceed the Director’s Subscription (assuming that no further Ordinary Shares are issued between the date of this Announcement and Admission other than under the Placement and the Directors’ Subscription).

A circular setting out details of the La Mancha Investment, the Rule 9 Waiver and the shareholder approvals and giving notice of the General Meeting to approve these proposals (the “**Circular**”) will be sent to the Company’s shareholders as soon as reasonably practicable following its approval by the Panel. This Announcement and, in due course, the Circular will be made available on the Company’s website at <http://altus-strategies.com/investors/circulars-notices/>.

Strategic Investment Agreement

The La Mancha Investment is to be made pursuant to a conditional strategic investment agreement dated 4 December 2019 (the “**Strategic Investment Agreement**”) between the Company and La Mancha, whereby La Mancha will subscribe for 124,229,389 La Mancha Shares at a price of C\$0.09 per La Mancha Share. The Strategic Investment Agreement includes the terms and conditions described below in this section.

Completion is conditional on, *inter alia*, (i) the admission of the La Mancha Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies (“**AIM Rules**”) and final acceptance of the TSX-V of the issuance of the La Mancha Shares (collectively, “**Admission**”), (ii) the resolutions to be proposed at the General Meeting being duly passed by the requisite majority without amendment (including the approval of Independent Shareholders of the Whitewash Resolution), (iii) receipt of all required regulatory approvals (including TSX-V approval and the granting of a Rule 9 Waiver by the Panel), (iv) the composition of the board of directors of the Company (the “**Board**”) not having changed in any material respect prior to Completion other than pursuant to La Mancha’s rights under the

Strategic Investment Agreement (as described below in this section), (v) no material change in the condition of the Company's group (the "**Group**") and (vi) certain warranties given by the Company and La Mancha remaining true, accurate and not misleading in all material respects as at the date of Completion.

The Strategic Investment Agreement contains a lock-in in relation to the New Ordinary Shares whereby La Mancha has agreed (subject to certain customary exceptions) not to dispose of any of its La Mancha Shares for 24 months from Completion (the "**Lock-in Period**"). Following the expiry of the Lock-In period, La Mancha has agreed to use reasonable endeavours to procure that any disposal of its La Mancha Shares will be done so as to preserve an orderly market in the Ordinary Shares.

With effect from Completion, (i) for so long as La Mancha holds a 25% or greater interest in the Ordinary Shares, La Mancha has the right to appoint up to two non-executive directors to the Board and (ii) for so long as La Mancha holds a 15% or greater interest in the issued and outstanding Ordinary Shares, La Mancha has the right to appoint one non-executive director to the Board, in each case subject to the required regulatory and corporate approvals.

For such time as La Mancha holds a 15% or greater interest in the Ordinary Shares, the Company has agreed to offer La Mancha pre-emptive rights on a divestment of its projects, allowing La Mancha to make an offer to acquire from, or enter into a joint venture with, the Company in relation to such projects (the "**Project First Offer Rights**"). Prior to seeking a buyer or joint venture partner for a project, the Company has agreed to grant La Mancha a time period to exercise certain rights of first offer in respect of the project. In the event of the Company receiving a bona fide offer from a third party to buy or undertake a joint venture on a project, the Company has agreed to grant La Mancha a time period to exercise certain rights of first refusal.

For such time as La Mancha holds a 15% or greater interest in the Ordinary Shares, on completion of the La Mancha Investment, subject to all regulatory and corporate approvals, La Mancha will be entitled to subscribe for additional Ordinary Shares, pro rata to its holding in the Company, on the issuance of new Ordinary Shares by the Company.

Relationship Agreement

It is considered to be good market practice for companies which are admitted to trading on AIM to have a relationship agreement in place in circumstances where a company has a controlling shareholder. The Company, La Mancha and SP Angel Corporate Finance LLP ("**SP Angel**"), being the Company's nominated adviser pursuant to the AIM Rules, have agreed that it would be appropriate for them to enter into a relationship agreement on Completion (the "**Relationship Agreement**") which contains the terms and conditions described in this section below.

The Relationship Agreement will be binding on La Mancha until La Mancha (together with its associates) ceases to hold voting rights in the Company comprising 15% or more of the aggregate rights to vote at a general meeting of the Company attaching to all issued and outstanding Ordinary Shares.

Pursuant to the Relationship Agreement, La Mancha undertakes, *inter alia*, that it shall (and will procure that each of its associates shall) exercise (or procure the exercise of) its voting rights in the Company (subject always to applicable law) so that (i) the Group is capable at all times of, and is not precluded or inhibited at any time from, carrying on business independently of La Mancha and its associates, (ii) the Company shall be managed in accordance with the principles of the Corporate Governance Code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance as far as that are deemed by the Board to be appropriate for a company of its size, (iii) all transactions with the Group are conducted on an arm's length basis and (iv) neither La Mancha nor its associates will seek to de-list the Ordinary Shares from trading on AIM (save in connection with a general offer made to the Company's shareholders to acquire the entire issued share capital of the Company).

General Meeting

The General Meeting will be convened as soon as reasonably practicable following the approval of the Circular by the Panel. The notice of the General Meeting will be set out at the front of the Circular. At the General Meeting, the Resolutions necessary to give effect to the La Mancha Investment will be proposed.

The Whitewash Resolution to approve the granting of the Rule 9 Waiver by the Panel, will be proposed as an ordinary resolution and will require a simple majority of the votes cast to be cast in favour, in order for it to be passed. The Whitewash Resolution will be decided on a poll. Only the Independent Shareholders will be entitled to vote on the Whitewash Resolution.

About La Mancha

La Mancha is a privately held unlimited international gold company registered in Luxembourg on 28 November 2011 with registered number B164842 and whose registered office is 31-33, Avenue Pasteur, L-2311, Grand Duchy of Luxembourg. La Mancha is the holding company of a group of companies known as the La Mancha group (the "**La Mancha Group**"). La Mancha is managed by a board of managers which is currently composed of six managers. The managers of La Mancha are Mrs. Wafaa Sayed Latif Mobarak, Mr. Naguib Sawiris, Mr. Fabio Ceccarelli, Mr. François Bourgon, Mr. Hassan Abdou and Mr. Riccardo Marsili (the "**La Mancha Managers**").

As at the date of this Announcement, La Mancha's share capital consists of 1,012,500 shares with a par value of €1 each and is owned by a sole shareholder, Marchmont Limited (Cayman Islands).

La Mancha has investments in Endeavour Mining Corp, Golden Star Resources and Evolution Mining Ltd which have operations in Mali, Burkina Faso and Côte d'Ivoire, Ghana and Australia. La Mancha was taken private in 2012 by the Sawiris family. Under the Sawiris family ownership, since 2012, La Mancha has expanded its exposure to mining operations in Africa and Australia, and is invested in mining companies with total production exceeding 1.8 million gold equivalent ounces per annum. For more information, please visit www.lamancha.com.

Persons acting in concert with La Mancha

The persons who, for the purposes of the City Code, are acting, or deemed to be acting, in concert with La Mancha in respect of the La Mancha Investment include:

- the La Mancha Managers;
- the companies in the La Mancha Group and its associated companies;
- the sole shareholder of La Mancha, Marchmont Limited, a company incorporated in the Cayman Islands whose registered office is at 89 Nexus Way, Comana Bay, Grand Cayman, KY1-90007;
- the sole shareholder of Marchmont Limited, Mrs Yousriya Nassif Loza ("**Mrs Loza**"), who is the mother of Mr Naguib Sawiris, the chairman of La Mancha and the ultimate beneficial owner of La Mancha (Mrs Loza);
- companies which are owned and controlled by Mrs Loza as well as their associated companies. Mrs Loza has an extensive portfolio of interests in a number of industries, including telecoms, media, oil, entertainment and financial services;
- Endeavour Mining Corp, a company incorporated in the Cayman Islands and listed on the Toronto Stock Exchange in which La Mancha holds an interest of approximately 29.88%; and
- Golden Star Resources, a company incorporated in Canada and listed on the Toronto Stock Exchange in which La Mancha holds an interest of approximately 30.05%.

The Company has been advised by La Mancha that it does not currently own or have control or direction over any Shares or other securities of the Company and that it is not aware of any members of the concert party holding Shares.

Timetable and General Meeting

The Placement is expected to be launched during December 2019 and complete shortly thereafter, subject to receipt of TSX-V and other regulatory approvals.

The La Mancha Investment is subject to certain conditions, including, *inter alia*, the approval of the Company's shareholders and approval of the Panel and the TSX-V. An information circular will be prepared and distributed to the Company's shareholders in advance of the proposed General Meeting.

Approval of La Mancha as a Control Person

The TSX-V requires that the Company seeks approval from Disinterested Shareholders (as defined below) with respect to the creation of a new Control Person (as defined below).

Under the policies of the TSX-V, a Control Person is a person that holds or is one of a combination of persons that holds a sufficient number of securities of a company so as to affect materially the control of that company, or that holds more than 20% of the outstanding voting securities of a company. Resulting from the issue of the La Mancha Shares and La Mancha's right to nominate up to two non-executive directors to the board pursuant to the Strategic Investment Agreement (as described in the section entitled "Strategic Investment Agreement" above), La Mancha will be a new Control Person for the purposes of the TSX-V Corporate Finance Manual (the "**TSX-V Manual**") and therefore, pursuant to the TSX-V Manual, the issuance of the La Mancha Shares requires approval of Disinterested Shareholders (as defined below).

Disinterested Shareholders (as defined below) will be asked to consider and, if deemed advisable, approve the ordinary resolution in the following form:

"RESOLVED THAT, subject to and conditional upon the passing of the Whitewash Resolution, and all other regulatory and exchange requirements, all as more particularly described in the Circular, the issuance of the La Mancha Shares to La Mancha resulting in La Mancha becoming a new "Control person" of the Company, as such term is defined under the policies of the TSX-V, be and is hereby approved and ratified and that any one Director or officer of the Company be and is hereby authorised and directed to do all such further acts and things and to execute and deliver or sign (as the case may be) all such further agreements, instruments, notices, certificates and other documents for and on behalf of the Company, whether under its corporate seal or otherwise, as such Director or officer may consider necessary or advisable having regard to this Resolution."

Disinterested Shareholder approval is the approval by a simple majority of votes cast by the Company's shareholders excluding those votes attaching to shares beneficially owned by the proposed Control Person, its Affiliates and Associates (each as defined in the TSX-V Manual) (collectively, "**Disinterested Shareholders**"). As neither La Mancha nor its Affiliates or Associates (each as defined in the TSX-V Manual) hold any Ordinary Shares, it is expected that the Disinterested Shareholders at the date of this Announcement will be all shareholders of the Company.

No offer or solicitation

This Announcement is for information purposes only and does not constitute an invitation to any person to purchase or subscribe for Shares or any other securities or engage in any form of investment activity. This Announcement is restricted and is not for release, publication or distribution, directly or indirectly, in whole or in part, in, into or within the United States of America its territories and possessions, any state of the United States or the District of Columbia (collectively, the "**United States**"), Australia, Japan, New Zealand or the Republic of South Africa or any other jurisdiction where to do so might constitute a violation of the relevant laws or regulations of such jurisdiction. This Announcement is also being released in Canada as part of the Company' continuous disclosure record.

This Announcement is directed only at persons in member states of the European Economic Area ("**EEA**") who are "qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129, as amended from time to time (the "**Prospectus Regulation**"), ("**Qualified Investors**"). In addition, in the United Kingdom, this Announcement and any offer if made subsequently is directed only at Qualified Investors, who are also (i) persons who have professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) high net worth entities falling within Article 49(2) of the Order or (iii) other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). This Announcement must not be acted on or relied on (i) in any member state of the European Economic Area, by any person who is not a Qualified Investor (ii) in the UK, by any person who is not a relevant person.

This Announcement does not constitute an offer to sell or a solicitation of an offer to buy any Ordinary Shares or other securities to, or for the account or benefit of, persons in the United States or "U.S. persons" ("**U.S. Persons**"), as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"). The Ordinary Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or U.S. Persons unless an exemption from such registration is available.

Any Placement Shares distributed into Canada under the Placement will be subject to a hold period of four months from the completion of the Placement.

Market Abuse Regulation Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of

this announcement. Upon the release of this announcement, this inside information is now considered to be in the public domain.

Exchange rates in this announcement are based on a C\$/£ exchange rate of C\$1:£0.58 and a C\$/US\$ exchange rate of C\$1:US\$0.75.

For further information you are invited to visit the Company's website www.altus-strategies.com or contact:

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About Altus Strategies Plc

Altus is a London (AIM: ALS) and Toronto (TSX-V: ALTS) listed project and royalty generator in the mining sector with a focus on Africa. Our team creates value by making mineral discoveries across multiple licences. We enter joint ventures with respected groups and our partners earn interest in these discoveries by advancing them toward production. Project milestone payments we receive are reinvested to extend our portfolio, accelerating our growth. The portfolio model reduces risk as our interests are diversified by commodity and by country. The royalties generated from our portfolio of projects are designed to yield sustainable long-term income. We engage constructively with all our stakeholders, working diligently to minimise our environmental impact and to promote positive economic and social outcomes in the communities where we operate.

Cautionary Note Regarding Forward-Looking Statements

Certain information included in this Announcement, including information relating to future financial or operating performance and other statements that express the expectations of the Directors or estimates of future performance constitute "forward-looking statements". These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements

expressed or implied by the statements. Such factors include without limitation the completion of planned expenditures, the ability to complete exploration programmes on schedule and the success of exploration programmes. Readers are cautioned not to place undue reliance on the forward-looking information, which speak only as of the date of this Announcement and the forward-looking statements contained in this announcement are expressly qualified in their entirety by this cautionary statement.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is based on assumptions made in good faith and believed to have a reasonable basis. The forward-looking statements contained in this Announcement are made as at the date hereof and the Company assumes no obligation to publicly update or revise any forward-looking information or any forward-looking statements contained in any other announcements whether as a result of new information, future events or otherwise, except as required under applicable law or regulations.

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.

Disclaimer

SP Angel Corporate Finance LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no one else (including the recipients of this announcement) as nominated adviser and will not be responsible to anyone other than the Company for providing the protections afforded to customers of SP Angel Corporate Finance LLP or for advising any other person in relation to the matters described in this announcement.

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