



24 October 2016

Senior Debt Restructure and £20m Bridge Facility with Resource Capital Funds

Specialty metals producer, Wolf Minerals Limited (ASX: WLF, AIM: WLFE) (**Wolf** or the **Company**) is pleased to announce that it has entered into a series of agreements to support the Company's financial strength and operations as it works towards commercial production and design performance at the Drakelands open pit mine (**Drakelands**).

Highlights

- **Standstill period established with limited events of default.**
- **Senior Debt principal repayments deferred until January 2018 and tenor conditionally extended until June 2023.**
- **£20 million bridge loan facility with Resource Capital Fund VI L.P.**
- **Funds to be used to support operations of the Drakelands mine as Wolf works towards commercial production and design performance.**

To continue its focus on improving the performance of the processing plant and optimising ore feed at Drakelands, Wolf has executed binding agreements with:

- Its existing senior lenders (**Senior Lenders**) for a standstill and restructure of the senior debt currently outstanding (**Debt Restructure**); and
- Resource Capital Fund VI L.P. (**RCF VI**), to provide a £20 million, twelve month secured bridge loan facility (the **Bridge Facility**) with the potential for this to be increased to £30 million.

Since commencement of operations in late 2015, the production of tungsten concentrate at Drakelands has been adversely affected by the underperformance of the processing plant and the finer nature of the ore than originally expected. In addition to these challenges the tungsten price has remained lower than anticipated despite a constrained supply of tungsten concentrate globally.

In the processing plant a work program involving equipment changes and design modifications is underway and gradual improvements in production are expected during implementation of the program over the coming quarters.

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In the open pit the ore mined over the next 12 months is anticipated to gradually transition and become increasingly coarse and as such there should be a consequential improvement in recoveries in the processing plant.

Wolf Managing Director, Russell Clark, commented:

“The executed agreements enable Wolf to continue its focus on improving operations at the Drakelands mine to enable the project to reach its true potential. We are starting to see improvements in production following the commencement of the work program in the processing plant and remain confident that Wolf, with its large production capacity and location in a first world country, is well positioned within the global tungsten market.”

“The Company values the continued support from its lenders, major shareholder RCF VI and its affiliates; and major customers. The combination of the standstill, restructure, new funding support from RCF VI, and support from our customers enables the Company to focus on the success of Drakelands.”

Bridge Facility

The terms of the Bridge Facility provide that RCF VI, a major shareholder and an associate of Wolf's other major shareholders Resource Capital Fund V L.P. and RCF V Annex Fund L.P., will provide £20 million, with the potential for this to be increased to £30 million (increase available at the sole discretion of RCF VI) for a maximum of 12 months from first drawdown. The Company anticipates making an initial drawdown request under the Bridge Facility for £6.5 million following the completion of certain administrative conditions precedent in late October 2016.

During its term, the Bridge Facility will be fully secured and rank *pari passu* with the Senior Lenders on substantially the same form and terms as existing under the Senior Debt. Interest may be paid in cash or capitalised each quarter at Wolf's discretion.

The Company may pre-pay the Bridge Facility in certain limited circumstances, but if not prepaid at the conclusion of the 12 month term, the Bridge Facility will mandatorily switch to a three year subordinated convertible loan, if certain conditions precedent are satisfied, or a three year subordinated loan if those conditions are not satisfied.

As soon as reasonably practicable, the Company will seek shareholder approval at an Extraordinary General Meeting to enable the issue of ordinary shares in accordance with the convertible loan terms under the Bridge Facility. The convertible loan is also conditional upon, amongst other things, RCF VI obtaining FIRB approval.

Under the Bridge Facility the Company has also given RCF VI certain warranties and indemnities and RCF VI has certain limited rights of termination.

Terms of the three-year convertible loan

The convertible loan interest rate of 10% p.a. is payable quarterly in arrears in either cash or shares at the Company's choice, issued at the prevailing 20 day volume weighted average price per Wolf share. RCF VI may convert the loan in whole or in part at any time at a conversion price based on the 20 day volume weighted average price prior to date of the Bridge Facility maturity, subject to a minimum of A\$0.13 and a maximum of A\$0.20.

Terms of the three-year subordinated loan

The subordinated loan interest rate of 15% p.a. is payable quarterly in arrears in either cash or shares at the Company's choice, (assuming the required shareholder consents are obtained to issue sufficient new shares) issued at the prevailing 20 day volume weighted price per Wolf share.

Debt Restructure

The Company currently has £64 million outstanding under its debt facilities with the Senior Lenders (**Senior Debt**).

The Senior Lenders and RCF VI have agreed a standstill of the Senior Debt conditions until the earlier of a decision by the Devon County Council to extend the Drakelands planning permission for an expiry date beyond 2021 (decision expected before end-2016) or 31 January 2018. The standstill provides that a limited number of events of default shall apply under the Senior Debt and Bridge Facility, along with certain waivers of, and amendments to, the Senior Debt conditions for any non-compliance and grants relief from financial and other covenants.

The terms of the Debt Restructure provide that all Senior Debt principal repayments are deferred until January 2018 and the tenor of the Senior Debt is extended until June 2023, conditional upon a decision to extend Drakelands planning permission beyond 2021.

A portion of the Company's Senior Debt is supported by guarantees provided by the German government's Untied Loan Guarantee Scheme (Ungebundene Finanzkreditdeckung - UFK), and Wolf's tungsten concentrate customers; Wolfram Bergbau und Hütten AG and Global Tungsten & Powders Corp (together **Guarantors**).

The Guarantors have consented to the Debt Restructure, and the term of the Guarantees and the term of the Company's supply agreements with Global Tungsten & Powders Corp and Wolfram Bergbau und Hütten AG are consequentially extended to align with the revised tenor of the Senior Debt.

Related Party Transaction

RCF VI is deemed to be a Related Party as defined in the AIM Rules as it is considered to be an associate of RCF V and Annex Fund. RCF V, Annex Fund and RCF VI currently hold 609,863,714 shares, which equates to a relevant interest of approximately 56.3%. As a result, entering into the Bridge Facility is deemed to be a related party transaction under the AIM Rules.

The Company's board of directors (excluding Chris Corbett, who is a representative of RCF V) consider, having consulted with the Company's nominated adviser, that the terms of the related party transaction are fair and reasonable insofar as its shareholders are concerned.

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About Wolf Minerals

Wolf Minerals is a dual listed ("ASX: WLF", "AIM: WLFE") specialty metals company. With global demand for tungsten rising and future global production expected to be constrained, Wolf Minerals has recently completed the development of a large tungsten resource at its Drakelands Mine, located at Hemerdon, in southwest England.