CAPITAL RESTRUCTURING ANNOUNCED - TERM SHEET SIGNED TO EXCHANGE CONVERTIBLE NOTES INTO PREFERENCE SHARES AND OPTIONS

MGT Resources Limited (ASX:MGS) ('MGT' or 'the Company') is pleased to announce that Cloud Adventurer Limited and Marvel Network Limited have signed a term sheet with MGT Resources Limited ('MGT') agreeing to the following terms, subject to final documentation, shareholder and regulatory approval:

- The $6,000,000 Convertible Notes due for redemption on 19 August 2016 will be converted into preference shares on a dollar for dollar basis.
- Holders of preference shares rank equally with holders of fully paid ordinary shareholders in respect of dividends. Preference share holders will have no voting rights at general meetings other than on matters relating to the modification of the rights attaching to the preference shares or matters requiring the consent of preference holders.
- On a return of capital on liquidation of MGT Resources Limited, the preference holders will have the right to be paid in priority to any return of assets in respect of any other class of shares.
- The preference holders have the right to convert all or some of the preference shares into ordinary shares at any time before the redemption of the preference shares, on a one for one basis. The conversion price is $0.033 per share.
- Any unconverted preference shares may be redeemed by MGT Resources Limited, at its sole discretion.
- MGT Resources Limited has the right to convert all of the preference shares into ordinary shares at any time after the fifth anniversary of the issue of preference shares.
- Separately and in recognition of the efforts made by the Convertible Note holders in carrying out the restructuring, MGT will issue a total of $2,400,000 worth of options to the preference shareholders on the following terms and at the same time as the preference shares are issued:
    - the number of options to be issued will be calculated by reference to the market value of MGT shares;
    - the issue price is nil cash consideration;
    - the exercise price for each option will be $0.001;
    - the expiry date for any and all options issued is five years from the date of issue;
    - the options will not be quoted on the ASX;
    - the options will vest in five equal tranches over the five years after the issue date of the options. Vested options may be exercised at any time until the end of five years after that option issue date.
- The conversion of the Convertible Notes to preference shares and the issue of options are subject to formal contracts being prepared and executed.

ASX Release

1 April 2016

ASX CODE

MGS

REGISTRY

Computershare

SHARES ON ISSUE

342,157,040

Tin Price: US$16,729/t

Gold Price: US$1,236/oz

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- Conversion of the Convertible Notes to preference shares and the issue of options are conditional upon all necessary ASX approvals and the approval of Holders of Ordinary Shares of MGT Resources Limited at a general meeting expected to be held in mid to late June 2016.

- A notice of meeting will be circulated to shareholders in due course.

Executive Chairman Jonathan Back commented:

"We are very pleased to reach this agreement with the Noteholders which significantly strengthens MGT's overall capital structure and allows us to move forward rapidly with the strategy to focus on uranium mining investments announced on 29th March. We would like to thank the Noteholders for taking this step with us, and look forward to their continued participation as shareholders in the future of MGT."