THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) ("FSMA") WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES. THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ.

This document is an admission document and has been prepared in accordance with the AIM Rules for Companies. This document does not constitute a prospectus for the purposes of section 84(2) of FSMA and as such has not been approved by the FSA or a prospectus pursuant to section 85 of FSMA.

Application will be made to the London Stock Exchange for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by the London Stock Exchange. It is emphasised that no application is being made for admission of these securities to the Official List of the UKLA. The Ordinary Shares are not dealt in on any other recognised investment exchange and no application is being or has been made for the Ordinary Shares to be admitted to any such exchange. No application will be made for the 2010 Warrants to be admitted to trading on AIM, the Official List of the UKLA or any other exchange. It is expected that Admission will become effective and that dealings for normal settlement on AIM will commence in the Ordinary Shares on 1 November 2010. All dealings before the commencement of unconditional dealings will be on a "when issued basis", will only be settled if Admission takes place and will be of no effect if Admission does not take place. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the United Kingdom Listing Authority nor the London Stock Exchange has itself examined or approved the contents of this document.

The Directors and Proposed Directors of the Company, whose names appear on page 5 of this document, and the Company, accept responsibility both individually and collectively for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge of the Company, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. All the Directors and Proposed Directors accept responsibility accordingly. It should be remembered that the price of securities and the income from them can go down as well as up.

The whole of this document should be read. Attention is drawn in particular to the "Risk Factors" set out on pages 22 to 33 of Part 2 of this document.

African Mining & Exploration PLC

(Incorporated in England and Wales with registered number 7307107)

Placing of 50,000,000 new Ordinary Shares at 10 pence per share
and
Admission to trading on AIM

Nominated adviser and broker

Singer Capital Markets

Singer Capital Markets Limited

SHARE CAPITAL ON ADMISSION

Issued and fully paid

Number	*Amount (£)*
70,811,500 Ordinary Shares	708,115

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the Republic of South Africa or the Republic of Ireland to or for the account or benefit of any national, resident or citizen of the United States, Canada, Australia, Japan, the Republic of South Africa or the Republic of Ireland. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. No action has been taken by the Company, the Directors, the Proposed Directors or by Singer that would permit a public offer of shares or other securities in the Company or possession or distribution of this document where action for that purpose is required. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither the Ordinary Shares nor the 2010 Warrants have been registered in the US Securities Act of 1933, as amended (the "US Securities Act") or the applicable securities laws and regulations of any state or other jurisdiction of the United States. No public offer of the Ordinary Shares or 2010 Warrants is being made in the United States. The Ordinary Shares and 2010 Warrants are only being offered and sold outside the United States to non US persons in offshore transactions in reliance on Regulation S under the US Securities Act. In addition, the Company will not be registering under the US Investment Company Act of 1940, as amended, and investors will not be entitled to the benefits of such act. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing, the Ordinary Shares or 2010 Warrants.

Singer, which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser, financial adviser and broker for the purposes of the AIM Rules for Companies in connection with the Placing and Admission and, as such, its responsibilities are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person or entity. Singer is advising no one else in relation to the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its clients nor for advising any other person in relation to the Placing or Admission or the acquisition of shares in the Company or warrants over shares in the Company. In accordance with the AIM Rules for Companies, Singer has confirmed to the London Stock Exchange that it has satisfied itself that the Directors and Proposed Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules for Companies and that, in its opinion and to the best of its knowledge and belief, having made due and careful enquiry, all relevant requirements of the AIM Rules for Companies have been complied with. Singer has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by Singer for the accuracy or any information or opinions contained in this document or for the omission of any material information.

Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "envisages", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "could", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and the Directors' current intentions, beliefs or expectations concerning, amongst other things, investment strategy, financing strategy, performance, results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Company will operate.

By their nature, forward-looking statements involve risks (including unknown risks) and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not an assurance of future performance. The Company's actual performance, results of operations, financial condition, liquidity and dividend policy and the development of the business sector in which the Company operates, may differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Company's performance, results of operations, financial condition, liquidity and dividend policy and the development of the industry in which the Company operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Prospective investors are advised to read this entire document, including parts of this document entitled "Part 2 – Risk Factors" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

Any forward-looking statements in this document reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the matters referred to above. Investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Other than in accordance with the Company's obligations under the AIM Rules for Companies, neither the Company nor Singer undertakes any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Neither the forward-looking statements nor the underlying assumptions have been verified or audited by any third party.

Market data and forecasts

Various market data and forecasts used in this document have been obtained from independent industry sources. The Company has not verified the data obtained from these sources and cannot give any guarantee of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications, risks and uncertainties as above.

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PLACING STATISTICS

Number of Existing Ordinary Shares	20,811,500
Number of Placing Shares	50,000,000
Placing Price	10p
Net proceeds of the Placing to be received by the Company	£4.3 million
Issued share capital following Admission	70,811,500
Number of 2010 Warrants in issue following Admission	70,811,500
Market capitalisation of the Company at the Placing Price on Admission	£7.1 million
Percentage of the issued share capital following Admission represented by the Placing Shares	70.6 per cent.
Percentage of the issued share capital held by the Directors and the Proposed Directors	2.2 per cent.
AIM Symbol	AME
ISIN	GB00B647W791

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	22 October 2010
Admission effective and dealings in the Ordinary Shares expected to commence on AIM	1 November 2010
CREST accounts expected to be credited	1 November 2010
Definitive share certificates to be despatched	8 November 2010

Each of the times and dates in the above timetable is subject to change. All references are to London (UK) time unless otherwise stated. Temporary documents of title will not be issued.

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors:	Mark Christopher Jones *(Chief Executive Officer)* Martyn John Churchouse *(Technical Director)*
Proposed Directors:	Douglas Dakarai Chikohora *(Non-Executive Director)* Stephen Douglas Oke *(Non-Executive Chairman)* all of whose business address are at: 4th Floor 3 Shepherd Street London W1J 7HL
Registered Office:	55 Gower Street London WC1E 6HQ
Website:	www.ameplc.com
Company Secretary:	Stephen Ronaldson
Nominated Adviser and Broker:	Singer Capital Markets Limited One Hanover Street London W1S 1YZ
Solicitors to the Company:	*As to English Law:* Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP *As to Mali Law:* FSD Conseils Hamdallaye ACI 2000, Immeuble Mgr. J.M.CISSE, 2ème étage/BP E 2912, Bamako, Mali
Reporting Accountant and Auditors to the Company:	BDO LLP 55 Baker Street London W1U 7EU
Solicitors to the Nominated Adviser and Broker:	Hunton & Williams 30 St Mary Axe London EC3A 8EP
Competent Person:	Al Maynard & Associates Suite 9/280 Hay Street Subiaco, 6008 Western Australia
Registrars:	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"2006 Act" or **"Act"**	the Companies Act 2006 (as amended);
"2010 Warrants"	the 70,811,500 warrants constituted under the 2010 Warrant Instrument;
"2010 Warrantholders"	holders of 2010 Warrants;
"2010 Warrant Instrument"	the instrument dated 22 October 2010 executed by the Company and constituting the 2010 Warrants, details of which are set out in paragraph 4 of Part 5 of this document;
"Acquisition"	the acquisition by the Company of the entire issued share capital of New Mines pursuant to the Acquisition Agreement further details of which are set out in paragraph 11.6 of Part 5 of this document;
"Acquisition Agreement"	the conditional share exchange agreement dated 26 August 2010 between the Company and Henshaw Limited relating to the Acquisition, a summary of the principal terms and conditions of which are set out in paragraph 11.6 of Part 5 of this document;
"Admission"	the admission of the Ordinary Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
"AIM"	the market known as AIM operated by the London Stock Exchange;
"AIM Rules for Companies" or **"AIM Rules"**	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time;
"AIM Rules for Nominated Advisers"	the rules of the London Stock Exchange which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time;
"Articles"	the articles of association of the Company as at the date of this document further details of which are set out in paragraph 6 of Part 5 of this document;
"Associate"	as defined in paragraph (c) of the definition of "related party" in the AIM Rules;
"Board"	the board of directors of the Company as at the date of this document;
"certificated" or **"in certificated form"**	the description of a share or other security which is not in uncertificated form (that is, not in CREST);
"CFA franc" or **"XOF"**	the West African CFA Franc, a currency used in fourteen countries (twelve of which were formerly French-ruled) in Central and West Africa, including Mali. It has a fixed exchange rate to the Euro, as at the date of this document: 1 Euro is equivalent to 655.957 CFA francs;

"Code"	The City Code on Takeovers and Mergers;
"Company" or **"African Mining & Exploration"**	African Mining & Exploration Plc, a company incorporated in England and Wales with registered number 7307107;
"Corporate Governance Code"	the UK Corporate Governance Code published in June 2010 by the Financial Reporting Council;
"CPR" or **"Competent Person's Report"**	the Competent Person's Report as set out in Part 3 of this document;
"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form;
"CREST Regulations"or **"Regulations"**	the Uncertificated Securities Regulations 2001, including: (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
"Diatissan Permit"	the Diatissan Permit (permit no. 2002/169);
"Diatissan Permit Area"	the area of Mali covered by the Diatissan Permit;
"Directors"	the directors of the Company as at the date of this document whose names are set out on page 5 of this document;
"Eluvium" or **"Eluvial"**	residual deposits of rock particles produced by the in-situ decomposition and disintegration of rock. Eluvial is the adjective of eluvium;
"Existing Ordinary Shares"	the 20,811,500 Ordinary Shares in issue at the date of this document;
"FSA"	the Financial Services Authority of the United Kingdom;
"FSMA"	the Financial Services and Markets Act 2000 of the UK (as amended) including any regulations made pursuant thereto;
"Group"	the Company and its subsidiary undertakings (including New Mines and Tobon Tondo) immediately following Admission;
"Group II Minerals"	all other substances that do not fall under the quarries regulatory system belonging to Group I, which includes precious stone, semi-precious stone and fossils;
"IFRS"	International Financial Reporting Standards;
"Independent Geologist" or **"Al Maynard & Associates"**	Al Maynard & Associates, the author of the Competent Person's Report;
"ISIN"	International Securities Identification Number;
"JORC"	Joint Ore Reserves Committee - Australasian Code for Reporting of Identified Resources and Ore Reserves;
"Karan Permit"	the Karan Permit (permit no. 10/403);
"Karan Permit Area"	the area covered by the Karan Permit;

"London Stock Exchange" or the **"Exchange"**	London Stock Exchange Plc;
"Mali"	the Republic of Mali;
"Mali Government"	the Government of the Republic of Mali;
"Mining Code"	the Mining Code of Mali set up by Act no. 99-032/P-RM dated 19 August 1999;
"New Mines" or **"NMHL"**	New Mines Holdings Limited, a company incorporated in Nevis, West Indies with registered number C34760;
"Non-Rule 7 Shareholders"	Abdoulaye Cissé, Jean Hawke, Timothy Hawke, Michael Johnson, Scott Jones, Ami Jones, Matthew Jones, Daksha Patel, Stephen Ronaldson, Dominic Traynor, Marcel Ulrich, Leslie Wright, Victoria Wright and Henshaw Ltd;
"Official List"	the Official List of the UKLA;
"Options"	options granted under the Share Option Plan to acquire Ordinary Shares;
"Optionholders"	holders of options granted under the Share Option Plan;
"Ordinary Shares"	the ordinary shares of 1 pence each in the capital of the Company in issue from time to time;
"Ordinary Share Capital"	the entire issued ordinary share capital of the Company on Admission comprising the Existing Ordinary Shares and the Placing Shares;
"Panel"	the Panel on Takeovers and Mergers;
"Permits"	the Diatissan Permit and the Karan Permit;
"Placing"	the conditional placing by Singer on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 22 October between the Company (1), the Directors (2), the Proposed Directors (3), and Singer (4), further details of which are set out in paragraph 11.1 of Part 5 of this document;
"Placing Price"	10 pence per Placing Share;
"Placing Shares"	50,000,000 new Ordinary Shares which are subject to the Placing;
"Proposed Directors"	the proposed directors of the Company on Admission whose names are set out on page 5 of this document;
"QCA"	Quoted Companies Alliance;
"Redeemable Preference Shares"	the 50,000 redeemable preference shares of £1 each in the capital of the Company;
"Registrars"	Share Registrars Limited;
"Rule 7 Shareholders"	the Directors, Proposed Directors and Jacqueline Jones;

"Selling Shareholders"	the Shareholders of the Company selling Existing Ordinary Shares under the terms of the Selling Shareholders' Agreement, details of whom are set out in Part 5 of this document;
"Selling Shareholders' Agreement"	the conditional agreement dated 22 October 2010 between Singer (1) and the Selling Shareholders (2);
"Share Dealing Code"	the code on dealing in the Company's securities adopted by the Company;
"Share Option Plan"	the Share Option Plan (Part A and Part B) to be adopted by the Board on or shortly before Admission details of which are set out in paragraph 4 of Part 5 of this document;
"Shareholders"	holders of Ordinary Shares from time to time;
"Singer"	Singer Capital Markets Limited;
"Sterling" or **"£"**	pounds sterling, the lawful currency of the UK from time to time;
"subsidiary" or **"subsidiary undertaking"** or **"subsidiaries"**	have the meanings given to them by the 2006 Act;
"Tobon Tondo"	Tobon Tondo s.u.a.r.l, a company incorporated in Mali with registered number 10245;
"UK" or **"United Kingdom"**	the United Kingdom of Great Britain and Northern Ireland;
"UKLA" or **"UK Listing Authority"**	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
"uncertificated" or **"in uncertificated form"**	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
"United States" or **"USA"**	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction;
"US Dollar" or **"US$"**	the legal currency of the United States from time to time; and
"Warrant Options"	options granted under the Share Option Plan to acquire Ordinary Shares the number of which and the timing of exercise are conditional upon the exercise of the 2010 Warrants.

All references to times in this document are to London (UK) times.

PART 1

INFORMATION ON THE COMPANY

1. Overview

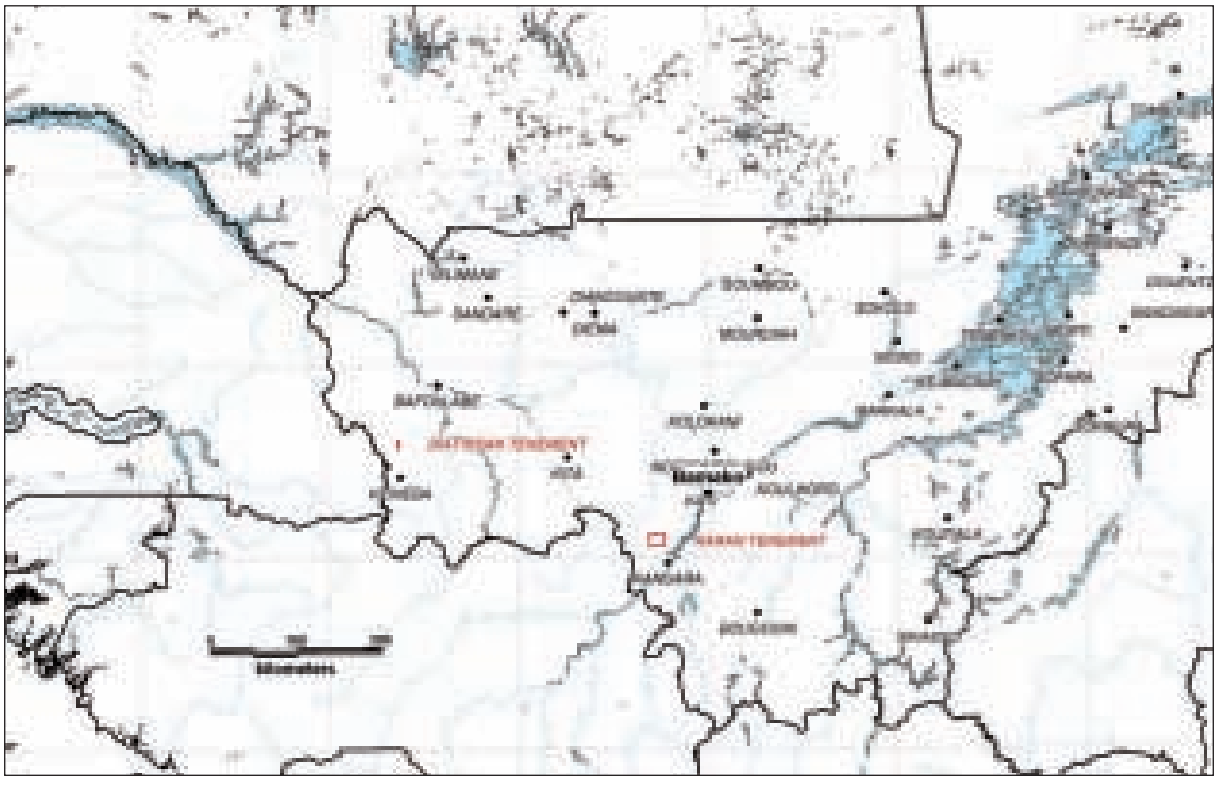
African Mining & Exploration is focussed on the exploration and development of gold assets in West Africa. Through New Mines (which upon Admission will be a wholly-owned subsidiary of the Company) and through Toban Tondo (a company incorporated in Mali and wholly owned by New Mines), the Group holds mining exploration permits for the Karan and Diatissan Permit Areas which are located in Western Mali.

Following Admission and, at the appropriate time, the Company intends to mitigate country risk through the acquisition of a diversified portfolio focussed mainly on gold in West Africa. Further, the Directors and Proposed Directors intend to consider joint ventures, or other similar arrangements, with suitable partners to develop the Company's permits in the best interests of its Shareholders.

2. Information on the Permits

Permit Area	*Permit No.*	*Type of Permit*	*Expiration of initial exploration period*	*Area (Km²)*
Diatissan	2002/169	Exploration Permit to search for gold and Group II minerals	20 December 2011[1]	16[2]
Karan	10/403	Exploration Permit to search for gold and Group II minerals	25 January 2013[3]	250

1. An application for renewal was sent to the Minister for Mines on 2 November 2009 and the permit is currently in good standing
2. The Diatissan Permit which is confirmed by AME's Malian lawyer to be in good standing covers an area of 16km². Under the Mining Code the area covered by the Diatissan Permit could have been relinquished twice, by 50 per cent. on each occasion, with a consequent reduction to the permit area by 12km² (leaving an area of 4km²), however this reduction in area has not occurred. The application for renewal, submitted to the Minister for Mines on 2 November 2009, was for a permit area of 16km². The Directors and Proposed Directors believe that the Diatissan Permit will be renewed with its original permit area of 16km².
3. The permit is renewable on two occasions until 25 January 2019



2.1 *Summary information on the Karan Permit Area*

The Karan Permit Area consists of a single, rectangular exploration permit for a total area of 250km^2, and is located approximately 90km southwest of the Malian capital, Bamako. The permit was reissued to Toban Tondo in January 2010. Currently there are a significant number of artisanal miners active within the Karan Permit Area.

No previous estimates of mineral resources or reserves are known in the Karan Permit Area. However, the Directors and Proposed Directors believe that, *inter alia*, the production history of the Karan area and the current high level of artisanal gold production indicate that the Karan Permit is highly prospective for significant bedrock and associated eluvial gold deposits. Furthermore, the Directors and Proposed Directors believe that Karan's proximity to both Bamako and the Siguiri area of Guinea allow the mobilisation, operational and logistical support for mineral exploration activity to be achieved all year round.

The Directors and Proposed Directors believe that sufficient exploration has taken place in the last ten years to allow the Group to proceed as soon as possible after Admission with close-spaced ground magnetic geophysical surveys covering the priority prospects with a view to defining drill targets for evaluation.

The Karan Permit is located in a geologically favourable area with rock types typically associated with known major gold mineralisation in Mali. In the opinion of the Directors and Proposed Directors, prospectivity is enhanced firstly by the extensive and continuous artisanal mining that has taken place over specific areas within the Karan Permit, in some cases for more than 100 years, and secondly by the fact that artisanal workings are coincident with major structural features identified both by geological mapping and airborne geophysics and which are known to host and control gold mineralisation elsewhere in Mali.

Sufficient reconnaissance and exploration has taken place to define a total of four large target areas within which specific prospects have been defined that are ready for detailed follow up and evaluation. The four target areas of Madouba, Karan, Faraque and Mana extend north to south across the Karan Permit and are closely associated with a major north-south oriented shear zone and cross-cutting faults. The Madouba area located in the north of the Karan Permit covers an area of approximately 2.8km by 1.8km and includes three prospects, Soukourani, Niaourele and Fintakourouni. The Karan area located in the southern half of the Karan Permit covers an area of 4km by 3.5km and includes the prospects of Kouroudjin, Koukouroula, Karan and Niamale. The Faraque area includes one prospect covering an area defined by artisanal workings of approximately 600m by 300m. The Mana area is located west of the Madouba area and includes a prospect also defined by artisanal workings covering an area of 300m by 50m.

In addition to the favourable geology and structure, the Karan Permit Area is shown to host gold mineralisation as evidenced by artisanal activity, which is focussed on gold extraction in easily accessible lateritic cover and saprolitic material extending to a maximum depth below surface of only 15 to 20m. Rudimentary mining and gold extraction techniques employed by the artisans and the shallow mining depth means that no attempt has been made to mine bedrock. Saprolite is defined as a chemically weathered rock which has not been transported and retains the original rock fabric. The fact that saprolite is gold bearing (as evidenced by the extensive artisanal mining) and represents an altered bedrock indicates, in the opinion of the Directors and the Proposed Directors, the presence of gold mineralisation in un-weathered bedrock beyond the reach of artisanal mining. The Directors and Proposed Directors do not expect any issues to arise with the artisans when exploration commences.

The Competent Person has emphasised the importance of regional structures that pass through the Karan Permit Area and points out that the prominent north-south shear is known to host the Siguiri mine in Guinea and mines/resources recorded at Morila, Syama, Kalana and Kodieran in Mali.

Two other important geological observations have also been made during recent site visits accompanied by the Competent Person. Firstly, a study of material brought to surface by artisans shows the presence of quartz vein material which is in all likelihood associated with the shear zone. More significantly, an abundance of quartz stockwork material in saprolite can reasonably be assumed to be present in favourable host rocks proximal to major structures and therefore offer scope for a bulk tonnage opportunity in unexplored bedrock. Secondly, it was noted that a number of targets sit on cross-cutting structures orthogonal to the shear zone. These structures have not been tested in the past and will be targeted by the Group as a further potential source of economically viable gold mineralisation.

2.2 *Summary information on the Diatissan Permit Area*

The Diatissan Permit Area, covering an area of approximately 16km²*, is located on the regional Senegal-Malian shear zone, the closest city is Kayes in Western Mali and less than 20km from the Loulo (Randgold) and Tabakoto (Nelson Gold) gold mines.

There is extensive artisanal gold mining activity across the Diatissan Permit. The presence of artisanal mining has been noted by the Competent Person to be a key indicator of potential in the Diatissan Permit Area. Tobon Tondo has maintained a good working relationship with these artisans and the Directors and Proposed Directors do not expect any issues to arise with the artisans when exploration commences.

Anomalous gold mineralisation has been identified based on gold in soil geochemical surveys which define a prospective area with a strike length of 4.5km over widths ranging from 600m to 1,000m. This broad anomaly requires definition before any detailed exploration can take place and an emphasis will be placed on geophysical surveys and detailed geological mapping to focus in on potential drill targets.

* The Diatissan Permit, which is confirmed by AME's Malian lawyer to be in good standing, covers an area of 16km². Under the Mining Code the area covered by the Diatissan Permit could have been relinquished twice, by 50 per cent. on each occasion, with a consequent reduction to the permit area by 12km² (leaving an area of 4km²), however this reduction in area has not occurred. The application for renewal, submitted to the Minister for Mines on 2 November 2009, was for a permit area of 16km². The Directors and Proposed Directors believe that the Diatissan Permit will be renewed with its original permit area of 16km².

2.3 *Exploration Programme and Minimum Expenditure Requirements*

Karan Permit

Under the terms of the Karan Setting Up Agreement and the Karan Decree (as defined in paragraph 11.11 of Part 5 of this document) the Group is solely responsible for the design, execution and financing of exploration for gold and other Group II Mineral substances in the Karan Permit Area.

During year one the Group is committed to: (i) check for anomalies; (ii) undertake trenching on 1,500 linear metres; (iii) analyse 1,500 samples for gold; (iv) analyse 100 samples from 200 linear metre shafts; and (v) produce a detailed map of the targets.

In year two the Group is committed to: (i) undertake further trenching on 500 linear metres; (ii) carry out RAB drilling programme on 1200 linear metres; and (iii) carry out RC drilling programme on 2,000 linear metres. In the third year the Group is committed to: (i) undertake core sampling on around 4,000 metres samples; (ii) calculation of the resource; (iii) carry out metallurgical tests; and (iv) undertake pre-feasibility studies.

During each year the Group is committed to carrying out, at its sole cost, the work programme which is to be submitted to the Head of the Department of Mines in Mali at the beginning of each year, such work programme being terminable by Tobon Tondo at any point where the results do not justify its continuation.

The Group also has an obligation to submit quarterly and annual reports detailing activities during the previous quarter and activities results obtained in the previous year periodically to Head of the Department of Mines in Mali.

The Mali Government undertakes to grant Tobon Tondo a mining licence in the event that the Group makes a discovery of sufficient quantity and quality to be economically mineable. Following such a discovery the Group is obligated to submit a feasibility study in conjunction with the application for a mining licence and, following the approval of the feasibility study and the grant of the mining licence, to incorporate a Malian company to carry out the proposed mining operations (the "Operation Company").

The Mali Government has a free right, exercisable within 90 days of the date of the application for the mining permit to elect to take a fixed, non-dilutable 10 per cent. equity interest, free from all charges in the Operation Company, with an option to take a further 10 per cent. interest, together with the right to receive a priority dividend of 10 per cent. of any distributable profits. If the Mali Government decides to take further holdings the terms and conditions of the additional investment will be agreed between the parties.

The terms of the Karan Setting Up Agreement contain certain provisions in accordance with the Mining Code, and Mali law relating to the constitution and management of the Operation Company including limits on the employment of non-Mali personnel and resources.

The minimum exploration expenditure is 65,000,000 CFA (€99,092) in year one; 205,000,000 CFA (€312,520) in year two and 246,000,000 CFA (€375,025) in year three. On the discovery of a mine the Group must pay the Mali Government the sum of $1,312,000 (in accordance with a schedule of payments to be agreed) by way of payment for the government's work on the Karan Permit prior to Tobon Tondo's involvement.

Diatissan Permit

Under the terms of the Diatissan Setting Up Agreement and the Diatissan Decree (as defined in paragraph 11.12 of Part 5 of this document) the Group is solely responsible for the design, execution and financing of exploration for gold and other Group II Mineral substances in the Diatissan Permit Area.

During each year the Group is committed to carrying out, at its sole cost, the work programme which is to be submitted to the Head of the Department of Mines in Mali at the beginning of each year, such work programme being terminable by Tobon Tondo at any point where the results do not justify its continuation.

The Group also has an obligation to submit quarterly and annual reports detailing activities during the previous quarter and activities results obtained in the previous year periodically to Head of the Department of Mines in Mali.

The Mali Government undertakes to grant Tobon Tondo a mining licence in the event that the Group makes a discovery of sufficient quantity and quality to be economically mineable. Following such a discovery the Group is obligated to submit a feasibility study in conjunction with the application for a mining licence and, following the approval of the feasibility study and the grant of the mining licence, to incorporate a Malian company to carry out the proposed mining operations (the "Operation Company").

The Mali Government has a right, exercisable within 90 days of the date of the application for the mining permit to elect to take a fixed, non-dilutable 10 per cent. equity interest, free from all charges in the Operation Company, with an option to take a further 10 per cent. interest, together with the right to receive a priority dividend of 10 per cent. of any distributable profits.

The terms of the Diatissan Setting Up Agreement contain certain provisions in accordance with the Mining Code, and Mali law relating to the constitution and management of the Operation Company including limits on the employment of non-Mali personnel and resources.

The minimum exploration expenditure is 245,000,000 CFA (€373,500) in year one; 300,000,000 CFA (€457,347) in year two and 520,000,000 CFA (€792,735) in year three. On the discovery of a mine the Group must pay the Mali Government the sum of $1,000,000 (in accordance with a schedule of payments to be agreed) by way of payment for the government's work on the Diatissan Permit prior to Tobon Tondo's involvement.

2.4 *Proposed work programme*

African Mining & Exploration proposes initial 18 month exploration programmes, focussed on the Karan and Diatissan Permit Areas with emphasis on four high priority target areas identified by the Competent Person in the Karan Permit Area.

The proposed Karan Permit work programme would comprise a compilation of available reports and data to a centralised database, a structural analysis by satellite and aerial photographic interpretation, mapping and sampling of the artisanal pits to aid structural interpretation, detailed ground magnetic surveys and the commencement of a trenching and drilling programme (based upon results of the exploration work) to test the most prospective structures and mineralised zones.

Whilst the Company has no plans to mine alluvial gold on the Karan Permit itself at present, the Company is in early stage discussions with various parties regarding a potential joint venture pursuant to which the Company would receive a royalty for any alluvial gold produced.

The proposed Diatissan Permit work programme would comprise a re-evaluation of historical exploration leading to trenching and ground geophysics aimed at generative future drill targets.

Further information on the Karan and Diatissan Permit Areas is set out in the Competent Person's Report in Part 3 of this document.

3. Mali and its mining industry

Mali, a landlocked country which is located in West Africa, has an estimated population of 12,700,000 (2009 estimate) and a total land area of 1,240,192 sq km. The bordering countries include Algeria, Burkina Faso, Guinea, Cote d'Ivoire, Mauritania, Niger and Senegal.

Mali has a broad spectrum of mineral resource types ranging from precious and base metals to industrial minerals that includes gold, uranium, bauxite, iron ore, manganese, tin, copper, phosphate, kaolin, salt, limestone, gypsum and granite. Mineral rights in Mali are governed by the Mining Code. Exploration is carried out under permits granted by Ministerial Decree following application to the National Director of Geology and Mines from the Ministry of Mines, Energy and Water.

3.1 *The Mining Code*

The Mining Code dates from 1991 and was revised to its current form in 1999.The Directors and Proposed Directors understand that the Mali Government plans to introduce a new mining code in order to attract further investment in Mali. The Mining Code recognises three types of mining activities; artisanal, small scale and large scale.

Classification of Mineral and Fossil Substances

The mineral and fossil substances are classified into two groups:

- Group 1 – Precious stone, semi-precious stone and fossils;
- Group 2 – All other substances that do not fall under the quarries regulatory system belonging to Group 1.

Mining Titles

The Mining Code lists six different mining titles:

- Licence for Exploration: allows prospecting of mineralised sites not under any exploration or exploitation permit. Duration is three months, and may be renewed once for a further three months.

- Licence for Prospecting: grants exclusive right for prospecting substances belonging to the mineral and fossil group for which the licence is issued. Duration: three years, and may be renewed once (without surface area reduction) for a further three years.
- Research Permit: grants exclusive right to research all the substances belonging to the mineral and fossil group specified in the permit: the holder will have to agree a minimum work programme and exploration budget. Duration: three years, and may be renewed twice for three years each. Upon the first and second renewal the area covered by the permit, if greater than 10km^2, will be reduced by 50 per cent.
- Mining Permit: exclusive right to prospecting, research and mining of all the mineral substances specified in the permit. Before the permit is awarded the holder must complete a feasibility study that demonstrates the viability of a future mining operation. The holder will have to set up a Mali-registered company in which the Mali Government has a fixed non-dilutable 10 per cent. equity interest, free from all charges, together with a right to receive a priority dividend of 10 per cent. of distributable profits. The Mali Government also retains the right to purchase (in cash) a further 10 per cent. in the capital of the Company to a maximum of 20 per cent. ownership. Duration: 30 years and renewable for 10 year periods until the depletion of the reserves.
- Licence for Small Scale Mining: A small scale operation is usually considered to be a processing capacity equal to or less than 150 tonnes of ore per day. Duration: valid for four years, renewable indefinitely for four years each time until the depletion of the reserves.
- Artisanal Exploration authorisation: valid for one year only but renewable indefinitely.

Mineral Rights

The Mining Code provides that prior to the issuance of mineral rights, except for the artisanal exploration authorisation, a mining agreement ("Mining Convention") must be signed by the State of Mali and the future holder of the mineral right. The Mining Convention governs the relationship of the mineral right holder and the State during the exploration and the exploitation phases. Amongst other things, the Mining Convention provides for the minimum exploration expenses to be incurred and the size of the interest of the State in the project if the property is brought into production.

Fiscal Regime

Mining companies pay a fixed fee at the time of authorisation and permits are granted, renewed or transferred. Mining companies in Mali pay no import duty, fiscal tax or other payments, except for annual government land fees which vary between US$2.3 to US$4.6 per km² during the exploration permit phase. The customs exemption is extended for the initial three years of mine production and no fiscal tax or other significant payments are required. After three years of production, a three per cent. net smelter return royalty and an additional three per cent. *ad valorem* tax are applied. A five-year tax holiday exists for newly developed mines, after which income tax is charged at 35 per cent. of net income, starting in the sixth year of production. All profits can be repatriated.

Karan and Diatissan Permit

The Karan and Diatissan Permit Areas are covered by exploration permits, both valid for an initial period of three years, with a right to two renewal periods totalling an additional three years in each term. The Karan Permit Area is greater than 10km², and so 50 per cent. of the Karan Permit Area will be relinquished at the end of the first three-year term, and a 50 per cent. reduction will take place again at the end of the second three-year term. The Diatissan Permit Area is greater than 10km², and so 50 per cent. of the Diatissan Permit Area should have been relinquished at the end of the first three-year term and at the end of the second three-year term, however this reduction in area has not occurred. The Diatissan Permit is currently subject to an application for renewal which was sent to the Minister of Mines on 2 November 2009 for a permit area of 16km^2, and is currently in good standing.

Artisanal Miners

Licensed and unlicensed artisanal gold mining is active throughout southern Mali. Artisanal miners have a right to mine any area that is not under active exploration or being mined by a permit holder. When a company commences exploration or mining validated by an exploration permit or exploitation permit,

artisanal miners must cease work and relocate to another site outside of the permit area. Currently there are a significant number of artisanal miners active within the Karan and Diatissan Permit Areas. Tobon Tondo has maintained a good working relationship with these artisans and no issues are expected to arise once exploration commences.

4. Acquisition

Pursuant to the terms and the Acquisition Agreement the Company acquired the beneficial title of the entire issued share capital of New Mines on 26 August 2010 and issued 20,811,500 Ordinary Shares as consideration. On Admission the legal interest in the entire issued share capital of New Mines will pass to the Company. Further details of the Acquisition is included in paragraph 11.6 of Part 5 of this document.

5. Objectives and strategy

The Company's principal objective is to discover and mine commercially viable gold deposits for the benefit of Shareholders and the welfare of the communities where the Company will operate.

Mali is a country with a well-established mining sector and it is the Company's intention to maximise the benefits inherent in a mining friendly environment where local expertise, skills and mining infrastructure already exists.

The Directors and the Proposed Directors believe that significant potential exists for the discovery of new economic gold mines in Mali and the presence of a number of well-established gold producers offers scope for future joint ventures and other business arrangements likely to be beneficial to shareholders of the Company.

The Directors and the Proposed Directors also intend to carry out due diligence after Admission on additional opportunities. One of these opportunities is currently being funded personally by Mark Jones, Martyn Churchouse and Michael Johnson. If, after extensive due diligence, the opportunities are considered to be both appropriate and to meet the Company's strategy, the Company may acquire them on a fair and reasonable arm's length basis on terms to be agreed. Any transaction will be a related party transaction for the purposes of the AIM Rules and the terms will be approved by the Company's Nomad at the time as fair and reasonable.

The Directors and Proposed Directors have a proven track record in African gold exploration and mining and therefore an ability to allocate its resources to best effect, quickly turning to account advanced exploration projects through appropriate and cost effective exploration.

The Directors and Proposed Directors intend to use their knowledge of working in West Africa to continue to expand its portfolio of gold assets through the judicious selection and acquisition of advanced projects with a low entry cost and potentially an early generation of gold resources.

Strategically, the Board intends to allocate its resources in an efficient manner that will preserve and increase cash assets whilst at the same time allow the Directors and Proposed Directors to build a portfolio of exploration ground with potential to host new gold mines.

6. Current trading and prospects

Other than entering into arrangements relating to the Acquisition or in connection with the Placing and Admission, the Company has not traded since incorporation. The costs incurred by the Company in respect of the Placing and Admission will be met by the Company out of the proceeds of the Placing.

Financial information on New Mines and its subsidiary undertaking for the period from incorporation on 1 September 2008 to 30 June 2010 is set out in Part 4 of this document.

The Company's prospects at this stage will depend, among other things, on the results of its initial 18 month exploration programme and in particular on four target areas identified by the Competent Person.

7. Directors and Proposed Directors and senior management

Brief biographical details of the Directors and Proposed Directors and senior management are set out below.

Directors

The current composition of the Board is as follows:

Mark Christopher Jones *(Chief Executive Officer) (Aged 50)*

Mark Jones, a mining graduate of the Camborne School of Mines, is a professional General Manager with 25 years' experience in mining and associated businesses including explosives and heavy industrial equipment. He joined the Board in August 2010. Mark is Chief Executive of Aurum Mining plc (2005-present). Prior to Aurum, he worked for Ingersoll-Rand Ltd (NYSE: IR), a leading diversified global industrial firm, first as managing director of Ingersoll-Rand South Africa (Pty) Ltd until 2002, before relocating to the UK to run their Global Services business in Europe, the Middle East and Africa.

Before this, Mark held the positions of Managing Director of Expert Explosives (Pty) Ltd. based in South Africa and general manager of Chai International Development Ltd. based in Thailand. He is a qualified explosives engineer, with an MBA from Newport University and an Associate Degree from Columbia Business School, New York.

Martyn John Churchouse *(Technical Director) (Aged 51)*

Martyn Churchouse is a geologist with 25 years' experience, including 14 years in Africa with Johannesburg Consolidated Investment Company Limited (as a senior mine geologist), for Anglo American-Namibia (as a senior geologist), and for Gold Fields Namibia and Gold Fields Ghana. He has also spent seven years working on exploration and mining projects in Eastern Europe including the position of mine manager of a 2.5 million tpa tailings reclamation project. He joined the Board of the Company in August 2010.

Proposed Directors

Stephen Douglas Oke *(Non-Executive Chairman) (Aged 56)*

Stephen Oke has 35 years' experience in the mining and metals industry of which 12 years was spent in various operational management positions for the National Coal Board, Anglovaal Ltd, BP and Johannesburg Consolidated Investment Company Limited. Subsequently he has held senior positions in the investment banking industry for Smith New Court, Merrill Lynch, NM Rothschild and Sons and Standard Bank. He has a BSc Honours degree in Geology from the University of Southampton and an MBA from the University of the Witwatersrand Graduate School of Business. He is a current or past board member of various natural resource companies including International Ferro Metals Limited, Nikanor Plc, Katanga Mining Limited and KazakhGold Group Ltd.

Douglas Dakarai Chikohora *(Non-Executive Director) (Aged 51)*

Douglas Chikohora is a chartered engineer with over 28 years' experience in the mining industry. His experience covers rare earth minerals and base and precious metals with various companies including Cluff Resources, which he joined in 1987 and where he was in charge of the exploration and development of the Ayanfuri mine in Ghana. After the acquisition of Cluff Resources by Ashanti Goldfields Company Limited in 1996, Mr Chikohora joined Cluff Mining Limited (now Ridge Mining Limited) in June 1996 before being appointed Managing Director of Cluff Mining (West Africa) Limited, responsible for its West African gold interests. He is currently a non-executive at Cluff Gold plc and CEO of Cluff Africa Associates UK Ltd.

Senior Management

Michael McGarty *(Finance and Administration Manager) (Aged 36)*

Michael McGarty is a graduate in Finance from Manchester University's Business School and a qualified accountant (Chartered Institute of Management Accountants, UK). He has 15 years of experience working with Ingersoll Rand (NYSE:IR), a leading global diversified manufacturer of industrial and engineered products. During which time he has worked in roles of increasing responsibility, covering all areas of accounts payable / receivable and financial / management accounting. He led the European implementation of the Sarbanes Oxley compliance initiative, and for five years has served as a financial controller for businesses covering Europe, the Middle East and Africa, including the provision of business partner support and strategic planning.

Abdoulaye Cissé *(Country Manager) (Aged 50)*

Abdoulaye Oumar Cissé is a graduate of the University of Folket in Sweden with a diploma in Computer Engineering. Cissé has 16 years' experience in the mining sector in West Africa and has been a Manager of Toban Tondo since 1994. Cissé is also a secretary of the National Union of Mining Operators in Mali.

Consultants

Mike Johnson *(Consultant) (Aged 60)*

(Emeritus) Professor Mike Johnson was previously the Director of Environmental Science and the Botanic Gardens at the University of Liverpool. He was Chairman of Glebe Mines Ltd (2000-2008) and is currently a Director of Empire Mining Corporation (2008). Professor Johnson presently holds a number of business and environmental advisory positions including with Rio Tinto plc, New Boliden SA and Lundin Mining plc, and is an adviser on sustainable development programmes for several governments, UNEP and the World Bank.

8. Directors' and Proposed Directors' interests and Lock-in arrangements

On Admission, the individual interests of the Directors and Proposed Directors in the Company will be as follows:

Name	*Number of Ordinary Shares held prior to Admission*	*Number of Ordinary Shares held at Admission*	*Percentage of Enlarged Ordinary Share Capital*	*Number of Ordinary Shares under Option on Admission*	*Number of Ordinary Shares under Warrant Options on Admission*	*Number of 2010 Warrants on Admission*
Mark Jones[1]	1,250,000	1,250,000	1.8	3,000,000	3,000,000	1,250,000
Martyn Churchouse	300,000	300,000	0.4	2,000,000	2,000,000	300,000
Douglas Chikohora	—	—	—	600,000	600,000	—
Stephen Oke	—	—	—	750,000	750,000	—
	1,550,000	1,550,000	2.2	6,350,000	6,350,000	1,550,000

[1] 200,000 of these Ordinary Shares are held by Jacqueline Jones, the wife of Mark Jones.

In accordance with Rule 7 of the AIM Rules, each of the Rule 7 Shareholders have agreed that they will not and will procure that their Associates will not dispose of any interest in Ordinary Shares or other securities of the Company that they held immediately prior to Admission or acquire within 12 months from Admission, except as permitted under the AIM Rules.

In addition, they have agreed that any disposals in the period commencing after the first anniversary of Admission and ending 24 months from Admission will be conducted in the manner described in paragraph 11.4 of Part 5 of this document.

Furthermore, Non-Rule 7 Shareholders, who hold in aggregate 8,262,500 Existing Shares (approximately 11.7 per cent. of the Company's Ordinary Share Capital), have agreed that they will not dispose of any interest in Ordinary Shares for one year from Admission (subject to certain limited exceptions). The Non-Rule 7 Shareholders have also agreed that any disposals in the period commencing the first anniversary of Admission and ending 24 months from Admission will be conducted in the manner described in paragraph 11.5 of Part 5 of this document.

9. Share Option Plan

The Directors and the Proposed Directors believe that the Company's success is highly dependent on the quality and loyalty of its employees and Directors and consultants and other persons providing services to the Group. To assist in the recruitment, retention and motivation of such high quality staff, the Company needs an effective remuneration strategy. The Directors and the Proposed Directors consider that an important part of the Company's remuneration strategy is the ability to award equity incentives and, in particular, share options. The Directors also feel that it is important to address the requirements of such employees, directors and others according to the different legal and tax requirements of the region in which they work.

The terms of the Options will require an exercise price not less than market value at the date of the grant and will require the satisfaction of such performance or other exercise conditions as the remuneration committee consider appropriate. Initial Options for executives are exercisable as to 20 per cent. on completion of the Karan Permit scoping study, as to a further 30 per cent. on the confirmation of a JORC Inferred Resource and as to the final 50 per cent. on the confirmation of a JORC Inferred Resource of at least 500,000 troy ounces of gold and lapse on the fifth anniversary of grant. A two year waiting period applies for one Optionholder. Any options granted on or shortly before Admission will have an option price equal to the Placing Price. Non-executive directors will not have performance conditions but the Options will vest as to one third of the Ordinary Shares under Option on Admission, and each of the first and second anniversaries of Admission.

In addition each participant granted an Option on or before Admission will receive a Warrant Option designed to compensate for the dilutory effects of the 2010 Warrants. Such Warrant Option is conditional on the exercise or lapse of the 2010 Warrants over a number of Ordinary Shares proportionate to the number of 2010 Warrants exercised out of the total 2010 Warrants.

Further details of the Share Option Plan together with details of the options granted prior to the date of this document are set out in paragraph 4 of Part 5.

10. The Warrants

The Company will grant 70,811,500 2010 Warrants to all Shareholders on Admission. Each 2010 Warrant entitles the holder to subscribe for one Ordinary Share at 12.5 pence at any time up to the second anniversary of Admission (subject to the terms of the Warrant Instrument). The 2010 Warrants are freely transferable at any time and will not be admitted to AIM. Further details of the terms of the 2010 Warrants are set out in Part 5, paragraph 4 of this document.

11. Ordinary Shares, Share Options and 2010 Warrants

At the date of this document there are 20,811,500 Ordinary Shares in issue.

There are also 70,811,500 2010 Warrants to subscribe for Ordinary Shares, as detailed in paragraph 4 of Part 5 of this document. The 2010 Warrants will be issued to existing Shareholders and participants in the Placing on the basis of one 2010 Warrant for every Ordinary Share held on Admission.

There are also 7,350,000 Options and 7,350,000 Warrant Options to acquire Ordinary Shares, as detailed in paragraph 4 of Part 5 of this document. The Options and Warrant Options will be issued to the Directors, Proposed Directors and Senior Management on Admission.

Upon Admission, the Ordinary Share Capital will be 70,811,500 Ordinary Shares (following the issue of 50,000,000 Placing Shares), and 2010 Warrants and Options will have been granted to subscribe for a total of 85,511,500 new Ordinary Shares representing 54.7 per cent. of the issued share capital on a fully diluted basis. If all of these 2010 Warrants, Options and Warrant Options were to be exercised a further £10.5 million would be raised for the Company.

12. Details of the proposed Placing, the Selling Shareholders and use of proceeds

Pursuant to the Placing Agreement, Singer has agreed to use its reasonable endeavours to procure, as agent for the Company, institutional and other investors for 50,000,000 Placing Shares (representing 240 per cent. of the Existing Ordinary Share capital immediately before Admission) at the Placing Price. In addition, 1,560,000 Existing Ordinary Shares (representing 7.5 per cent. of the Existing Ordinary Share capital of the Company immediately before Admission) will be placed on behalf of the Selling Shareholders pursuant to the Selling Shareholders' Agreement, and this is expected to raise up to £147,420 for the Selling Shareholders (net of expenses). The Selling Shareholders' Agreement is conditional on Admission becoming effective no later than 1 November 2010, and the Selling Shareholders' Agreement not having been terminated prior to Admission. The Placing is conditional upon, *inter alia*, Admission becoming effective no later than 1 November 2010 (or such later date as Singer and the Company may agree but in any event no later than 15 November 2010), and the Placing Agreement not having been terminated prior to Admission. The Placing is not underwritten. The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

The estimated net proceeds of the Placing of £4.3 million will be used to finance the next stage of the Group's development and growth. Specifically, the proceeds will be utilised as follows:

	£m
Use of proceeds	
Drilling	2.2
Administration & exploration working capital	1.8
Scoping study	0.2
Geophysics & resource estimation	0.1
Total	4.3

The Directors and Proposed Directors also believe that Admission will also enhance the public profile of the Company, provide an acquisition currency and access to capital markets for the Company to raise further funds and allow the Company to effectively incentivise key staff.

13. Dividend policy

The current intention of the Directors and Proposed Directors is to aim for capital growth by increasing the value of the Company's asset portfolio. Therefore the Directors and Proposed Directors do not envisage declaring a dividend for the foreseeable future.

Any future decision to declare dividends on the Ordinary Shares will be made by the Directors and Proposed Directors depending on the financial requirements of the Company to finance growth, the financial condition of the Company and other factors which they may consider appropriate in the circumstances.

14. Taxation

Certain information regarding certain taxation considerations in the United Kingdom is set out in paragraph 17 of Part 5 of this document. These details are, however, intended only as a general guide to the current position under UK taxation law. If you are in any doubt as to your tax position you should consult an appropriate professional adviser immediately.

Your attention is also drawn to the risk factor on taxation set out on page 29 of this document.

15. Corporate governance

The Directors and Proposed Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. The Company currently complies with the Quoted Companies Alliance guidance, and as the Company develops the Board intends to comply with the Corporate Governance Code. The Company has already established audit and remuneration committees, with formally delegated duties and responsibilities. Set out below is a description of the Company's corporate governance practices.

Meetings of the Board

The Board meets regularly and is responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. The Board will establish a formal schedule of matters specifically reserved to it for decision, including matters relating to management structure and appointments, strategic and policy considerations, transactions and finance. To enable the Board to discharge its duties, all members of the Board will receive timely information. The Articles, summarised in paragraph 6 of Part 5 of this document, provide that at each annual general meeting, any members of the Board appointed since the previous annual general meeting and any members of the Board who were not appointed or reappointed at the previous two annual general meetings must retire from office and may offer themselves for reappointment.

Audit and remuneration committees

The audit committee, which comprises Stephen Oke and Douglas Chikohora, and which is chaired by Stephen Oke, is responsible for ensuring the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditors and reviewing their reports relating to

accounts and internal controls. Meetings of the audit committee are required to be held at least twice a year, at appropriate times in the reporting and audit cycle. The audit committee is required to report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and is required to compile a report to shareholders to be included in the annual report and accounts of the Group. The members of the audit committee are re-elected annually by the Board.

The remuneration committee, which comprises Stephen Oke and Douglas Chikohora, and which is chaired by Douglas Chikohora, reviews the performance of the executive directors and sets their remuneration, determines the payment of bonuses to executive directors and considers the future allocation of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time to directors and employees. Meetings of the remuneration committee are required to be held at least twice a year. The remuneration committee is required to report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The members of the remuneration committee are re-elected annually by the Board.

Internal financial controls

The Board will be responsible for establishing and maintaining the Group's system of internal financial controls and importance is placed on maintaining a strong control environment. The key procedures which the Board intends to establish, with a view to providing effective internal financial control which includes the following:

- the Company will institute a monthly management reporting process to enable the Board to monitor the performance of the Group;
- the Board will adopt and review a comprehensive annual budget for the Group. Monthly results will be examined against the budget and deviations will be closely monitored by the Board;
- the Board will be responsible for maintaining and identifying major business risks faced by the Group and for determining the appropriate courses of action to manage those risks; and
- fully consolidated management information will be prepared on a regular basis, at least half yearly.

The Board recognises, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss. The effectiveness of the system of internal financial control operated by the Group will therefore be subject to regular review by the Board in light of the future growth and development of the Company and adjusted accordingly.

The Board intends to comply with Rule 21 of the AIM Rules relating to directors' dealings as applicable to AIM companies. The Company has adopted the Share Dealing Code for this purpose. The Board also intends to appoint a committee to oversee the Company's health and safety procedures and environmental policies after Admission.

16. Admission, settlement and dealings

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles are consistent with the transfer of shares in dematerialised form in CREST under the Regulations. The Ordinary Shares are enabled for settlement through CREST. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

Application will be made for the Existing Ordinary Shares and the Placing Shares to be admitted to AIM. Admission is expected to take place, and dealings in the Ordinary Shares to commence, on 1 November 2010.

17. Further information

Your attention is drawn to the further information set out in Parts 2 to 5 of this document, including the risk factors set out in Part 2 of this document.

PART 2

RISK FACTORS

The investment detailed in this document may not be suitable for all of its recipients and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under FSMA who specialises in advising on investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

The exploration for and development of natural resources is a highly speculative activity which involves a high degree of risk. Accordingly, the Ordinary Shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully.

In addition to the other relevant information set out in this document, the Directors and Proposed Directors consider that the following specific risk factors, which are not set out in any particular order of priority, should be taken into account by prospective investors in evaluating whether or not to make an investment in the Company:

1. Risks relating to the Group's activities

Future results, including resource recoveries and work programme plans and schedules, will be affected by changes in market conditions, commodity price levels, political or regulatory developments, timely completion of exploration programme commitments or projects, the outcome of commercial negotiations and technical or operating factors.

Title matters

While the Directors and Proposed Directors have no reason to believe that the existence and extent of any of the Group's properties are in doubt, title to mining properties is subject to potential litigation by third parties claiming an interest in them. The failure to comply with all applicable laws and regulations, including failure to pay taxes, meet minimum expenditure requirements or carry out and report assessment work, may invalidate title to mineral rights are held by the Group.

Diatissan Permit Area

Whilst the Directors and the Proposed Directors believe that the current area covered by the Diatissan Permit is 16km², there is no official confirmation that this is the case. Similarly the Directors and the Proposed Directors cannot guarantee that the Mali Government will renew the Diatissan Permit over the requested area of 16km². Although the Directors and Proposed Directors believe that the Diatissan Permit Area will be renewed with a permit area of 16km², the Group has not received confirmation that this is the case. If the Diatissan Permit Area is less than 16km² this could have adverse consequences on the Group.

Renewal of the Diatissan Permit

There is no guarantee that the Group's application for the renewal of the Diatissan Permit will be granted by the relevant department of the Mali Government. Although the Directors and the Proposed Directors believe that the Diatissan Permit will be renewed, the Group has not received confirmation that this is the case. If the Diatissan Permit is not renewed this would have adverse consequences for the Group.

Limited operating history

The Group does not have an established trading record and it is therefore difficult for prospective investors to evaluate the Group's business and future prospects. There can be no assurance that losses will not occur in the near furture or that the Group will be profitable in the future.

The Group expects to continue to incur losses unless and until such time as its projects enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Group's projects will require the commitment of substantial resources to conduct exploration and development of projects. There can be no assurance that the Group will generate any revenues or achieve profitability.

Estimates in financial statements

Preparation of consolidated financial statements requires the Group to use estimates and assumptions. Accounting for estimates requires the Group to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. The Group's accounting policies regarding exploration and evaluation require management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves or resources have been found. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Group could be required to write down the value of certain assets. On an ongoing basis, the Group re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Early stage of operations

The Group's operations are at an early stage of development and future success will depend on the Group's ability to manage the current project and to take advantage of further opportunities which may arise. There can be no guarantee that the Group can or will be able to, or that it will be commercially advantageous for the Group to, develop the properties that are the subject of the Permits. Further, the Group currently has no properties producing positive cash flow and its ultimate success will depend on the Directors' and Proposed Directors' ability to implement their strategy, generate cash flow from economically viable projects and access equity markets. Whilst the Directors and Proposed Directors are optimistic about the Group's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved. The Group will not generate any material income until mining has successfully commenced and in the meantime the Group will continue to expend its cash reserves and may, in due course, need to raise debt or additional equity capital.

General exploration and mining extraction risks

The business of exploration for, and development and exploitation of, mineral deposits is speculative and involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Mineral deposits assessed by the Group may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of mining projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required.

The operations of the Group may be disrupted, curtailed, delayed or cancelled by a variety of risks and hazards which are beyond the control of the Group, including unusual or unexpected geological formations, formation pressures, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards, technical failures, mechanical difficulties, equipment shortages, labour disputes, fires, explosions, power outages, rock falls, land slides, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and other acts of God. Any one of these risks and hazards could result in work stoppages, damage to, or destruction of, the Group's facilities, personal injury, damage to life or property, environmental damage or pollution, business interruption, monetary losses and possible legal liability which could have a material adverse impact on the business, operations and financial performance of the Group. Although precautions to minimise risk will be taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks. In particular, no assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any claims arising. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

As is common with many exploration ventures, there is also uncertainty and therefore risk associated with the Group's operating parameters and costs which can be difficult to predict and are often affected by factors outside of the Group's control. Few properties which are explored are ultimately developed into producing assets/mines. There can be no guarantee that any estimates of quantities and grades of gold and potentially other minerals discovered by the Group will be available to exploit or extract. If reserves are developed, it can take significant expenditure and a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves through drilling and, in the case of new properties, to construct mining and processing facilities. With many natural resources operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions.

Operational targets and delays

The Group's operational targets will be subject to the completion of planned operational goals on time and according to budget, and are dependent on the effective support of the Group's personnel, systems, procedures and controls (see below for further details). Any failure of these may result in delays in the achievement of operational targets with a consequent material adverse impact on the business, operations and financial performance of the Group.

Unscheduled interruptions in the Group's operations due to mechanical or other failures or industrial relations related issues or problems or issues with the supply of goods or services could have a serious impact on the financial performance of those operations. The Group is currently at an early stage of exploration.

Reserve and resource estimates

No assurance can be given that any mineral reserves and resources reported by the Group in the future are present as estimated, will be recovered at the rates estimated or that they can be brought into profitable production. Mineral reserve and resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative and the consistency and reliability of ore grades cannot be guaranteed. Mineral reserve and resource estimates may require revisions and/or changes (either up or down) based on actual production experience and in light of the prevailing market price of gold. A decline in the market price for natural resources that the Group may discover could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources.

Ability to exploit successful discoveries

It is possible that the Group may not be able to exploit commercially viable discoveries in which it acquires an interest. Exploitation may require external approvals or consents from relevant authorities and the granting of these approvals and consents is beyond the Group's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the Group may not be able to meet. As a result of such delays, the Group may incur additional costs, losses of revenue or part or all of its equity in a licence. Additionally, should the regulatory regime in an applicable jurisdiction be modified in a manner which adversely affects natural resources facilities or projects, including in taxes and permit fees, the returns to the Group may be adversely affected.

Inherent mining risks

Exploration and mining is carried out in an environment where not all events are predictable. Whilst an effective management team can both identify the known risks and take measures to manage and mitigate these risks, there is still the possibility for unexpected and unpredictable events to occur. It is therefore not possible to remove all risks or to state with any degree of certainty that an event that may have a material impact on the operation of a mine will not occur.

Volatility in the price of gold

If the market price of gold decreases significantly or for an extended period of time, the value of the Ordinary Shares could be adversely affected. A decline in the market price of gold may render ore reserves containing relatively lower grades of gold mineralisation uneconomic and may in certain circumstances ultimately lead

to a restatement of reserves. The performance of a gold mining and/or exploration company's share price may, but will not necessarily, exhibit a correlation with the price of gold. In addition, the Company could determine that it is not economically viable to continue the development of some or all of the Group's projects.

In the past gold prices have fluctuated widely. Numerous external factors affect gold prices that are beyond the control of the Company. Industry factors that affect gold prices include industrial and jewellery demand, lending, sales and purchases of gold by governments and central banks, forward sales of gold by producers and speculators, levels of global gold production, and rapid short term changes in supply and demand because of speculative or hedging activities.

Gold prices are also affected by macroeconomic factors including confidence in the global monetary system, expectations of the future rate of inflation, the strength of (and confidence in) the US dollar and other currencies, interest rates, and global or regional political or economic events.

Availability of drilling, exploration and mining equipment

The availability of drilling and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations outside the current focus area of the Group or in other areas may reduce the availability of equipment and services to the Group and increase the cost of such equipment and services. Similarly, the Group may have difficulty sourcing the exploration and mining equipment it requires in the timeframe envisaged by the Group's plans due to high global demand for such equipment. The reduced availability of equipment and services may delay the Group's ability to exploit any reserves and adversely affect the Group's operations and profitability.

Government regulations and permits

The Group's existing permits and permit areas are in a jurisdiction outside of the United Kingdom and accordingly there will be a number of risks which the Group will be unable to control. There is a risk that the Group's activities will be adversely affected by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of permits, expropriation, export and import restrictions, war, terrorism, insurrection and changes to the laws and regulations governing mineral exploration and development, including labour standards and occupational health, site safety, toxic substances and other matters. In addition, there may exist uncertainties surrounding lack of judicial independence, inconsistencies among laws, decrees and regulations issued by the Government of Mali and its ministries, inconsistencies among regional and local laws and regulations and limited judicial guidance on interpreting legislation.

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Group must comply with existing standards, laws and regulations that may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and the permitting authority.

The Group's intended further exploration and mining activities will be dependent upon the grant and maintenance of appropriate licences, concessions, leases, permits and regulatory consents which could subsequently be withdrawn or made subject to limitations. There can be no guarantee as to the terms of any such permits or assurance that current permits or future permits will be renewed or, if so, on what terms when they come up for renewal. It is possible that, in the event of any material non-compliance with the terms of any such permits (including in relation to the payment of moneys concerning their maintenance in good standing on an ongoing basis), the Group may risk its interest in those permits being forfeited. Although the Directors and Proposed Directors believe that the Group's exploration activities are currently carried out in accordance with all material applicable rules and regulations, no assurance can be given that new rules, laws and regulations will not be enacted or that existing or future rules and regulations will not be applied in a manner which could serve to limit or curtail exploration, production or development of the Group's business or have an otherwise negative impact on its activities. Amendments to existing rules, laws and regulations governing its operations and activities of exploration and extraction, or increases in or more stringent enforcement, implementation or interpretation thereof, could have a material adverse impact on the Group's business, results of operations and financial condition and its industry in general in terms of additional compliance costs.

Transportation delays

Increases in transportation costs may adversely affect the Group's ability to compete successfully. If there are increased transport costs, the Group's results of operations could be materially adversely affected. There can be no guarantee that suitable capacity of transport networks for the transportation of gold will be available on commercially acceptable terms.

Dependence on key executives and personnel

The Company has a small management team and the loss of any key individual could affect the business. The Company is investigating key man insurance policies for such key individuals and employees as and when appropriate post-Admission.

Labour

Certain of the Group's operations may be carried out under potentially hazardous conditions. Whilst the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond the Group's control or uninsurable.

Further, the Group may struggle to recruit and retain miners, engineers and other important members of the workforce required to run a full exploration or mining programme. Shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and mining.

The Company believes that all of the Group's operations have, in general, good relations with their employees and unions. However, there can be no assurance that the Group's operations will not be affected by labour-related problems in the future, such as union demands and litigation for pay rises and increased benefits. There can be no assurance that work stoppages or other labour-related developments (including the introduction of new labour regulations in local countries of operation) will not adversely affect the results of operations or the financial condition of the Group.

Environmental, health and safety and other regulatory standards

The projects in which the Group invests and its exploration and potential extraction activities are subject to various laws and regulations relating to the protection of the environment (including regular environmental impact assessments and the obtaining of appropriate permits or approvals by relevant environmental authorities) and are also required to comply with applicable health and safety and other regulatory standards. Environmental legislation in particular can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. As a result, although all necessary environmental consents are in place to enable exploration for gold to take place and the Group intends to operate in accordance with the highest standards of environmental practice and comply in all material respects, full compliance with applicable environmental laws and regulations may not always be ensured.

Any failure to comply with relevant environmental, health and safety and other regulatory standards may subject the Group to extensive liability, fines and/or penalties and have an adverse effect on the business and operations, financial results or financial position of the Group. In particular, a violation of health and safety laws relating to a mine, or other plant or a failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, or other plant, a loss of the right to mine or other plant or the imposition of costly compliance procedures. If health and safety authorities require the Group to shut down all or a portion of a mine, or other plant or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on the Group's results or operations or financial condition. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. Any changes to, and increases in, current regulation or legal requirements may have a material adverse effect upon the Group in terms of additional compliance costs.

Retention of key business relationships

The Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and upon third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Group, its business, operating results and prospects.

Project development risks

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. This includes, *inter alia*, the Group managing the acquisition of required land tenure, infrastructure development and other related issues affecting local and indigenous populations, their cultures and religions. Any failure of the Board to manage effectively the Group's growth and development could have a material adverse effect on its business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Board's strategy will develop as anticipated and that the Group will be profitable.

The Group's objectives may not be fulfilled

The ability of the Board to implement the Group's strategy could be adversely affected by changes in the economy and/or industry in which it operates. Although the Group has a clearly defined strategy and the Board is optimistic about its prospects, there can be no guarantee that its objectives or any of them will be achieved on a timely basis or at all. In particular, further projects/prospecting opportunities may not be available or of the quality or in the number required to satisfy the Group's requirements and therefore the anticipated development or growth of the Group may not be achieved. The Group's ability to attract new growth opportunities is also dependent on the maintenance of its reputation.

2. General business risks relating to the Group

Holding company structure and restrictions on dividends

The Company's operating results and its financial condition are dependent on the trading performance of members of the Group. The Company's ability to pay dividends will depend on the level of distributions, if any, received from the Company's subsidiaries. Members of the Group may from time to time be subject to restrictions on their ability to make distributions to the Company, as a result of factors such as restrictive covenants contained within loan agreements, foreign exchange limitations, regulatory, fiscal or other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Group's business, operating results and financial condition.

The Company has not, since the date of its incorporation, declared or paid any dividends on its Ordinary Shares, and does not currently have a policy with respect to the payment of dividends.

The Company does not plan to pay cash dividends on its Ordinary Shares for the foreseeable future although this will be reviewed periodically by the board of directors of the Company.

Risks associated with the need to maintain an effective system of internal controls

The Group faces risks frequently encountered by developing companies such as under-capitalisation, cash shortages and limited resources. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

General economic climate and political risk

The proposed operations of the Group will be in a foreign jurisdiction where there may be a number of associated risks over which it will have no control and which may affect its operations, business and profitability. These may include general economic, social or political instability or change, global or regional political events and international events, the supply and demand of capital, growth in gross domestic product, employment trends and industrial disruption, international economic trends, terrorism, hyperinflation, currency non-convertibility or instability/fluctuations, changes of laws affecting foreign ownership, government participation and monetary policies, taxation, working conditions, rates of exchange, exchange control, the level of interest rates and the rate of inflation, exploration and other licensing approvals. All such factors, as well as a range of other market forces, have a significant influence on demand, business costs, stock market prices and the outlook for projects and companies and the actual and potential returns to investors.

Future funding requirements

The Group may, in the future, need to raise further funds by way of the issue of further shares and/or by way of debt financing, or through other means, to finance its anticipated future operations, its working capital or capital expenditure requirements or to make acquisitions and finance its growth through future stages of development.

Additional equity issues may have a dilutive effect on the then prevailing Shareholders and investors if they are unable or choose not to subscribe and the issue of additional shares by the Company, or the possibility of such an issue, may cause the market price of the shares to decline.

Furthermore, any debt financing, if available, may include conditions that would restrict the Group's freedom to operate its business, such as conditions that:

- limit the Group's ability to pay dividends or require it to seek consent for the payment of dividends;
- increase the Group's vulnerability to general adverse economic and industry conditions;
- require the Group to dedicate a portion of any cash flow arising from future operations to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit the Group's flexibility in planning for, or reacting to, changes in its business and its industries.

There can be no guarantee or assurance that such debt funding or additional equity will be forthcoming when required, or as to the terms and price on which such funds would be available if at all. If the Group is unable to obtain additional financing as needed, or on terms which are acceptable, it may not be able to fulfil its strategy, which could have a material adverse effect on the Group's business, financial position and prospects. It may also be required to reduce the scope of its operations or anticipated growth, forfeit its interest in some or all of its properties and permits, incur financial penalties or reduce or terminate its operations.

The successful exploration and commercial exploitation of natural resources on any project will require very significant capital investment. The only sources of financing currently available to the Group are through the issue of additional equity capital or through bringing in partners to fund exploration and development costs. The Group's ability to raise further funds will depend, *inter alia*, on the success of its strategy and operations.

Exchange rate fluctuations

Currency fluctuations may affect the Group's operating cash flow since certain of its costs and revenues are likely to be denominated in a number of different currencies other than Sterling such as US Dollars or CFA francs and any potential income may become subject to exchange control or similar restrictions. Increased restraints on the ability of the Group to repatriate funds may limit its ability to distribute future profits or pay intermediaries for equipment and supplies. Fluctuations in exchange rates between currencies in which the

Group operates may cause fluctuations in its financial results which are not necessarily related to its underlying operations. The Group does not currently have a foreign currency hedging policy in place. If and when appropriate, the adoption of such a policy will be considered by the Board.

Prospective investments

The Group may expend significant costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses or prospects/projects that may not be successfully completed or result in any acquisition being made.

Growth strategy execution risks

In order to expand its operations, the Group may seek to make acquisitions of selected exploration and mineral companies, businesses or assets. Any problems experienced by the Group in connection with any such acquisition could have a material adverse effect on its business, operating results and financial condition.

The competitive environment

The gold exploration and mining business and the natural resource industry in general is intensely competitive in all of its phases. A number of other mining companies may seek to establish themselves in Mali and have already, or may be allowed to, tender for exploration and mining permits and other services, supplies or contracts, thereby providing competition to the Group. The Group will compete with numerous other local and international companies and individuals, including larger competitors with access to greater financial, technical and other resources than the Group, which may give them a competitive advantage in the exploration for and commercial exploitation of attractive properties. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests and competition could adversely affect the Group's ability to acquire suitable additional properties for exploration in the future. The Group's success will depend on its ability to select and acquire exploration and development rights on properties and there can be no assurance that the Group will continue to be able to compete successfully with its rivals.

Market perception

Market perception of junior extraction and exploration companies, as well as all mining companies, in general, may change which could impact on the value of investors' holdings and the ability of the Group to raise further funds through the issue of further Ordinary Shares in the Company or otherwise.

Insurance coverage and uninsured risks

The Group plans to insure its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Group's needs and circumstances, however, the Group's insurance will not cover all potential risks associated with the Group's business. In addition, the Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. Furthermore, as a participant in exploration and potentially extraction/mining activities, the Group may not be able to obtain insurance coverage at all at acceptable premiums and some forms of insurance protection used in developed western countries may be unavailable in Mali. In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, the Group's business and operations, financial results or financial position may be disrupted and adversely affected. In addition, the payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Taxation

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Group's tax status or the tax applicable to a holding of Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the

Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. It should be noted that the information contained in paragraph 17 of Part 5 of this document relating to the taxation of the Group and its investors is based upon current tax law and practice which is subject to legislative change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Litigation

While the Group currently has no material outstanding litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation since there have been a number of cases where the rights and privileges of natural resource companies have been the subject of litigation and the mining industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. The Directors and Proposed Directors cannot preclude that such litigation may be brought against the Group in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Group's financial position, results or operations. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or not exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

3. Risks relating to Mali

Artisanal Miners

There are currently artisanal miners operating in the areas covered by the Permits. If in the future the Company constructs a mine, the Company cannot guarantee that they will be able to remove or relocate the artisanal miners peacefully and successfully, which may have an adverse impact on the Group's business and results and timing of operations.

Mining Code

The Mali Government has announced that a new mining code may be introduced. The proposed code has not been released by the Mali Government. Once the new mining code has been finalised there is a risk that this may have a material adverse effect on the business and operations of the Group.

Mineral Reserves and Deposits and Mining Operations in Mali

The Group currently conducts exploration activities in a country with a developing economy. Mali has, from time to time, experienced economic and political instability. It is difficult to predict the future political, social and economic direction of Mali and the impact government decisions may have on the Group's business. Any political or economic instability in the country could have a material and adverse effect on the Group's business and results of operations.

Mali has, since independence, experienced some form of political upheaval with varying forms of changes of government taking place. Goods are supplied to the Group's operations in Mali through Ghana, Burkina Faso and Senegal, which routings have, to date, functioned satisfactorily. Any present or future policy changes in Mali may in some way have a significant effect on its operations and interests.

HIV/AIDS

HIV/AIDS is prevalent in Africa. Employees of the Group may have or could contract the potentially deadly virus. The prevalence of HIV/AIDS could cause loss of employee man-hours and loss of trained and experienced employees.

Malaria

Malaria is a significant health risk in Central, West and East Africa where the disease assumes epidemic proportions because of ineffective national control programmes. The disease is a major cause of death in young children and pregnant women but also gives rise to fatalities and absenteeism in adult men. Consequently, if uncontrolled, the disease could have an adverse effect upon productivity and profitability levels of our operation located in these regions.

Power Fluctuations and Power Cost Increases

The Group's mining operations in Mali are dependent on power supplied by outside contractors and supplies of fuel being delivered by road. Consequently, if our power supply is disrupted or should fluctuations or power costs increase this would have an adverse effect on the Group's operational results and its financial condition.

Infrastructure

The location of the Group's activities will be likely to dictate that climatic conditions and infrastructure (or lack thereof) have an impact on operations and, in particular, severe weather, lack of infrastructure or difficulty of access could disrupt operations and the delivery of supplies, equipment and fuel. It is, therefore possible that exploration and extraction activity levels might fluctuate. Interruption in the Group's operations due to mechanical and other failures, or industrial related issues, or labour disputes and/or shortages, or problems or issues with the supply of goods or services could have an impact on the financial performance of these operations. Costs and the ability to secure access to necessary equipment can be difficult to predict and could be affected by factors outside the Group's control.

Emerging markets

Investors in emerging markets such as Mali, should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging economies such as that of Mali are subject to rapid change and that the information set out in this document may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal and financial advisers before making an investment in the Ordinary Shares.

Community

The Group's operations in Mali rely not only on the support of the Government but also of the local communities. If expectations are not met at local level in relation to employment and benefits, local support could be withdrawn which would decrease the Group's ability to source employees and could curtail operations. Conversely, local communities could suffer from overpopulation if a significant number of people migrate in search of employment from the Group.

4. Risks associated with the Company's shares

Share price volatility and liquidity

Although the Company is applying for the Ordinary Share Capital to be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other stock exchanges. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case.

The Company is principally aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Ordinary Shares may be difficult to sell at a particular price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others which

are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, the performance of the Company and the overall stock market, large purchases or sales of Ordinary Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other factors which are outside of the control of the Company.

Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of Ordinary Shares following Admission, or the perception that such sales could occur, could materially adversely effect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Ordinary Shares may decline below the Placing Price.

Ordinary Shares available for future sale

The Company is unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market especially following termination of the lock-in restrictions, the terms of which are summarised in paragraphs 11.4 and 11.5 of Part 5 of this document. Any sales of substantial amounts of Ordinary Shares in the open market, or the perception that such sales might occur, could materially and adversely affect the market price of the Ordinary Shares.

Share options and warrants

As detailed in paragraph 4 of Part 5 to this document, the Company has issued the 2010 Warrants and the Options. It may in the future issue further warrants and/or options to subscribe for new Ordinary Shares to certain advisers, employees, directors, senior management and consultants of the Group. The exercise of such warrants and options would result in a dilution of the shareholdings of other investors.

Forward-looking statements

This document contains forward-looking statements that involve risks and uncertainties. All statements, other than statements of historical facts, contained in this document, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this document use words like "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms. The Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Group which are described in this Part 2 and elsewhere in this document. Investors are urged to read this entire document carefully before making an investment decision. The forward-looking statements in this document are based on the relevant Directors' and Proposed Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors and Proposed Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

It should be noted that the factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Group's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors and Proposed Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Group.

If any of the risks referred to in this Part 2 crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

PART 3

COMPETENT PERSON'S REPORT

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Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT GEOLOGICAL REPORT on KARAN and DIATISSAN GOLD EXPLORATION PROJECTS in MALI, WEST AFRICA for AFRICAN MINING & EXPLORATION PLC

Prepared by:
A.J. Maynard BAppSc(Geol), MAIG, MAusIMM
R.N. Chapman BSc Hons (Geology), MAusIMM

October, 2010

Executive Summary

Mali has a long association with gold mining with early records of commercial mining dating back to the period between the 1920s and 1950s associated with a French colonial presence around the Faleme River on the Mali – Senegal border. A number of parties including BRGM ("Bureau de Recherches Géologiques et Minières"), SONAREM ("Société Nationale de Recherche et d'Exploitation des Ressources Minières du Mali"), UNDP ("United Nations Development Programme") and Tobon Tondo have undertaken exploration within the Karan and Diatissan licence areas and their immediate environs. Specifically, exploration has included geological and structural mapping and interpretation, geochemical soil surveys, pitting, trenching and both airborne and ground based geophysical surveys. In addition, the two licences have traditionally hosted artisanal miners and small-scale mining continues to the present day.

In general, the results of exploration have been positive, indicating the presence of gold mineralisation which African Mining and Exploration (AME) proposes to explore and evaluate with a view to delineating commercially viable gold resources.

It is the opinion of the Competent Person that both projects have the potential to host economic gold resources and warrant further detailed exploration. Further, the proposed works programmes have been reviewed in the light of AME's set objectives and are found to be relevant and warranted.

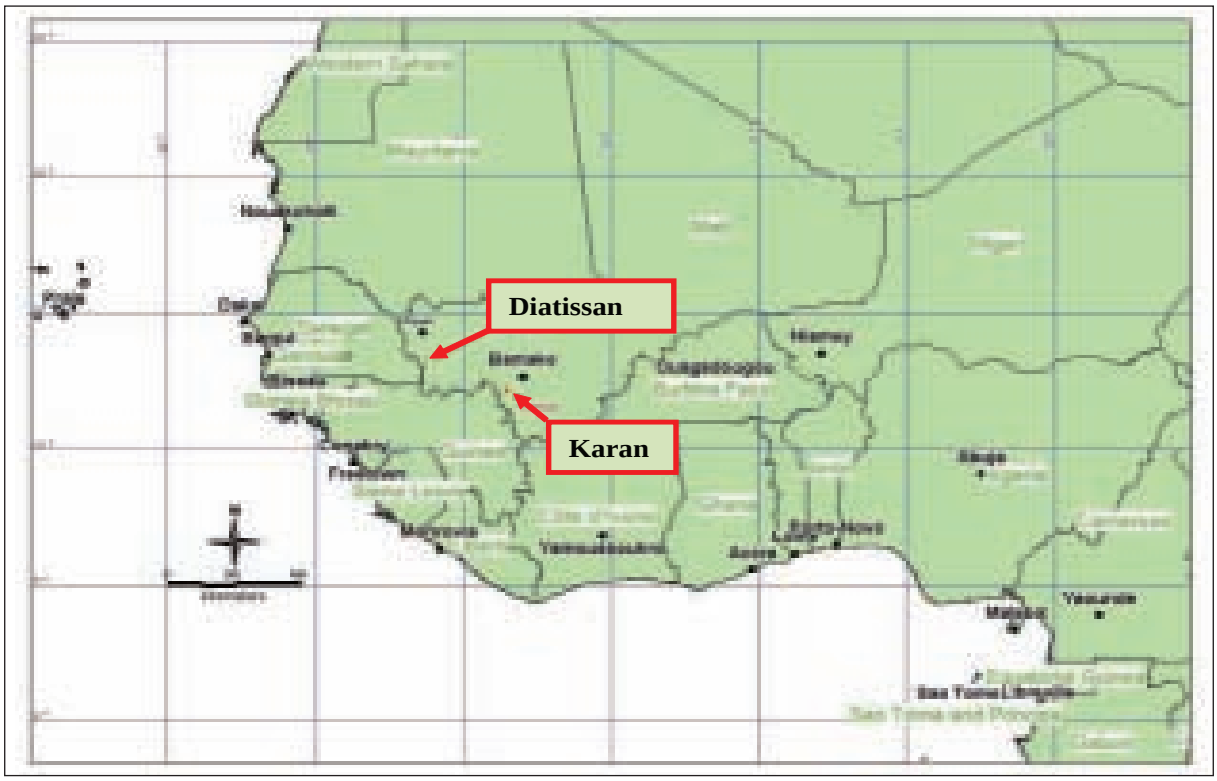

Figure 1: Location of Karan and Diatissan Permits in Southern Mali.

In particular, the Karan permit has all the attributes to host multiple economic gold deposits and should therefore be the primary focus for AME, with exploration activities to be undertaken in parallel on the lower priority (but still prospective) Diatissan permit. These exploration programmes are expected to comprise a range of exploration techniques with a focus on trenching, geophysical surveys (to provide further insight into local structural features that may have influenced mineralisation) and subsequent drilling and evaluation.

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The Directors
African Mining and Exploration plc
4th Floor
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The Directors
Singer Capital Markets Limited
One Hanover Street
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22 October 2010

Dear Sirs,

Preamble

At your request Al Maynard and Associates ("AM&A") have prepared this independent geological report ("Report") on the mineral assets which African Mining and Exploration ("AME") either owns outright or holds an interest in the properties. The tenements are located in Mali, West Africa. This Competent Persons Report ("CPR") has been prepared in accordance with the Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange (AIM Guidance Note 16, June 2009) and with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (Valmin Code), which is binding on members of the Australian Institute of Mining and Metallurgy (Aus.I.M.M), of which Mr. Allen J Maynard and R.N. Chapman are members. It complies with the Joint Ore Resources Committee (JORC) Code and Guidelines for reporting on mineral exploration results and ore resources and the rules and guidelines relating to Independent Expert Reports set by the Australian Securities Industry Commission ("ASIC") and the Australian Securities Exchange ("ASX").

This report has been prepared by Allen J. Maynard and Nigel Chapman for inclusion in an admission document to be issued by AME on 22 October 2010. Allen J. Maynard is the Principal of AM&A, a qualified geologist, a Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and a Member of the Australian Institute of Geoscientists ("AIG"). He has had 30 years experience in mineral exploration and evaluation and more than 25 years experience in mineral asset valuation. Nigel Chapman, a qualified geologist, is also a member of AusIMM and has 19 years experience in the exploration and mining industry. The authors hold the appropriate qualifications, experience and independence to qualify as an independent "Competent Person" under the definitions of the 'AIM Note for Mining and Oil & Gas Companies – June 2009'.

Neither the writers nor any of their associates or employees have any material interest either direct, indirect or contingent in AME nor in any of the mineral assets included in this report nor in any other AME asset nor has any such interest existed previously. No commercial relationship has existed between AM&A and AME prior to the appointment to prepare this Report.

AM&A has had no input into the formulation of any of the mineral tenements under review. This geological report has been prepared by AM&A strictly in the role of an independent consulting geologist.

The present status of tenements listed in this report is based on information provided by AME and the report has been prepared on the assumption that the tenements will prove lawfully accessible for evaluation and development. AME has warranted to AM&A that full disclosure has been made of all material information in its possession or knowledge and that such information is complete, accurate and true. None of the information provided by AME has been specified as being confidential and not to be disclosed in our reports. As recommended by the Valmin Code, AME has indemnified AM&A for any liability that may arise from AM&A's reliance on information provided by AME or not provided by AME.

Fees for the preparation of this report are being charged at normal commercial rates with expenses being reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions of these documents, nor on the outcome of the proposed listing of AME.

For the preparation of this report, New Mines and Tobon Tondo have made available all relevant data which they possess including copies of publically available technical reports produced by third parties.

A site visit to both the Karan and Diatissan Licence areas in Mali was conducted by Nigel Chapman between 11th and 19th October 2009, in order to more fully understand the local geology, operating conditions and to inspect, review and collate data that included original geological information and sample data, maps, drill core and any other documentation that may have relevance to the quality assurance of the CPR. A further site visit to the Karan Licence area was conducted between 2nd and 3rd July 2010.

All data and reports provided in preparation of the report were not deemed confidential and as such New Mines, Tobon Tondo and the respective directors of both companies have warranted to AM&A that full disclosure has been made of all material in their possession, and, that to the best of their knowledge, this information is complete, accurate and true. All data and information presented in this CPR was current and available up to and including 30th July, 2010. Save as disclosed in this report, there has been no material change to the data and information provided in this CPR since 30th July 2010.

Information used in the preparation of this report has been derived from technical information provided by AME and other publicly available data. The writers are generally familiar with the various geological settings and styles of mineralisation and combined with the technical data available are able to make informed comments on the project areas.

For the purpose of Sections 731 to 733 of the Australian Corporations Law, AM&A were involved in the preparation of the Independent Consulting Geologists' Report included in this admission document, and have authorised or caused the issue of this part of the admission document only. AM&A has given consent in writing to the issue of the admission document with this Independent Report included in the form and context it was provided and has not withdrawn that consent before the lodgement of the Prospectus with the AIM of the London Stock Exchange.

We are of the opinion that:

– AME has satisfactory and clearly defined exploration and expenditure programmes which are reasonable having regard to the stated objectives of the Company; and

– Sufficient exploration work has taken place in the past two years to justify the budgeted exploration and expenditure programme.

Recommended exploration programmes are included in the report and have been phased over two years, but they may be altered in view of results gained which could revise the emphasis of current priorities.

AM&A observes Section 947B of the Australian Corporations Act 2001 (Cwlth). In accordance with Corporations Regulation 7.6.01(1)(u) and Corporations Amendment Regulations 2003 (No. 7) 2003 No. 202, this Independent Consulting Geologists' Report is not financial product advice but is intended to provide investors with expert opinion on matters relevant to an investment in the Company. Allen J Maynard and AM&A are not operating under an Australian financial services licence and the advice in this Independent Consulting Geologists' Report is an opinion on matters other than financial products and does not include advice on a financial product.

Yours faithfully,

(Signed)

Allen J. Maynard BAppSc(Geol), MAIG, MAusIMM.

(Signed)

R.N. Chapman BSc Hons (Geology), MAusIMM

1.0 INTRODUCTION

In mid 2010 African Mining and Exploration ("AME") commissioned the preparation of an independent geological report on the Karan and Diatissan gold properties owned by Tobon Tondo suarl ("Tobon Tondo"), a wholly-owned subsidiary of New Mines Holdings Limited ("New Mines") and located in the Kangaba Gold District, Southern Mali. Subsequently AME acquired all of the issued shares in New Mines and as such requires an independent geological and valuation report encompassing the project.

Mali, located in West Africa is a landlocked country (Figure 1), with an estimated population of 12,700,000 (2009 estimate) and a total land area of 1,240,192km^2. The bordering countries include Algeria, Burkina Faso, Guinea, Cote d'Ivoire, Mauritania, Niger and Senegal.

Mali's topography is characterised by flat plains or rolling hills in the north of the country with the sand covered southern portion comprising typical savannah-type landscape (Figure 2). The highest recorded elevation is the Hombori Tondo peak at 1,155m above mean sea level ("asl") and the lowest elevation being the Senegal River at 23m asl. The climate is sub-tropical to arid and has three distinct seasons: hot and dry (February to June; 35° to 45°C); wet, humid and mild, the "Wet Season" (June to November; up to 1300mm of rainfall) and cool and dry, (November to February; 20° to 25°C). Vegetation at both sites is classified as savannah-type and is usually sparse, consisting of scrub brush, grass, and occasional trees.

Elevations in the Karan area range from 350 to 440m and in the Diatissan area from 130 to 440m. In the case of both Permits, the surface profile is characterised by a thick lateritic weathered profile. The undulating lateritic surface has been cut by seasonal drainage systems resulting in erosion gullies in an otherwise flat and monotonous landscape (Figure 2). The thickness of the weathered sediment covering primary rock can be considerable, sometimes giving relief features up to 20m in elevation. Rarely a more resistant lithology may give rise to small hills of less than 100m elevation above the surrounding countryside which are often capped by laterite.

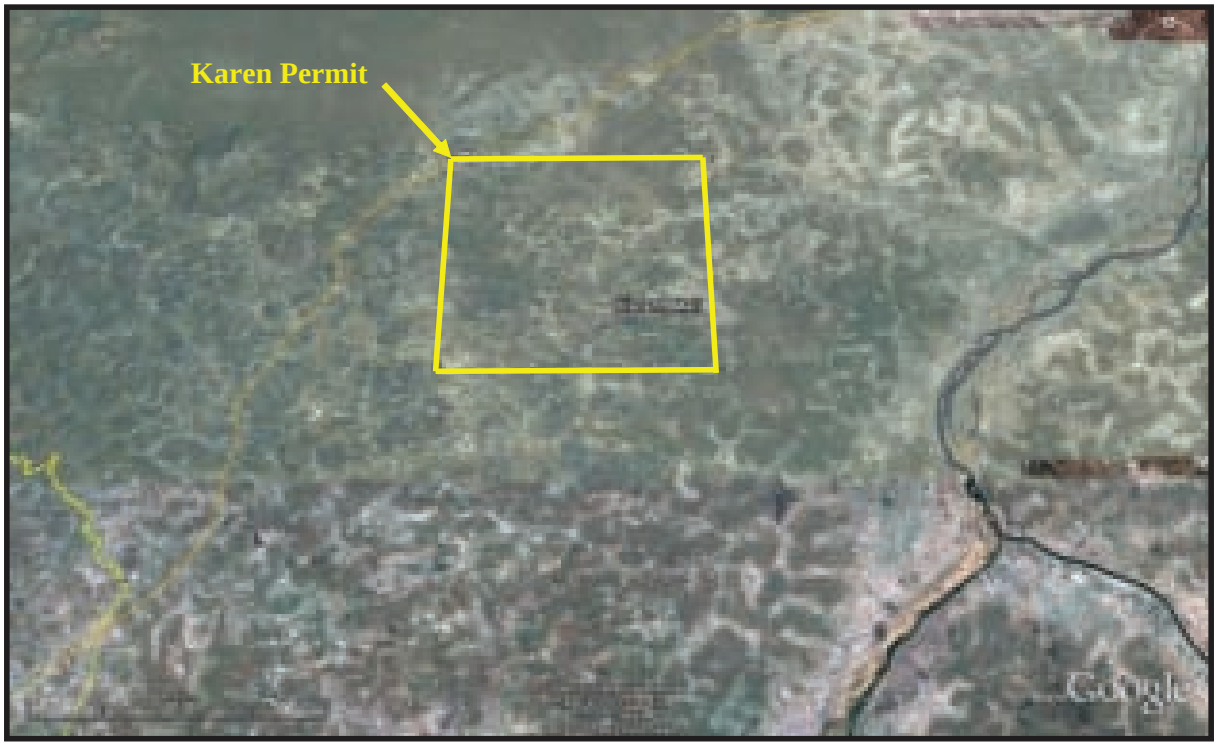

Figure 2: Oblique Google Earth satellite images of the Karen Permit (above) and the Diatissan Pemit (immediately below) showing the local drainage pattern and topography.

Economic activity is largely confined to the fluvial area irrigated by the Niger. Approximately 10 per cent. of the population is nomadic and an estimated 80 per cent. of the labour force is engaged in farming and fishing. Industrial activity is concentrated on the processing of cash crops, principally cotton.

Mali is dependent on foreign aid and vulnerable to fluctuations in world prices for gold and cotton, its main exports. The government has continued its successful implementation of an IMF recommended structural adjustment programme aimed at promoting economic growth, diversification, and foreign investment.

Mali's adherence to economic reform and the 50 per cent. devaluation of the CFA franc in January 1994 has seen economic growth rise to a 5 per cent. average in 1996-2008. Whilst external trade routes for this landlocked country have been jeopardised in the past by regional unrest, Mali is looking to overcome these restrictions by constructing a road network that will connect it to all adjacent countries which will complement the railway line that already exists to Senegal.

The Sudanese Republic and Senegal gained independence from France in 1960 and became the Mali Federation. When Senegal withdrew from the Federation after only a few months, the former Sudanese Republic was renamed Mali. Rule by dictatorship was brought to a close in 1991 by a military coup led by the current president Amadou Toure enabling Mali's emergence as one of the strongest democracies in Africa. Mali's first democratic presidential election was held in 1992. President Amadou Toure was re-elected for a second term in office in 2007. The elections were widely judged to be free and fair.

Malian Mining Sector

Mali has a broad spectrum of mineral resource types ranging from precious and base metals to industrial minerals that includes gold, uranium, bauxite, iron ore, manganese, tin, copper, phosphate, kaolin, salt, limestone, gypsum and granite. The Malian Government holds the rights to all minerals in trust and the granting of all exploration, extraction and mining rights are issued solely at the discretion of the Government of Mali.

The Mining Code dates from 1991 and was revised to its current form in 1999. It recognises three types of mining activities; artisanal, small scale and large scale.

These activities are governed by the following permits:

Exploration authorisation – valid for three months; renewable once for three months;

Prospecting authorisation – valid for three years; renewable once for three years;

Exploration permit – valid for three years; renewable twice, each for three years;

Exploitation permit – valid for thirty years; renewable indefinitely for ten years each time;

Small Scale Mining authorisation – valid for four years renewable indefinitely for four years each time; and

Artisanal Exploration authorisation – valid for one year only but renewable.

The granting of the Exploration Permit is subject to certain work and financial commitments being proposed by the applicant and approved by the relevant government authority. The permit provides authorization to conduct exploration and governs the right of access of the Permit holder. No additional permits from other government departments are required to undertake exploration.

An Exploitation Permit is granted to the Exploration Permit holder upon completion of a positive feasibility study that demonstrates the viability of a future mining operation, at which time the government automatically acquires a 10 per cent. equity interest in the company formed to hold the Exploitation Permit. This government equity interest is a free-carried stake the value of which is realised only after the capital cost of developing a mine has been recouped by the permit holder out of proceeds of sale from the mining operation. The government also retains the right to purchase a further 10 per cent. in the project to a maximum of 20 per cent. ownership.

Mining companies pay no import duty, fiscal tax or other payments, except for annual government land fees which vary between CFA1,000 and 2,000 (US$2.3 to US$4.6) per km² during the Exploration Permit phase. The customs exemption is extended for the initial three years of mine production and no fiscal tax or other significant payments are required. After three years of production, a 3 per cent. net smelter return (NSR) royalty and an additional 3 per cent. ad valorem tax are applied. A five-year tax holiday exists for newly developed mines, after which income tax is charged at 35 per cent. of net income, starting in the sixth year of production. All profits can be repatriated.

Licensed and unlicensed artisanal gold mining is active throughout southern Mali. Artisanal miners have a right to mine any area that is not under active exploration or being mined by a permit holder. When a company commences exploration or mining validated by an Exploration Permit or Exploitation Permit, artisanal miners must cease work and relocate to another site outside of the permit area. Currently there are a significant number of artisanal miners active within the Karan and Diatissan Project areas. Tobon Tondo has maintained a good working relationship with these artisans and no issues are expected to arise once exploration commences.

Mining Companies in Mali

Exploration and mining activities in Mali are currently dominated by private sector companies including AngloGold Ashanti, Etruscan Resources Inc., IAM Gold Corporation, Randgold and Resolute Mining. Several of these companies are themselves engaged in Joint Ventures with one another and with junior companies such as Merrex Gold Inc. and Avnel Gold Mining Limited.

The more significant gold mines and projects located in Mali (Figure.3) include the following:

Sadiola Hill (12Moz Au) – AngloGold Ashanti-IAMGold Corporation;
Yatela Mines (2.5Moz Au) – AngloGold Ashanti-IAMGold Corporation;
Loulo Mines (4Moz Au) – Randgold; and
Morila (4Moz Au) – AngloGold Ashanti-Randgold

In Mali all minerals are held in trust by the State. The granting of permission for an individual, a cooperative, or a commercial company to acquire rights to explore for, and extract minerals is governed by the government of Mali.

The mining code dates from 1991 and was revised in 1999. Three types of mining activities are recognised: artisanal, small-scale, and large-scale. For large-scale mining a Prospecting Authorization is granted which allows the company 90 days to demonstrate it has the financial and technical capabilities to conduct exploration. The company files a report and work programme on the basis of which a Research Permit is granted.

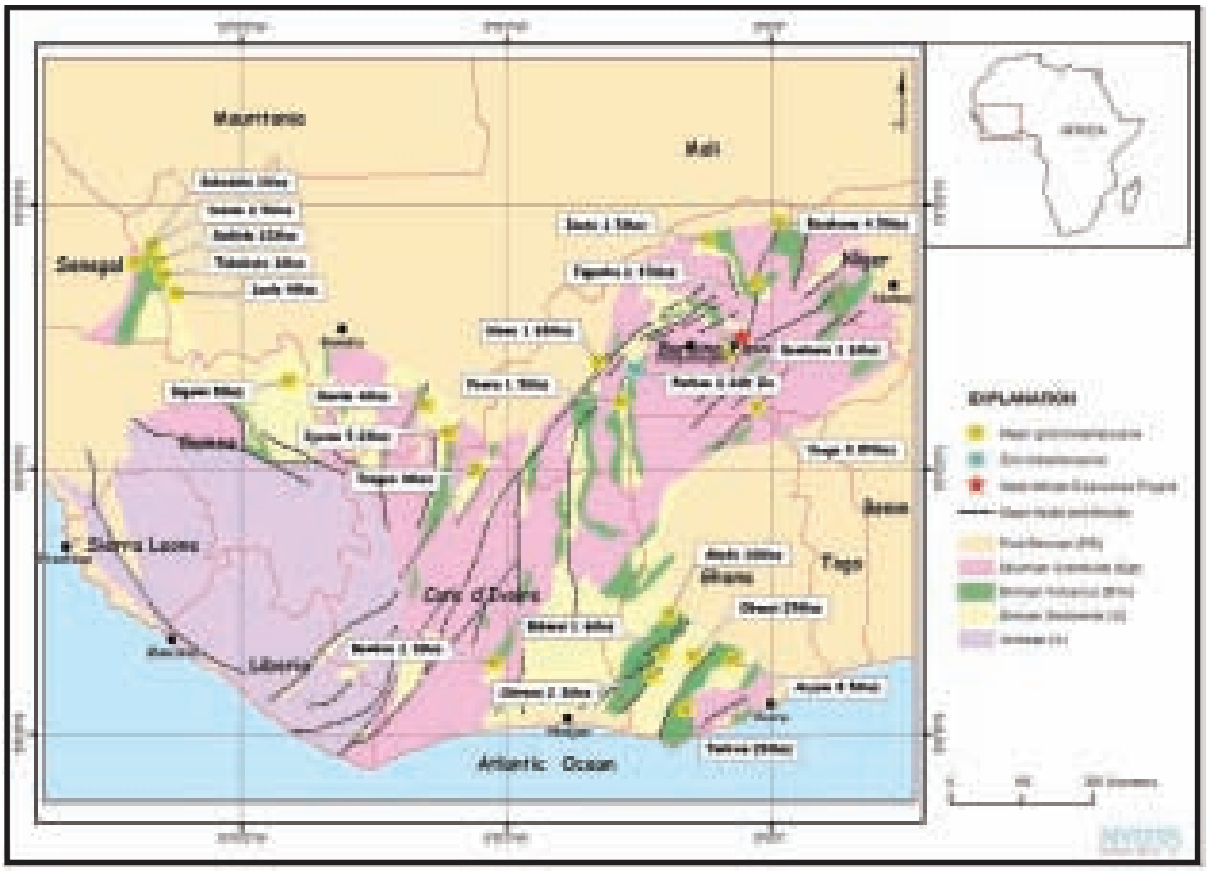

Figure 3: Significant Gold Mines in West Africa and Regional Geology

The term of a Research Permit is three years, renewable twice. For large scale licences fifty percent of the concession area must be relinquished at each renewal. However, the Diatissan concession is classed as small scale so no relinquishment is required. The Research Permit automatically entitles the holder to obtain a Mining Permit after completion of sufficient work to support acceptance of a feasibility study proposing economic exploitation of minerals on the concession.

Mali's fiscal and legislative regimes actively encourage foreign investment. This is reflected in the sizeable number of foreign mining and exploration companies active in the country and exploration is at a level that requires the cadastral map detailing the location and ownership of permits to be renewed every three months.

2.0 PROPERTY LOCATION, ACCESS AND TENURE

2.1 Property Location and Access

The *Karan Permit* area (Figures 4 and Table 1) consists of a single, rectangular Exploration Permit, No. 00712/MEME-SG DU, with a total area of 250km^2. The Permit was first issued for a three year period to Tobon Tondo by the Minister of Mines and duly approved by the Ministerial Commission on 8th August 2008. According to documents supplied by New Mines, 100 per cent. of the shares in Tobon Tondo were allegedly purchased by New Mines in September 2008, as a result of which New Mines became the indirect owner of the Karan Exploration permit via that shareholding in Tobon Tondo. More recently, a new Exploration Permit, No 10-0095 MM SG , with a total area of 250km^2 was officially granted by the Ministerial Commission. As a consequence, AME has acquired a licence valid from 25th January 2010 for an initial period of 3 years following which the standard periods of renewal and relinquishment apply.

The Permit allows for exploration for all minerals other than precious stones with a proposed minimum expenditure by the permit holder of 410,000,000 FCFA (approximately US$800,000) over the three-year term of the permit.

From surface to 15m depth artisanal gold mining is currently taking place at several localities in the Karan Permit area. This work does not interfere with the immediate exploration programme planned by AME and relations between the parties on the ground appear very cordial. If, in the future, AME requires access to these localities free from artisanal mining activity, then the miners are legally required to vacate the property. No larger scale current or historical mining has taken place on or in the vicinity of the property.

Table 1: Karan Project Boundary Coordinates

Boundary Points	*Longitude*	*Latitude*
A	8° 37' 11'' W	12o 14' 24" N
B	8° 27' 30" W	12o 14' 24" N
C	8° 27' 30" W	12o 06' 03" N
D	8° 37' 11" W	12o 06' 03" N

Narena is the largest town bordering the Karan Permit and is located approximately 90km southwest of the capital Bamako and is connected to Bamako via a well maintained tarred road, which continues through to the port of Conakry in Guinea, a distance of approximately 800km. Travel from Bamako to the Karan Permit by road takes less than two hours. The Permit itself is traversed from north to south by a 13km laterite road joining the villages of Samofila and Karan. Most parts of the Permit area can be accessed by a network of dirt tracks and trails. Some low lying areas within the Permit may become flooded during the rainy season making access difficult.

In the village of Karan, the 'Orange' mobile phone tower provides coverage throughout the Permit area. Due in part to the development of several large gold mines in southern Mali in the last 10 to15 years there is access to significant exploration, drilling, laboratory and mining expertise within the country and a large, unskilled labour force is available in the vicinity of Karan.

The *Diatissan Permit* (Figure 5 and Table 2) consists of a single, rectangular Exploration Permit, covering a total of 16km^2. The Permit, Arrete Pr 2002/169, was granted by The Ministry of Mines, Energy and Water in 2002 to explore for gold and base metals in the Kenieba region of south western Mali.

Table 2: Diatissan Project Boundary Coordinates

Boundary Points	*Longitude*	*Latitude*
A	11° 15' 58" W	13o 12' 44" N
B	11° 14' 47" W	13o 12' 44" N
C	11° 14' 47" W	13o 08' 53" N
D	11° 15' 58" W	13o 08' 53" N

Unlicensed, shallow (to 15m depth) artisanal gold mining is currently taking place at several localities in the Diatissan Permit area. This work does not interfere with the immediate exploration programme planned by AME and relations between the parties on the ground appear very cordial. If, in the future, AME requires access to these localities free from artisanal mining activity, then the miners are legally required to vacate the property. No larger scale current or historical mining has taken place on or in the vicinity of the Diatissan Permit. The area is sparsely populated with a population density estimated at less than five persons per square km.

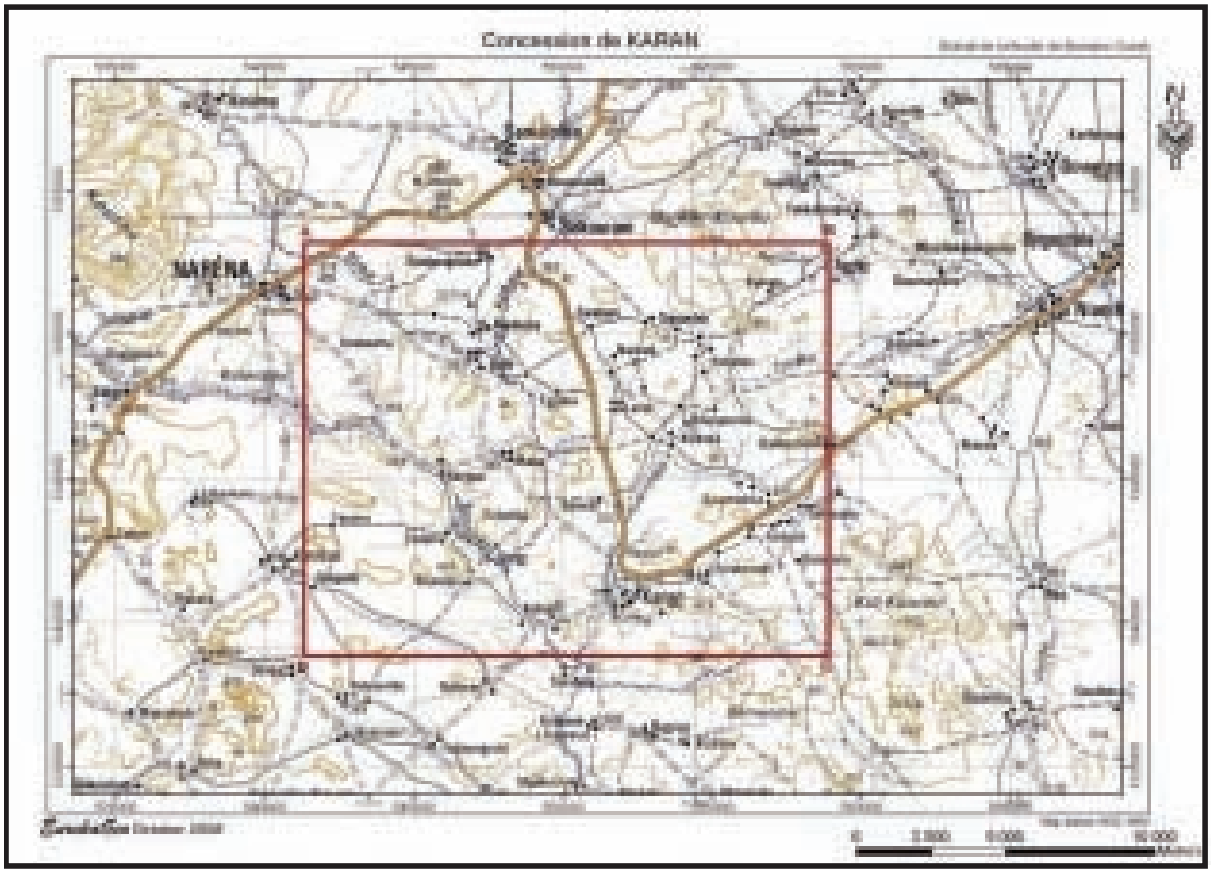

Figure 4 : Location of the Karan Project Area in Southern Mali

Diatissan is located about 200km from Kayes which is the largest city in western Mali and is served by regular flights of STA (Trans Africa Airlines) and by Transrail, a private railways company. An unsealed airstrip for small planes is available at the Loulo and Tabakoto Gold Mines, less than 20km from Diatissan, and can be used, with the permission from Randgold (Loulo) and Nevsun (Tabakoto), by chartered planes available in Bamako. The concession can also be reached by road from Bamako.

Plant, equipment and supplies shipped from abroad can be off-loaded at Dakar, Senegal and shipped by rail to Kayes. Trains travel bi-weekly between Dakar and Bamako, and daily between Bamako and Kayes. Supplies originating from Bamako can be transported via the Bamako to Dakar railroad to Kayes and then south by laterite and dirt road to Diatissan or by road from Bamako to Kayes to Diatissan. However, the access road from Kayes to Diatissan is in very poor repair and the journey of some 200km takes more than five hours.

There is no electricity grid, only poor mobile telecommunications coverage, and services have not been constructed in the Diatissan village area but do exist in Sadiola, Yatela, Loulo and Tabakoto Mines. A large unskilled local labour force is available.

2.2 Property Tenure

A summary of assets prepared in accordance with Appendix I of the Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange is set out below.

Asset[1]	*Holder*	*Interest (%)*	*Status*[2]	*Licence expiry date*	*Licence area*	*Comments*
1. Mali, KARAN: PR 10/403	TOBON TONDO	100	Exploration	25th January 2013	250km^2	Commencement of ground magnetic geophysical survey commencing in Q4 2010
2. Mali, DIATISSAN: PR 2002/169	TOBON TONDO	100	Exploration	20th December 2011	16km^2	Commencement of data review and planning of exploration activities Q1 2011

3.0 Mali Gold Project

Most of the important gold deposits in Mali were subjected to extensive artisanal mining before they were developed and brought into production (Syama, Sadiola, Kalana, Kodieran, Segala, Tabakoto, and Morila (from at least six centuries ago). Gold has been mined in the Kenieba region for centuries. However, commercial mining only began with French Colonial times; gold dredging of some rivers, the Faleme and Gambie, took place since the mid 1900's. Systematic exploration surveys were commenced by SONAREM (Société Nationale de Recherche et d'Exploitation Minières) with Soviet assistance which lead, in the late sixties, to the discovery of the Medinandi prospect (about 15 tons of gold to date) and about 60 gold occurrences, including Sadiola Hill. More recently, the region has been investigated by the Bureau de Recherches Geologiques et Minières (BRGM) 1979-1984, who investigated Loulou, Les Mines de Diatissan Ltée, 1987-1990, Direction Nationale de la Geologie et des Mines (DNGM) together with Klöckner (1987-1993), Tobon-Tondo with the technical support of the DNGM since 1997.

Regional geochemical survey and geological mapping was conducted by BRGM and later added to by Klockner under a European Union financed Sysmin project entitled Mali-West Geological mapping was carried out at 1:50 000 scale, but the maps were published by KLOCKNER/DNGM at 1:200 000 scale. Geochemical survey was completed on a 1000 m x 250 m grid. The Sadiola Hill, Niamboulama (Yatela) and Alamoutala gold deposits were targeted and several other prospective areas for gold detected including the Sitakili-Djibrouia sector containing both Loulo and Diatissan.

Figure 5: Location of the Diatissan Project Area in South Western Mali

3.1 Regional Geological Setting

Precambrian basement rocks of the West African craton are comprised of the Man (south) and Reguibat (north) shields, and the smaller inliers of Kenieba and Kayes. These exposed basement blocks are bounded and separated by Pan African fold belts and Late Proterozoic to Phanerozoic sedimentary basins, including the expansive Taoudeni Basin. The Man shield is subdivided into three main litho-stratigraphic units: the Liberian Shield of Archaean age, and the Birimian and Tarkwaian, both of which are considered to be Early Proterozoic.

The geology in the southern part of Mali is made up of a volcano-sedimentary sequence of Birimian rocks, weakly metamorphosed but tightly folded, during the Eburnean orogeny (2.1Ga) and intruded by syn- to late-tectonic granites (see Figure 6 – Regional Geology of Southern Mali).

The Birimian sequence comprises a series of fine grained sedimentary and volcanic rocks. The sedimentary sequence consists of meta-arenite, meta-argillite, metagreywacke and metacarbonates. The volcanic formations comprise andesitic tuffs, tholeiitic basalts, and rhyolites with the mafic components predominating.

Southern Mali is bound to the north and east by the Taoudeni Basin where Upper Mid to Late Proterozoic sandstones and interbedded pebble conglomerates of the Taoudeni basin unconformably overly the Birimian. Both the sedimentary and volcanic sequences are cross cut by doleritic and lamprophyric dykes

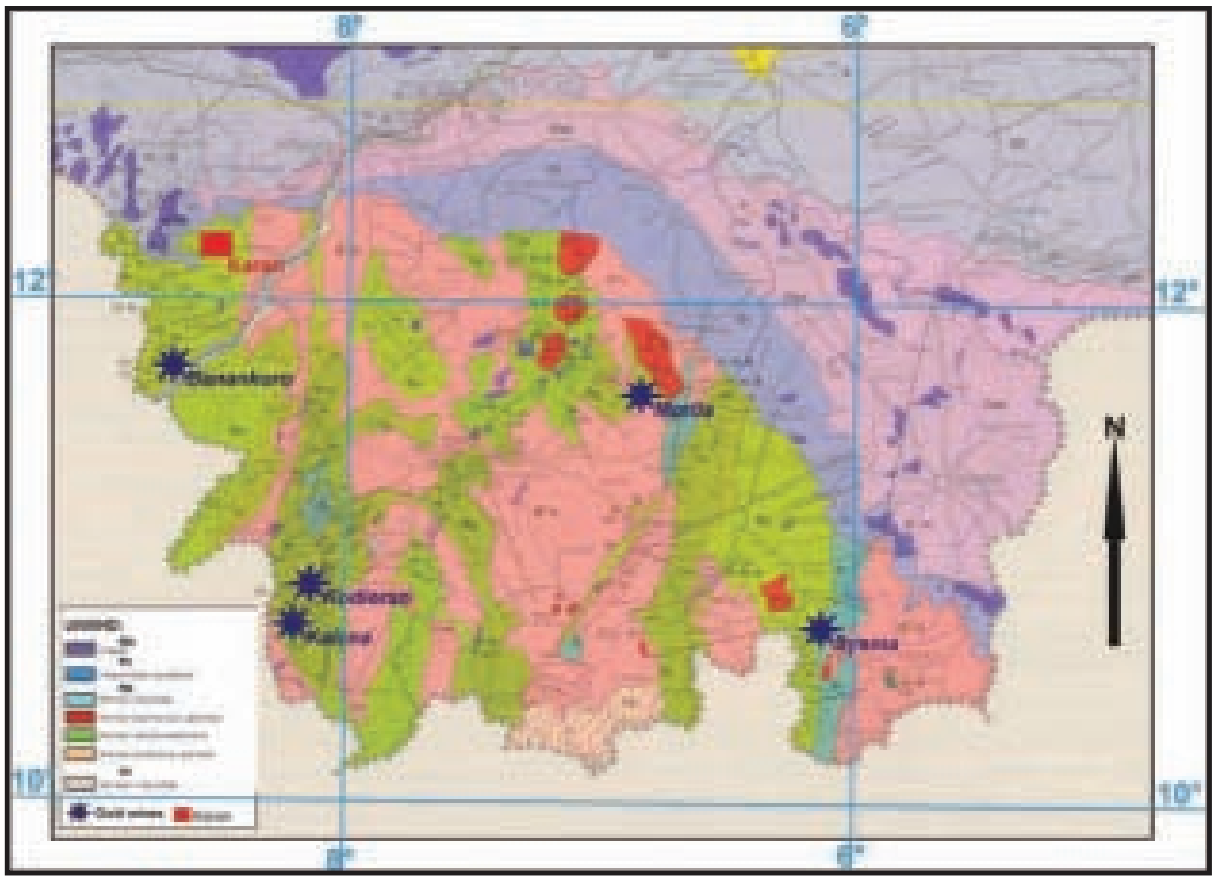

Figure 6: Regional Geology of Southern Mali

Birimian age rocks are transected by a regional NNE to SSW trending strike-slip fault system, the main fault zone within this system being the Banifing Fault. This fault is present over a strike length of more than 500km. It is thought that the Morila gold deposit is related to this major structure.

Several geological maps exist covering all or part of the Bamako West topographical map sheet covering the Karan concession. The geological information that was used to compile these maps was largely generated by Bassot et al (1980), Université Saint Jérôme/DNGM (1988), GEOCONSULT (1996) and BRGM (2006).

The geological descriptions of both the Karan and Diatissan Permits is based on the most recent mapping work compiled by BRGM which takes into account all previous work undertaken. For both Permits, the geology comprises a thick sequence of thinly bedded and weakly metamorphosed Birimian rocks of greenschist facies, argillite, siltstone and sandstone (Figures 6 and 7). Two groups have been distinguished by the BRGM/MAPs Geosystems (Feybesse et al., 2006). The lower group, the Flyshoid Group, includes siltites and argillites occasionally overlain by feldspathic sandstone. The Upper Group is acid volcano-sedimentary in nature. This group consists of interbedded siltites, argillites with volcanites and/or volcano-clastic formations (lavas, pyro- and epiclastic rocks) that have been remobilized and redeposited.

Zircons from the metasedimentary rocks have been dated at between 2,100 and 2,120 My (Guerrot, 2006). Although bedrock outcrops in the Karan Permit are rare, exposed rocks are volcano-sedimentary formations of Birimian age (Lower Proterozoic) intruded by granitic and doleritic bodies of Lower Proterozoic age. Other than Quaternary alluvial sediments, the only other rock types covering the Birimian rocks in the region are Cambrian sandstone and conglomerate that form the Mandingo Escarpment.

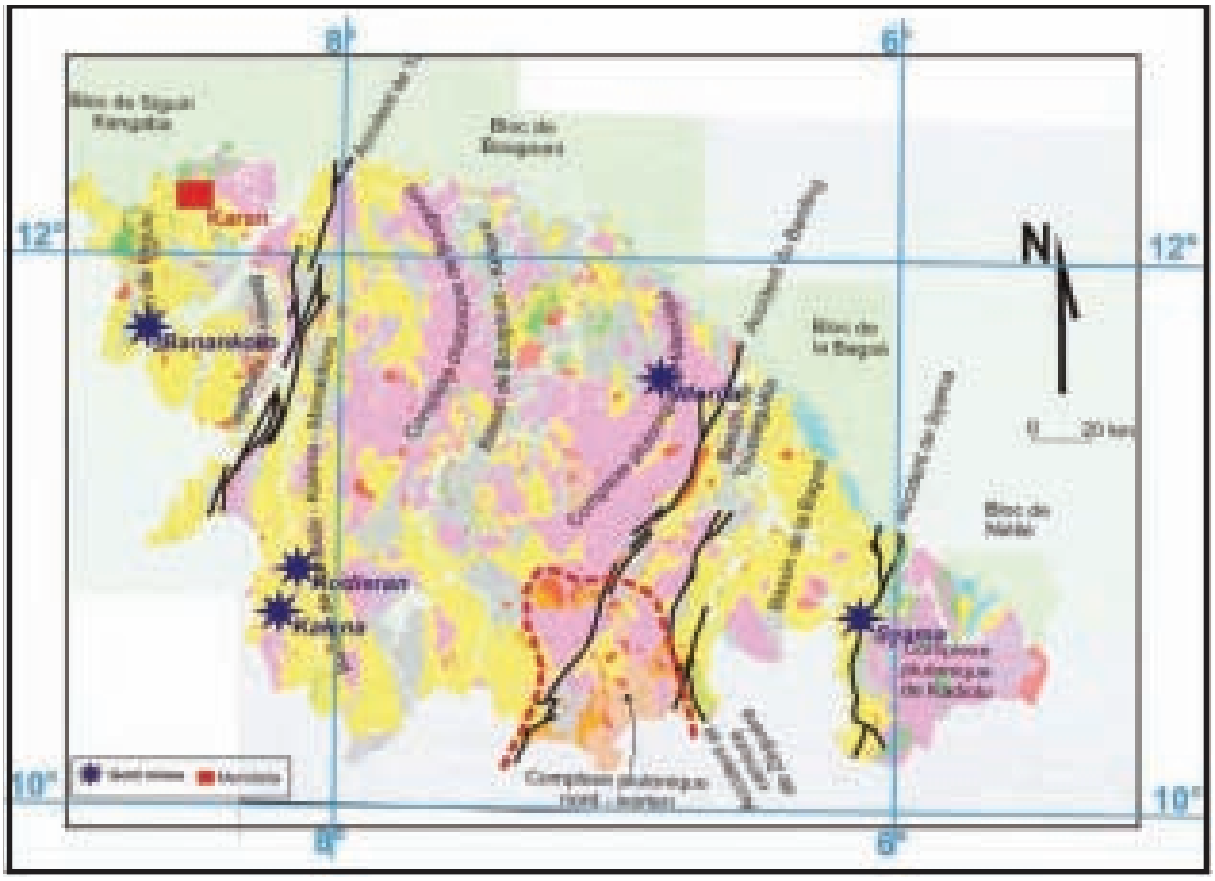

Figure 7: Structural Geology of Southern Mali showing the location of the Karan Permit

A prolonged period of intense weathering has resulted in the development of a thick laterite horizon. Long continued subaerial erosion of the Birimian basement complex has produced a large volume of silt which covers the majority of the surface occupied by the Permits. In this low energy erosional environment there is evidence to suggest that detrital heavy metals such as gold are not transported far from their original location and can form concentrations at or close to surface and near their source(s).

As a general rule, the intrusive rocks found in southern Mali appear to have a bearing on the location of several of the larger gold deposits found in the vicinity of the Karan Permit. These include Kalana, Kodieran, Morila and Banankoro. The combination of intrusive rocks and proximity to major structures is believed to be especially important in the localisation of all the major gold deposits.

Magmatic intrusive rocks found in southern Mali have been classified according to their respective petrography, chemical composition, and morphology. The three major igneous divisions are as follows:

– the Siby-Kourouba granitic massif is described as a mesocratic to leucocratic, medium grained, isogranular or porphyritic granite. The main minerals are potassic feldspar (microcline), plagioclase (albite-oligoclase), and quartz with very minor quantities of biotite;

– according to Liegeois et al (1991) similar granite near Massigui was dated at 2091+/- 33 My. Granitic formations of this age are thought to be syn-tectonic masses, often associated with hornfels, amphibolite grade contact metasomatism, and local magmatism;

– small clusters of granodiorite, plagiogranite and porphyritic bodies intruding the volcano-sedimentary sequence are thought to be post-tectonic. Dating by Liegeois et al. (1991) of similar granite on the Massigui map sheet has estimated an age of 2074 +/- 8 My. Dyke swarms (rhyolites, quartz feldspar porphyry) and quartz veins are frequently associated with these granodiorite clusters; and

– dolerite (diabase) dykes and sills, which cut the Precambrian formations in the region. A northwest elongated sill along the Sinionko River is present within the Karan Permit.

The regional structural framework has been interpreted from aerial magnetic survey data (ECL-Kevron, 2002) and is shown in Figure 7. Interpretation indicates the presence of a northwestern oriented corridor intersected by NW-SE and E-W oriented faults. Intersection of the NW-SE and E-W faulting with the main northerly striking shear corridor is believed to control the position of granitoid bodies and be an important factor in localization of gold mineralisation in the Kalana, Kodieran and Banankoro deposits.

The regional geology hosts a combination of rock types and structures thought to be influential in localising mineralisation. Intrusive rocks are believed to have played an important role in the formation of gold ore bodies. The combination of intrusive rocks, the magma from which may have provided mineralising fluids or a heat source to drive the mineralising process together with major structures creating preferential paths for mineralising fluids is believed to be especially important. These diagnostic features conform with research findings that suggest gold is concentrated by active shear zones where a rising geothermal gradient is present leading to hydrothermal activity and intrusion of pegmatites, quartz veins, gold and other minerals and igneous rock within an active shear zone.

In the Diatissan area the geological setting of the Kenieba Inlier has been described from Hanssen et al (1997), Klöckner (1989), SYSMIN (2002) and various reports on the Diatissan concession (Figure 8). The Kenieba area consists of an inlier of Birimian rocks (a series of fine-grained sedimentary and volcanic rocks) located to the extreme northwest of the Man shield, part of the West African Craton, and comprises a tightly folded and sheared volcano-sedimentary sequence metamorphosed to lower Greenschist Facies and intruded by syn- to late-tectonic granites during the Eburnean orogeny (2.1Ga).

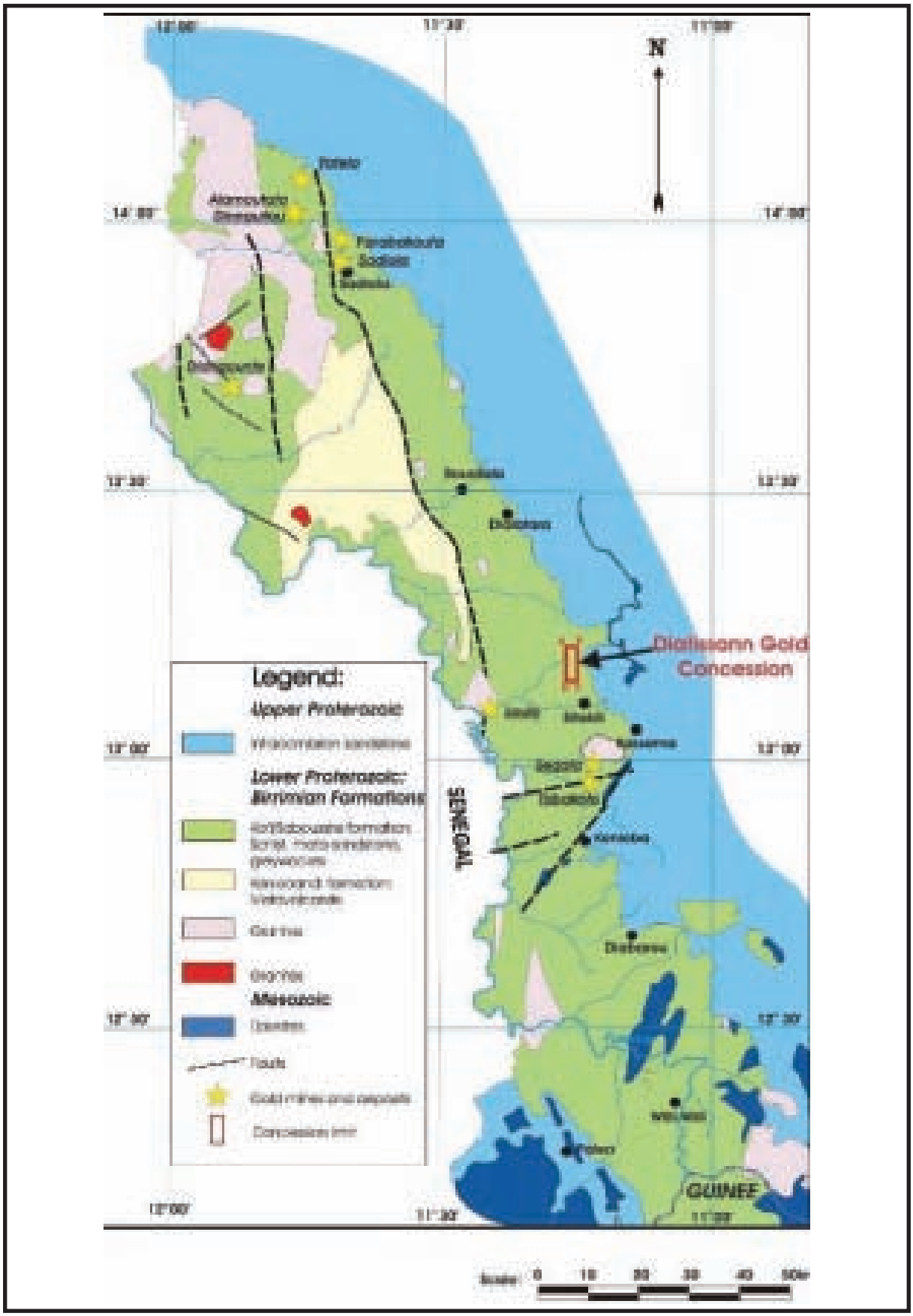

Figure 8: Regional Geology of the Diatissan Area

3.2 Project Area Local Geological Setting

3.2.1 Karan Region

Several geological maps have been drawn covering portions of the Bamako West topographic map sheet which includes the Karan Permit. Among these are maps produced by Bassot et al (1980), Université Saint Jérôme/DNGM (1988), GEOCONSULT (1996) and BRGM (2006). The geological description of the Karan Permit was taken from the most recent work by BRGM, whose data includes compilation of previous geological investigations.

The permit area is located within the Siguiri Basin immediately south of the Taoudéni Basin. Two same groups of cover have been distinguished overlying the basement rocks, namely a flyshoid sediment (siltites, argillites and feldspathic sandstone) and an upper acid volcano-sedimentary group (interbedded siltites, argillites and volcanoclastics).

The same suite of magmatic rocks that is found near the Diatissan Permit is also found associated with the Karan Permit (see section 3.2.2).

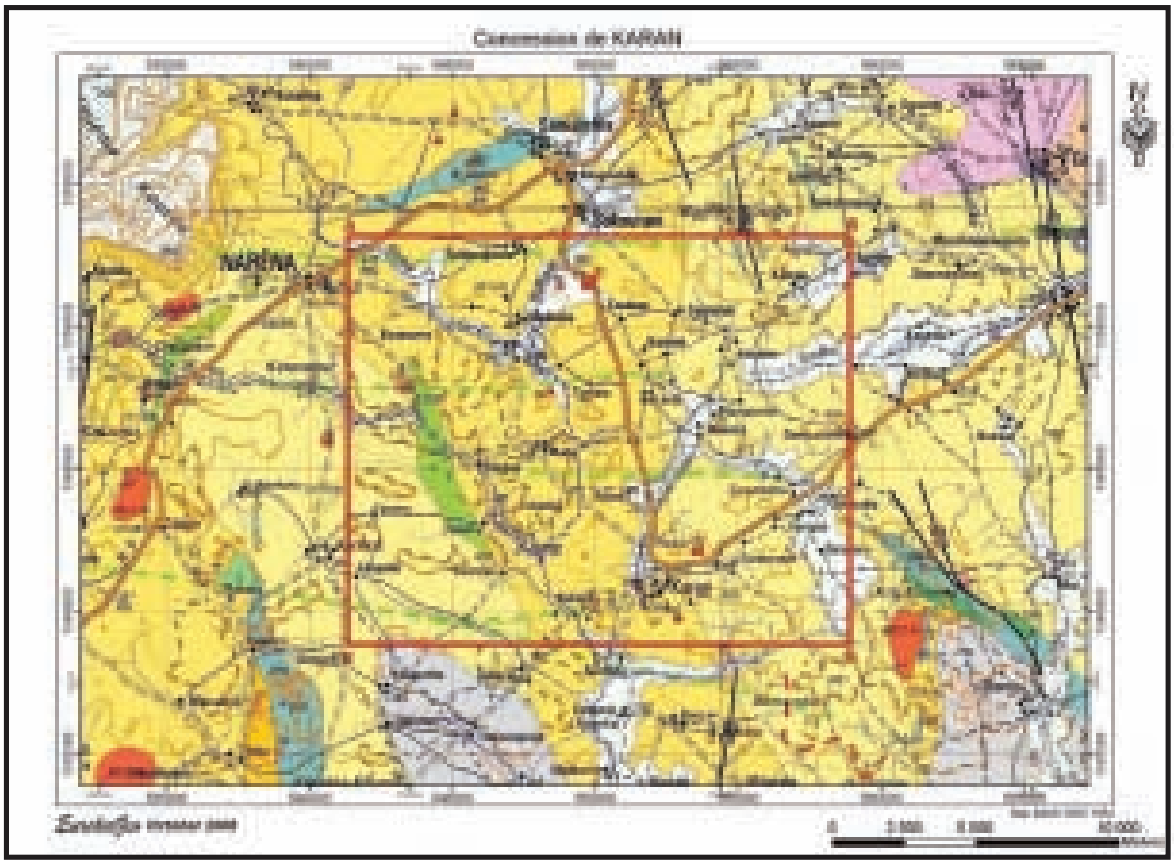

Figure 9: Local Geology underlying the Karan Concession (BRGM Maps Geosystems 2006)

Structural Geology

The NNE-SSW Banifing Fault is the largest fault in southern Mali and it is also associated with many subparallel shears (Figures 8 and 9). The Morila gold deposit is located proximal to this structure. Several other major subparallel fault systems are mapped, including the Yanfolila Fault to the southeast of Karan. Associated northwest trending structures, outlined by Blagonadezdin (1986) occur in southern Mali as conjugate faults sympathetic to the major fault systems. Intersection of northeast and northwest faults is believed to control the position of granitoid bodies and to be an important factor in localization of gold mineralisation at the Kalana, Kodieran and Banankoro deposits.

The local structural framework at Karan has been interpreted from aerial magnetic survey data (ECL-Kevron, 2002) and is shown on Figure 10. Interpretation of the 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. Locally, a dolerite sill mapped along the Sinionko River follows a N-NW trend, as do several of the zones of old workings and current artisanal mining, suggesting that this could be an important structural trend at Karan.

During the site visit by the author it was observed that the orientation of underground artisanal workings was in both a NNW-SSE and E-W direction mirroring the regional structural fabric. The same suite of magmatic rocks that is found near the Diatissan Permit is also found associated with the Karan Permit.

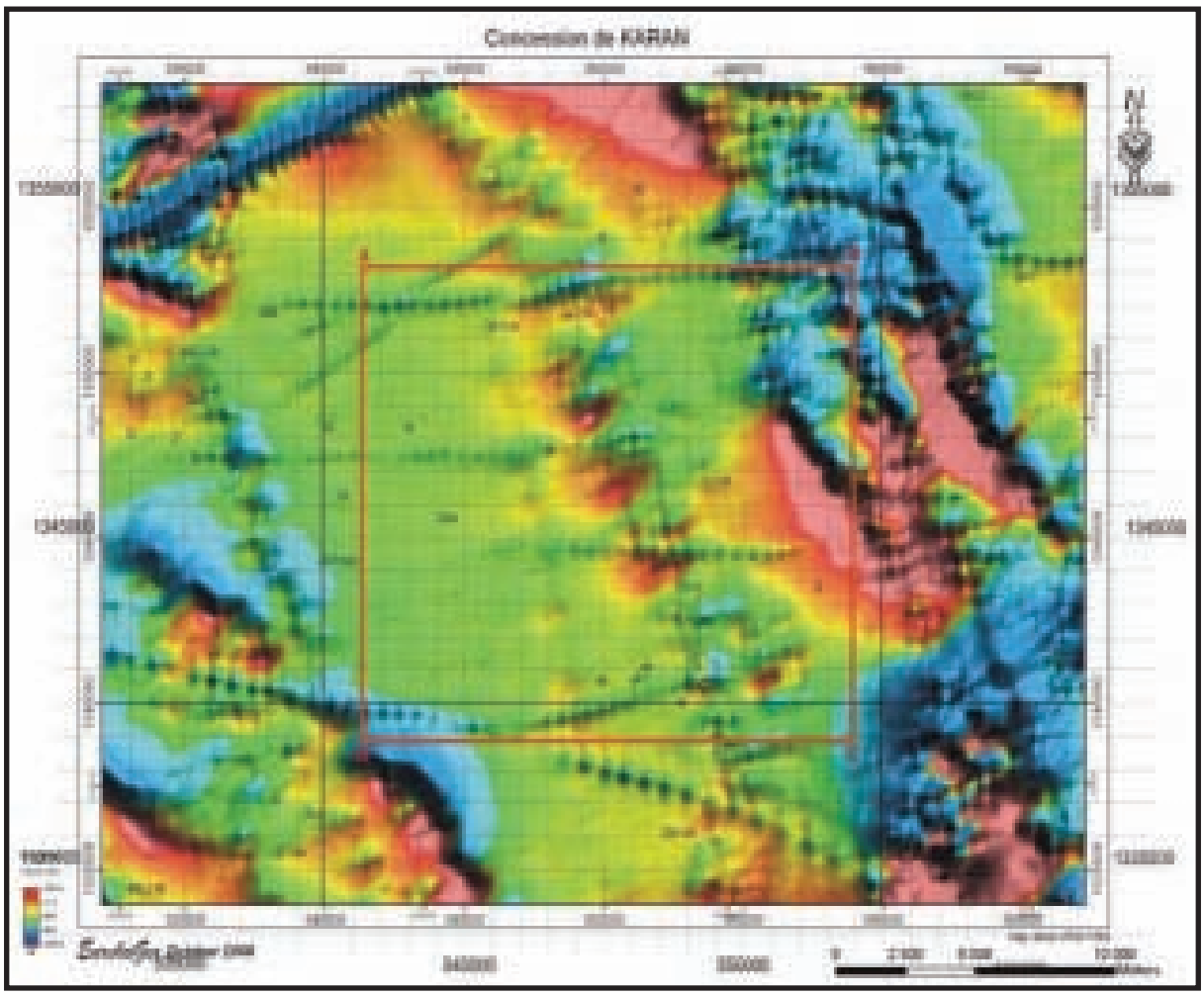

Figure 10: Magnetic survey showing the outline of the Karan Permit

Karan Mineralisation

Several styles of mineralisation have been identified within the Karan Permit which is described more fully below. Evidence of historic and current artisanal mining activity remains one of the most useful early tools in identifying areas of gold mineralisation. Gold deposits that include Syama, Sadiola, Kalana, Kodieran, Segala, Tabakoto and Morila were all subject to extensive artisanal mining before large scale commercial discoveries were made on the same sites. Within the Karan Permit, artisanal mining is also extensive which the author of this report believes bodes well for exploration success.

Madouba Area

The Madouba target covers several zones of workings over an area of 2.8km x 1.8km in the north of the permit just south of the village of Soukourani (Figure 11). Three zones of eluvial/bedrock gold are described by BRGM/MAPS Geosystems (2006), namely Soukourani, Niaourele and Fintakourouni. A geological map of the area shows the Madouba sector as being located within a volcano-sedimentary group comprising fine sediments, dacitic intrusives and chert. Examination of coarse rejects and waste rock from local artisanal pits

confirms the presence of strongly silicified schist, metagreywacke and occasionally dacite/rhyolite. Rock types identified have all been subjected to intense hydrothermal alteration and stockworks of fine and coarse quartz veins are common. The majority of the Permit area is covered by alluvium and in the eastern part, a lateritic crust ranging from 6m to 18m in thickness. Structurally, the target is located within the northwest trending structural corridor identified by airborne magnetics (see Figure 10).

A northwest trending shear zone approximately 1km long and 120m wide situated along the eastern side of the Madouba target area was previously explored by the NWAT soil geochemical sampling programme mentioned previously. Thirty samples were collected of which seven returned gold values in excess of 100 ppb with a peak value of 425 ppb. No follow up exploration work was undertaken.

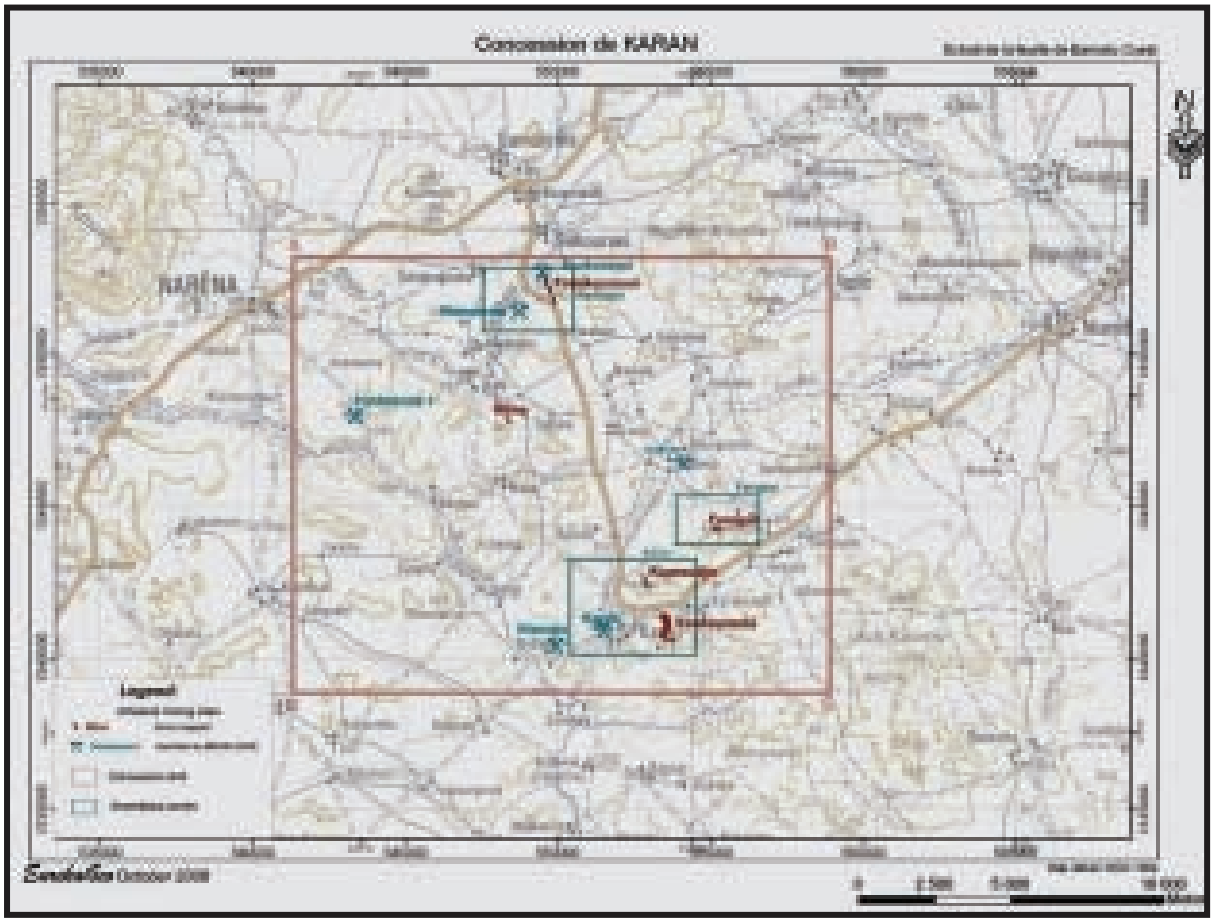

Figure 11: Artisanal Mining Areas and Gold Anomalies in the Karan Permit Area

The Soukourani occurrence occupies an area measured of approx. 1km in length and 40m width. Artisanal mining has taken place over this target and pit depths vary from 16 to 19m. Bedrock comprises silicified schist and metagreywacke. According to BRGM/MAPS Geosystems, a sample from these artisanal workings returned an assay grade of 3.39g/t Au. Gold is reported to be hosted in quartz veins and veinlets forming a stockwork. The Niaourele occurrence, for which there is little detailed information, consists of a number of pits excavated in laterite.

The Fintakourouni target (Figure 12) is situated southwest from the village of Farabani and coincident with the main artisanal workings found within the Permit. This placer was visited and mapped using scout drilling by EurekaGeo Consultants in November 2008 and was also visited during the site inspection in October 2009.

The northwest trending mineralised zone extends for over 1km along strike and at width of approximately 10 to 40m. At the northwest end of the zone artisanal workings are confined to the upper layers of the laterite. Generally excavations extend to between 3 and 4m depth. However, in the central and southeastern parts of the zone bedrock is exposed at or close to surface where lateritic cover is absent and artisanal workings

extend to 15m depth. Bedrock exposures comprise primarily highly weathered purple-white Birimian fine grained schist with quartz stockworks and veins. Possible acid volcanics were observed in the southeast end of the anomaly.

The rocks are interpreted as a mixture of highly sheared, pyrite rich, mylonitised rock with folded layers occurring within a substantial deformation zone. The ore from the mineralized zone, extracted by local miners, consists of intensively altered bedrock and quartz veins with vein/shear zone thicknesses reported to reach 1.5m. Vein selvages consist of strongly weathered metasediments and/or intrusive rocks containing abundant quartz veins and veinlets.

Artisanal production is focussed on fine grained quartz and saprolitized argillic-sericite rocks where gold extraction using rudimentary tools is easiest. In a few locations piles of quartz boulders which are believed to be gold bearing have been left behind by the artisanal miners which indicates that this material cannot be processed using local crushing techniques.

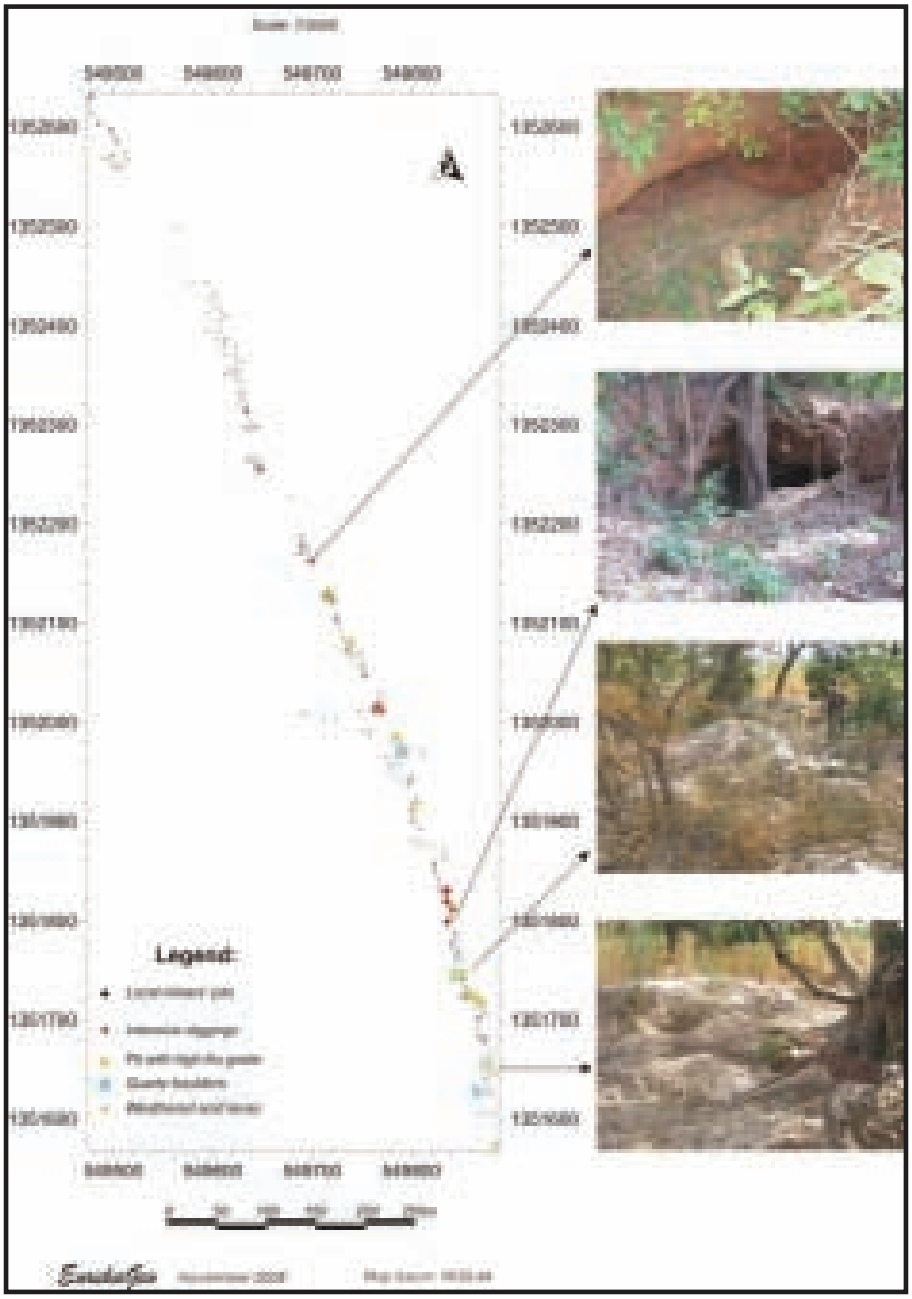

Figure 12: Fintakourouni Prospect Map (EurekaGeo, Nov 2008)

Karan Prospect Area

This target is centred on the village of Karan in the south of the Permit and extends over an area of 4.0km x 3.5km. The Karan prospect (within the Karan Permit) was noted by the author during the site visit to be the area subject to the most intensive artisanal mining activity and should as a result be considered as a priority target for subsequent exploration. The Karan Prospect Area includes the Kings Mines (Kouroudjin), Koukouroula, Karan and Niamale gold occurrences. Kouroudjin and Koukouroula were tested by scout drilling by EurekaGeo in November 2008 (Figures 13and 14) and both were also examined during the author's site inspection in October 2009.

Interpretation of airborne magnetics suggests that Kouroudjin is located at the intersection between the main NNW structural corridor with an E-NE oriented structure. Mostly covered by laterite, the Kouroudjin eluvial occurrence is located about 1.5km northeast of the village of Karan and covers an area of about 1000m x 45 to 80m (Figures 11 and 13). Some of the artisanal workings found are believed to date back many centuries. Pit depths vary from 1 to 8m, with current artisanal mining focussed on the layer immediately below the lateritic horizon but above the bedrock. The ore material is made up of laterite with stockwork type quartz veins and veinlets. According to BRGM/MAPS Geosystems two mineralized layers were identified. Several collapsed pits are evident resulting from extensive undercutting below the upper laterite layer. The elongated axis of these open pits is oriented W-NW and underground; the workings follow an E-W cross-cutting trend and appear to mirror the regional structure. The southern section of the Kouroudjin occurrence is known as the King's Mine from where an estimated five tons of gold was won and used in the construction of the Grand Mosque at Mecca.

During a detailed mapping programme in 2004, SEPEEK noted three zones of intensive diggings. A total of 58 exploration pits on nine traverses, 50m x 50m apart, were excavated by SEPEEK over an exploration area covering 400m x 300m. Pit depths vary from 5 to 10m. A cumulative total of 285m of pitting was completed for the 58 pits excavated. According to Diombana & Farota (2004), pit cross sections reveal (from top to bottom) eluvial-alluvial deposits/laterite and metasediments (interbedded metapelites and metagreywacke) striking due north and dipping at 50° to 70°. In the northeast of the exploration area, intensive artisanal activity was noted coincident with a shear zone where brecciated quartz is visible within a white (kaolinised) unidentified rock. One metre vertical channel samples were taken by SEPEEK in each pit with the samples submitted for gold fire assay. The peak grades returned are shown below in Table 3.

Table 3: Karan Prospect Channel Sample Results from SEPEEK Work

Pit No	*Sample No*	*From*	*To (m)*	*Sample width (m)*	*Grade (g/t Au)*
KKPT02	NA	0.0	1.0	1.0	8.10
KKPT35	NA	6.0	7.0	1.0	1.53
KKPT54	NA	3.0	4.0	1.0	0.16
KKPT35	NA		6.0	NA	5.88

BRGM noted that the gold grade relating to artisanal mining activity in the Koukouroula deposit (Figure 14), according to local miners, varied from 5 to 24g/t with daily production per person estimated at sometimes nothing to ten grammes. The local artisanal miners have also indicated that from north to south there is both an increase in the thickness of the target layer and in gold grain size. Large amounts of weathered quartz were evident in the material being crushed by the miners. In general, more laterite cover is developed in the south of the target area, perhaps explaining the more patchy nature of the gold workings there.

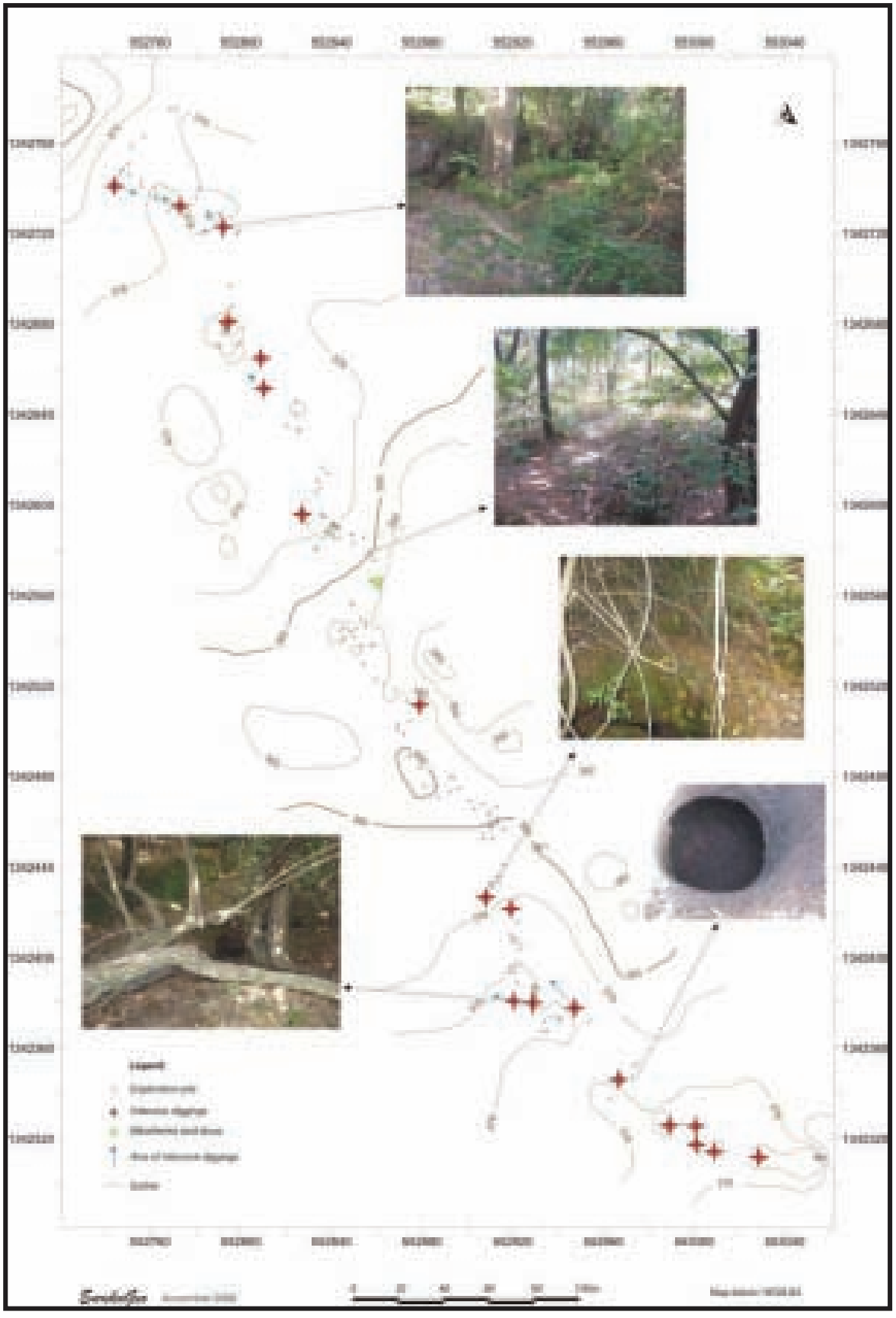

Figure 13: Kouroudjin Prospect Map (EurekaGeo, Nov 2008)

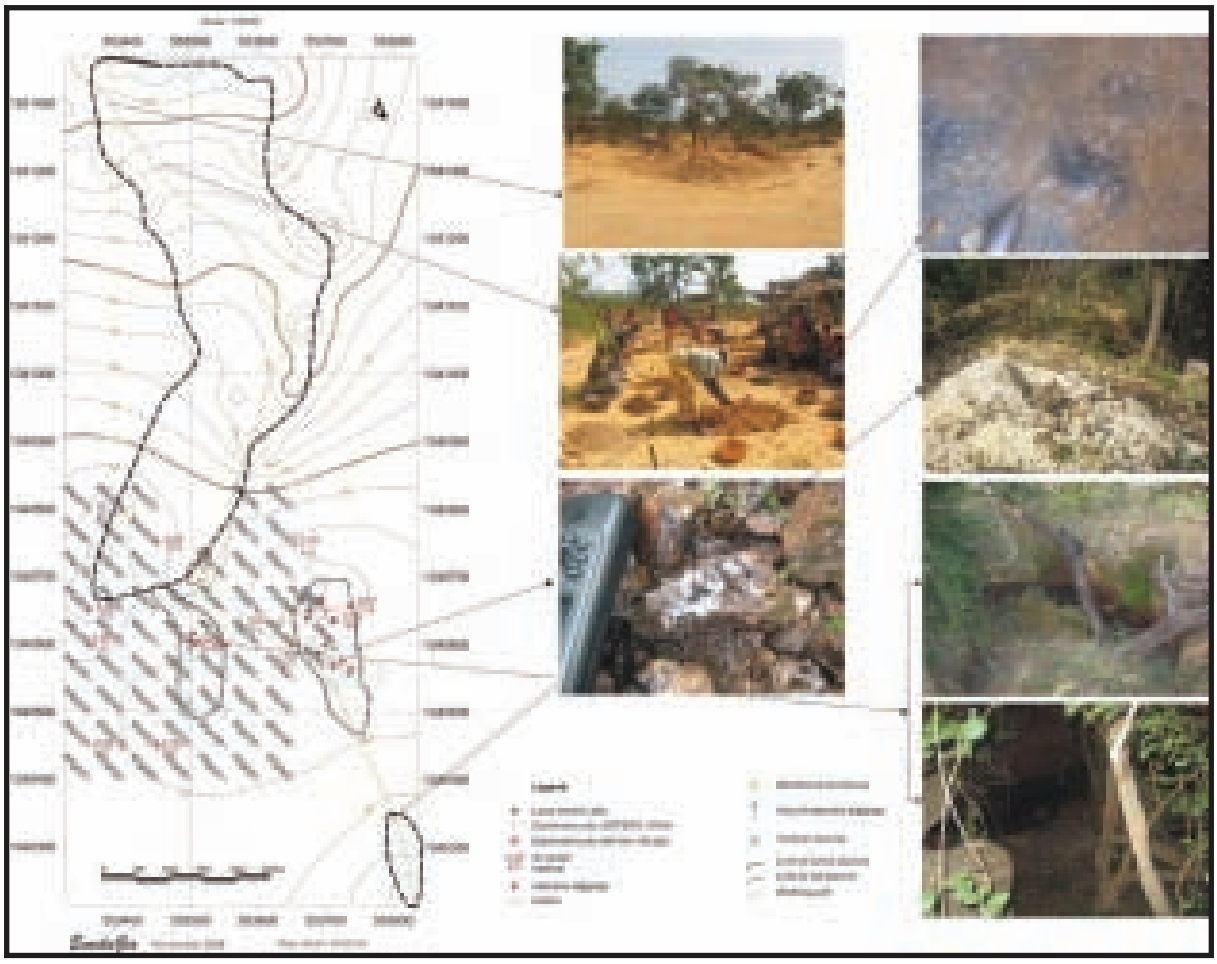

Figure 14: Koukouroula Prospect Map (EurekaGeo, Nov 2008)

Faraguè Area

Faraguè is located off the main northwest trending structural corridor (Figure 11) running through the Karan Permit, but is located on an east-west fracture zone, and as such should be considered as a target for further exploration work. The prospect extends over a surface area of 600m x 300m and is covered by laterite which forms a low plateau in the southwest corner. Geochemical sampling was completed by Promotion des Indices (1998). Gold values as high as 1,960 ppb (the maximum over the 6,000km² study area) were recorded as well as several other values in excess of 80 ppb Au (Figure 15). Follow up pitting on a 100m x 50m grid was undertaken by SEPEEK covering an area of 600m x 300m. A total of 40 pits were excavated on seven traverse lines, with individual pit depths varying from 5 to 10m. Notably nine of the planned excavations were not completed because of the hard nature of the laterite cover. Bedrock is made up of interbedded Birimian metagreywacke and metapelites overlain by laterite and/or gravelly eluvium. Peak gold assay intersections from vertical channel sampling included the following listed in Table 4.

Table 4: Faraque Area Channel Sample Results from SEPEEK Work.

Pit No	*Sample No*	*From*	*To (m)*	*Sample width (m)*	*Grade (g/t Au)*
KFPT42	NA	4.0	5.0	1.0	0.60
KFPT19	NA	4.50	5.0	0.50	0.14

Taking into account both the known gold recoveries being achieved by artisanal miners together with the evidence from pitting that suggests there is no depth extent to gold mineralisation, the view has been taken that Faraguè represents a surface concentration of gold. This view is reinforced by the fact that there are no artisanal workings found at Faraguè and the only known excavations to depth (below the laterite) are those excavated by SEPEEK.

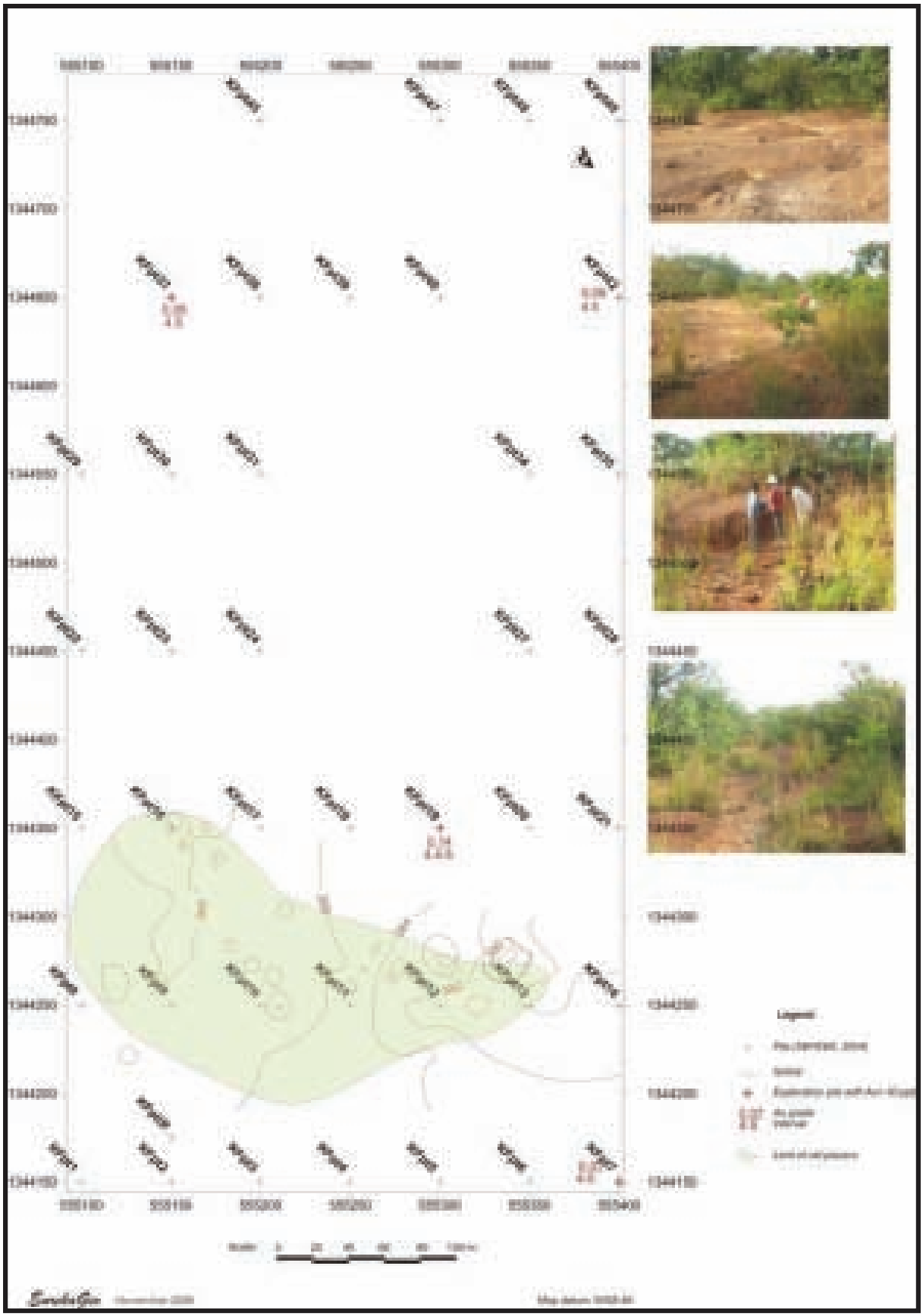

Figure 15: Faraguè Prospect Map (EurekaGeo, Nov 2008)

Other Mineralized Areas Within the Karan Licence

The Mana eluvial/bedrock occurrence is located approximately 1.2km west of the village of Tonfara in the central part of the permit area accessed via a track crossing flat lateritic land. As with the Madouba and Karan anomalies, the Mana occurrence appears to be related to the intersection of the main northwestern structural corridor and an east-west fracture zone and appears to have a dome shape.

Artisanal workings follow a zone striking N320°E over a length of 300m and a width of 40 to 50m in an area where previous soil geochemical sampling returned a single anomalous value of 221 ppb Au. The workings are reported to have followed a series of south southwest trending structures cross cutting the overall northwest trend (Figure 16).

Field visits revealed that the focus of local mining is a zone of intensively altered quartz veins and eluvium. The gold is coarse with the largest nugget reported by a local guide to reach 1kg in the northwestern part of the zone. Several collapsed workings are evident, resulting from extensive lateral underground mining at shallow depths. Some of these collapses cover areas up to 35m x 10m. Several of the pits are reported to extend to depths of between 8 to 10m and are water filled at their base.

There is evidence of more than 100 pits having been excavated by artisans and, according to a local miner several excavations with high gold content (up to 1kg/t Au) can be found near the centre of the dome. This area is structurally complex and further detailed exploration is required to determine the structural controls to mineralisation.

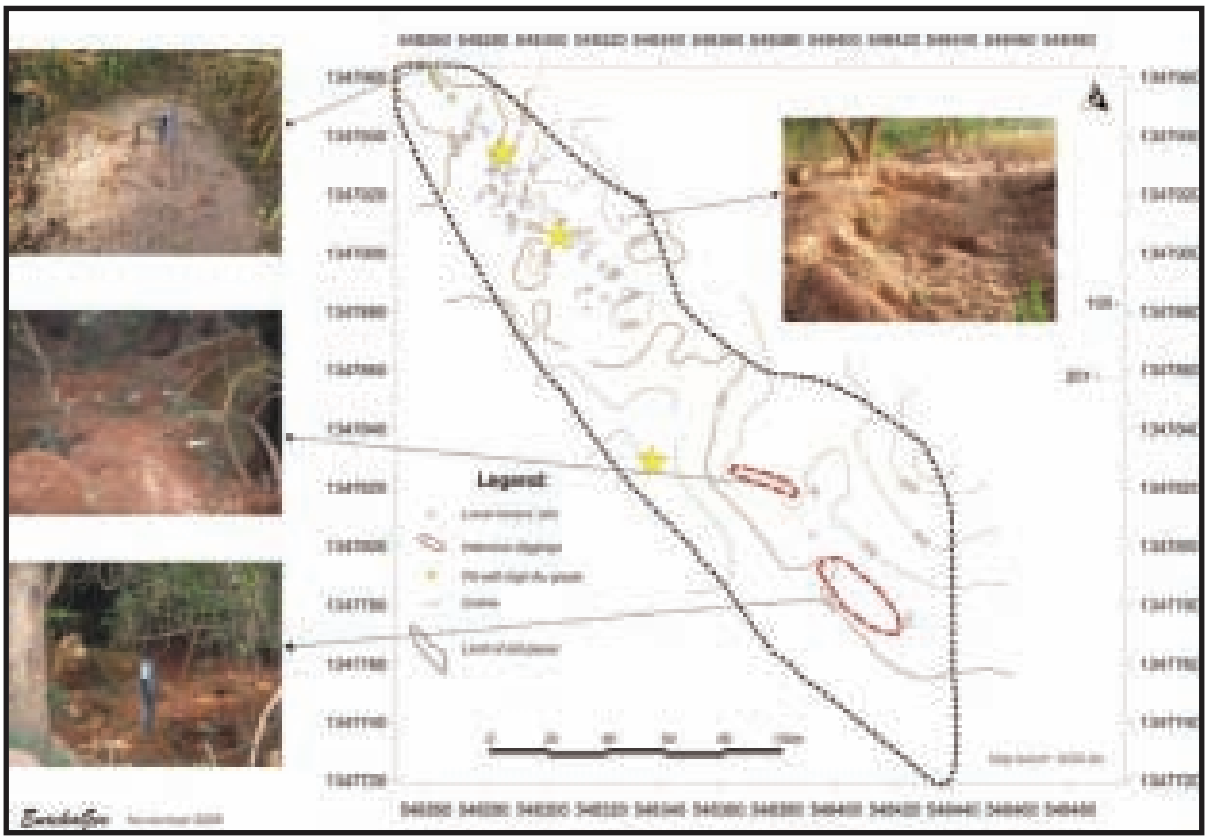

Figure 16: Mana Prospect Map

3.2.2. Diatissan Region

Structural Geology

The Kenieba-Kedougou basement window exhibits clear evidence of intense shearing. In the Kenieba region, the Senegal – Malian Fault Zone is a dominant feature which can be traced from north to south. The NNW-trending Senegal – Malian fault is the largest fault in western Mali, and is believed to have a sinistral displacement with many subparallel shears. The fault marks the boundary between the Kofi metasedimentary rocks to the east and the Keniebandi-Saboussire sedimentary and volcano-sedimentary formations to the west. The major gold deposits Loulo, Sadiola, and Yatela are located proximal to this structure (Figure 17). In the Kenieba region north trending structures such as the Kakadian-Kerekoto fault zone are believed to be sympathetic to the Senegal – Malian fault system.

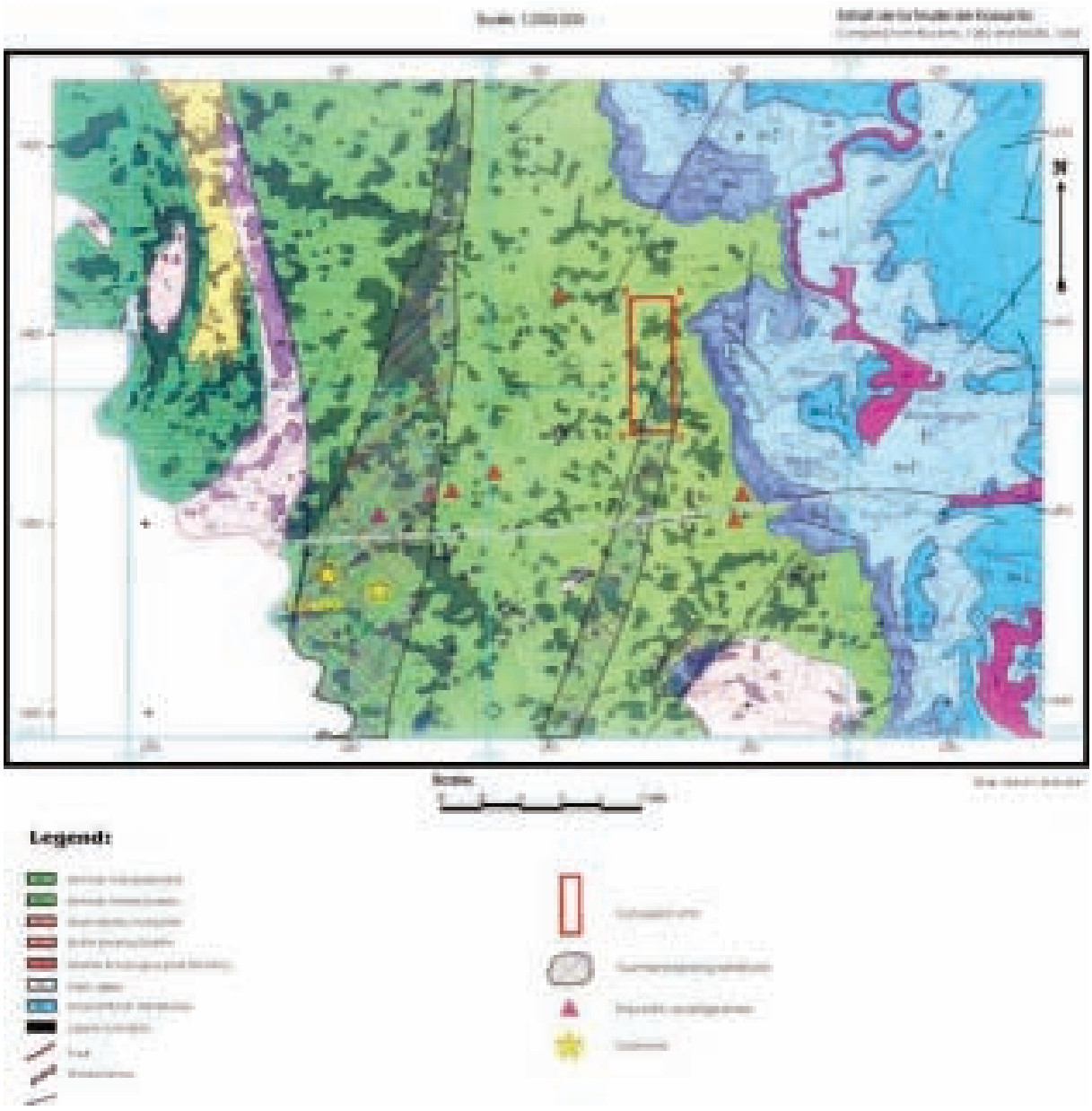

Figure 17: Local Geology underlying the Diatissan Concession (Klöckner/DNGM, 1989 and BRGM, 1984) and proximity to operating Gold Mines

Subsidiary northeast- southwest trending structures occur in the Kenieba region as conjugate faults sympathetic to the major fault system. These NE-SW trending faults tend to control many of the drainages in the Diatissan area. Intersection of the NE-SW and NNW faults with the north trending faults is believed to be an important factor in localization of gold mineralisation. North and north-east trending faults control localization of granitoid clusters and small intrusions, which coincide with several geochemical gold anomalies. The third structural element of the regional fault pattern is represented by east-west trending shear zones. In the Diatissan area, these shears are not major structures, but they are believed to be important in localization of mineralisation through brecciation, dilation and increased permeability (Figures 17 and 18).

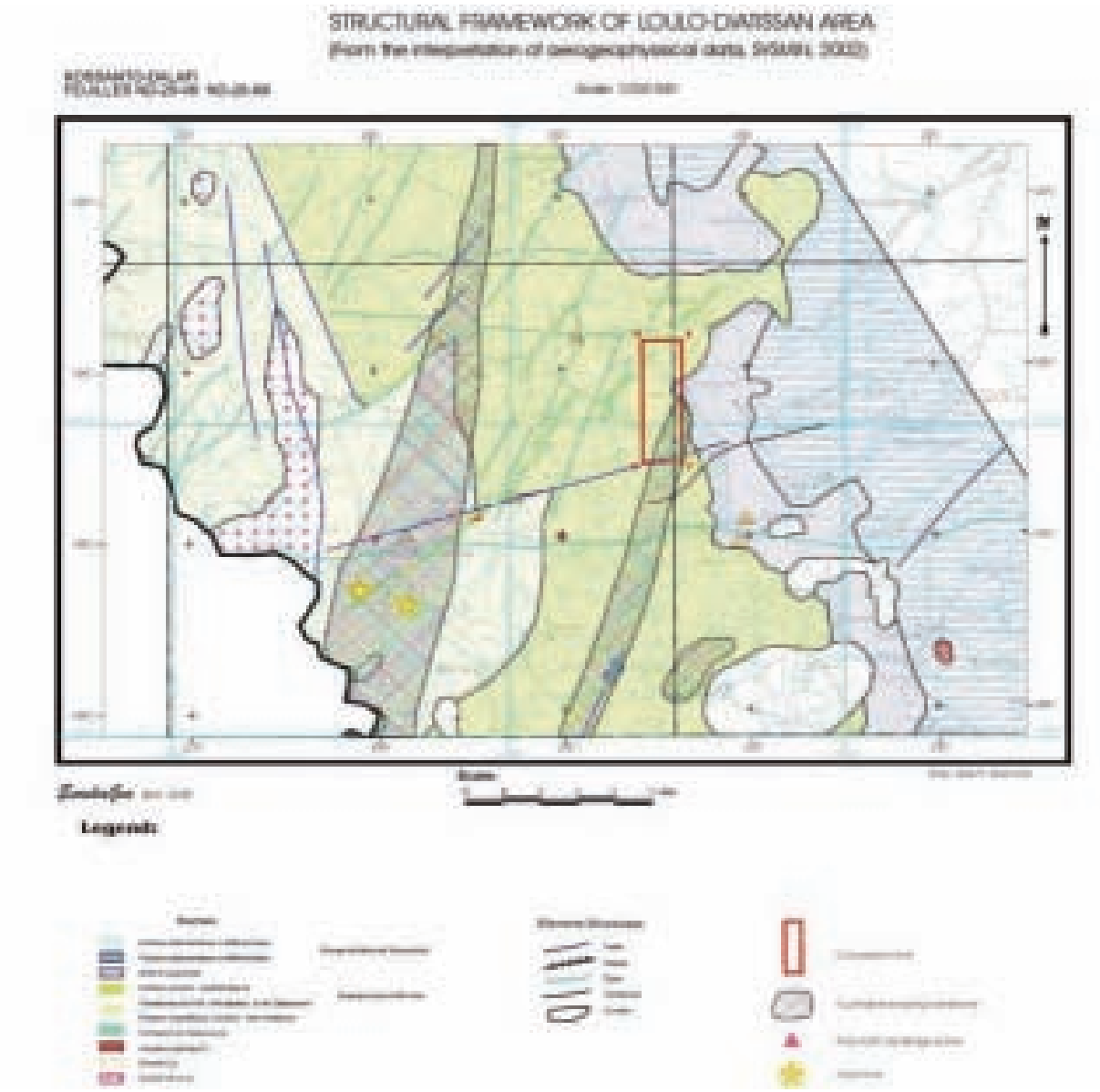

Figure 18: Structural Geology of South West Mali and the Diatissan Concession.

Stratigraphy of the Diatissan Region

The geological setting of the Diatissan concession has been detailed, mapped and described in Klöckner (1989). The geology is broadly described as lower Proterozoic in age, dominated by the Birimian Kofi Formation (Dalema Group) characterised by metavolcanics altered to greenschist grade metamorphism.

The Kofi Formation consists of 2,000m of calcitic to dolomitic impure limestone (Hanssen et al., 1997). This basal unit is overlain by 8,000m of detrital sediments, largely consisting of greywacke and shale. These same detrital sediments were intersected in the majority of trenches excavated in the Diatissan Permit. Exposures

generally comprised interbedded greywacke and pelites with minor black quartzite. Some basic volcanic rocks were also exposed during trenching in the southern part of the Permit. The Kofi formation is characterized by the presence of frequent strike parallel quartz tourmaline sandstone (QT) outcrops. These have been mapped in detail by Dommanget et al (1984, 1985) as a potential host for Loulo type mineralisation. According to Dommanget et al. (1984), tourmaline sandstones form hills striking N20° over several kilometres at widths of between 10 to 20m.

QT rocks are black, massive, with microcrystalline tourmaline layers ranging in thickness from less than 1 m to over 10 m (Dommanget et al., 1993). Within the Permit, the quartz tourmaline sandstone forms a hill striking approximately 020° to the west of Diatissan village (Figure 18). Whilst not proven, it is considered possible that this QT sandstone represents the extreme northern extent of the Dabora QT sandstone swarm, which runs subparallel to the same features found at Loulo Mine.

Bedrock exposures within the Diatissan Permit are rare; the limited exposures reveal sedimentary and volcano-sedimentary rock formations of Birimian age (Lower Proterozoic) intruded by granitic and micro-granodiorite bodies of Lower Proterozoic age. In addition to the Quaternary alluvial sediments, Infra Cambrian sandstone and conglomerates forming the Tambaoura Escarpment are also exposed at surface.

Intense weathering has resulted in the development of a thick laterite horizon. Long continued sub-aerial erosion of the Birimian basement complex has produced an extensive peneplain west of the Tambaoura escarpment. The surface of the Lower Proterozoic basement has been eroded approximately 100m below the unconformity at the base of the sandstone escarpment.

3.3 Previous Exploration and Mining

3.3.1 Karan Exploration History

The sequence and duration of the historical exploration completed in the Karan permit area is summarised below in Table 5.

Artisanal mining activity has taken place in the Kangaba region for centuries. The earliest commercial mining recorded involved French colonialists operating river dredges in the Faleme and Gambie Rivers along the Senegal – Mali border, during the early 1900s to recover the alluvial gold. More recently, the region has been explored by SONAREM with the technical support of Russian specialists (1963-1965), the BRGM (1979-1983), NWAT – New World Advances Technology (1994-1996), Young Poong (1994) the PDRM – Programme de Dévelopement des Ressources Minières (1996 – 1997), SEPEEK – Société en Participation pour l'Exploration et l'Exploitation de Karan (2004) and SYSMIN (Système Minière 2001-2006).

Table 5: Summary of Exploration Campaigns in the Karan Permit Area

No.	*Organisation*	*Period*
1.	Société Nationale de Recherche Miniére (SONAREM)	1963-65
2.	Bureau de Recherche Géologique et Minière (BRGM)	1979-83
3.	New World Advanced Technology (NWAT)	1994-96
4.	Programme de Dévelopement des Ressources Minières (PDRM)	1996-97
5.	Société en Participation pour l'Exploration et l'Exploitation de Karan (SEPEEK)	2004
6.	Système Minier (SYSMIN)	2001-06

From 1963 until 1965 SONAREM undertook a gold exploration project in the Kangaba District covering an area of over 1,000km², with a focus on the extreme north-eastern part of the Siguiri Gold Province, traditionally the most important gold province of West Africa (Sinitsky et al, 1965). Exploration activity was aimed at the identification of alluvial and quartz vein deposits within this area. The 1964-1965 fieldwork programme combined geological traverses (680km), geological mapping at a scale of 1/1,000 (0.25km^2), topographic surveying along profiles (123km), pitting (193m), bulk stream sediment sampling (26.5m^3), auger drilling (12,210m) and drill sampling (8,651m). As a result, several alluvial deposits as well as areas of primary gold mineralisation were identified and written up in the form of two NI 43-101 reports written by Dr S. Sangare and Mr. E. Slowey (see References and Bibliography section).

The major alluvial deposits identified in the vicinity of the Karan concession were Balankomana, Balamansaya, Bomboroléko, Kalakoro, Tiefina and Sinionko. The Sinionko River which flows through the Karan Permit, was assessed by the SONAREM along a 13km stretch of the river (Sinitsky et al., 1965), Boltroukevitch, 1964 (in Sinitsky et al. 1964). In the 1940s and 1950s, approximately 2,000 trial pits were excavated along the River's course. Gold recovered from the pit sampling totalled approximately 60kg of gold. A peak gold grade of 40 g/m^3 was achieved. In 1965, SONAREM completed 14 auger drill holes to intersect the auriferous gravel layer previously identified during the earlier pitting programme. The thickness of the auriferous horizon varied from 10cm to 3m which was overlain by 3.5 to12m of barren sedimentary cover.

In 2006 the Sinionko placer was being actively mined by artisans and BRGM evaluated the grade at between 0.6 and 31.12 g/m^3 with an average of 4.7 g/m^3.

Several primary gold deposits associated with quartz veins and shear zones have also been identified in the Karan region, principal among which are Kalale, Mamala (Manalo), Kalalé, Selofara, Diabane and Bagama (Blagonadezdin, 1986).

The Mamala (Manalo) gold occurrence was the subject of a detailed study by Sinitsky et al. (1965) and Blagonadezdin (1986). It is located N12°00'30"/ W 08°37'00", about 10km south from the Karan Permit. The geology is very similar to that found at Karan and consists of Birimian metasedimentary interbedded schists and metagreywackes which are intruded by a later porphyritic, dacitic dyke approximately 3m thick. The gold mineralisation is related to deep hydrothermally altered (silicification and sulphidation) zones. Two main zones of mineralisation were observed; the first has a strike of N60-80°, dipping approximately 85° west. This zone is an estimated 2km in length and 20 to 40m wide. The second zone is 1.1km long and is striking N50°- 60° and again steeply dipping. The intersection between the two mineralized zones has been the subject of intense artisanal mining. Quartz samples collected from this locality returned gold grades up to 85.7g/t Au (Blagonadezdin, 1986). Direct sampling of the first mineralized zone has returned gold grades peaking at 26.3 g/t Au. The dacitic dyke noted cross cutting the local geology also appears to be mineralised with a peak grade of 3g/t Au. The dyke is closely associated with hydrothermal alteration zones suggesting that this intrusive structure may have played an important role in the mineralisation process.

Petrographic analysis and polished section work on mineralised samples identified the following sulphide minerals to be present: pyrrhotite (50-55 per cent.), arsenopyrite (40-45 per cent.), pyrite (2-3 per cent.), chalcopyrite (3-4 per cent.), magnetite (2-3 per cent.) and marcasite (1-2 per cent.).

The Kalale gold occurrence is located about 20km west from the Karan Permit (coordinates N12°05'00" and W08°47'00"). Gold has been recovered from surficial alluvial material at depths of between 1.5 to 2m. The prospect is underlain by thick Birimian schist (Balgonasezdin, 1986). A total of 62 bulk samples weighing between 15 and 20kg per sample were collected from 34 quartz veins. Visible gold was identified in 20 of the 34 quartz veins sampled. No gold was recovered from hydrothermally altered kaolinitized schist found close by. Exploration at Kalale has shown that gold mineralisation is related to silicification occurring in zones of 1 to 10m width within a corridor striking NW-SE over a 2,000 m length and a width of 700 m. A total of 5 quartz veins were identified and sampled returning gold grades ranging from 0.4 to 1.4g/t Au. Reports indicate that mineralisation may continue at depth but this remains to be verified.

Other deposits found near Karan are reported (Blagonadezdin, 1986) to comprise steeply dipping (80° to 85°) SW trending subparallel silicified bodies within a NE-SW shear zone over a 600m strike length. The gold bearing structures have an average width of 40cm and may be up to 100m in length. Gold grades vary from 0.4 to 133.2g/t Au and samples commonly contained nuggets of gold.

The following can be concluded from the SONAREM exploration (Blagonasezdin, 1986):

– gold occurrences are predominantly located along shear zones trending N340° – 360° and N290°-310°;
– gold mineralisation generally consists of quartz veins and stockworks; and
– two types of gold mineralisation have been found associated with local intrusive structures. The first gold occurrences (Mamala and Diabani) were found proximal to small intrusive bodies of post-Birimian age (porphyritic dykes) with an associated suite of ore minerals that include arsenopyrite,

pyrite, pyrrhotite, chalcopyrite and magnetite. The second type of gold occurrence is related to Birimian granitoid bodies (Kalale and Doukole) where the overall tenor of gold mineralisation is poor.

Between 1979 and 1980, BRGM explored a large area (1,200km²) in the Kangaba Gold District with a soil geochemical survey using a base grid of 1,600m x 50 m combined with geological mapping on a 1/50,000 scale (Cottard et al, 1980). Exploration was extended northwards between 1982 and 1983, covering an additional surface area of 960km² which included the Karan Permit. All samples collected during this campaign were analysed by spectral analysis for a number of elements and atomic absorption spectrometry for gold, with a 100 ppb detection limit. No significant gold anomalies were identified as a result of the exploration programme except for the Bobokolé eluvial placer. The poor discovery rate is quite likely reflecting the high detection limit of 100ppb used for sample analysis which would in all likelihood fail to recognise lower grade more widespread mineralisation.

More recently, exploration programmes were completed by New World Advanced Technology (NWAT) in 1994-1998 with the technical support of PDRM (Diombana et al., 2004) and Promotion des Indices. Soil geochemical sampling results are reported to be available but have not been verified. The NWAT programme included a soil geochemical sampling programme using a grid of 500 m x 200m extending from the Niger River to the Guinean boarder. In total more than 27,000 samples were collected and analysed for gold. The analytical technique used remains unknown. Several anomalous gold values were detected during the programme including peak values of 1,960 ppb Au (554,350 E: 1,344,550 N) in the vicinity of the Faraguè gold placer and 425 ppb Au detected in the vicinity of the Soukourani eluvial placer.

Despite not having access to the original soil sample data, the author has had sight of reports that identify a number of eluvial and alluvial gold placers located within the Permit area, all of which require follow up. These include the following:

– eluvial deposits: Koukouroula, Faraguè, Kouroudjin, Tabatouma, Bofe, Lambakono and Kobada, and
– alluvial deposits: Ourouna, Dalague and Kengue.

In 1998, further follow up of the previously identified anomalies was carried out by the Société en Participation pour l'Exploration et l'Exploitation de Karan (SEPEEK). Exploration focussed on the Faraguè and Koukouroula eluvial placers and entailed soil geochemical sampling over a grid of 100m x 50m with pitting and geological mapping. An additional detailed soil geochemical grid of 100m x 20m was placed over the Soukourani placer. A total of 67 pits were excavated based upon a grid with dimensions of 50m x 50m placed over the Koukouroula target and a further 50 pits were excavated over the Faraguè target based on a grid of 100m x 50m. Pit depth varied from 5 to 10m. Sampling was completed at one metre vertical intervals. Quartz veins exposed in pit sidewalls were sampled separately. Samples were analyzed in the PDRM laboratory. Sample collection, preparation and assay procedures have been reviewed by the author and found to be appropriate and consistent with best practice.

At Koukouroula anomalous gold values recovered from pitting (Dimobana et al., 2004) were as follows:

Table 6: Anomalous Gold results from Koukouroula.

Pit No	*Sample No*	*From*	*To (m)*	*Sample width (m)*	*Grade (g/t Au)*
KKPT02	NA	0.0 1.0	1.0	8.10	
KKPT35	NA	6.0	7.0	1.0	1.53
KKPT35	Quartz Vein	6.0		NA	5.88

and at Faraguè:

Table 7: Anomalous Gold results from Faraguè.

Pit No	*Sample No*	*From*	*To (m)*	*Sample width (m)*	*Grade (g/t Au)*
KFPT19	NA	4.50	5.0	0.50	0.137

Dimobana et al in their report noted two types of gold mineralisation in pits, the first being primary quartz vein type mineralisation found in Birimian metasedimentary rocks and the second type associated with oxide mineralisation. Further exploration was warranted.

From 2001 to 2006 SYSMIN in cooperation with the European Community and with technical assistance from ECL – Kevron, Fugro and BRGM/Maps Geosystems undertook aerial magnetic, radiometric and electromagnetic (EM) geophysical surveys and geological mapping at 1/200,000 scale incorporating a mineral resources inventory of the entire Birimian system in Mali. The resulting coverage included the Karan Permit area. A total of 12 eluvial and alluvial gold placers were identified and described by the BRGM/Map Geosystems within the Karan Permit.

In October 2007, Dr Leslie Wright of New Mines visited the Karan Concession granted to Tobon Tondo with the objective to evaluate the likelihood of the Karan Concession containing both the geology and structure thought to be necessary for the deposition of economically viable gold deposits. Dr. Wright's investigation took into consideration all historical exploration undertaken both within the Licence and the surrounding area.

Samples were collected and panned by Dr. Wright from collapsed pits excavated over eluvial deposition around the King's Mine (Kouroudjin). Three of the samples returned evidence of coarse gold from the panning exercise. A total of fifteen samples were collected and analyzed in ABILAB, Bamako for gold by screened fire assay. Assay results confirmed the presence of gold mineralisation with peak grades found to be associated with samples collected from one of the best exposed ancient workings returning values of 3.46 and 11.2g/t Au.

It was concluded that, although gold grades were generally low there was a sufficiently wide distribution of anomalous results to confirm a level of prospectivity over the Project area that certainly warrants further exploration. A map illustrating the location and outlines of previous exploration activity is shown in Figure 19.

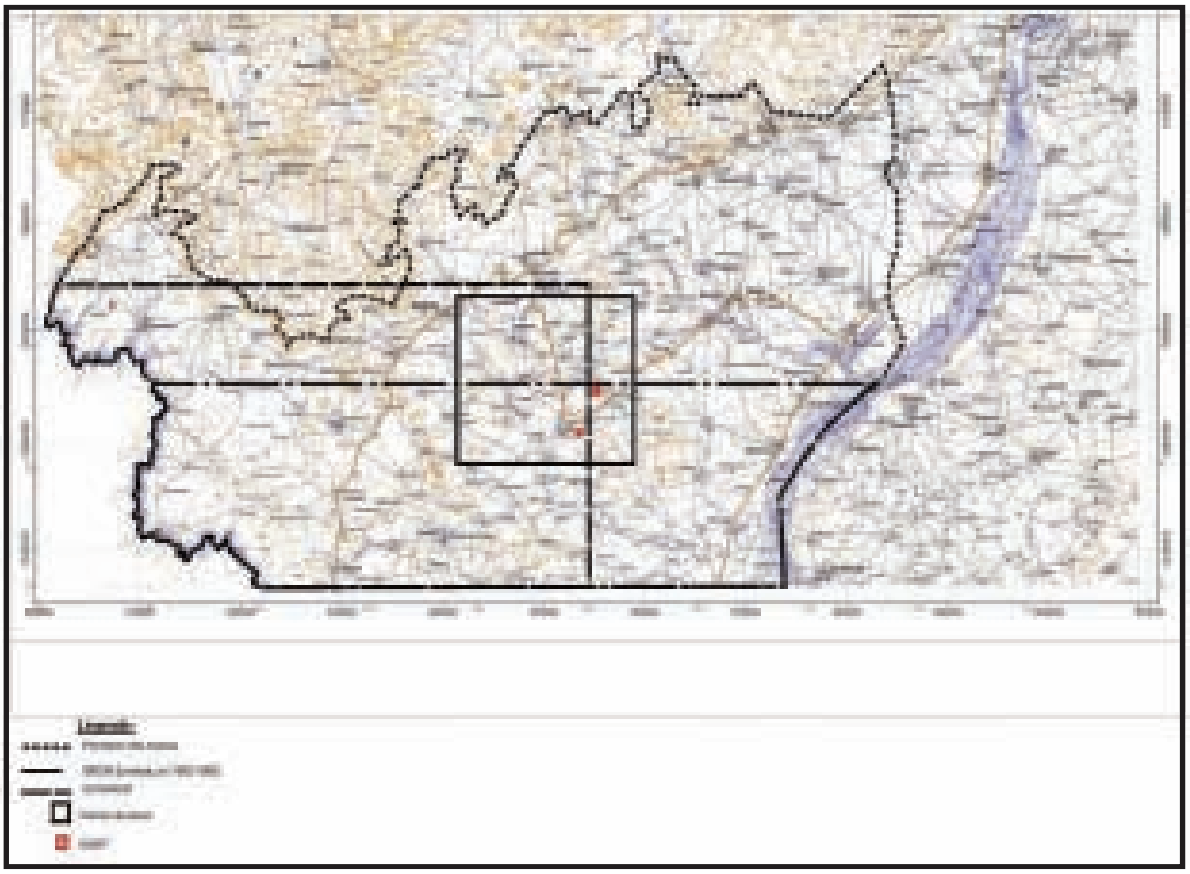

Figure 19: Location Plan showing areas covered by Historic Research/Exploration Work

3.3.2 Diatissan Exploration History

The potential for the discovery of commercially viable gold mineralisation within the Diatissan Permit can be drawn from several phases of historical exploration completed by:

– Société Nationale de Recherche et d'Exploitation Minière (SONAREM) (1962-1968) ;
– Bureau de Recherches Geologiques et Minières (BRGM) (1979-1984) ;
– Les Mines de Diatissan Ltée, 1987-1990 ;
– Direction Nationale de la Geologie et des Mines (DNGM) together with Klöckner (1987-1993) ; and
– Tobon Tondo with the technical support of DNGM since 1997.

The data generated by these exploration programmes has identified at least one main zone of anomalous gold mineralisation and several other low order targets with anomalous gold values warranting further investigation (Figure 20). The main anomaly is oriented NE and extends over a 4.5km strike length at widths varying from 600m to over 1km. This anomaly was identified following geochemical soil sampling carried out by PDRM in 1997 and 2000 based upon two soil grids of 400m x 100m and 100m x 50m and was subsequently followed up with trenching.

During the initial regional geochemical programme (1987- 1993) which covered a portion of the Diatissan Permit, Klöckner and the DNGM collected more than 50 samples within the current Permit area. These samples were analyzed for gold by Atomic Absorption Spectroscopy (AAS) at the DNGM laboratory at Bamako returning peak gold values of 1,561 ppb Au. Alluvial gold pitting completed in streams draining the concession and panning of heavy mineral concentrate also completed by Klockner recorded the presence of gold grains ranging from less than 0.3mm to more than 1.0mm in size.

Exploration work carried out by PDRM included geological and geomorphological mapping, and follow up geochemical gold in soil and trench sampling. The soil geochemical sampling programme based upon a grid of 400m x 100m was further refined with a more detailed closely spaced gold in soil sampling programme based on a grid of 100/200m x 50m. Over 500 soil samples were collected and analyzed for gold with peak values as high as 3,200 ppb Au recorded.

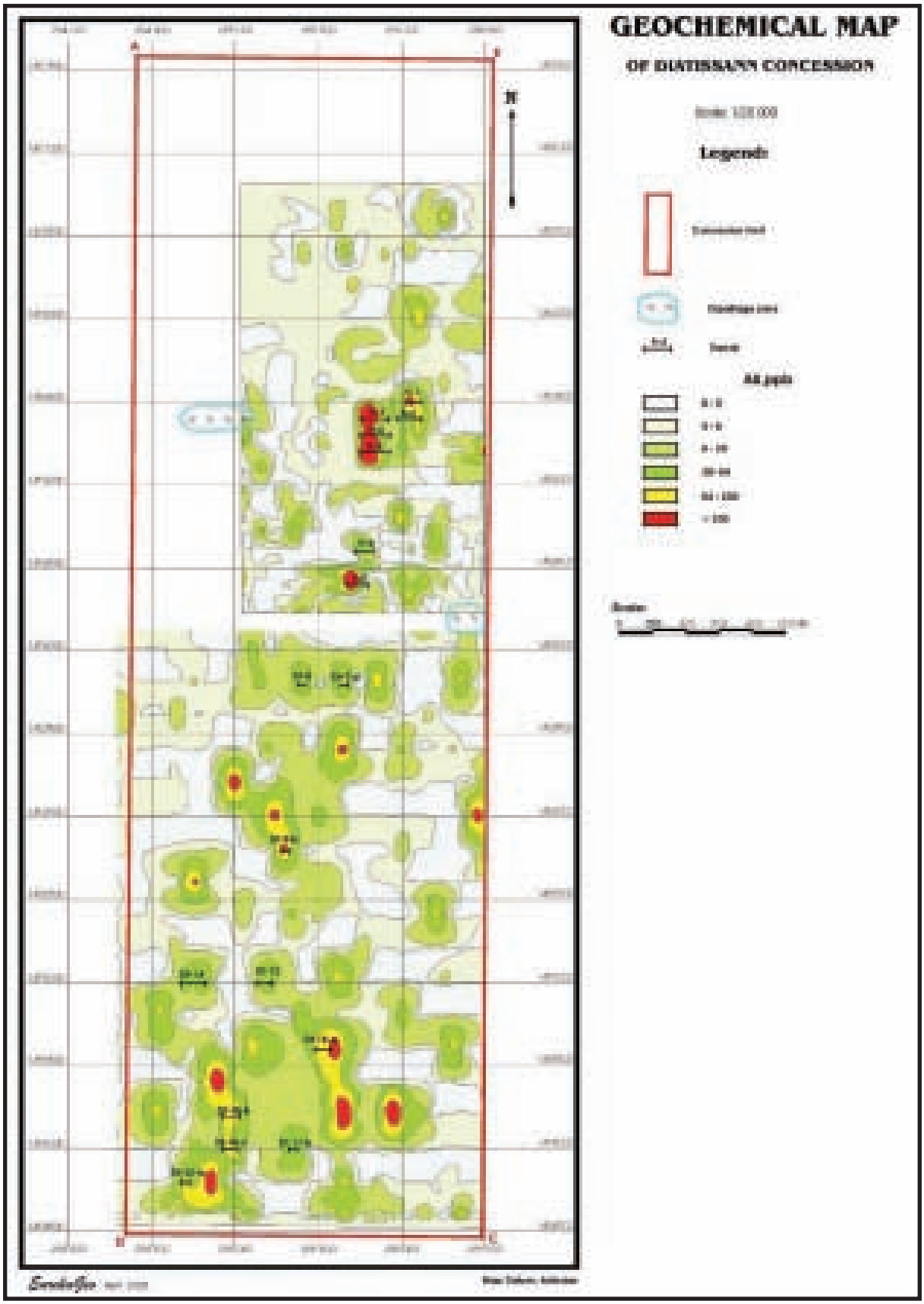

Figure 20: Diatissan Geochemical Gold Anomalies and Trench Locations. (Compiled from PDRM, 1977, 2000)

The follow up trenching undertaken by PDRM in 2001 focussed on areas of high gold assays clusters generated from the close spaced soil programme (Table 8). In August 2001 seven trenches totalling 1,000m were excavated over the peak gold in soil anomalies generated. The trenches were excavated over lengths ranging from 100m to 180m and to an average depth of approximately 2m. A total of approximately 1,600 m^3 was excavated. During the subsequent 2003 exploration campaign a further 10 trenches were excavated and sampled.

500 samples were collected from the base of the trenches at 2m intervals. Samples were analyzed in the PDRM laboratory by AAS (Atomic Absorption Spectroscopy) for gold only. In the field, samples were also concentrated by panning to generate a heavy mineral concentrate to provide a quick field based observation to confirm the presence of gold.

The relative concentration of gold was then visually assessed based on grain size recovered in the pan with 3 distinct fractions being recorded, ranging from ultra fine grained "colours" (0.2mm to 0.5mm) through "grain size" (0.5mm to 1.0mm) to a coarse "nugget" fraction (+1mm). This process does not provide an accurate assessment of gold content but does allow for prioritisation of exploration sites based on the coarseness of the recovered gold fraction and relative concentration of gold.

The typical trench section exposed from surface to bedrock was as follows:

– 0.0-0.5m silty-sandy to gravely soil;
– 0.5-1.2m laterite/ saprolitic sediments with rare preserved structures; and
– 1.2-2.0m saprolitic bedrock either being igneous, fault breccias or metasediments exhibiting shearing in some sections.

With regard to the additional trenching completed during 2004, a total of 34 trenches were planned but only 10 were eventually excavated and 526 samples collected. Nine of the ten trenches excavated exposed saprolitic bedrock which comprised Birimian metasediments.

Table 8: Coordinates of Diatissan Trenches

		COORDINATES						
No	*Trenches*	*2001*	*X from*	*X To*	*Length*	*width*	*Prof.*	*Volume, m^3*
1	Trench-1	1 459 500	256 020	256 120	100 m	0,75m	2m	37,50
2	Trench-2	1 459 400	255 975	256 115	140 m	0,75m	2m	37,50
3	Trench-3	1 459 400	255 755	255 925	170 m	0,75m	2m	62,50
4	Trench-4	1 459 300	255750	255930	180m	0,75m	2m	37,50
5	Trench-5	1 459 200	255750	255930	180m	0,75m	2m	37,50
6	Trench-6	1 458 600	255 720	255830	110 m	0,75m	2m	75,00
7	Trench-7	1 458 400	255 670	255790	130 m	0,75m	2m	75,00
		2003-2004						
8	DT-7-a	1 457 795	255 630	255 680	50 m	0,75m	2m	37,50
9	DT-8	1 457 795	255 375	255 425	50 m	0,75m	2m	37,50
10	DT-9-b	1 456 795	255 275	255 325	50 m	0,75m	2m	37,50
11	DT-13	1 455 995	255 125	255 225	100 m	0,75m	2m	75,00
12	DT-14	1 455 995	254 675	254 825	150 m	0,75m	2m	112,50
13	DT-16-a	1 455 595	255 475	255 575	100 m	0,75m	2m	75,00
14	DT-17-b	1 454 995	255 320	255 370	50 m	0,75m	2m	37,50
15	DT-18-b	1 455 195	254 925	255 025	100 m	0,75m	2m	75,00
16	DT-18-c	1 454 995	254 920	255 020	100 m	0,75m	2m	75,00
17	DT-22-a	1 454 795	254 675	254 725	50 m	0,75m	2m	37,50
	TOTAL				1 810	0,75		1 357,5

Two significant mineralized zones were identified in Trench 1 (Figures 20 and 21). The western most sample in the trench was taken in Birimian metasediments. The mineralised intersection measured 10m in length and returned gold values in excess of 19 ppb Au with a peak value of 192 ppb Au. The easternmost anomaly in the same trench was found to be related to a zone of brecciation and is approximately 10m in length and

returned the highest gold value achieved during the sampling programme of 23,000 ppb Au. Quartz veins and veinlets striking 020° and dipping 80° to 85° west were identified in the overlying laterite.

Isolated quartz veins in Trench 2 returned peak gold assays up to 6.2g/t Au surrounded by an envelope of low to moderate gold values within the saprolitic Birimian host rock. Significant gold assays from the trenching programmes are summarised in Table 9.

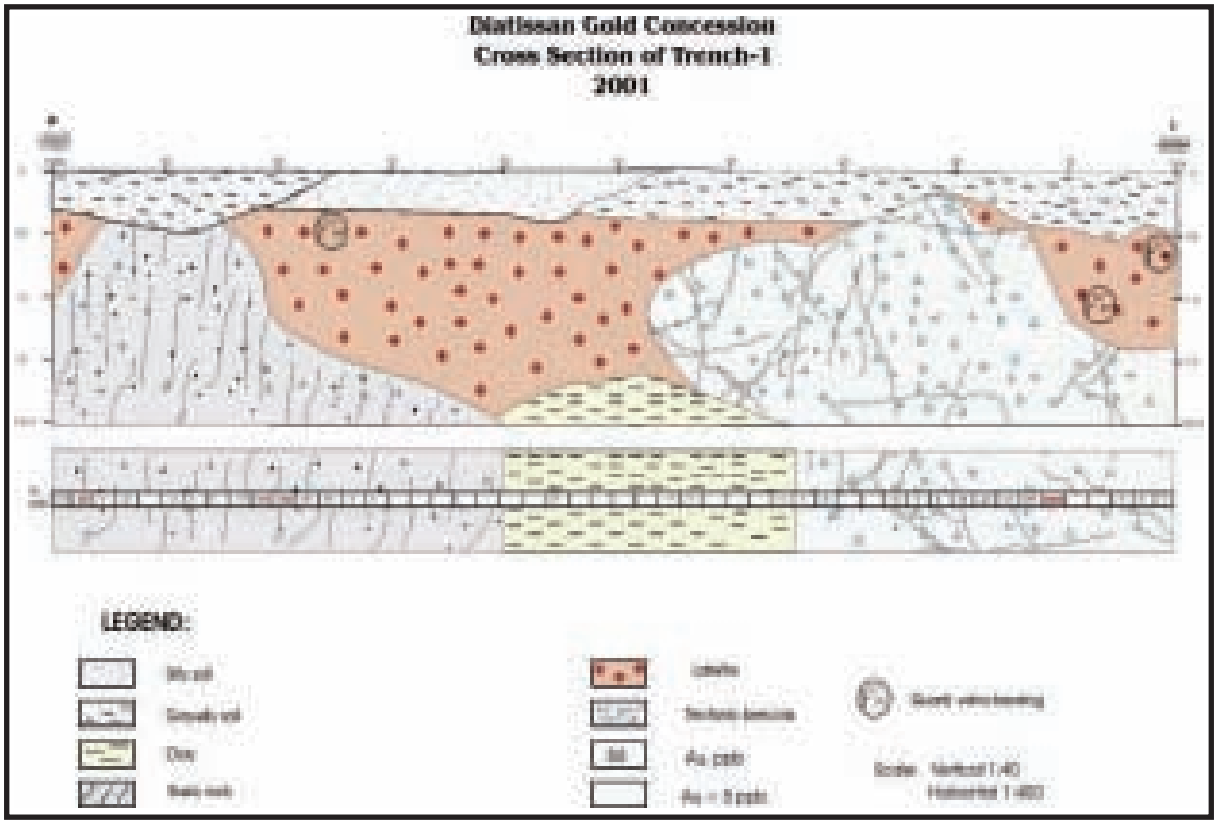

Figure 21: Trench 1 cross section at Diatissan. This shows location of the samples returning anomalous gold assays

Further notable anomalous gold assays were achieved in trench DT-16a where three separate mineralised zones with a cumulative average thickness of 6m was recorded. In addition, the western anomaly identified within the grid which extends over a length of approximately 50m recorded peak gold values ranging from 7 to 585 ppb Au from intensely weathered basic rocks. Other trenches excavated identified zones of low tenor gold mineralisation.

Trench DT 17b exposed a 6m wide anomalous zone in saprolitic bedrock with gold values peaking at 800 ppb Au. This anomaly remains open to the east.

Results from trench DT 18b indicated the presence of a 28m wide mineralized zone in the centre of the trench with gold assay peaking at 444 ppb. Similarly, on the eastern end of Trench DT 22, a 4m zone was exposed with gold values reaching 595 ppb Au. This mineralised zone also remains open to the east.

It was observed that higher gold values are generally associated with Birimian rocks intruded by later basic igneous dykes.

The results of the trenching programme indicate a general trend that indicates that high gold grades are most commonly associated with deeply weathered saprolite, quartz veins and sheared zones. In tropical environments, leaching processes frequently remobilises gold with subsequent re-deposition in a receptive lithological unit resulting in discrete concentrations of gold mineralisation. This re-concentration process can generate anomalous zones of gold that may not be representative of mineralisation in the wider geological context and as a result careful attention must be paid to the collection of representative samples for analysis and their subsequent interpretation.

Table 9: Significant gold assays from Diatissan Trenches – > 50 ppb (PDRM, 2001-2003)

Trench	*From (m)*	*To (m)*	*Interval (m)*	*Au Grade (ppb Au)*
1	10	12	2	2,300
	12	14	2	177
	74	76	2	56
	78	80	2	183
	80	82	2	192
	96	98	2	261
2	100	102	2	6,200
	124	126	2	87
3	62	64	2	100
4	96	98	2	405
	108	110	2	108
	116	118	2	74
	148	150	2	78
5	44	46	2	384
	106	108	2	426
	142	144	2	1,340
6	14	16	2	57
DT-9-b	48	50	2	90
DT-16-a	4	6	2	199
	12	14	2	77
	32	34	2	585
	34	36	2	69
	38	40	2	55
	74	76	2	53
	82	84	2	64
	84	86	2	55
	86	88	2	69
DT-17-b	42	44	2	160
	44	46	2	800
DT-18-b	32	34	2	300
	36	38	2	174
	38	40	2	67
	40	42	2	75
	42	44	2	510
	44	46	2	444
	50	52	2	143
	52	54	2	106
	54	56	2	74
	56	58	2	116
	58	60	2	348
DT-18-c	16	18	2	985
T-22-a	46	48	2	595

The mass balance calculation of gold completed for the trench excavations generally indicated a gold loss in the laterites/duricrust, and an accumulation of very fine gold in the mottled saprolitic zone most likely as a direct result of remobilisation.

Pyrite is the most common sulphide observed and is present both within sheared zones and on the contacts between basic intrusions and country rocks. Garnet was identified in trench DT-14, indicating a high metamorphic grade and/or contact metamorphism and the probable presence of a larger intrusion at depth.

Artisanal mining is currently active in several locations and over two types of gold deposit within the Diatissan Permit, namely:

– alluvial; excavating ore along stream beds or river flats; and
– eluvial; near-bedrock mining.

An alluvial target was assessed by SONAREM with the technical assistance from Russians specialising in alluvial gold evaluation in 1962-1968 and indicated there was a deposit of 2,000m length by 40-50m width with gold amounts calculated at 50kg (Boltroukevitch, 1964 in Angermeier et al., 1984).

The eluvial deposit type is of the greatest interest to AME and the mineralized zone consists of intensively altered and weathered Birimian metasediments and/or acid intrusive rocks with abundant quartz veins and veinlets. The focus of artisanal mining is not directed at the gold found in quartz, but rather at the residual gold in saprolitized argillic-sericite altered host rock which would reflect the fact that it is easier to liberate using local artisanal methods.

Diatissan Field visit Leslie Wright : 5-9 September, 2006

As noted above, work to date has consisted of an intensive geo-chemical programme, airborne geophysics flown by Fugro and around 50 trenches up to about three metres deep.

There are also on the property a number of ancient working areas. A recent visit to one of these sites (on top of a hill) examined three pits from which 3 or 4 samples were collected and taken to the nearby village where the fine fraction and the small pebbles were processed. Each pit produced significant gold and each a gourd gave between 10 and 100 plus gold colours. A total of 0.25 grams Au came from an estimated 15kgs of samples from this area supports the claim of one of the miners that 1 kilogram of gold was extracted from a small pit on the top of the hill which implied a similar gold grade of around 40g/t.

There are at least three similar areas of centuries old pits on the Diatissan project which are almost certainly focal points in the structure where gold would be expected to be concentrated. The structure on the top of the hill is that of a series of en echelon and sigmoidal quartz zones at the end of pods in the shear zone and probably within them as the quartz veins trend 070° rather than the 350° to 020° of the main shear zone. This is clearly seen in the trenches where everything is parallel to the regional strike. More detail from air-photo and satellite images will help interpretation.

Samples from four trenches; T1, T4, T18A (approx. 15 samples from each) across the main mineralisation and only two 2 metre sections in T6 produced 4 samples and a rock sample.

Trench T4 produced the most anomalous zone in which the quartz veins make up more than 50 per cent. of the rock and mimics the pod like nature of the shear zone . For the most the bottom of the trenches just penetrates the saprolite zone and structures are not clearly visible.

The results from Abilabs in Bamako are presented below. The screened fire assay method was used to counter the problem of very coarse gold in the trenches however samples taken from the pits did not match those indicated by panning. The walls of the trenches were cleaned and chip channel samples taken across the side of the trench at two metre intervals about 0.5 metres from the floor of the trench; previous sampling had been conducted on the floor of the trench where mostly washed down material was sampled. Samples were immediately bagged labelled and sealed with tape and delivered undisturbed to Abilabs in Bamako.

The three trenches properly sampled gave significant intersections. The values are:

T1 – 30 metres @ 22.85 g/t including 16 metres@40.49 g/t;

T4 – 14 metres @43.76 g/t; and

T18b – 14 metres @ 14.48 g/t.

Table 10: Samples taken from Trenches during the 2006 field visit

Numéro Certificats travail	*Numéro d'échantillons Samples_ ID*	*Poids Total -150 mesh/g*	*Au -150 mesh g/t*	*Au -150 mesh g/t*	*Poids Total +150 mesh/g*	*Au +150 mesh g/t*	*Au Valeur Pondérée g/t*
06-9264-A	18b/1	904.64	9.70	10.70	47.73	654.43	42.49
	18b/2	1193.62	1.33	1.37	52.18	14.18	1.88
	18b/3	1311.87	14.20	13.90	63.08	550.92	38.68
	18b/4	1124.78	1.21	1.14	52.74	70.22	4.27
	18b/5	1588.09	0.06	0.06	71.90	0.12	0.11
	18b/6	841.91	0.06	0.04	42.60	0.49	0.07
	18b/7	1148.54	1.89	2.00	54.93	262.79	13.85
	18b/8	1357.77	0.03	0.06	70.39	1.01	0.09
	18b/9	839.16	0.05	0.04	42.45	0.31	0.06
	18b/10	1292.57	0.02	0.03	62.10	0.15	0.03
	18b/11	948.86	0.07	0.02	43.94	0.50	0.07
	18b/12	1137.01	0.03	0.02	53.30	<0.03	0.02
	P1/1	1595.80	0.19	0.25	60.29	0.28	0.22
	P1/2	1031.32	0.11	0.14	54.01	1.65	0.20
	P1/3	1134.12	0.23	0.17	53.20	0.76	0.23
	P1/4	1362.19	0.04	0.06	61.20	0.52	0.07
	P1/5	1301.14	0.28	0.29	58.60	12.95	0.83
	P1/6	1233.60	0.08	0.06	50.10	<0.03	0.06
	P1/7	744.28	0.09	0.10	39.71	<0.03	0.09
	P1/8	1904.90	0.01	0.03	62.15	<0.03	0.02
	P1/9	1966.65	2.29	1.87	58.10	31.27	2.92
	P1/10	1755.49	0.10	0.07	61.40	<0.03	0.08
	STD/SK21						3.88
	BLK						<0.01
06-9264-B	P1/11	1078.50	0.14	0.15	50.55	4.29	0.33
	P1/12	646.43	0.17	0.16	32.15	58.91	2.95
	P1/13	1100.20	1.82	1.77	50.41	31.22	3.08
	P1/14	1130.40	0.05	0.05	51.01	<0.03	0.05
	P1/15	770.74	0.02	0.01	38.87	<0.03	0.02
	P1/16	882.66	<0.01	<0.01	44.52	<0.03	<0.01
2 metre channels	T1/1	524.40	0.07	0.10	25.89	<0.03	0.08
	T1/2	405.90	0.02	0.02	18.76	<0.03	0.02
	T1/3	890.71	0.02	0.04	42.13	<0.03	0.03
	T1/4	954.12	3.63	2.68	47.64	34.35	4.64
	T1/5	941.60	10.12	8.88	44.53	101.03	13.63
	T1/6	1003.20	3.57	2.93	46.49	171.56	10.70
	T1/7	647.70	40.68	36.88	33.56	402.56	56.70
	T1/8	597.43	119.00	126.84	29.04	650.64	147.38
	T1/9	726.32	0.58	0.52	35.61	<0.03	0.52
	T1/10	738.03	58.00	52.12	36.71	58.65	55.23
	T1/11	1008.82	33.96	30.00	49.99	97.80	35.09
	T1/12	948.27	0.06	0.06	46.98	<0.03	0.06
	T1/13	958.25	2.59	2.95	48.55	34.89	4.32
	T1/14	968.22	0.01	0.02	49.28	<0.03	0.01
	T1/15	939.21	0.81	1.00	49.20	0.83	0.90
	T1/16	932.54	0.49	0.57	49.82	7.29	0.87
	T1/17	811.00	0.62	0.52	32.58	3.22	0.67
	T1/18	823.00	0.43	0.39	40.36	3.46	0.55
	STD/SK21						3.80
	BLK						<0.01

Table 10: Samples taken from Trenches during the 2006 field visit (continued)

Numéro Certificats travail	*Numéro d'échantillons Samples_ ID*	*Poids Total -150 mesh/g*	*Au -150 mesh g/t*	*Au -150 mesh g/t*	*Poids Total +150 mesh/g*	*Au +150 mesh g/t*	*Au Valeur Pondérée g/t*
Samples	T1/19	918.00	9.42	9.61	36.70	1217.06	55.93
of veins	T1/20	871.00	0.07	0.08	43.55	<0.03	0.07
	T4/1	880.00	0.06	0.06	33.25	<0.03	0.06
	T4/2	854.00	0.04	0.01	34.89	<0.03	0.02
	T4/3	847.00	0.02	0.01	35.36	<0.03	0.02
	T4/4	917.00	0.05	0.03	35.23	2.27	0.12
	T4/5	919.00	0.03	0.05	32.24	<0.03	0.04
	T4/6	925.00	0.04	0.02	31.94	0.59	0.05
	T4/7	824.00	0.04	0.02	32.86	2.34	0.12
	T4/8	669.63	0.01	0.01	32.10	<0.03	0.01
	T4/9	728.71	1.82	1.86	35.66	54.04	4.28
	T4/10	914.61	0.81	0.85	48.51	18.60	1.73
	T4/11	961.55	4.77	5.20	46.44	178.53	12.98
	T4/12	545.15	86.00	87.00	24.97	830.33	119.08
	T4/13	942.63	31.00	33.00	42.02	1549.71	96.77
	T4/14	512.72	8.70	7.50	23.27	219.45	17.28
	T4/15	907.28	14.40	15.30	48.46	791.34	54.22
	T4/16	606.10	0.09	0.03	31.28	<0.03	0.06
	T6/0	331.57	0.78	0.67	15.30	3.92	0.87
	T6/1	900.72	0.03	0.01	45.49	<0.03	0.02
	STD/SK21						4.07
	BLK						<0.01
06-9264-D	T6/2	940.98	0.03	0.08	46.16	<0.03	0.05
	T6/3	975.45	0.05	0.01	49.63	<0.03	0.03
	T6/4	946.98	0.02	0.03	48.62	<0.03	0.03
	STD/SH24						1.33
	BLK						<0.01

These results indicate that the project has good potential. It is immediately adjacent to the Loulo project and along the main strike axis of the shear zone from the existing mines at Tabakoto and Segala.

4.0 Exploration Potential

4.1 Karan Resource Potential

Based on the reviews of previous geological reports, historical gold production and potential of the permit it is the opinion of AM&A that the Karan Permit is particularly prospective and that the majority of AME's exploration activity and focus should be on that concession. Karan's priority as the primary focus for future exploration and development by AME is reflected in the fact that the majority of work and expenditure in the overall exploration work programme and budget developed by the company for both Karan and Diatissan has been attributed to Karan.

The Karan property has the benefit of excellent access from both Bamako and the Siguiri area of Guinea allowing the mobilisation, operational and logistical support for mineral exploration activity to be achieved all year round.

Karan is located in a geologically favourable area for gold mineralisation. The Birimian rocks which underlie the Karan Permit are the same rock types that host all the known major gold mineralisation in Mali. In addition, the current levels of artisanal mining provide further compelling evidence that significant concentrations of gold may be present within the Permit.

Following the field visit, four high priority prospects were selected and recommended for prioritisation in AME's initial exploration work. In order of priority, these are Koukouroula, Kouroudjin, Fintakourouni and Mana.

Exploration within the Karan Permit has been largely reconnaissance in style and there is ample opportunity to implement a more focussed programme likely to generate results. Of particular note, no drilling of any kind has tested the bedrock mineralisation potential despite the pervasive artisanal mining activity. The author believes the Karan Permit has the potential to host an economic gold deposit.

No previous estimate of mineral resources or reserves is known on the Karan Permit and no estimate has been made by New Mines or Tobon Tondo to date. This merely reflects the fact that the focus historically has been on exploration and the generation of gold targets rather than the evaluation of any particular gold occurrence. However, given the prolific production history of the Karan area dating back many centuries and the current high level of artisanal gold production the AM&A considers the Karan Permit to be highly prospective for significant bedrock and associated eluvial gold deposits.

4.2 Diatissan Resource Potential

The Diatissan Permit area has been subject to several phases of exploration activity, both field and desk based, which have generated one priority target and several associated targets that warrant further investigation. Available geochemical, structural and geophysical data relevant to the Permit together with the presence of nearby active gold mines with similar geology indicate the strong possibility of discovering a gold deposit within the Diatissan Permit.

Many of the trenches excavated historically failed to reach depths where eluvial – bedrock was exposed. These eluvial – bedrock zones are considered the most prospective and represent a missed opportunity by previous explorers and one which AME can capitalise.

Future exploration work has the opportunity to combine the results of the detailed soil and bedrock sampling, geological mapping, and geophysical surveys undertaken previously to define the nature and extent of gold mineralisation in the area of current artisanal mining activity and quickly focus in on the more prospective areas demonstrating high tenor gold values.

Based on its smaller area, lower historical artisanal gold production and its status as a greenfields project, Diatissan currently ranks as the lower priority permit for AME when compared to Karan. Nonetheless, as indicated above, the author believes that several targets exist in the Diatissan Permit which warrant further activity and detailed investigation.

It is anticipated that the likely style of mineralisation which may deliver viable gold resources in the Diatissan permit will be similar to that found at other commercial gold mining operations in Mali. A detailed study of the distribution of gold through the weathered profile at the Syama Gold Mine, located in similar climatic conditions, reveals three distinct zones of gold enrichment (Bowell et al, 1996). These zones are as follows:

– the area of most noticeable enrichment, up to 8 ppm Au, is in the lower saprolite zone at a depth of around 45m;
– a second enriched zone just below the lateritic crust at a depth of about 11m. It occurs in the uppermost clay unit of the Mottled Clay Zone (MCZ) where the enrichment can reach 2 ppm Au; and
– in the soils at the surface a wide but weak gold anomaly occurs. In Syama this anomaly is of the order of a maximum of 1,000 ppb Au (Bowell, et al. 1996).

No previous estimate of mineral resources or reserves is known on the Diatissan Permit, other than the estimate of alluvial gold potential made by SONAREM between 1962 and 1968 and calculated by Angermeier et al in 1984 to total 50kg gold.

In addition to the commercial gold mining operations in the region (Sadiola and Yatela Mine owned and operated by Anglo-gold &Randgold and Loulo Mine operated by Randgold), local artisanal miners continue to win gold from their numerous shallow excavations and pits and their unverified annual production in the Kenieba gold province alone is estimated to exceed two tons.

Snell et al (1981) have estimated the gold potential in the Kenieba region (in the Sadiola-Walia) to be 625 tonnes. This is an approximation only but it is indicative of the potential for the region to host further large economic gold deposits.

Given the prolific production history (both artisanal and commercial) of the region in which the Diatissan Permit is located together with the current ongoing high level of artisanal gold production it is considered a reasonable assessment to suggest that there remain significant eluvial and bedrock deposits of gold mineralisation yet to be located using modern exploration techniques. The Diatissan Permit exhibits many attributes favourable for the discovery of economic gold deposits. Key features of past and recent studies covering Diatissan can be summarized as follows:

– there are multiple eluvial and hard rock targets within and adjacent to the Permit as evidenced by gold in soil generated anomalies, trench exposures and subsequent sample results as well as anecdotal and visual evidence of gold recovery being achieved by artisanal miners;
– previous geochemical results indicate one main NE trending anomaly and several other anomalies coinciding with the regional gold-bearing structures that host commercial mining operations.;
– defined gold anomalies identified by both soil geochemical and trench sampling are of sufficient size to warrant further exploration to establish the extent of these anomalies and their scope to host sufficient gold to warrant commercial development.; and
– finally, a significant number of anomalous gold values identified from the trenching and other geochemical sampling programmes remain untested.

5.0 Proposed Work Programme and Budget

NOTE: The CPs have reviewed AME's proposed work programmes and advise that they are considered relevant and warranted based on the exploration history of the project areas and are in line with AME's proposed expenditure.

5.1 Karan Permit Work Programme

The 24 month work programme set out below is proposed by AME for the Karan Permit area. The Programme content and priorities may change subject to results generated by ongoing exploration with new targets being generated as a clearer understanding of the local geology and the controls of mineralisation become evident.

The initial programme will include the following components:

– compilation of digital and hard copy reports and data to a centralised GIS database to provide easy access to decades of exploration activity to assist project development and the prioritisation of targets;
– structural analysis of the Karan Permit by satellite and aerial photograph interpretation focussing on faults-shears and their influence on gold mineralisation;
– mapping and sampling of both abandoned and operating artisanal pits to aid structural interpretation and to provide an insight into the tenor of the mineralisation under the lateritic cover;
– Detailed close-spaced ground magnetic and electromagnetic geophysical surveys to improve the understanding of both the structure and mineralisation in the bedrock to assist in placement and orientation of drill holes; and
– RC drilling to test the highest priority structures and mineralised zones. Drilling would consist of a first pass reverse circulation or scout drill programme to broadly define the geometry and tenor of the mineralisation and its extent supported by a diamond core drilling programme to provide detailed geological information required prior to commencing evaluation drilling.

5.2 Diatissan Permit Work Programme

In a similar fashion to the Karan Permit Work Programme detailed above, the 24 month work programme set out for Diatissan can be expected to change in terms of content and priorities as results are generated by ongoing exploration on the concession. It is fully expected that new targets will be generated as a geological model is developed.

The initial programme will include the following components:

– a compilation of digital and hard copy reports and data to a centralised GIS database;
– structural analysis using both satellite and aerial photograph interpretation;
– mapping and sampling of the artisanal pits (active and inactive) to build up a broad map of gold tenor across the Permit area which can be expected to generate priority areas for follow up;
– detailed ground magnetic, electromagnetic and Induced Polarisation geophysical surveys to further understand the relationship between structure and mineralisation in the bedrock;
– RC drilling programmes (based upon the results of the above work) to test the highest priority structures and mineralised zones.; and
– based on both a review of historical exploration data and site visits, it is the opinion of AM&A that the Diatissan Permit is of sufficient merit to justify aggressive exploration & drilling within the Diatissan Permit. Accordingly, an exploration campaign comprising a combination of geological, geochemical, and geophysical exploration is recommended.

Table 11: Estimated 12 month Exploration Budget for Karan and Diatissan Permits.

Estimated Budget £ x 1000	*Karan*		*Diatissan*		
Function	*Year 1*	*Year 2*	*Year 1*	*Year 2*	*Total*
Field Mapping	95	102	82	92	371
Infill and extension soil geochemistry	116	95	69	76	356
Data compilation	42	52	35	55	184
Drilling RC	138	155	78	91	462
Drilling Diamond	45	62		42	149
Assays	58	71	36	46	211
Administration	67	82	47	52	248
Contingency (15%)	84	93	52	68	297
Total	645	712	399	522	2,278

6.0 Conclusions

In conclusion, the Karan permit has all the attributes to host multiple economic gold deposits and should therefore be the primary focus for AME. Preparation and planning to implement the proposed exploration work programme for Karan should be undertaken at the earliest opportunity in conjunction with activities to be undertaken in parallel on the prospective Diatissan Permit.

Artisanal mining in West Africa is often a good indicator of commercial mineral potential. In the case of both the Karan and Diatissan Permits a significant amount of artisanal mining is ongoing and dates back many centuries. Unverifiable local information refers to substantial finds of gold nuggets and during the site visit the author witnessed several examples of noteworthy gold recovery achieved using very basic panning technology.

The combination of prospective geology, proximity to producing mines, evidence of local structural features commonly found associated with Au mineralisation are present within the Karan and Diatissan Permit boundaries. This coupled with the extensive and highly successful artisanal mining taking place across a number of the target sites within these concessions indicates great exploration potential. Provided that the initial detailed exploration can firstly define the specific structures that are expected to control mineralisation in this environment and follow this up with a detailed systematic drilling programme designed to intersect prospective Au bearing horizons then AM&A feels confident that AME will have exploration success in Mali.

Yours faithfully,

(Signed)
Allen J. Maynard

(Signed)
Nigel Chapman

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8.0 Glossary of Technical Terms and Abbreviations

Aeromagnetic	A survey made from the air for the purpose of recording magnetic Survey characteristics of rocks.
Alluvial	Transported and deposited by water.
Alteration Zone	Zone within which rock forming minerals have been chemically changed.
Anomalous	Outlining a zone of potential exploration interest but not necessarily of commercial significance.
Auriferous	Gold bearing
Banded Iron Formation	A chemical sedimentary rock composed of silica and iron oxide rich layers. Abbreviation =(BIF)
Basalt	A fine grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals.
Bed	Individual sedimentary layer
Bedding	A rock surface parallel to the surface of deposition.
Bedrock	Any solid rock underlying unconsolidated material.
Breccia	Rock consisting of angular fragments in a finer grained matrix, distinct from conglomerate.
Channel Sample	A sample of material taken continuously across a rock face.
Clastic	A sedimentary rock composed of broken fragments of pre-existing rocks.
Conglomerate	Sedimentary rock formed by the cementing together of rounded water-worn pebbles, distinct from breccia.
Country rock	A general term applied to rock surrounding or penetrated by mineral veins.

Diamond drill	Rotary drilling using diamond impregnated bits, to produce a solid continuous core sample of the rock.
Dip	The angle at which a rock layer, fault of any other planar structure is inclined from the horizontal.
Eluvial	Geological deposits and soils that are derived by in situ weathering or weathering plus gravitational movement or accumulation.
Fault	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.
Fine Ounce	Equal to 31.1035 grams of gold.
Fire assay	Assay procedure involving heating the sample in a furnace to ensure complete extraction of all the contained precious metal.
Footwall	Rocks underlying mineralisation .
Geochemical	The systematic study of the variation of chemical elements in rocks survey and soil.
Geophysical	A systematic study of the variation of physical properties in rocks survey and soils.
Gneiss	A metamorphic rock with compositional banding of light and dark minerals often of granitic composition.
Grab sample	Sample of rock or sediment taken more or less indiscriminately at any place.
Granite	A coarse grained igneous rock consisting essentially of quartz and more alkali feldspar than plagioclase.
Hangingwall	Rocks overlying mineralisation.
Inferred Resource	A resource inferred from geoscientific evidence, drillholes,
Resource	underground openings or other sampling procedures where lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.
Indicated	A resource sampled by drillholes, underground openings, or other Resource sampling procedures at locations too widely spaced to ensure continuity and where geoscientific data are known with a reasonable level of reliability.
Intercept	The length of rock or mineralisation traversed by a drillhole.
JORC	Joint Ore Reserves Committee- Australasian Code for Reporting of Identified Resources and Ore Reserves.
Laterite	A red, residual soil, cemented in place, containing iron and aluminium oxides but leached of quartz.
Lineament	A naturally occurring major linear feature in the earth's crust, often associated with mineral deposits.
Mafic	A loosely used group name for silicate minerals that are rich in iron and magnesium, and for rocks in which these minerals are abundant.
Measured Resource	A resource intersected by drillholes, underground openings or othersampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known.
Mineral Resource	A tonnage or volume of rock or mineralisation of economic interest.

Mineralisation	In economic geology, the introduction of valuable elements into a rock body.
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
MMI	Mobile Metal Ion soil geochemistry. Modern type of soil sampling that analyses ionic chemistry rather than atoms as in conventional soil geochemistry.
Orebody	A continuous, well defined mass of ore.
Outcrop	The surface expression of a rock layer (verb: to crop out).
Palaeochannel	A drainage channel of the geological past which may be buried.
Pegmatite	A very coarse grained igneous rock formed at a late stage of magmatic differentiation.
Porphyry	A rock with conspicuous crystals in a fine-grained ground mass.
Primary	Mineralisation which has not been affected by near surface mineralisation oxidising process.
Quartz	A very common mineral composed of silicon dioxide-SiO2.
RC	Reverse Circulation (as relating to drilling)—A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Recent	Geological age from about 20,000 years ago to present (synonym: Holocene).
Reconnaissance	A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey.
Remote Sensing	Geophysical data obtained by satellites processed and presented Imagery as photographic images in real or false colour combinations.
Sediment	Rocks formed by the deposition of solids from water.
Shear (zone)	A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.
Soil sampling	Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.
Stockwork	An interlocking system of small veins or lodes.
Stratigraphy	The succession of superimposition of rock strata. Composition, sequence and correlation of stratified rock in the earth's crust.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
Stringer	A narrow vein or irregular filament of mineral traversing a rock mass.
Subcrop	The surface expression of a mostly concealed rock layer.
Sulphide	A group of minerals in which one or more metals is found in combination with sulphur.
Ultramafic	Similar to Mafic with a greater amount of dark minerals (Fe, Mn).
Unconformity	Lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation.
Vein	A narrow intrusive mineral body.
Volcanic	Describes clastic fragments of volcanic origin.
Volcanogenic	Derived from volcanic activity.

CHEMICAL SYMBOLS

Ag	Silver
As	Arsenic
Au	Gold
Cu	Copper
Fe	Iron
Mn	Manganese
Ni	Nickel
Sn	Tin

ABBREVIATIONS

cm	centimetre
g	gram
g/t	gram per tonne
ha	hectare
kg	kilogram
km	kilometre
km^2	square kilometre
m	metre
m^2	square metre
m^3	cubic metre
mm	millimetre
M	million
t	tonne
oz	troy ounce, equivalent to 31.103477g.

UNITS OF CONCENTRATION

ppb	parts per billion
ppm	parts per million

PART 4

FINANCIAL INFORMATION ON NEW MINES HOLDING LIMITED AND ITS SUBSIDIARY

Section A – Accountant's report

BDO LLP
55 Baker Street
London
W1U 7EU

The Directors and Proposed Directors
African Mining & Exploration plc
Third Floor
55 Gower Street
London
WC1E 6HQ

Singer Capital Markets Limited
One Hanover Street
London
W1S 1YZ

22 October 2010

Dear Sirs

New Mines Holding Limited ("New Mines") and its subsidiary undertaking (together, the "New Mines Group")

Introduction

We report on the financial information set out in Section B of Part 4. This financial information has been prepared for inclusion in the admission document dated 22 October 2010 of African Mining & Exploration plc (the "Admission Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors and proposed directors of African Mining & Exploration plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs").

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the New Mines Group as at the dates stated and of its consolidated results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 to the financial information and has been prepared in accordance with IFRSs as described in note 1 to the financial information

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B – Financial information

Consolidated Income Statement

	Notes	*Four months ended 31 December 2008* €	*Year ended 31 December 2009* €	*Six months ended 30 June 2010* €
Revenue		—	—	—
Other operating income		—	1,044	2,162
Administrative expenses		(75,266)	(332,487)	(318,228)
Loss before income tax	5	(75,266)	(331,443)	(316,066)
Income tax		—	—	—
Loss for the year		(75,266)	(331,443)	(316,066)
Loss attributable to:				
Owners of the parent		(75,266)	(331,443)	(316,066)
Loss per share	4	(€0.012)	(€0.035)	(€0.025)

Consolidated Statement of Comprehensive Income

	Four months ended 31 December 2008	*Year ended 31 December 2009*	*Six months ended 30 June 2010*
	€	€	€
Loss for the year	(75,266)	(331,443)	(316,066)
Other comprehensive income	—	—	—
Total comprehensive income for the year	(75,266)	(331,443)	(316,066)
Total comprehensive income attributable to:			
Owners of the parent	(75,266)	(331,443)	(316,066)

Consolidated Statement of Financial Position

	Notes	*As at 31 December 2008* €	*As at 31 December 2009* €	*As at 30 June 2010* €
Assets				
Non-current assets				
Intangible assets	7	242,615	242,615	243,377
Property, plant and equipment	8	—	4,178	3,518
		242,615	246,793	246,895
Current assets				
Trade and other receivables	9	—	33	—
Cash and cash equivalents		24,001	4,772	98,448
		24,001	4,805	98,448
Total assets		266,616	251,598	345,343
Equity				
Shareholders' equity				
Called up share capital	10	235,000	513,225	857,250
Other reserves		880	—	—
Retained earnings		(75,266)	(406,710)	(722,777)
Total equity		160,614	106,515	134,473
Liabilities				
Current liabilities				
Trade and other payables	11	106,002	145,083	210,870
Total liabilities		106,002	145,083	210,870
Total equity and liabilities		266,616	251,598	345,343

Consolidated Statement of Changes in Equity

	Share capital €	*Share based payment reserve* €	*Retained earnings* €	*Total equity* €
Balance as at 1 September 2008	—	—	—	—
Issue of share capital	235,000	—	—	235,000
Share based compensation	—	880	—	880
Total comprehensive income	—	—	(75,266)	(75,266)
Balance as at 31 December 2008	235,000	880	(75,266)	160,614
Issue of share capital	277,345	—	—	277,345
Exercise of share option	880	(880)	—	—
Total comprehensive income	—	—	(331,444)	(331,444)
Balance as at 31 December 2009	513,225	—	(406,710)	106,515
Issue of share capital	133,905	—	—	344,025
Share based compensation	—	210,120	—	210,120
Exercise of share options	210,120	(210,120)	—	—
Total comprehensive income	—	—	(316,067)	(316,067)
Balance as at 30 June 2010	857,250	—	(722,777)	134,473

The following describes the nature and purpose of each reserve within owners' equity

Reserve	*Description and purpose*
Share capital	Amount subscribed for share capital at nominal value plus any premium over the nominal value.
Share based payment reserve	Represents the accumulated balance of share based payment charges recognised in respect of share options granted by New Mines, less transfers to retained losses in respect of options exercised.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

Consolidated Statement of Cash Flows

	Notes	*Four months ended 31 December 2008* €	*Year ended 31 December 2009* €	*Six months ended 30 June 2010* €
Cash flows from operating activities				
Cash generated from operations	13	(6,999)	(191,361)	(42,387)
Net cash from operating activities		(6,999)	(191,361)	(42,387)
Cash flows from investing activities				
Purchase of intangible fixed assets		—	—	(762)
Purchase of tangible fixed assets		—	(5,277)	—
Net cash from investing activities		—	(5,277)	(762)
Cash flows from financing activities				
Increase in loan financing		—	11,779	45
Decrease in loan financing		—	—	(1,735)
Share issue		31,000	164,750	138,000
Share options exercised		—	880	515
Net cash from financing activities		31,000	177,409	136,825
Increase/(decrease) in cash and cash equivalents		24,001	(19,229)	93,676
Cash and cash equivalents at beginning of year		—	24,001	4,772
Cash and cash equivalents at end of year		24,001	4,772	98,448

NOTES TO THE FINANCIAL INFORMATION

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied for all periods presented. This financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union. It has also been prepared under the historical cost convention, except as required otherwise by IFRSs.

The consolidated financial information incorporates the results of New Mines Holding Limited and its subsidiary undertaking.

Going Concern

The financial information has been prepared on a going concern basis, with no adjustments in respect of the following concerns of the New Mines Group's ability to continue to operate under that assumption. The directors have no reason to believe that the New Mines Group will not continue as a going concern based on current cash flow requirements.

The principal accounting policies are set out below.

Basis of consolidation

Where New Mines has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The financial information presents the results of the New Mines Group as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

Business combinations

The financial information incorporates the results of business combinations using the purchase method. In the consolidated statement of financial position, the identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. The mineral properties acquired have been valued at their fair value using appropriate valuation techniques and posted to intangible assets.

Intangible assets

Deferred development costs

Once a licence has been obtained, all costs associated with mineral property development and investments are capitalized on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining property development project is successful, the related expenditures will be amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the New Mines Group, the related costs will be written off.

Unevaluated mineral properties are assessed at reporting date for impairment in accordance with the policy set out below.

If commercial reserves are developed, the related deferred development and exploration costs are then reclassified as development and production assets within property, plant and equipment.

Mineral properties

Mineral properties are recorded at cost less amortisation and provision for diminution in value. Amortisation will be over the estimated life of the commercial ore reserves on a unit of production basis.

Licences for the exploration of natural resources will be amortised over the lower of the life of the licence and the estimated life of the commercial ore reserves on a unit of production basis.

Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation and impairment. Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Computer Equipment	25 per cent. straight line

Impairment policy

At each reporting date, the New Mines Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the New Mines Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined has no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revaluated amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the New Mines Group's statement of financial position when the New Mines Group becomes a party to the contractual provisions of the instrument.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the New Mines Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The New Mines Group's loans and receivables comprise other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents comprise cash in hand and balances held with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash.

There is no significant difference between the carrying value and fair value of loans and receivables.

Financial liabilities

Other liabilities

Other liabilities consist of trade and other payables, which are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method.

There is no significant difference between the carrying value and fair value of other liabilities.

Taxation

Current taxes are based on the results shown in the financial information and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the reporting date.

Foreign currencies

The functional currency of New Mines is the Euro. The functional currency of its subsidiary is Communauté Financiére Africaine franc (CFA) which has a fixed rate of exchange linked to the Euro. The financial information is also presented in Euros.

Transactions entered into by the New Mines Group entities in a currency other than the Euro are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received.

Key accounting estimates and judgements

The preparation of financial information in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The key accounting estimates and judgements are set out below:

a) *Carrying value of mineral properties and development costs*

The New Mines Group assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the group estimates the recoverable amount of the asset. In the early stages of exploration an indication of impairment may arise from drilling and assay results or from management's decision to terminate the project. The recoverable amount is assessed by reference to the higher of 'value in use', where a project is still expected to be developed into production (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less cost to sell'. As at the 30 June 2010 there is no indication of impairment in respect of the mineral properties and development costs set out in Note 7.

b) *Deferred development costs*

The New Mines Group has to apply judgement in determining whether exploration and evaluation expenditure should be capitalised within intangible assets as deferred development costs or expensed. The New Mines Group has a policy of capitalising all deferred development costs (as set out above). Management therefore exercises judgement based on the results of economic evaluations, prefeasibility or feasibility studies in determining whether it is appropriate to continue to carry these costs as an intangible asset or whether they should be impairment. The total value of deferred development costs capitalised as at each of the reporting dates is set out in Note 7.

c) *Share-based payments*

In determining the fair value of share-based payments made during the period, a number of assumptions have been made by management. The details of these assumptions are set out in note 14.

d) *Business combinations*

On the acquisition of Tobon Tondo S.U.A.R.L management applied judgement in determining the fair value of the consideration paid and the fair value of the net assets acquired. Management determined that the fair value of the consideration paid best reflected the fair value of the net assets acquired. Management attributed the uplift in the book values acquired to mineral properties, reflecting that the primary asset acquired was the licence for the mineral properties held by Tobon Tondo S.U.A.R.L. The details of the acquisition are set out in Note 6.

Changes in Accounting Policies

New standards, amendments to published standards and interpretations to existing standards effective on 1 January 2010 adopted by the New Mines Group. The impact of the new and amended standards and interpretations was an increase in the level of disclosure, particularly in respect of the disclosure of operating segment information; there was no impact on the balances reported.

New and revised standards effective for 31 December 2010 period-ends	*Standard*	*Effective for annual periods beginning on or after*
Amendments	IFRS 2 – Share-based Payment – Group Cash-settled share-based Payment transactions	1 January 2010
	Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	30 June 2009
	Revised IFRS 3 Business Combinations	1 July 2009
	IAS 27 Consolidated and Separate Financial Statements	1 July 2009
	IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 July 2009
	IFRIC 17 Distributions of Non-cash Assets to Owners	1 July 2009
	IFRS 1 First-time Adoption of international Financial Reporting Standards	1 July 2009
	IFRIC 18 Transfer of Assets from Customers	Transfers of assets from customers received on or after 1 July 2009
	Additional Exemptions for First-time	1 January 2010
	Adopters (Amendments to IFRS 1)	1 January 2010

New standards, amendments to published standards and interpretations to existing standards in issue but not yet effective, that will be applicable to the New Mines Group in the future.

New and revised standards issued but not effective for 1 December 2010 period-ends	*Standard*	*Effective for annual periods beginning on or after*
New Standard	IFRS 9 Financial Instruments*	1 January 2013
Amendment	Revised IAS 24 Related Party Disclosures	1 January 2011
	Amendments to IFRIC 14 IAS 19 –	1 January 2011
	Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
	Improvements to IFRSs (2010) *	1 February 2010
	IAS 32 – Classification of Rights Issues	
	IFRS 1 – First time adoption of International Financial Reporting Standards	1 July 2010
Interpretations	IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 April 2010

Items marked* had not yet been endorsed by European Union at the date that these financial statements were approved and authorised for issue by the Board. The standards listed above are not yet effective and are not expected to have a significant impact on the New Mines Group.

2 Segmental analysis

The New Mines Group operates in one business segment, the exploration and development for mineral assets and only has interests in one geographical segment, being Mali. The New Mines Group has not generated any revenue to date and therefore no disclosures are provided with respect to revenues.

The New Mines Group's operations are reviewed by the directors are and divided between exploration and development and administration and corporate costs.

	Exploration and development €	*Administration and corporate* €	*Total* €
2010			
Depreciation	660	—	660
Loss for the period	(5,187)	(310,879)	(316,066)
Total assets	247,054	98,289	345,343
Total non-current assets	243,377	—	243,377
Additions to non-current assets	762	—	762
Total current assets	158	98,289	98,447
Total liabilities	—	210,870	210,870
2009			
Depreciation	1,099	—	1,099
Loss for the period	(21,817)	(309,626)	(331,443)
Total assets	249,297	2,301	251,598
Total current assets	2,504	2,301	4,805
Total liabilities	—	145,083	145,083
2008			
Loss for the period	—	(75,266)	(75,266)
Total assets	242,744	23,862	266,616
Additions to non-current assets	242,615	—	242,615
Total current assets	139	23,862	24,001
Total liabilities	—	106,002	106,002

There are no non-current assets held in New Mines's country of domicile, being Nevis and St Kitts (2009: €nil, 2008: €nil).

3 Employees and directors

	Four months ended 31 December 2008 €	*Year ended 31 December 2009* €	*Six months ended 30 June 2010* €
Wages and salaries	29,017	100,546	91,266

The average monthly number of employees during the year was as follows:

	Four months ended 31 December 2008	*Year ended 31 December 2009*	*Six months ended 30 June 2010*
	€	€	€
Operational	6	6	6
Non-operational	2	2	2
	8	8	8

Directors' remuneration

	Four months ended 31 December 2008	*Year ended 31 December 2009*	*Six months ended 30 June 2010*
	€	€	€
Salaries	22,976	21,419	30,035
Share based payment expense (see note 14)	—	30,000	48,900
	22,976	51,419	78,935

The directors are considered to be the key management of the New Mines Group.

No directors accrued pension benefits during any of the periods presented.

4 Loss per share

Loss per Ordinary Share has been calculated using the weighted average number of Ordinary Shares in issue during the relevant financial year.

	Four months ended 31 December 2008	*Year ended 31 December 2009*	*Six months ended 30 June 2010*
	€	€	€
The weighted average number of Ordinary Shares in issue for the year is.	6,310,744	9,608,207	12,446,158
Losses for the New Mines Group for the year	(75,266)	(331,443)	(316,066)
Loss per share basic and diluted	(€0.012)	(€0.035)	(€0.025)

5 Loss before income tax

The loss before income tax is stated after charging/(crediting):

	Four months ended 31 December 2008	*Year ended 31 December 2009*	*Six months ended 30 June 2010*
	€	€	€
Depreciation – owned assets	—	1,099	660
Auditor's remuneration	—	15,000	8,948
Foreign exchange differences	55	(1,044)	(2,162)
Share based payment remuneration	—	30,000	48,960

6 Acquisitions and disposals

On 27 September 2008 New Mines Holding Limited acquired the entire share capital of Tobon Tondo S.U.A.R.L for a total consideration of €200,000. The total consideration of €200,000 was paid by way of issuing 2,000,000 ordinary shares of €0.001. The shares were fair valued at €0.001 based on share issues around the date of the acquisition. The impact of the acquisition had it taken place at the start of the period (1 September 2008) would have been to increase the New Mines Group's loss for the period by €7,154; the loss of Tobon Tondo S.U.A.R.L for the period ending 31 December 2008 was €21,461. Tobon Tondo S.U.A.R.L had no revenues in the period prior to or since acquisition.

Effect of acquisition

The effect of acquisition had the following effect on the New Mines Group's assets and liabilities.

Tobon Tondo S.U.A.R.L.

	Book values €	*Fair value adjustments* €	*Fair Values* €
Mineral Properties	1,524	189,292	190,816
Trade and other receivables	9,184	—	9,184
	10,708	189,292	200,000
Consideration paid			200,000

The fair value adjustment arose as a result of the premium attributable to the acquisition of mineral properties.

7 Intangible assets

	Mineral properties €	*Patents and licences* €	*Development cost* €	*Totals* €
Cost and net book value				
As at 1 September 2008	—	—	—	—
Additions	189,292	63	53,260	242,615
As at 31 December 2008 and 31 December 2009	189,292	63	53,260	242,615
Additions	—	762	—	762
As at 30 June 2010	189,292	825	53,260	243,377

8 Tangible assets

	Computer equipment €	*Totals* €
Cost		
As at 1 September 2008 and 31 December 2008	—	—
Additions	5,277	5,277
As at 31 December 2009 and 30 June 2010	5,277	5,277
Accumulated depreciation		
As at 1 September 2008 and 31 December 2008	—	—
Depreciation charge	1,099	1,099
As at 31 December 2009	1,099	1,099
Depreciation charge	660	660
As at 30 June 2010	1,759	1,759
Net book value		
As at 30 June 2010	3,518	3,518
As at 30 December 2009	4,178	4,178
As at 30 December 2008	—	—

9 Trade and other receivables

	As at 31 December 2008 €	*As at 31 December 2009* €	*As at 30 June 2010* €
Current:			
Other receivables	—	33	—

10 Called up share capital

		As at 31 December 2008 €	*As at 31 December 2009* €	*As at 30 June 2010* €
Allotted, issued and fully paid:				
Number:	Class:			
12,361,400	Ordinary	235,000	513,225	857,250

2,400,000 Ordinary shares with no par value were issued during the period ended 30 June 2010 for a cash consideration of €138,000 (2009 2,610,000 ordinary shares for €164,750, 1,300,000 ordinary shares for 2008: €35,000) and 5,150,000 ordinary shares in respect of equity settled share based payments (2009: 2,451,500 ordinary shares, 2008: 4,000,000 ordinary shares).

The total authorised share capital of New Mines is 250,000,000 shares with no par value.

11 Trade and other payables

	As at 31 December 2008	*As at 31 December 2009*	*As at 30 June 2010*
	€	€	€
Current:			
Trade payables	8,583	72,470	128,156
Other payables	93,419	21,116	15,970
Accrued expenses	4,000	39,718	56,655
Directors' current accounts	—	11,779	10,089
	106,002	145,083	210,870

12 Related party transactions

Details of directors' remuneration are given in note 3 and directors' loan accounts are set out in note 11. There are no other related party transactions during any of the periods presented.

13 Reconciliation of loss before income tax to cash generated from operations

	Four months ended 31 December 2008	*Year ended 31 December 2009*	*Six months ended 30 June 2010*
	€	€	€
Loss before income tax	(75,266)	(331,443)	(316,066)
Depreciation charges	—	1,099	660
Equity settled share based payments	(37,735)	111,714	205,509
	(113,001)	(218,630)	(109,897)
Increase in trade and other receivables	—	(33)	33
Increase in trade and other payables	106,002	27,302	67,477
Cash generated from operations	(6,999)	(191,361)	(42,387)

14 Share based payments

Equity-settled share based payments

New Mines operates an unapproved share option plan for directors, employees and consultants. The tables below reconcile the opening and closing number of share options in issue at each reporting date:

	Number	*Weighted average exercise price*	*Fair-value*
At 1 September 2008	—	—	
Granted	880,000	€0.001	€0.001
Outstanding and exercisable as at 31 December 2008	880,000	€0.001	
Exercised	(880,000)	€0.001	
Outstanding and exercisable as at 31 December 2009	—		
Granted	5,150,000	€0.0001	€0.041
Exercised	(5,150,000)	€0.0001	
Outstanding and exercisable as at 30 June 2010	—	—	

The final exercise date of all options issued, as at the date of grant, was December 2010. All options issued vested and were exercisable immediately.

The weighted average remaining lives of the options outstanding at the end of the period is nil months (2009: nil months, 2008: 24 months). The shares were not listed during the periods presented and therefore no weighted average market price is presented for the shares in New Mines.

New Mines's shares were not listed during the period presented and therefore the fair-value of the share options issued is based on the cash consideration received in respect of shares issued on or around the date that the share options were granted. Due to the nominal exercise price and the immediate vesting of the share options this was considered by Management to the best estimate of the fair value of the share options.

15 Financial instruments

Significant accounting policies

Details of the significant accounting policies in respect of financial instruments are disclosed in Note 1 to the financial information. The New Mines Group's financial instruments comprise cash and cash equivalents, other receivables and trade payables.

Financial risk management

The directors seek to minimise the New Mines Group's exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the New Mines Group's activities to the exposure to currency risk or interest risk, however this will be considered periodically. No derivatives or hedges were entered into during the year.

The New Mines Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk
- Foreign currency risk

The policy for each of the above risks is described in more detail below.

The principal financial instruments used by the New Mines Group, from which financial instruments risk arises are as follow:

- Receivables
- Cash and cash equivalents
- Trade and other payables (excluding accruals and taxes and social security)

The table below sets out the carrying value of all financial instruments by category. No financial instruments are fair valued and therefore there are no valuation level disclosures made. The fair value of all financial assets and financial liabilities is not materially different to the book value.

	2008	*2009*	*2010*
	€	€	€
Loans and receivables			
Cash and cash equivalents	24,001	4,772	98,448
Receivables	—	33	—
	24,001	4,805	98,448
Other liabilities			
Trade and other payables	102,002	105,365	154,215

Credit risk

Financial assets which potentially subject the New Mines Group to concentrations of credit risk consist principally of cash and cash equivalents and other receivables. All significant cash balances are held at recognised financial institutions. Other receivables are presented net of allowances for doubtful receivables.

Other receivables currently form an insignificant part of the New Mines Group's business and therefore the credit risk associated with them is also insignificant to the New Mines Group as a whole.

The New Mines Group's maximum exposure to credit risk by category of financial instrument is shown in the table above. The maximum exposure to credit risk is the total of the loans and receivables balance.

Interest rate risk

The New Mines Group has adopted a non-speculative policy on managing interest rate risk. Where possible, only approved financial institutions with sound capital bases are used to invest surplus funds in. The New Mines Group had no bank borrowing facilities during any of the periods presented. Amounts loaned by directors are of a short term nature and do not attract interest charges.

The New Mines Group seeks to obtain a favourable interest rate on its cash balances through the use of bank deposits. At 30 June 2010 the New Mines Group had a cash balance of €98,448 (2009: €4,772, 2008: €24,001). Due to the low interest rates received, significant fluctuations in interest rates would not result in a material difference to the losses reported and therefore interest rate sensitivity analysis is not presented.

Liquidity risk

The directors seek to manage the New Mines Group's financial risk to ensure that sufficient liquidity is available to meet the foreseeable needs both in the short and long term; this is principally through the issue of share capital to raise funds. No bank funding has been raised to date.

The trade and other payables balance that forms the other liabilities balance of €154,215 (2009: €105,365, 2008: €102,002) is all due for payment within 45 days of the reporting date. The New Mines Group has sufficient cash resources to settle these outstanding liabilities as they fall due.

Foreign currency risk

Foreign exchange risk is inherent in the New Mines Group's activities and is accepted as such. The majority of the New Mines Group's expenses are denominated in Euros (or currencies with exchange rates fixed against the Euro) and the functional currency of the New Mines Group is the Euro and therefore foreign currency exchange risk arises where any balance are held or costs incurred, in currencies other than the Euro.

At 30 June 2010, 31 December 2009 and 31 December 2008, the currency exposure of the New Mines Group was as follows:

	UK Sterling	*Euro*	*CFA*	*Total*
	€	€	€	€
At 30 June 2010				
Cash and cash equivalents	73,814	24,476	158	98,448
Other receivables	—	—	—	—
Trade and other payables	25,953	120,508	7,754	154,215

	UK Sterling	*Euro*	*CFA*	*Total*
	€	€	€	€
At 31 December 2009				
Cash and cash equivalents	2,223	45	2,504	4,772
Other receivables	—	33	—	33
Trade and other payables	25,953	79,412	—	105,365

	UK Sterling	*Euro*	*CFA*	*Total*
	€	€	€	€
At 31 December 2008				
Cash and cash equivalents	1,113	22,749	139	24,001
Other receivables	—	—	—	—
Trade and other payables	6,085	95,917	—	102,002

The effect of a 10 per cent. strengthening of Sterling against the Euro at the reporting dates presented, all other variables held constant, would have resulted in increasing the loss for the year and reducing net assets by €9,997 (2009: €2,818, 2008: €720). Conversely the effect of a 10 per cent. weakening of Sterling against the Euro at the reporting dates presented, all other variables held constant, would have resulted in decreasing the loss for the year and increasing net assets by €9,977 (2009: €2,818, 2008: €720). This is in respect of the foreign exchange gains and losses recorded on the retranslation of the Sterling bank balances and sterling trade payables.

Capital

The objective of the directors is to maximise shareholder returns and minimise risks by keeping a reasonable balance between debt and equity. To date, the New Mines Group has minimised risk by being purely equity financed. The capital employed by the New Mines Group is comprised of equity attributable to shareholders.

16 Parent and subsidiary company information

The parent company, New Mines Holding Limited, is a company registered in Saint Kitts and Nevis. The only subsidiary is Tobon Tondo S.U.A.R.L which is a company registered in Mali. It was 100 per cent. owned at each of the reporting dates presented and is in the business of gold exploration.

17 Post balance sheet events

On 26 August 2010 the entire share capital of New Mines Holding Limited was conditionally acquired by African Mining & Exploration plc. The legal title will pass on African Mining & Exploration plc's admission to AIM.

18 Contingent liabilities

Details of contingent liabilities where the probability of future payments / receipts is not considered remote are set out below, as well as details of contingent liabilities, which although considered remote, the directors consider should be disclosed.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	As at 31 December 2008 €	*As at 31 December 2009* €	*As at 30 June 2010* €
Deferred consideration payable for strategic investment in future mining and exploration projects.	4,043,137	4,016,156	4,296,972

On commercial discovery or commencement of mining operations, a fee of $1,000,000 and $1,312,000 will be payable to the Mali Government, for the Diatissan and Karan permit areas respectively. In addition, minimum expenditure on research over the three years following the discovery of 1,065,000,000 CFA and 516,000,000 CFA will be payable for Diatissan and Karan respectively.

PART 5

ADDITIONAL INFORMATION

1. The Company

1.1 The Company is incorporated and trades under the name African Mining & Exploration Plc.

1.2 The Company is domiciled in the United Kingdom and was incorporated and registered in England and Wales on 7 July 2010 as a private limited company with the name African Mining & Exploration Limited and registered number 7307107. The Company re-registered as a public limited company with the name African Mining & Exploration Plc on 26 August 2010. The liability of its members is limited.

1.3 The Company is governed by and its securities were created under the Act.

1.4 The Company's registered office is located at 55 Gower Street London WC1E 6HQ and its principal place of business is at 4th Floor, 3 Shepherd Street, W1J 7HL. The telephone numbers of the Company's registered address and principal place of business are +44 207 580 6075 and +44 207 499 4059 respectively.

1.5 The Company has no administrative, management or supervisory bodies other than the Board, the remuneration committee and the audit committee, all of whose members are Directors or Proposed Directors.

1.6 The Company's auditors are BDO LLP, a member firm of the Institute of Chartered Accountants of England and Wales.

2. Securities being offered/admitted

2.1 The Ordinary Shares are ordinary shares of 1 pence each in the capital of the Company and were issued in British Pounds Sterling.

2.2 The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred, otherwise than by a written instrument in accordance with the CREST Regulations. The Registrars are responsible for keeping the Company's register of members.

2.3 In conjunction with Admission, the Company is granting the 2010 Warrants to subscribers for Placing Shares and holders of Existing Ordinary Shares on the basis of one 2010 Warrant for each Placing Share or Existing Ordinary Share (as the case may be). The 2010 Warrants will not be admitted to trading on AIM or any other exchange and will be in certificated form.

2.4 The dividend and voting rights attaching to the Ordinary Shares, including the Placing Shares, are set out in paragraphs 6.1 and 6.10 of this Part 5.

2.5 Section 561 of the Act gives Shareholders pre-emption rights on any issue of shares by the Company to the extent not disapplied by a special resolution passed pursuant to section 570 of the Act. Details of the current section 570 of the Act disapplication are set out in paragraph 2.9 of this Part 5.

2.6 The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital; further details of which are set out in paragraph 6.10 of this Part 5.

2.7 Each Ordinary Share is entitled on a *pari passu* basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company.

2.8 The Ordinary Shares have no redemption or conversion provisions.

2.9 On 24 August 2010 the following resolutions were passed:-

(a) an ordinary resolution approving the Acquisition for the purposes of section 190 of the Act;

(b) an ordinary resolution authorising the directors of the Company pursuant to section 551 of the Act to allot relevant securities:-

(i) in connection with the Placing, and the grant of a right to subscribe for, or convert equity securities into Ordinary Shares, up to an aggregate nominal value of up to £1,608,115;

(ii) other than pursuant to paragraph 2.9(b)(i) above, up to an aggregate nominal value of up to £858,115; and

(iii) other than pursuant to paragraphs 2.9(b)(i) and (ii) above, up to an aggregate nominal amount equal to 20 per cent. of the Ordinary Share Capital;

(c) a special resolution to waive statutory pre-emption rights in relation (*inter alia*) to:

(i) the allotment of equity securities in connection with a rights issue or any other offer to Shareholders in proportion to their respective holdings of Ordinary Shares and to the holders of other equity securities as required by the rights of those securities or as the Board otherwise consider necessary;

(ii) the allotment of 50,000 Redeemable Preference Shares up to the maximum aggregate nominal amount of £50,000;

(iii) the allotment of Placing Shares up to a maximum nominal amount of £700,000;

(iv) the grant of a right to subscribe for, or convert equity securities into Ordinary Shares in connection with the Placing, up to a maximum nominal value of £700,000;

(v) the grant of a right to subscribe for, or convert equity securities into Ordinary Shares in connection with the Placing (otherwise than as set out in paragraph 2.9(c)(iv) above), up to a maximum nominal amount of £208,115;

(vi) the allotment (otherwise than as set out in paragraphs (i)-(v) above) of equity securities up to a maximum nominal amount of £200,000; and

(vii) the grant of a right to subscribe for, or convert equity securities into Ordinary Shares (other than pursuant to paragraphs (iii)-(v) above) of up to a maximum aggregate nominal amount equal to 20 per cent. of the Ordinary Share Capital,

such authority expiring on the conclusion of the earlier of the next annual general meeting of the Company and the date falling 15 months from the passing of such resolution; and

(d) a special resolution to amend the Articles so as to set out the terms on which the Redeemable Preference Shares can be issued, as set out in paragraph 6.7 of this Part 5.

2.10 On 24 August 2010 a special resolution was passed re-registering the Company as a public limited company.

2.11 It is anticipated the Placing Shares and the 2010 Warrants will be issued on 1 November 2010, the date of Admission.

2.12 The Ordinary Shares are freely transferable provided that such shares are fully paid, the Company has no lien over such shares, the instrument of transfer is duly stamped, is in favour of not more than four joint transferees and is in respect of only one class of shares.

2.13 The Ordinary Share Capital will be subject to the Code. Under Rule 9 of the Code ("**Rule 9**"), any person, or group of persons acting in concert, who acquires, whether by a series of transactions over a period of time or not, an interest 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 Code, or any person who, together with 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 a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, is normally required by the Panel to make a general offer in cash to acquire the remaining shares in the company to all its shareholders at not less than the highest price paid by him or any persons acting in concert with him within the preceding twelve months. Rule 9 is subject to a number of dispensations.

2.14 In addition, in the event an offeror acquires at least nine-tenths in value of the issued share capital of the Company to which the offer relates the offeror may in accordance with the procedure set out in section 979 of the Act require the holders of any shares he has not acquired to sell them subject to the terms of the offer, and such Shareholders may in turn require the offeror to purchase such shares on the same terms.

2.15 No person has made a public takeover bid for the Company's issued share capital since its incorporation.

2.16 A Shareholder is required pursuant, to Disclosure and Transparency Rule 5 of the Disclosure and Transparency Rules of the FSA, to notify the Company when he acquires or disposes of a major proportion of the voting rights of the Company equal to or in excess of 3 per cent. of the nominal value of that share capital.

3. Share Capital of the Company

3.1 The Company does not have an authorised share capital.

3.2 The issued and fully paid share capital of the Company as at the date of publication of this document is £258,115.00 made up of 20,811,500 Ordinary Shares and the Redeemable Preference Shares.

3.3 The issued and fully paid share capital of the Company following the Placing and Admission will be £708,115 made up of 70,811,500 Ordinary Shares.

3.4 The Redeemable Preference Shares will be redeemed at par (to the extent paid up) out of the proceeds of the Placing in accordance with the provisions of the Articles summarised at paragraph 6.8 of this Part 5.

3.5 The Placing will result in the allotment and issue of 50,000,000 Ordinary Shares, diluting existing holders of Ordinary Shares by 70.5 per cent..

3.6 The nominal value of each Ordinary Share is 1 pence.

3.7 The Company has no issued Ordinary Shares that are not fully paid up.

3.8 The Company was incorporated with no authorised share capital and with two Ordinary Shares ("**the Subscriber Shares**") issued to the subscribers to the Memorandum.

3.9 On 24 August 2010 the Company issued and allotted the Redeemable Preference Shares each at a price of £0.25 per share at par value.

3.10 On 26 August 2010 the Company acquired the beneficial ownership of the entire issued share capital of NMHL (the legal title will pass on Admission) pursuant to the terms of the Acquisition Agreement summarised in paragraph 11.6 of this Part 5 and as consideration issued, credited as fully paid, 20,811,498 Ordinary Shares and the subscribers to the Memorandum transferred the two Subscriber Shares.

3.11 Save as disclosed in paragraphs 3, 4 and 11:-

(a) no share or loan capital of the Company has been issued or is proposed to be issued;

(b) there are currently no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;

(c) there are no shares in the Company not representing capital;

(d) there are no shares in the Company held by or on behalf of the Company itself or by subsidiaries of the Company;

(e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital;

(f) no person has any preferential or subscription rights for any share capital of the Company; and

(g) no share or loan capital of the Company or any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

4. Options and Warrants

2010 Warrants

4.1 On 22 October 2010 the Company executed the 2010 Warrant Instrument (details of which are summarised in paragraph 4.2 of this Part 5 below) pursuant to which Company has created, in aggregate, 70,811,500 2010 Warrants. Each 2010 Warrant entitles the 2010 Warrantholder to subscribe for one Ordinary Shares at 12.5 pence at any time from the date of Admission until the second anniversary of Admission.

4.2 The principal terms to the 2010 Warrant Instrument are as follows:

(a) each 2010 Warrant will entitle the holder thereof to subscribe for one Ordinary Share at a price of 12.5p per Ordinary Share;

(b) the 2010 Warrants are exercisable at any time during the period commencing on Admission and ending on the second anniversary of Admission;

(c) the 2010 Warrants will not be admitted to trading on AIM or any other exchange;

(d) Ordinary Shares issued on exercise of the 2010 Warrants will rank for all dividends or other distributions declared after the date of allotment of such Ordinary Shares but not before such date and otherwise *pari passu* in all respects with the Ordinary Shares in issue on the date of such exercise;

(e) the 2010 Warrant Instrument contains provisions for appropriate adjustment of the number of Ordinary Shares issued on exercise of the 2010 Warrants and the subscription price upon any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves or upon any sub-division or consolidation of the Ordinary Shares. In such case the auditors of the Company will be asked to confirm the appropriate adjustment and an appropriate announcement will be made by the Company;

(f) the rights and privileges of the holders of 2010 Warrants may be altered or abrogated with the consent in writing of the Company and with either the consent in writing of those holders of 2010 Warrantholders entitled to subscribe for not less than 75 per cent. of the Ordinary Shares which are subject to outstanding 2010 Warrants or with the sanction of an extraordinary resolution of the 2010 Warrantholders. The necessary quorum for a meeting of 2010 Warrantholders is two such holders (present in person or by proxy);

(g) the 2010 Warrants are freely transferable and may be transferred by instrument of transfer; and

(h) full exercise of the subscription rights under the 2010 Warrants will result in the issue of 70,811,500 Ordinary Shares.

Option Plan

4.3 The Board will adopt the Share Option Plan shortly before Admission to regulate the grant of Options. The Share Option Plan will be split into two Parts: Part A (for employees or former employees of the Group) will be any employees' share scheme within the definition in the Act and Part B will also include non-executive directors. Both Parts are otherwise largely the same but differences are noted in the summary of the principal terms in this section. Details of the options granted or to be granted under the Share Option Plan either before or to be granted on Admission are set out at the end of this paragraph. It is expected that the powers of the Board will be operated through and on the recommendation of the Remuneration Committee.

4.4 *Eligibility and Grant of Plan Options*

The Board may grant the Options to any employee or former employee of the Group under Part A and to other directors, or consultants and contractors providing services to the Group for Part B in each case selected by the Board at any time when there are no restrictions on dealing the Ordinary Shares by law, regulation or applicable guidelines. The grant of the Options will be conditional upon the option holder agreeing to indemnify the relevant company in the Group for the cost of any tax, duties, social security contributions and national insurance applying in the relevant territory. For the Options granted on Admission participants will not be required to bear the employers national insurance contributions.

4.5 *Option Price*

The price payable to exercise the Options and acquire Ordinary Shares will be determined by the Board and will not be less than the market value of Ordinary Shares at the date of grant and not less than the nominal value of the Ordinary Shares. Options granted on or shortly before Admission will be at the Placing Price and Warrant Options be at the subscription price for the 2010 Warrants (12.5 pence).

4.6 *Exercise and lapse of Options and Performance Condition*

The Board will determine at grant the exercise period or periods of Options and any appropriate performance condition. Performance conditions may, however, be varied or waived by the Board if it reasonably considers events have affected the viability of the performance conditions.

Options may be exercised (subject to any performance conditions unless waived or varied) within six months after the employee ceases to be an eligible person under the relevant part of the Share Option Plan as a result of ill health, injury, disability, redundancy or retirement or the transfer of the business or 12 months after death. For any other cessation the Option will lapse unless the Board uses its discretion to permit exercise. Options are exercisable (subject to the performance conditions unless waived or varied) following a change of control of the Company or a trade sale or on commencement of a winding up or on a court sanctioned reconstruction or amalgamation and will thereafter lapse. Exercise immediately before a change of control may be permitted at the discretion of the Board. Options are personal and will lapse on assignment or other transfer by the Optionholder, except to a personal representative.

4.7 *Limits*

The maximum number of shares to be made available under the Share Option Plan (both Parts together but excluding the Warrant Options) by the Company shall not exceed 20 per cent. of the Company's issued ordinary share capital in any 10 year period when added to any other options granted under all group employee share schemes and similar individual share option agreements. Any Options that have lapsed or were granted before the adoption of the Share Option Plan are excluded.

4.8 *Variation of Share Capital*

On an alteration of the ordinary share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration the number of shares subject to or the option price may be adjusted by the Board in such manner as the auditors or other valuers confirm to be fair and reasonable.

4.9 *Voting, Dividend and Other Rights*

On exercise Ordinary Shares issued are ranked *pari passu* but, until then, Optionholders have no voting or dividend rights. The rights under the Plan Options are not pensionable.

4.10 *Amendments*

The Board may alter the rules to the Share Option Plan or the terms of any Option with the approval of the Company in general meeting provided no alteration shall adversely affect the rights of the Optionholder (without his or her agreement). Minor amendments may be made without such approval or agreement.

The following Options have been granted or will be granted on or immediately before to Admission:

Name or Category	*Part A or B*	*Number of Ordinary Shares under Option*	*Option Price*	*Number of Ordinary Shares under Warrant Option*	*Warrant Option Price*	*Lapse*	*Percentage of Issued Share Capital at Admission*
Stephen Oke	B	750,000	10p	750,000	12.5p	fifth anniversary of the date of grant	2.1%
Mark Jones	A	3,000,000	10p	3,000,000	12.5p	fifth anniversary of the date of grant	8.5%
Martyn Churchouse	A	2,000,000	10p	2,000,000	12.5p	fifth anniversary of thet date of grant	5.6%
Douglas Chikohora	B	600,000	10p	600,000	12.5p	fifth anniversary of the date of grant	1.7%
Michael McGarty	A	500,000	10p	500,000	12.5p	fifth anniversary of the date of grant	1.4%
Abdoulaye Cissé	A	500,000	10p	500,000	12.5p	fifth anniversary of the date of grant	1.4%

The Options granted under Part A may be exercised as to 20 per cent. of the Ordinary Shares under Option on the completion of the Karan Permit scoping study[1]; as to 30 per cent. on the satisfaction of the performance conditions that a JORC Inferred Resource is confirmed and as to the remaining 50 per cent. that a JORC Inferred Resource of at least 500,000 troy ounces of gold is confirmed. For the Options granted under Part B, one third of the Shares under Option will vest on Admission and on each of the first and second anniversaries of Admission.

For the Warrant Options there is an additional condition that the Options may not be exercised until the second anniversary of Admission or if earlier, any date when the 2010 Warrants have ceased to be exerciseable. The number of Ordinary Shares that may be acquired will be the number of Ordinary Shares under the Options granted on the same date multiplied by the number of 2010 Warrants exercised divided by the total number of 2010 Warrants.

[1] Mr Cissé's options may not be exercised until after the second anniversary provided the performance conditions are satisfied.

5. The Group

To the best of the knowledge of the Company, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company.

The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

The Company, as at the date of this document, holds the beneficial title of the entire issued share capital of New Mines, and the legal title will pass on Admission. New Mines in turn holds 100 per cent. of the entire issued share capital of Tobon Tondo. On Admission the Company will be the holding company of two wholly owned subsidiaries, the details of which are set out in the table below:-

Name	*Country of Incorporation (and residence, if different)*
New Mines Holdings Limited	Island of Nevis, West Indies
Tobon Tondo S.u.a.r.l	Mali

6. Articles of Association

The Articles include provisions to the following effect:

6.1 Under the Act the objects of the Company are unrestricted. The Articles do not specify any restrictions on the objects of the Company.

6.2 Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. No member is entitled to vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 793 of the Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the directors determine otherwise, if any calls in respect of shares held by him have not been paid.

6.3 All general meetings which are not annual general meetings are deemed general meetings. General meetings may be called by the Board whenever it thinks fit or within twenty eight days of receipt of a requisition of Shareholders served in accordance with the Act. If there are insufficient directors of the Company in the UK to form a quorum, any director of the Company or two Shareholders may convene a general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the Board.

An annual general meeting and a general meeting for the passing of a resolution requiring special notice shall be called by twenty-one clear days' notice at least and all other general meetings shall be called by at least 14 days' notice.

6.4 The special rights attached to any class of shares may, subject to any applicable law, be altered or cancelled with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class.

6.5 The provisions of the Articles applicable to general meetings apply *mutatis mutandis* to class meetings but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except for an adjourned general meeting or where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

6.6 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.

6.7 Subject to the provisions of the Act, the Company may by special resolution (and, with court approval where required) reduce its issued share capital or any capital redemption reserve and any share premium account in any way subject to authority required by law. Subject to applicable law, the Company may purchase its own shares.

6.8 *Redeemable Shares*

(a) Holders of Redeemable Shares, in the event of a liquidation or on a return of capital, are entitled to the amounts equal to the nominal value of the Redeemable Shares before the repayment of any capital to the Ordinary Shareholders.

(b) Holders of Redeemable Shares are not entitled to receive any dividend or other distribution.

(c) Holders of Redeemable Shares are entitled to attend, speak at and vote at general meetings of the Company.

(d) The Company can redeem the Redeemable Shares at par at any time on or after the date upon which the aggregate nominal value of the issued share capital of the Company exceeds £50,000.

6.9 *Directors*

(a) A director of the Company is not required to hold any qualification shares.

(b) The amount of any fees payable to directors of the Company shall be determined by the Board. The directors of the Company are also entitled to be repaid all reasonable expenses properly incurred by them respectively in the performance of their duties. Any director of the Company holding an executive office or otherwise performing services which in the opinion of the Board are outside the scope of his ordinary duties as a director may be paid such remuneration as the Board may determine.

(c) The directors of the Company may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company ("**associated companies**") and the families and dependants of any such persons and the directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.

(d) Subject to the provisions of applicable law and provided that he has disclosed to the Board the nature and extent of any material interest of his, a director of the Company notwithstanding his office:

(i) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;

(ii) may be a director or other officer of, or employed by, or a party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

(iii) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the directors may arrange; and

(iv) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

(e) Save as specifically provided in the Articles, a director of the Company may not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director of the Company will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(f) Subject to applicable law, a director of the Company is (in the absence of some material interest other than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

(i) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiary undertakings;

(ii) the giving of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or by the giving of security;

(iii) any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting thereof;

(iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company;

(v) any contract or arrangement in which he is interested directly or indirectly and whether as an officer or Shareholder or otherwise, provided that he does not hold an interest (as defined in Part 22 of the Act) in one per cent. or more of the issued shares of any such body corporate;

(vi) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the Company or any of its subsidiaries;

(vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the director benefits in a similar manner to the employees; and

(viii) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of directors or persons who include directors.

(g) Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs (f)(vi) and (f)(vii) above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.

(h) At every annual general meeting, all of the directors of the Company who have either been appointed since the last annual general meeting; or who were appointed or reappointed at one of the preceding two annual general meetings shall retire by rotation and stand for re-election.

(i) The Board have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of duty of a director of the Company under section 175 of the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. Save that such authorisation of the Board may only be effective if the required quorum at the meeting at which the matter is considered is met without counting the interested director and the matter was agreed without such director voting or would have been agreed to if their vote had been counted.

6.10 All transfers of shares may be effected by transfer in any usual form or in any other form acceptable to the directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee.

6.11 There are no fixed dates on which a divided entitlement arises. The Company may by ordinary resolution from time to time declare dividends to be paid to Shareholders, although the amount of the dividend cannot exceed the amount recommended by the directors. In addition the directors may pay interim dividends if justified by the profits of the Company available for distribution.

6.12 The dividend payment to each Shareholder shall be calculated proportionately to the amounts paid up on each issued Ordinary Share. All dividend payments shall be non-cumulative.

6.13 All unclaimed dividends may be used for the benefit of the Company until claimed and shall not attract interest. Any dividend which remains unclaimed 12 years after the date the dividend becomes due for payment shall, at the option of the Board, be forfeited and shall revert to the Company.

6.14 There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the Board considers appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The Board may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident Shareholders are present.

6.15 The Ordinary Shares rank *pari passu* as a class in terms of preference, restriction and all other rights.

6.16 Section 983 of the Act provides that if, within certain time limits, an offer is made for the share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which the offer relates and in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares. The offeror would effect the compulsory acquisition by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and, six weeks from the date of the notice, pay the consideration for the shares to the Company to hold on trust for the outstanding shareholders. The consideration offered to shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration available under the takeover offer.

6.17 Section 983 of the Act permits a minority Shareholder to require an offeror to acquire its shares if the offeror has acquired or contracted to acquire shares in the Company which amount to not less 90 per cent. in value of all the voting shares in the Company and carry not less than 90 per cent. of voting rights. Certain time limits apply to this entitlement. If a Shareholder exercises its rights under these provisions, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. Directors', Proposed Directors', Selling Shareholders and Other Interests

7.1 As at the date of this document and as expected to be immediately following the Placing and Admission, the holdings of the Directors, the Proposed Directors and any other applicable employee of the Company (as defined in the AIM Rules), and their families in the share capital of the Company: (i) which would have been required to be notified by the Company pursuant to Rule 17 of the AIM Rules; or (ii) which are holdings of a person connected (within the meaning of section 252 of the Act) with a Director or the Proposed Directors which would, if the connected person were a director of the Company, be required to be disclosed under (i) above and the existence of which is known to or could with reasonable diligence be ascertained by the Directors and the Proposed Directors are as follows:

Name	*Number of Existing Ordinary Shares*	*% of the Existing Ordinary Shares*	*Number of Ordinary Shares following Admission*	*% of issued share capital following Admission*	*Number of Options following Admission*	*Number of Ordinary Shares under Warrant Options on Admission*	*Number of 2010 Warrants following Admission*
Martyn Churchouse	300,000	1.4	300,000	0.4	2,000,000	2,000,000	300,000
Mark Jones[1]	1,250,000	6.0	1,250,000	1.8	3,000,000	3,000,000	1,250,000
Douglas Chikohora	—	—	—	—	600,000	600,000	
Stephen Oke	—	—	—	—	750,000	750,000	
Michael McGarty	—	—	—	—	500,000	500,000	
Abdoulaye Cissé	2,375,000	11.4	2,175,000	3.1	500,000	500,000	2,175,000

[1] 200,000 of these Ordinary Shares are held by Jacqueline Jones, the wife of Mark Jones

7.2 *Selling Shareholders and Existing Ordinary Shares*

The name and address of each of the Selling Shareholders, the number of Existing Ordinary Shares being sold by each of the Selling Shareholders pursuant to the Selling Shareholders' Agreement and details of any material relationships between them and the Company within the three years preceding the date of this document are set out below:

Name and address of Selling Shareholder	*Number of Existing Ordinary Shares being sold in the Placing*	*Details of material relationship with the Company*
Henshaw Limited Henville Building, Prince Charles Street, Charlestown, Nevis, Federation of St Kitts and Nevis	500,000	Beneficially owned by Mr J Hawke, a director of New Mines
Timothy Hawke 51 Ladbroke Road, Redhill, Surrey RH1 1JU	60,000	Brother of Mr J Hawke, a director of New Mines
Leslie Wright Old Stable Cottage, 36 Newtown Road, Warsash, Soton, SO31 9F2	500,000	Director of New Mines
Abdoulaye Cissé Baco Djicorni ACI Rue, Porte 635, Mali, Republic of Mali	200,000	Director of New Mines
Souylemane Sangare c/o Eurekageo, Hamdallaye, Zone ACI, Ave Chieck Zayed, Bomako, Republic of Mali	100,000	Contractor of Tobon Tondo
Baby Ben Bollo Baco Djicorni, Rue 608, Porte 234, Bomako, Republic of Mali	200,000	Office manager of Tobon Tondo

7.3 Save as disclosed in sub-paragraph 7.1 above and this sub-paragraph 7.3 the Company is not aware of any holding (within the meaning of the AIM Rules) in the Company's ordinary share capital which amounts or would, immediately following the Placing and Admission, amount to 3 per cent. or more of the Company's issued ordinary share capital other than the following:

Name	*Number of Existing Ordinary Shares*	*% of the Existing Ordinary Shares*	*Number of Ordinary Shares following Admission*	*% of issued share capital following Admission*	*Number of 2010 Warrants following Admission*
Artemis Investment Management Ltd	–	–	7,500,000	10.6%	7,500,000
Geiger Counter Limited	–	–	5,000,000	7.1%	5,000,000
Golden Prospect Precious Metals Limited	–	–	2,500,000	3.5%	2,500,000
City Natural Resources High Yield Trust	–	–	2,500,000	3.5%	2,500,000
Abdoulaye Cisse	2,375,000	11.4%	2,175,000	3.1%	2,175,000

The voting rights of the Shareholders set out in sub-paragraphs 7.1 and 7.3 do not differ from the voting rights held by other Shareholders.

7.4 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors or the Proposed Directors, nor are there any outstanding loans or guarantees provided by the Directors or Proposed Directors to or for the benefit of the Company.

7.5 Save as disclosed in this paragraph 7, no Director or Proposed Directors has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

7.6 Save as otherwise disclosed in this document, none of the Directors or the Proposed Directors nor any member of their respective families nor any person connected with the Directors or Proposed

Directors (within the meaning of section 252 of the Act) has any holding, whether beneficial or otherwise, in the share capital of the Company.

7.7 None of the Directors or the Proposed Directors nor any member of their respective families is dealing in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or a fixed odds bet.

8. Directors' and Proposed Directors' Service Agreements/Letters of Appointment

8.1 On 22 October 2010, J Cubed Ventures Limited entered into a consultancy agreement with the Company under the terms of which J Cubed Ventures Limited agreed to supply Mark Jones to provide the services of overall management, supervision and control of the business of the Company and its affiliates including the performance of technical and commercial evaluations of the Company's and its affiliates' interests for a fee of £150,000 per annum. Under this agreement Mark Jones is required to provide services for a minimum of three days per week for the Company. The agreement is conditional on Admission and is terminable on 12 months' written notice on either side. If the Company terminates the agreement with J Cubed Ventures Limited as a result of a change in control of the Company during the term of the agreement, J Cubed Ventures Limited shall be entitled to a sum equivalent to one half of the annual fee payable to J Cubed Ventures Limited inclusive of any notice payment. The consultancy agreement contains a non-compete, non-solicitation and dealing with customers/clients and non-solicitation of key staff restrictions which are for a 6 month period following termination.

8.2 On 22 October 2010, Martyn Churchouse entered into a service agreement with the Company under the terms of which Martyn Churchouse agreed to act as Technical Director of the Company for a salary of £125,000 per annum inclusive of directors' fees. The appointment is conditional on Admission and is terminable on 12 months' written notice on either side. The service agreement contains non-compete, non-solicitation and dealing with customers/clients and non-solicitation of key staff restrictions which are for a 6 month period following termination.

8.3 On 22 October 2010, Douglas Chikohara entered into a letter of appointment with the Company under the terms of which Douglas Chikohara agreed to act as non-executive director of the Company for a fee of £25,000 per annum. The appointment is conditional upon Admission and is terminable on 6 months' written notice on either side.

8.4 On 22 October 2010, Stephen Oke entered into a letter of appointment with the Company under the terms of which Stephen Oke agreed to act as a non-executive director of the Company for a fee of £40,000 per annum. The appointment is conditional on Admission and is terminable on 6 months' written notice on either side.

8.5 Save as disclosed in sub-paragraphs 1.1 to 8.4 above, there are no service contracts, existing or proposed, between any Director or Proposed Directors and the Group.

8.6 There are no service contracts in place between the Company and any subsidiary and any member of the administrative, management or supervisory bodies which provides for benefits on termination of employment.

8.7 None of the Directors or the Proposed Directors were in office during the Company's last financial year.

9. Additional Information on the Directors and Proposed Directors

9.1 In addition to directorships held with the Company the Directors and the Proposed Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

Director/Proposed Director	*Age*	*Current Directorships and Partnerships*	*Past Directorships and Partnerships*
Martyn Churchouse	51	Carlton Resources Plc	Golden Prospect Mining Company Limited
		Nyota Minerals Limited	Iberian Mining Limited
		Nyota Minerals (Ethiopia) Limited	KimCor Diamonds Limited
			Sarah Rossi Limited

Director/Proposed Director	*Age*	*Current Directorships and Partnerships*	*Past Directorships and Partnerships*
Mark Jones	50	School Farm Court Management Company Limited J Cubed Ventures Limited Aurum Mining Plc Danwet DIIS Limited	—
Douglas Chikohora	51	Cluff Gold (Mali) Limited Cluff Africa Associates UK Ltd Cluff Mining (West Africa) Limited Cluff Gold Plc Cluff Gold (West Africa) Limited	Mwana Mining (Zimbabwe) Holdings Limited
Stephen Oke	56	International Ferro Metals Limited BSG Resources Limited DB Petroleum Ridgway Mining Limited	Kazakhgold Group Limited Luanshya Copper Mines plc Chambishi Metals plc Nikanor plc Katanga Mining Limited

9.2 Save as disclosed above none of the Directors or the Proposed Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

10. Employees

As at 30 June 2010, the Group had eight employees. As at the date of this document, the Group has 12 employees.

11. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or a member of the Group within the two years immediately preceding the date of this document and are, or may be, material:

11.1 The Placing Agreement dated 22 October 2010 between the Company (1), the Directors (2) the Proposed Directors (3) and Singer (4) pursuant to which conditional upon, *inter alia*, Admission taking place on or before 9:00 a.m. on 1 November 2010 (or such later time and or date as the Company and Singer may agree being not later than 15 November 2010) Singer has agreed to use reasonable endeavours to procure subscribers for 50,000,000 Placing Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains warranties from the Company, the Directors and the Proposed Directors and indemnities from the Company in favour of Singer together with provisions which enable Singer to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Company, the Directors and Proposed Directors for breach of warranty is limited. Under the Placing Agreement the Company has agreed to pay Singer a fee of £150,000 and commission of five per cent. of the value of the Placing Shares for which subscribers are procured by Singer, and two per cent. of the value of the Placing Shares otherwise procured in each case, at the Placing Price.

The Directors and Proposed Directors have undertaken that they will not dispose of Ordinary Shares save in accordance with Rule 7 of the AIM Rules until one year from the date of Admission and then for a further 12 months will only dispose of Ordinary Shares through the Company's broker from time to time.

11.2 A Nominated Adviser and Broker Agreement dated 22 October 2010 between the Company (1) and Singer (2) pursuant to which the Company has appointed Singer to act as Nominated Adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay Singer a fee of £30,000 per annum for annum for its services as Nominated Adviser under this agreement. The agreement contains certain undertakings and indemnities given by the Company, in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and, thereafter, is subject to termination on the giving of three months' notice.

11.3 The 2010 Warrant Instrument pursuant to which the Company has constituted the 2010 Warrants to subscribe for Ordinary Shares at the Placing Price exercisable at any time nor to the second anniversary of Admission. Further details of the terms of the 2010 Warrant Instrument are set out in paragraph 4.1 of this Part 5.

11.4 Lock-in agreements dated 22 October 2010 between the Company (1), Singer (2) and each of the Rule 7 Shareholders (3) holding a total of 1,550,000 Ordinary Shares, pursuant to which each of the Rule 7 Shareholders have undertaken to Singer and the Company (subject to certain limited exceptions including, disposals by way of acceptance of a takeover offer for the entire issued share capital of the Company) that they will not, and they procure that their Associates will not, dispose of any interests in Ordinary Shares for 12 months from the date of Admission and then for a further 12 months will only dispose of Ordinary Shares in an orderly fashion through the Company's broker from time to time.

11.5 Lock-in agreements dated 22 October 2010 between the Company (1), Singer (2) and each of the Non-Rule 7 Shareholders (3) holding a total of 8,262,500 Ordinary Shares, pursuant to which each of the Non-Rule 7 Shareholders have undertaken to Singer and the Company (subject to certain limited exceptions including, disposals by way of acceptance of a takeover offer for the entire issued share capital of the Company) that they will not dispose of any interests in Ordinary Shares for 12 months from the date of Admission and then for a further 12 months will only dispose of Ordinary Shares in an orderly fashion through the Company's broker from time to time.

11.6 The Acquisition Agreement dated 26 August 2010 between Henshaw Limited (1) and the Company (2) for the sale and purchase of the entire issued share capital of New Mines for an aggregate consideration of 20,811,500 Ordinary Shares. The beneficial ownership in the New Mines Shares was transferred to the Company on 26 August 2010 and the legal title will pass upon Admission. The

Acquisition Agreement contains certain warranties from both Henshaw Limited and the Company to each other.

11.7 A deed of indemnity dated 22 October 2010 between Jeremy Nicholas Hawke, Michael Stephen Johnson, Abdoulaye Omar Cissé and Leslie Irvine Wright ("**New Mines Directors**") (1), the Company (2), and Singer (3) pursuant to which the New Mines Directors severally indemnify the Company for any liabilities arising out of or in connection with (directly or indirectly), *inter alia*, the Acquisition, the Acquisition Agreement, and any breach of the representations provided in the deed. The liability of the New Mines Directors under the deed is capped at the value of Ordinary Shares held by the New Mines Directors multiplied by the Placing Price.

11.8 A letter of authorisation dated 9 August 2010 between the Company (1), Mark Jones (2), Martyn Churchouse (3), New Mines (4) and Carlton Resources Plc ("Carlton") (5) for the assignment of all rights, title, interest and benefit in and to all documentation in connection with the aborted acquisition by Carlton of the entire issued share capital of Tobon Tondo and the subsequent re-admission of Carlton. The Company assumed the debts of £50,000 and £25,000 owed to Memery Crystal LLP and BDO LLP respectively and New Mines issued and allotted 400,000 shares without par value in the capital of New Mines ("New Mines Shares") in consideration of such assumption. The New Mines Shares were exchanged for 400,000 Ordinary Shares on 26 August 2010 pursuant to the terms of the Acquisition Agreement.

Tobon Tondo

11.9 A sale and purchase agreement dated 27 September 2008 between Abdoulaye Cissé (1) and New Mines (2) pursuant to which, conditional upon the completion of a cessation de parts (completed on 3 November 2009), it was agreed that the whole of the issued share capital of Tobon Tondo, including the Permits, be transferred to New Mines in consideration for the issue of 2,000,000 shares in New Mines ("NM Shares") to Mr Cissé. Mr Cissé transferred the NM Shares to the Company pursuant to the Acquisition Agreement. The agreement contained warranties given by New Mines relating to the NM Shares in New Mines and by Tobon Tondo in relation to the shares in Tobon Tondo and the performance of the agreement.

New Mines

11.10 An acquisition agreement dated 19 December 2008 between Eastbound Resources Limited ("**Eastbound**") (1) and New Mines (2) pursuant to which New Mines acquired all geological results and technical reports relating to the Permits owned by Eastbound or in Eastbound's possession in consideration for the issue of 500,000 shares in New Mines to Eastbound ("Eastbound Shares"). The Eastbound Shares were transferred to the Company pursuant to the Acquistion Agreement. The agreement contained warranties given by New Mines relating to the Eastbound Shares and by Eastbound in relation to the ownership of the data and knowledge of any breach of the Permits.

11.11 The Karan Permit was granted by a Decree of the Mali Government on 25 January 2010 (the "Karan Decree") pursuant to the terms of a setting up agreement between the Mali Government and Tobon Tondo dated 9 January 2010 (the "Karan Setting Up Agreement"). The Karan Permit is valid for three years, and extends over an area of 250 Km2 in the Circle Koulikoko Region of Mali (as summarised in the table in paragraph 2 of Part 1 of this document). A summary of Tobon Tondo's obligations and the minimum expenditure requirements under the Setting Up Agreement and the Karan Decree in relation to the Karan Permit are set out in paragraph 2.3 of Part 1 of this document.

11.12 The Diatissan Permit was granted by a Decree of the Mali Government on 20 December 2002 (the "Diatissan Decree") pursuant to the terms of a setting up agreement between the Mali Government and Tobon Tondo dated 3 June 2002 (the "Diatissan Setting Up Agreement"). The Diatissan Permit is valid for three years, and extends over an area of 16 Km^2 in the Kayes Region of Mali (as summarised in the table in paragraph 2 of Part 1 of this document). A summary of Tobon Tondo's obligations and the minimum expenditure requirements under the Setting Up Agreement and the Diatissan Decree in relation to the Diatissan Permit are set out in paragraph 2.3 of Part 1 of this document.

12. Dependence on Intellectual Property etc.

The Group is not dependent on any patents, licences, industrial, commercial or financial contracts or new manufacturing processes which have a material effect on the Group's business or profitability.

13. Related Party Transactions

Save as described in paragraph 12 of Part 4 of this document during the period from 30 June 2010 to the date of this document, no member of the Group has entered into any related party transactions.

14. Litigation

No member of the Group is involved or has been involved in any governmental, legal or arbitration proceedings in the previous twelve months which may have or have had in the recent past a significant effect on the Group's financial position or profitability and, so far as the Directors and the Proposed Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

15. No Significant Change

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since the date of its incorporation or of New Mines and Tobon Tondo since 30 June 2010.

16. Working Capital

The Directors and the Proposed Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Placing that, following Admission, the Group will have sufficient working capital for at least 12 months from the date of Admission.

17. Taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC and may not apply to certain Shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes. They relate to persons who are resident and ordinarily resident in the UK for UK tax purposes, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares directly as an investment.

Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her professional advisers immediately.

17.1 ***Dividends***

The Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK (for tax purposes) and who receives a dividend from the Company will generally be entitled to a tax credit which such Shareholder may set off against his total income tax liability on the dividend. The tax credit will be equal to ten per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received. A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of ten per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholders's liability to income tax on the dividend.

A UK resident individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the gross dividend at the rate of 32.5 per cent. A UK resident individual Shareholder who is liable to tax at the new 'additional' rate will be liable to tax on the gross dividend at the rate of 42.5 per cent. The gross dividend will be regarded as the top slice of the Shareholder's income. After taking into account the 10 per cent. tax credit, a higher rate tax payer will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the net cash dividend received). An individual paying 'additional' rate income tax will have to account, after taking into account the 10 per cent. tax credit, for tax equal to 32.5 per cent. of the gross dividend (which is also equal to approximately 36 per cent. of the net cash dividend received).

It will not be possible for UK resident Shareholders to claim repayment of the tax credit in respect of dividends.

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that the dividends paid by the Company would normally be exempt. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

17.2 ***Chargeable gains***

For the purpose of UK tax on chargeable gains, the amount paid by a Shareholder for Ordinary Shares will constitute the base cost of his holding. If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost which can be allocated against the proceeds, the Shareholder's circumstances and any reliefs to which they are entitled. In the case of corporateShareholders, indexation allowance will apply to the amount paid for the shares.

The current rate of tax is 18 per cent. for individuals paying the 'basic' rate of tax and 28 per cent. for individuals paying the higher rate of tax. Trustees, personal representatives and corporate Shareholders will pay tax at a rate of 28 per cent.

17.3 ***Inheritance tax***

Ordinary Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift of such shares by, or on the death of, an individual Shareholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the Shareholder is neither domiciled nor deemed to be domiciled in the UK.

UK inheritance tax is a complex area and individuals should obtain their own advice in respect of this.

17.4 ***Stamp duty and stamp duty reserve tax ("SDRT)***

No stamp duty or stamp duty reserve tax will generally be payable on the issue of Ordinary Shares.

18. General

18.1 The gross proceeds of the Placing are expected to be £5.0 million. The total costs and expenses relating to Admission and the Placing are payable by the Company and are estimated to amount to approximately £0.65 million (excluding Value Added Tax). The net proceeds of the Placing are expected to be £4.3 million.

18.2 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

18.3 BDO LLP has given and not withdrawn its written consent to the inclusion in this document of its report set out in Section A of Part 4 in the form and context in which it appears.

18.4 Singer has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.

18.5 Al Maynard & Associates, of Suite 9/280 Hay Street, Subiaco, 6008, Western Australia is responsible for the preparation of the report included at Part 3 of this Admission Document. This report was prepared at the request of the Company. Al Maynard & Associates has given and not withdrawn its written consent to the inclusion in this document of the report, in the form and context in which it is included. Al Maynard & Associates has no material interest in the Group.

18.6 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company, the Directors and the Proposed Directors are aware and are able

to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18.7 The accounting reference date of the Company is 31 December.

18.8 The Placing Price represents a premium over nominal value of 9 pence per Ordinary Share.

18.9 It is expected that definitive share certificates and certificates for the 2010 Warrants will be dispatched by hand or first class post by 8 November 2010. In respect of uncertificated Ordinary Shares, it is expected that Shareholders' CREST stock accounts will be credited on 1 November 2010.

18.10 Save as disclosed above no person directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this document) in the last 12 months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

19. Availability of Admission Document

Copies of this Admission Document are available free of charge from the Company's registered office and at the offices of Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 22 October 2010

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