

21 September 2012

The Company Announcements Platform
Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000

ASX ANNOUNCEMENT

PROSPECTUS

Please find attached a copy of a prospectus which has been lodged with the Australian Securities and Investments Commission today.

On behalf of the board



Nathan Taylor
Chairman
Meridien Resources Limited

For personal use only



STONEWALL

RESOURCES

Meridien Resources Limited to be renamed **Stonewall Resources Limited**
ACN 131 758 177 PROPOSED ASX CODE: SWJ

PROSPECTUS

For an offer of 15,000,000 Shares at an issue price of \$0.20 per Share to raise \$3,000,000.

Oversubscriptions for up to a further 35,000,000 Shares at an issue price of \$0.20 per Share to raise up to a further \$7,000,000 may be accepted.

The Offer is conditional upon Shareholders approving, at the General Meeting to be held on 2 October 2012, a change in nature and scale of activities and the issue of the Shares offered by this Prospectus.

Important notice This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities. This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered highly speculative.

IMPORTANT INFORMATION

Change in nature and scale of activities and re-compliance with Chapters 1 and 2 of the ASX Listing Rules

As announced to the ASX on 23 January 2012 and 6 July 2012, the Company has entered into a share sale agreement pursuant to which it agreed, subject to Shareholder approval, to initially acquire approximately 80% of the issued shares of Stonewall Mining Proprietary Limited (Registration No. 2010/004367/07) (**Stonewall**).

Stonewall is a South African company that has a 74% interest in Transvaal Gold Mining Estates Limited and Sabie Mines Proprietary Limited. Stonewall also has an 84% interest in Bosveld Mines Proprietary Limited (which will decrease to a 74% interest).

The Company has also entered into a put and call option agreement to acquire the remaining issued shares of Stonewall. The acquisition of shares in Stonewall will result in a significant change in the nature and scale of the Company's activities which requires approval of its Shareholders under Chapter 11 of the ASX Listing Rules. The Company has convened a General Meeting to be held on 2 October 2012 to seek Shareholder approval for, amongst other approvals, the acquisition of shares in Stonewall and the change in the nature and scale of the Company's activities. The Offer under this Prospectus is conditional on receipt of such Shareholder approvals.

The Company's securities will be suspended from trading on ASX from the date of the General Meeting and will not be reinstated until satisfaction of the conditions to the Offer and ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotations on the ASX. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotations on ASX then the Company will not proceed with the Offer and will repay all application monies received.

Important notice

This Prospectus is dated 21 September 2012 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will apply for admission of the Shares to quotation on ASX within 7 days after the date of this Prospectus.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors in connection with the Offer.

This Prospectus does not constitute an offer of Shares in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions.

Competent Person

The information in this Prospectus that relates to Mineral Resources, as that term is defined in accordance with the JORC Code, of Stonewall and its subsidiaries is based on information compiled by Charles Muller who is a Member or Fellow of a Recognised Overseas Professional Organisation (**ROPO**) included in a list promulgated by the ASX from time to time. Charles Muller is a director of Minxcon (Pty) Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration, Mineral Resources and Ore Reserves'.

Risk factors

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to the summary in the Investment Overview Section and Section 12 of the Prospectus.

Photographs

Photographs of assets used in this Prospectus are assets of the Stonewall Mining Group.

General

All amounts are in Australian dollars unless otherwise specified.

Throughout this document references to 'the Company' or 'Stonewall Resources Limited' are made on the basis that the Stonewall Acquisition is complete and the Company has satisfied the requirements of Chapters 1 and 2 of the ASX Listing Rules.

All references to time are to the time in Sydney, New South Wales.

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INDICATIVE KEY DATES

Lodgement of Prospectus with ASIC	21 September 2012
Opening Date	22 September 2012
Suspension of the Company's securities from trading on the ASX (at the opening of trade)	2 October 2012
General Meeting	2 October 2012
Closing Date	19 October 2012
Despatch of Holding Statements	26 October 2012
Expected date for re-quotation on ASX	10 November 2012

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.



1. CHAIRMAN'S LETTER

Dear Investor,

On behalf of my fellow Directors, I am pleased to present this opportunity for you to become a Shareholder in our Company.

In recent times, the Company has made several announcements regarding its intention to acquire Stonewall Mining Proprietary Limited (**Stonewall**). The acquisition is subject to Shareholder approval, which is being sought at a General Meeting to be held on 2 October 2012.

If Shareholders approve the acquisition, the Company will be renamed Stonewall Resources Limited and will hold, in addition to the Company's current projects, a range of prospective gold assets, several of which are located in world-renowned South African gold mining regions. These South African assets include several surface and near-surface gold mineralisations – broadly characterised as historical tailings dams and dumps, near-surface alluvial deposits, and outcropping mineralised quartz veins and fractures – that provide significant cost advantages relative to operating more conventional deep mining operations.



Following the acquisition of Stonewall, the Company will have three key projects:

- < the **TGME Project**, located around the towns of Pilgrims Rest and Sabie in the Mpumalanga Province of South Africa (one of South Africa's oldest gold mining districts);
- < the **Bosveld Project** located in South Africa's KwaZulu-Natal Province; and
- < the **Lucky Draw Project** located in Australia, near the township of Burruga in New South Wales.



The Company's key objective in the near-term is to focus on a significant exploration program to identify additional potential Mineral Resources to establish long-term mining plans.

To meet this objective, the Company intends to initially focus its energies on its TGME Project where it has already been granted a number of Mining Rights and Prospecting Rights.

The TGME Project features several surface, near-surface and underground gold mineralisations with significant Mineral Resources as detailed in Section 4.1.

The near-term objective of the Company's exploration target is to identify an additional 330,000 to 3,070,000 Inferred ounces by end 2013. In addition, the Company is targeting an upgrade of between 399,000 and 665,000 ounces Inferred to Indicated by end 2013.

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The Company is seeking to raise at least \$3,000,000 through the issue of 15,000,000 Shares at an issue price of \$0.20 per Share. Oversubscriptions of up to a further 35,000,000 Shares to raise up to a further \$7,000,000 may be accepted.

The funds raised will be used to help accelerate the exploration and drilling program that has been designed in conjunction with the Competent Person which is already underway.

The program consists of both short and long-term measures, including feasibility studies on future mining operations and the building of new plants.

Stonewall is also currently processing gold from tailings dams and dumps located within its TGME Project, from which it is earning revenue.

Stonewall has well developed plant and surface infrastructure at both the TGME Project and Bosveld Project areas. It is well maintained and with deposition facilities and installed power is adequate to satisfy the near-term requirements of the Company.

The Board of Directors believes the Company is extremely well positioned in the immediate term, particularly in relation to funding. Most recently, Stonewall's largest shareholder – Khan International Limited – entered into a subscription agreement to invest a further US\$10,000,000 in Stonewall under a private placement, which on a "look through" basis for the Company implies an issue price of \$0.194. These funds are in addition to the \$3,000,000 to \$10,000,000 being raised through this Offer. The funds raised through the private placement will initially be used by Stonewall to commence exploration and drilling activities. In addition, these funds will be used to upgrade the tailings plant located within the Bosveld Project.

This Prospectus contains detailed information about the Offer, the Company and its prospects, as well as the key risks associated with investing in the Company. I encourage you to read this Prospectus carefully and in its entirety before making an investment decision.

The Board is genuinely excited about the many opportunities the restructured Company will hold, most particularly in relation to its future potential. On behalf of the Board, I commend the Offer to you and look forward to welcoming you as a Shareholder.

Yours faithfully,



Nathan Taylor
Chairman



2. INVESTMENT OVERVIEW

This information is a selective overview only. Investors should read the Prospectus in full, including the Experts' Reports in Sections 7 to 11 (inclusive) before deciding whether to invest in Shares. In particular investors should consider the risk factors that could affect the financial and operating performance of the Company described in Section 12.

<p>Who is making the Offer?</p>	<p>The Company is an Australian public company listed on the official list of the ASX (current ASX code: MRJ).</p> <p>As announced to the market on 6 July 2012, the Company has entered into:</p> <ul style="list-style-type: none"> < a share sale agreement with the non-South African shareholders (Non-South African Stonewall Shareholders) of Stonewall (Share Sale Agreement) to initially acquire approximately 80% of the issued share capital of Stonewall from the Non-South African Stonewall Shareholders; and < a put and call option agreement (Option Agreement) with the South African shareholders of Stonewall (South African Stonewall Shareholders) to acquire the remaining issued share capital of Stonewall. <p>The acquisition of Stonewall will result in a substantial change in the nature and scale of the Company's activities. This requires the approval of Shareholders under Chapter 11 of the ASX Listing Rules, which is proposed to be obtained at the General Meeting to be held on 2 October 2012, and the ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.</p> <p>Further information regarding the Company and the acquisition of Stonewall is set out in Section 4 of this Prospectus.</p>
<p>What is the Company's business?</p>	<p>The current activities of the Company will be merged with the activities of Stonewall, if the Stonewall Acquisition proceeds.</p> <p>The Company's current activities include gold exploration stemming from its primary tenement, the Lucky Draw tailings dam. More recently, the Company acquired two additional tenements being Springfield and Weelah, in addition to entering into an active farm-in agreement with respect to Mt David.</p> <p>Stonewall holds:</p> <ul style="list-style-type: none"> < a 74% interest in Transvaal Gold Mining Estates Limited (TGME) and Sabie Mines Proprietary Limited (Sabie). As at October 2011, TGME and Sabie (located in the eastern gold fields of South Africa) together have significant Mineral Resources which are detailed in Section 4.1 of the Prospectus; and < an 84% interest in Bosveld Mines Proprietary Limited (Bosveld). Bosveld is the holder of the Bosveld project (Bosveld Project), which contains two areas of gold mineralisation in the Klipwal Mine and Kortnek Mine prospect area. This will be decreased to a 74% interest (see Section 13.5(d) for further details). <p>Each of these companies have extensive mines infrastructure.</p>
<p>How will the Company make money?</p>	<p>The Company's key objective in the near-term is to focus on a significant exploration program to identify additional potential Mineral Resources to establish long-term mining plans.</p> <p>Following the Stonewall Acquisition the Company will have three key projects – the TGME Project and the Bosveld Project (based in South Africa) and the Lucky Draw Project (based in Australia). These projects are described in further detail in Sections 4.4, 8 and 9. To meet its objective of transitioning from a gold exploration company to a gold producer, the Company intends to initially focus its energies on its TGME Project.</p> <p>The Company is currently processing gold from the TGME plant tailings dam and plans to assess and, if viable, process gold from several other tailings and surface projects.</p>

<p>How will the Company make money? (continued)</p>	<p>In the medium term, the Company also has identified four key prospect areas within the TGME Project that potentially have significant existing resources. The four candidate mines are Vaalhoek, Beta, Rietfontein and Glynn's.</p> <p>In the longer term, the Company has access to nearly 40 additional historical mines and prospect areas that can be assessed and explored.</p> <p>Further information regarding the Company's business model is set out in Section 4 of this Prospectus.</p>
<p>What are the key dependencies affecting the Company?</p>	<p>The success of the Company will be subject to the following key dependencies:</p> <ul style="list-style-type: none"> < the successful transition from a gold exploration company to a gold producer; < maintaining healthy employees and minimising disease outbreaks; < steady domestic and international prices for gold; < maintaining all required mining leases and tenements; < maintaining favourable relations with the local community as one of their black economic empowerment partners at all of the Company's projects in South Africa to ensure local community support of future projects, better labour relations and governmental support; and < steady demand for gold. <p>Further information on key dependencies is set out in Section 4.6 of this Prospectus.</p>
<p>What are the key benefits associated with the Company's business?</p>	<p>The Company is seeking Shareholder approval (at a General Meeting to be held on 2 October 2012) to, amongst other things, acquire Stonewall Mining Proprietary Limited and rename itself Stonewall Resources Limited.</p> <p>If Shareholders approve the acquisition, the Company will hold, in addition to the Company's current projects, a range of prospective gold assets, several of which are located in world-renowned South African gold mining regions. These South African assets include several surface and near-surface gold deposits.</p> <p>The Company's key objective in the near-term is to focus on a significant exploration program to identify additional potential Mineral Resources to establish long-term mining plans.</p> <p>To meet this objective, the Company's TGME Project – located in South Africa's Mpumalanga Province – will be a key point of focus for the Company's exploration plans in the near to longer-term.</p> <p>The TGME Project is situated within the historical Sabie-Pilgrim's Rest Goldfield, one of South Africa's oldest gold mining districts with historical production estimated at 200 tonnes of gold (6 million ounces).</p> <p>The TGME Project's Mineral Resources are detailed in Section 4.1 of the Prospectus. The near-term objective of the Company's exploration strategy is to identify an additional 330,000 to 3,070,000 Inferred ounces of Mineral Resources by end 2013, including an upgrade of between 399,000 and 665,000 ounces Inferred to Indicated by end 2013.</p> <p>Approximately 6,000 ounces of gold per annum are currently being processed from tailings dams and dumps located within the TGME Project. The identification of the additional Mineral Resources outlined above is expected to allow the Company to establish long-term mining plans.</p> <p>The Company also has access to nearly 40 additional historic mines and prospect areas that can be assessed and explored.</p>

2. INVESTMENT OVERVIEW

What are the key risks associated with the Company's business, the Shares and the Offer?

Potential investors should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks and an investment in the Company is highly speculative.

Set out below are some of the key investments risks that the Company is exposed to if the Stonewall Acquisition proceeds. Further risks associated with an investment in the Company are outlined in Section 12.

Tenure risk: The TGME Project is currently held by TGME and Sabie. The Bosveld Project is currently held by Bosveld. Stonewall has a 74% stake in the TGME and Sabie and an 84% stake in Bosveld. While the Company will have a controlling interest in TGME, Sabie and Bosveld, who hold their respective projects, it will not be the holder of those projects and therefore does not have complete control over them. This means the Company is reliant on TGME, Sabie and Bosveld to fulfil the obligations of the MPRDA attaching to the projects. In the event that TGME, Sabie and Bosveld do not fulfil their obligations under the MPRDA, the Company may lose tenure of the projects.

Labour risk: The Company's operations may be adversely affected by labour disputes or changes in South African and Australian labour laws. Significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could disrupt operations and affect the profitability of the prospecting rights and any future mining and exploration activities undertaken by the Company.

Complex metallurgy: Reefs throughout the Sabie-Pilgrims Rest Goldfields are characterised by a variety of highly irregular gold mineralisation styles. While significant progress has been made in recent years in terms of gold recoveries of refractory gold-bearing materials, processing of the gold-bearing material remains problematic. As a result, expected gold recoveries can be irregular.

Flooding: The average rainfall in the TGME Project area is more than 1200 mm per annum. Most of the rain occurs between October and April and, while underground and surface mining operations can continue throughout the year, water ingress remains an issue and needs to be closely monitored and managed to avoid the risk of underground mines flooding.

Exploration and development risk: The Company's tenements as described in this Prospectus are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings which can be impacted by force majeure circumstances, cost over-runs, inconsistent grades and other unforeseen events.

Title risk: The Company's ability to fully exploit its assets will be dependent upon its ability to maintain or obtain tenure to exploration and mining licenses, and to comply with conditions imposed on such tenure.

Dependence on key personnel: The Company's success depends to a significant extent on the personnel engaged to provide key management services to the Company. Inability to secure senior project managers with the proper qualifications or the loss of the services of certain employees or key personnel of those consultants could have an adverse effect upon the Company and its activities.

Gold price: If the Company commences production, the Company's financial performance will be sensitive to the spot price of gold. Accordingly, results from operations could be materially affected if gold prices fall for any significant period.

What key financial information do investors need to know?	<p>Assuming the Company raises the Minimum Subscription of \$3,000,000 the Company's unaudited proforma consolidated statement of financial position as at 29 February 2012 has net assets of US\$26,569,000. This takes into account a range of subsequent events and transactions, as set out in further detail in Section 6 and is made up of US\$31,182,000 of assets (including cash and cash equivalent of US\$12,557,000 and intangible assets, including Mineral Rights, of US\$12,601,000) and liabilities of US\$5,613,000.</p> <p>Financial information relating to the Company and Stonewall is set out in Section 6.</p>
Who will benefit from the Offer?	<p>The Offer is being made to acquire Stonewall and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities as a result of the acquisition of Stonewall.</p> <p>Entities associated with Mr Trevor Fourie and Mr David Murray (Directors) are shareholders of Stonewall. They will therefore benefit from the acquisition of Stonewall and the Offer. Further details are provided in the notice of meeting for the General Meeting lodged with ASX, which is available free of charge by contacting the Company during normal business hours or by downloading a copy from the Company's website at www.meridienresources.com.au, and Section 13.2 of this Prospectus.</p>
What is the Offer?	<p>15,000,000 new fully paid ordinary shares in the capital of the Company (Shares) are being offered by the Company to raise at least \$3,000,000. Oversubscriptions for up to a further 35,000,000 Shares are also being offered by the Company to raise a further \$7,000,000.</p>
What is the Offer Price?	<p>The Offer Price is \$0.20 (20 cents) per Share.</p>
What is the effect of the Offer?	<p>The effect of the Offer on the capital structure of the Company is depicted in the table in Section 3.7 of this Prospectus.</p>
What are the key dates of the Offer?	<p>The key dates of the Offer are detailed in the indicative timetable in Section 3.5 of this Prospectus.</p>
How will the Company use the proceeds from the Offer?	<p>The Company intends to apply funds raised from the Offer together with existing cash reserves for implementing its planned exploration program, make tenement acquisitions, complete the Stonewall Acquisition and pay the costs of the Offer.</p> <p>Further details regarding the use of the proceeds from the Offer are set out in Section 3.6 of this Prospectus.</p>



3. DETAILS OF THE OFFER

3.1 The Offer

This Prospectus invites investors to apply for a total of 15,000,000 Shares at an issue price of \$0.20 (20 cents) per Share to raise at least \$3,000,000 before expenses of the Offer. Oversubscriptions of up to a further 35,000,000 Shares at an issue price of \$0.20 (20 cents) per Share to raise up to a further \$7,000,000 may be accepted.

The Shares offered under this Prospectus will rank equally in all respects with the Shares already on issue. Further details of the rights attaching to Shares are set out in Section 14.1.

3.2 Change in nature and scale of activities

At the General Meeting of Shareholders to be held on 2 October 2012, Shareholders will be asked to vote on the following resolutions:

- a. a change in the nature and scale of the Company's activities;
- b. the issue of securities to acquire Stonewall;
- c. approval for Khan International Limited to increase its relevant interest;
- d. a change in the Company's name;
- e. the issue of Shares and Options to a consultant;
- f. the issue of Shares to stakeholders;
- g. the issue of Shares pursuant to this Prospectus;
- h. approval for Messrs Trevor Fourie and David Murray or their nominees to participate in the Offer;
- i. the ratification of the prior issue of bonus Shares;
- j. the ratification of the prior issue of Shares to sophisticated investors; and
- k. the placement of Shares to sophisticated investors.

Completion of the Offer is conditional on all of the above resolutions being approved by Shareholders.

3.3 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The Company's Shares will be suspended from Quotation on the ASX from the date of the General Meeting to approve the transactions associated with the change to the nature and scale of the Company's activities. The Company's Shares will not be reinstated to Quotation until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Recompliance with these Chapters involves, amongst other things, the following:

- a. issuing a prospectus;
- b. meeting the spread requirements, that is either:
 - i. at least 500 holders each with a parcel of the main class of securities with a value of at least \$2,000 (excluding restricted securities); or
 - ii. 400 holders with a parcel of securities with a value of at least \$2,000 (excluding restricted securities), and persons who are not related parties must hold at least 25% of securities quoted;
- c. meeting ASX's profit test or assets test; and
- d. having the entity's quoted securities issued or sold for at least 20 cents in cash.

In the event that the Company does not receive conditional approval for re-quotation on the ASX, it will not proceed with the Offer and will repay all application monies received. Should this occur, then the change to the nature and scale of the Company's activities will not eventuate and the Company's securities may remain suspended from quotation on the ASX.

3.4 Purpose of the Offer

The purpose of the Offer is to:

- a. meet the requirements of the ASX and re-comply with Chapters 1 and 2 of the ASX Listing Rules;
- b. complete the acquisition of Stonewall; and
- c. raise additional funds to accelerate new project execution and for general working capital purposes.

The Company is aiming to apply the funds raised from the Offer in the manner detailed in Section 3.6 below. On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

3.5 Indicative timetable

Lodgement of Prospectus with ASIC	21 September 2012
Opening Date	22 September 2012
Suspension of the Company's securities from trading on the ASX (at the opening of trade)	2 October 2012
General Meeting	2 October 2012
Closing Date	19 October 2012
Despatch of Holding Statements	26 October 2012
Expected date for re-quotation on ASX	10 November 2012

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

3.6 Use of proceeds

The Company intends to apply funds raised from the Offer together with existing funds over the first two years following re-quotation on ASX as follows:

	Minimum Subscription (\$3,000,000)	Maximum Subscription (\$10,000,000)
Funds available		
Existing cash balance ¹	\$9,000,000	\$9,000,000
Funds raised from the Offer	\$3,000,000	\$10,000,000
Total	\$12,000,000	\$19,000,000

	Minimum Subscription (\$3,000,000)	Maximum Subscription (\$10,000,000)
Allocation of funds		
Feasibility studies and rehabilitation planning ²	\$1,200,000	\$1,200,000
Exploration and drilling ²	\$3,500,000	\$6,500,000
New project generation ²	\$3,200,000	\$4,000,000
Administration ³	\$810,000	\$810,000
Expenses of the Offer ⁴	\$780,000	\$1,200,000
General corporate purposes	\$2,510,000	\$5,290,000
Total	\$12,000,000	\$19,000,000

Notes:

1. This includes the existing cash reserves of both the Company and Stonewall as at the date of the Prospectus.
2. As noted in Sections 2 and 4 the Company proposes initially focusing on the TGME Project. As a result, most of the funds are expected to be expended on the TGME Project.
3. Administration costs include payments toward wages, bonuses and superannuation of employees and directors, rent and outgoings, accounting fees, legal fees, ASX listing fees, auditing fees, insurances, share registry fees, travel expenses and all other items of a general administrative nature.
4. Refer to Section 14.6 for further details.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis. On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

In addition, to capitalise on other opportunities that may arise and depending on the success of its current activities, the Company may require debt or further equity fundraisings.

3. DETAILS OF THE OFFER

3.7 Capital structure

The capital structure of the Company following completion of the Offer and the Stonewall Acquisition is summarised below:

Quoted Shares

	Minimum Subscription Number of Shares	Maximum Subscription Number of Shares
Current¹	46,648,514	46,648,514
Shares to be issued pursuant to the Stonewall Acquisition ²	448,000,000	448,000,000
Shares to be issued to consultants ²	15,000,000	15,000,000
Shares to be issued to stakeholders ²	4,000,000	4,000,000
Shares to be issued pursuant to the Offer	15,000,000	50,000,000
Share to be issued to sophisticated investors	490,410	490,410
Following completion of the Offer and the change of activities	529,138,924	564,138,924

Options

	Minimum Subscription Number of Options	Maximum Subscription Number of Options
Current³	9,860,000	9,860,000
Options to be issued pursuant to the Stonewall Acquisition ^{2,4}	25,000,000	25,000,000
Options to be issued to Austinvestments Pacificasia Consulting Pty Ltd (ACN 137 425 766) ²	1,000,000	1,000,000
Following completion of the Offer and the change of activities	35,860,000	35,860,000

Notes:

1. This includes 7,502,500 unquoted Shares on issue that are subject to escrow until 7 April 2013.
2. A number of these Shares and Options are expected to be treated as restricted securities by ASX and will be subject to escrow. Some of these Shares and Options will, if issued, be issued up to 12 months after completion of the Stonewall Acquisition under the Share Sale Agreement and Option Agreement. See Section 13.2 for further details.
3. Comprised of:
 - < 5,110,000 unquoted Options exercisable at 20 cents each and expiring on 31 October 2013;
 - < 3,750,000 unquoted Options exercisable at 20 cents each and expiring on 31 October 2013 (escrowed until 7 April 2013); and
 - < 1,000,000 unquoted Options exercisable at 25 cents each and expiring on 30 March 2014 (escrowed until 7 April 2013).Unquoted Options exercisable at 20 cents each and expiring 3 years after completion of the Stonewall Acquisition.



3.8 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below:

As at the date of this Prospectus

Shareholder	Shares	Percentage (undiluted)
Mr Jai Bang Wang	5,509,590	11.811%
Meridien Capital Limited	5,000,000	10.718%
Mr Yizhen Huang	3,858,142	8.271%
Ms Jennifer Ping Huang	3,121,603	6.692%

Those Shareholders holding 5% or more of the Shares on issue following completion of the Offer (assuming Maximum Subscription, completion of the Stonewall Acquisition and no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer) are set out in the table below:

Shareholder	Shares	Percentage (undiluted)
Khan International Limited	151,693,387	26.89%
Salamanca Ventures Limited	56,629,259	10.04%
Murray SA Investment (Pty) Ltd	48,892,585	8.67%
Hanhong New Energy Holdings Ltd	71,285,070	12.64%

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares re-commencing trading on ASX.

3.9 How to apply for Shares

You should carefully read this Prospectus and instructions accompanying the Application Form before subscribing for Shares. If you wish to participate in the Offer, you should complete the Application Form.

All applications must be completed in accordance with the detailed instructions on how they are to be completed and be accompanied by a cheque in Australian dollars made payable to “Stonewall Resources Limited Offer A/C” and crossed “Not Negotiable”. No brokerage or stamp duty is payable by Applicants. The amount payable on application will not vary during the period of the Offer and no further amount is payable on or after allotment in respect of the Shares.

Completed Application Forms and accompanying cheques must be received by the Closing Date at Boardroom Proprietary Limited of Level 7, 207 Kent Street, Sydney NSW 2000.



3. DETAILS OF THE OFFER

3.10 Allotment and allocation of Shares

The Directors will determine the allottees of all the Shares in their discretion. The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the Applicant within 7 days of the allotment date.

Subject to the Company being satisfied that it will meet the requirements of Chapters 1 and 2 of the ASX Listing Rules, Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

3.11 ASX listing and Quotation of Shares

The Company's Shares will be suspended from trading on ASX from the time of the General Meeting and will not be reinstated to trading until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules.

Within 7 days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If approval for Quotation of the Shares issued pursuant to the Offer is not granted within 3 months after the date of this Prospectus, the Company will not allot or issue any Shares, and will repay all application monies without interest as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

3.12 CHESS

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holding in the Company. If an investor is broker sponsored, ASX Settlement Pty Limited will send a CHESS statement.

3.13 Applicants outside Australia

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be allotted Shares.

No action has been taken to register or qualify the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

3.14 Minimum Subscription

The Minimum Subscription for the Offer is 15,000,000 Shares at an issue price of \$0.20 per Share to raise at least \$3,000,000 before expenses of the Offer. The Company will not issue any Shares unless the Minimum Subscription is raised.

If the Minimum Subscription is not raised within 4 months after the date of this Prospectus (or such later date permitted by ASIC), all Applications will be dealt with in accordance with section 724 of the Corporations Act. Such action may include repayment of Application Monies (without interest) or the issue of a supplementary or replacement prospectus.

3.15 Underwriting

The Offer is not underwritten.

3.16 Commission

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the Australian financial services licensee. Payment will be made subject to the receipt of a proper tax invoice from the Australian financial services licensee.

3.17 Restricted securities

Subject to the re-quotation of the Company's securities on ASX, certain Shares on issue prior to the Offer, some Shares issued in conjunction with the Offer and some Shares issued to shareholders of Stonewall are likely to be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of re-quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares re-commencing trading on the ASX.

3.18 Forward looking statements

This Prospectus includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding the Company's financial position, business strategy, and plans and objectives for its projects and future operations (including development plans and objectives), which have been based on the Company's current expectations about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Statements in this Prospectus regarding the Company's plans with respect to its mineral properties are or may be forward-looking statements. There can be no assurance that the plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to convert Inferred resources to Indicated resources or Indicated resources to Measured resources, that any mineralisation will prove economic, or that a mine will successfully be developed on any of the Company's mineral properties.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. The statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

3.19 Currency

As the Company will operate in international markets and many of its transactions are, and will be, conducted in US dollars the Company's historical and pro forma financial information is presented in US dollars.

The majority of the Company's local transactions in South Africa are conducted in South African rands from a functional perspective.

The Prospectus therefore includes references to US dollars, South African rands and Australian dollars where required.

3.20 Privacy

The Company collects information in relation to each Applicant as provided on an Application Form (**Information**) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company (**Purposes**).

By submitting an Application Form, each Applicant agrees that the Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.

3.21 Enquiries in relation to the Offer

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

4. COMPANY OVERVIEW

4.1 Background

The Company is a public company listed on the Official List of the ASX (current ASX code: MRJ, proposed new ASX code: SWJ).

Previously, the Company's principal focus was operating an investment holding company which predominantly focussed on investments in securities of publicly listed "small cap" mining and resources companies with a market capitalisation of between \$5,000,000 and \$50,000,000.

The Company has since broadened its activities to include gold exploration stemming from the acquisition of its primary tenement, the Lucky Draw tailings dam in addition to the more recent acquisition of two additional tenements being Springfield and Weelah. The Company also entered into an active farm-in agreement with respect to Mt David.

As announced to the market on 23 January 2012 and 6 July 2012, the Company has entered into various agreements relating to the acquisition of Stonewall Mining Proprietary Limited (**Stonewall**), a gold exploration company incorporated in South Africa.

Stonewall holds:

- a. a 74% interest in Transvaal Gold Mining Estates Limited (**TGME**) and Sabie Gold Mines Proprietary Limited (**Sabie**). As at October 2011, TGME and Sabie (located in the eastern gold fields of South Africa) (**TGME Project**) together have significant Mineral Resources detailed in the table below; and
- b. an 84% interest in Bosveld Mines Proprietary Limited (**Bosveld**). Bosveld is the holder of the Bosveld project (**Bosveld Project**) which has significant existing infrastructure and contains two areas of gold mineralisation in the Klipwal Mine and Kortnek Mine prospect area. This will decrease to a 74% interest (see Section 13.4(c) for further details).

Minxcon (Pty) Ltd (**Minxcon**) was commissioned to provide a Mineral Resource statement for the TGME Project.

As at October 2011, Mineral Resources at the TGME Project are estimated to total 2.794 million ounces, comprising 90,400 ounces Measured, 610,100 ounces Indicated and 2,093,700 ounces Inferred, as outlined in the following table (and as explained in greater detail in section 10.9 of the Independent Competent Person's Report contained within this Prospectus):

Category		Tonnage (Mt)	Grade (g/t Au)	Gold (kg)	Gold ('000 oz)
Measured	Underground	0.17	4.77	811	26.00
	Surface	0.15	1.59	240	7.70
	Tailings	2.29	0.77	1,770	56.70
	Total	2.62	1.08	2,821	90.40
Indicated	Underground	2.76	5.87	16,184	519.60
	Surface	3.17	0.88	2,811	90.30
	Tailings	0.01	0.58	7	0.20
	Total	5.94	3.20	19,002	610.1
Inferred	Underground	14.54	3.91	56,832	1824.60
	Surface	0.80	0.80	642	20.60
	Tailings	2.45	3.07	7,516	241.60
	Rock Dump	0.12	1.59	192	6.20
	Plant Floats	0.04	0.54	22	0.70
	Total	17.94	3.63	65,204	2,093.70
	Grand total	26.50	3.28	87,027	2,794.20

Note: Refer to forward looking statements comments in Section 3.18.

The Company considers Stonewall to be a valuable asset, with significant exploration potential and opportunity to significantly increase the value of the Company, for the benefit of the Company's Shareholders. The addition of Stonewall to the Company's existing portfolio will establish a strong platform for the Company to deliver upon its objective to become a significant gold exploration company and establish long-term mining plans.

4.2 Summary of the Stonewall Acquisition

The Company has entered into the following agreements relating to the acquisition of Stonewall:

- a. the Share Sale Agreement with the Non-South African Stonewall Shareholders to acquire approximately 80% of the issued share capital of Stonewall from the Non-South African Stonewall Shareholders; and
- b. the Option Agreement with the South African Stonewall Shareholders, pursuant to which the Company acquired an option to buy, and the South African Stonewall Shareholders acquired an option to sell, the remaining issued share capital of Stonewall,

(collectively, **Stonewall Acquisition**).

The Option Agreement was required because, due to South African exchange control regulation, the Company is initially only acquiring the interests of the Non South African Stonewall Shareholders.

As also announced to the market on 6 July 2012, Stonewall has entered into a subscription agreement with its largest shareholder, Khan International Limited (**Khan Subscription Agreement**), to subscribe for further shares in Stonewall for \$US10,000,000. The subscription has now been made and the additional shares in Stonewall issued to Khan International Limited will also be acquired by the Company under the Share Sale Agreement.

The consideration to be paid for 100% of the issued share capital of Stonewall will be satisfied via the issue of:

- a. 448,000,000 fully paid ordinary shares in the capital of the Company (**Consideration Shares**); and
- b. 25,000,000 options each to acquire 1 Share (exercisable at 20 cents, expiring at 5.00pm EST on the date that is 3 years from the Share Sale Agreement Completion Date or the Option Agreement Completion Date, as the case may be) (**Consideration Options**),

in total under the Share Sale Agreement and Option Agreement (collectively, **Consideration**).

Full summaries of the Share Sale Agreement, Option Agreement and Khan Subscription Agreement are set out in Sections 13.2 and 13.3.

The Stonewall Acquisition involves a substantial change in the nature and scale of the Company's activities and, as a consequence, the Company is required to seek Shareholder approval to proceed with the Stonewall Acquisition. Shareholder approval will be sought at the General Meeting to be held on 2 October 2012. Full details of the Shareholder approvals required in relation to the Stonewall

Acquisition are set out in the Notice of Meeting released to the ASX on 28 August 2012. If the Shareholder approvals are obtained the Company will then be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

4.3 Business model

The Company's objective is to become a significant gold exploration company, identify additional potential Mineral Resources and establish long-term mining plans. The portfolio of the Company will be merged with the activities of Stonewall as a result of the Stonewall Acquisition. A description of each key asset within the merged group's portfolio is set out in Section 4.4 below. Further details of all assets within the merged group's portfolio are also set out in the independent geologists' reports set out in Sections 8 and 9 of this Prospectus.

4.4 Project overviews

Stonewall holds a range of prospective gold assets, most of which are located in world-renowned South African gold mining regions. These South African assets include several surface and near-surface gold deposits – broadly characterised as historical tailings dams and dumps, near-surface alluvial deposits, and outcropping mineralised quartz veins and fractures – that provide significant cost advantages relative to other gold producers in the region operating more conventional deep mining operations.

Upon completion of the Stonewall Acquisition, the Company will have three key projects:

- < the **TGME Project** located around the towns of Pilgrim's Rest and Sabie in South Africa's Mpumalanga Province (one of South Africa's oldest gold mining districts);
- < the **Bosveld Project** located in South Africa's KwaZulu-Natal Province; and
- < the **Lucky Draw Project** located in Australia, near the township of Burruga in New South Wales.

The TGME Project will be a key point of focus for the Company's exploration plans in the near to longer-term.

The TGME Project has significant Mineral Resources as detailed in Section 4.1 of the Prospectus. The near-term objective of the Company's exploration strategy (as described in greater detail in Section 4.5) is to identify an additional 330,000 to 3,070,000 ounces of Mineral Resources by end 2013, including an upgrade of between 399,000 and 665,000 ounces from Inferred to Indicated by end 2013.

The identification of these additional Mineral Resources will further enhance the Company's ability to deliver on its plans.

4. COMPANY OVERVIEW

FIGURE 1: LOCATION OF THE PROJECT

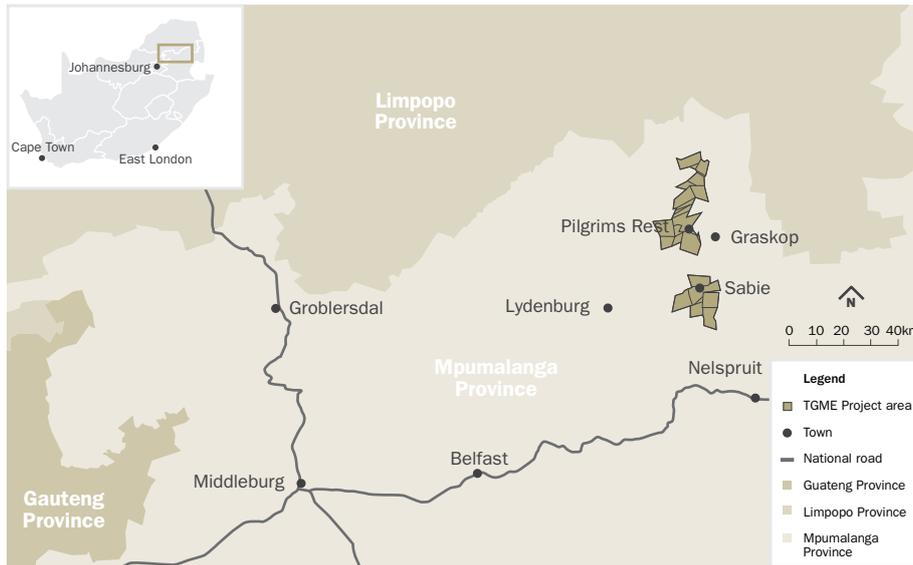
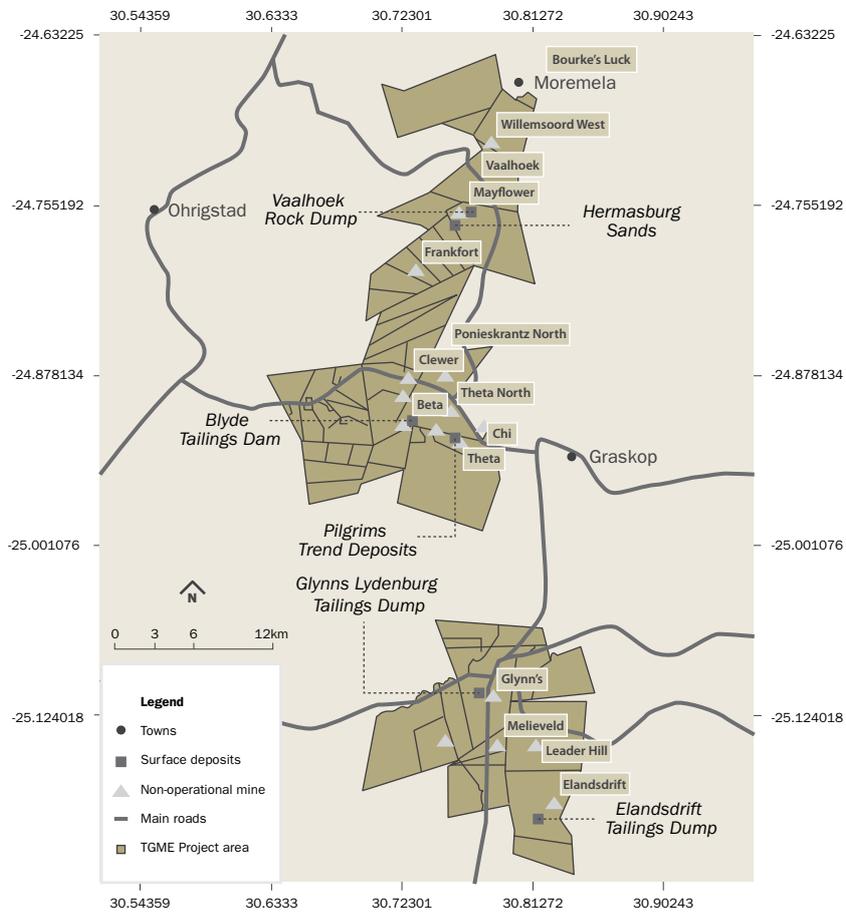


FIGURE 2: LOCATION OF PROJECT OPERATIONS



For personal use only

A. TGME Project

Location and access

The TGME Project stretches for over 65 kilometres between the towns of Pilgrim's Rest and Sabie in the Mpumalanga Province of South Africa.

The various prospect areas within the TGME Project are located approximately 400 kilometres northeast of Johannesburg and are easily accessible via well-maintained tarred roads, in particular the N4 national highway to Belfast and eventually the R533 towards Pilgrim's Rest. There are daily flights from Johannesburg to Nelspruit some 100 kilometres southeast of Pilgrim's Rest. A minor airstrip is located a few kilometres from the Frankfort Mine. The closest rail connections are at Graskop, 19 kilometres east of Pilgrim's Rest, and at Sabie. Access directly to each of the prospect areas is via various gravel roads.

TGME has a well developed plant and surface infrastructure at Pilgrims Rest and extensive underground developments at its Frankfurt and Theta mines. The engineering infrastructure, including crushing circuits, mills, carbon-in-leach and smelting facilities are installed, well maintained and to a good standard. The mining infrastructure also includes deposition facilities and installed power and is considered adequate to satisfy TGME's near-term needs.

Figures 1 and 2 show the location of the various prospect areas within the TGME Project, including major roads and towns.

Local geology

The TGME Project is situated within the historical Sabie-Pilgrim's Rest Goldfield. The Sabie-Pilgrim's Rest Goldfield is one of South Africa's oldest gold mining districts with historical production estimated at 200 tonnes of gold (6 million ounces).

Epigenetic gold mineralisation in the Sabie-Pilgrim's Rest Goldfield occurs as concordant and discordant veins in a variety of host rocks. Flat reef or bedding-parallel veins are the principal source of gold-bearing material. These bodies are stratiform, and generally stratabound, and occur from near the base.

The greatest part of gold-bearing material which has historically been recovered from concordant, bedding parallel reefs was recovered from the Glynn's and Theta Reefs. The Glynn's Reef is found within the Oaktree formation of the Malmani Subgroup, and has been mined extensively at the Elandsdrift, Glynn's Lydenburg and Vaalhoek Mines. The Theta Reef is found in the younger Eccles formation and was historically the principal source of gold-bearing material mined in the Pilgrim's Rest area.

The discordant reefs are characterised by a variety of gold mineralisation styles. They are found throughout the Sabie-Pilgrim's Rest Goldfield, and are commonly referred to as cross reefs, blows, veins and leaders. These discordant bodies can be found sporadically throughout the stratigraphy as a varying assemblage of gold-quartz-sulphide mineralisation. They vary greatly in terms of composition, depth and diameter. A number of major north to north-easterly trending lineaments are prevalent throughout the Project area and the Sabie-Pilgrim's Rest Goldfield.

Deposit types

Several types of underground and surface deposits are found within the TGME Project, broadly characterised as:

- < underground deposits including flat dipping, near-horizontal mineralised zones and one near-vertical mineralised zone; and
- < surface deposits including old tailings dams, rock dumps and open pits.

The underground deposits are principally described as generally "flat" bedding parallel shears located mainly on shale partings. However, mineralisation also occurs in other formations. The mineralised zones occur as narrow quartz-carbonate veins (reefs), which occupy bedding parallel faults and shears, and generally conform to the shallow regional dip of the strata. Although the mineralised materials of the Rho Reef in particular are sulphidic they are rarely truly refractory whereas some of the other reefs, for example the Bevett's and Theta reefs are refractory.

Another style of mineralisation occurs at the Rietfontein Mine, where the Rietfontein Reef occurs as a cross-reef. The sub-vertical hydrothermal quartz vein strikes north-northeast and fills a narrow 1 to 3 metre wide fracture in basement granite. The gold-bearing material, which is erratically developed and refractory, is noted for its high silver content and the gold is associated with pyrite, arsenopyrite and chalcopyrite. The vertical vein has been prospected to depths of 400 metres by historical drill holes (the only information being annotations on plans). The deepest underground development is 320 metres below surface.

4. COMPANY OVERVIEW

The surface deposits comprise three mineralisation forms, namely:

- < outcropping mineralised quartz veins and fractures;
- < old historical tailings dams; and
- < near-surface alluvial deposits, comprising shallow gold mineralisation, either as concordant reefs, surface eluvium erosional deposits or transported material from mining activities.

Following is a list of the specific prospect areas identified within the TGME Project:

Underground deposits	Surface or near-surface deposits	Tailings dams
Frankfort	Hermansburg	Glynn's Lydenburg
Dukes Hill	DG1	Blyde 1
Clewer	DG2	Blyde 2
Beta		Blyde 3
Rietfontein		Blyde 3a
Olifantsgeraamte		Blyde 4
Theta		Blyde 5
Morgenzon		Vaalhoek rock dump
Vaalhoek		TGME plant tailings dam
Ponieskrantz		
Glynn's		
Malieveld		
Nestor		

B. Bosveld Project

The Bosveld Project is located at Klipwal in the KwaZulu-Natal Province close to Swaziland. The Klipwal region has been mined since 1898 with estimated historical production of 170,000 ounces of gold between 1981 and 2003.

Within the project area the Company has identified both surface and underground exploration targets at the Klipwal Mine and Kortnek Mine prospect areas. Importantly, as an historical working mine, significant infrastructure exists at the Klipwal Mine (including shafts and adits, a carbon-in-leach metallurgical plant, and workshops and offices), and has access to power via a 22,000 volts electrical substation.

The Klipwal Mine incorporates a significant tailings dam and the Company will initially focus on processing of the tailings material. The plant has been extensively refurbished and is currently being commissioned. Stonewall intends to appoint a competent person to compile a Competent Person's Report including the drilling and scoping of the tailings. The Company will conduct extensive test work on the tailings dams by processing the tailings material through fine grind, gravity and carbon-in-leach circuits. From work completed to date, the Company believes that the tailings can be re-processed on a rapid timetable without significant expense.

The Company has commenced work on assessing the existing underground workings at the Klipwal Mine. The Company is nearing completion of a dewatering programme prior to commencing underground exploration by the end of 2012.

The Company intends to expedite drilling and scoping studies at the Klipwal Mine and Kortnek Mine prospect areas to establish Mineral Resources before conducting feasibility studies to determine appropriate mining plans to develop the underground resource.

C. Lucky Draw Project

The Company will also control the Lucky Draw Project located in Australia, near the township of Burruga in New South Wales. Of particular interest is the tailings dam at the project area, the consequence of the Lucky Draw Gold Mine that ceased operations in 1991.

The Company is currently pursuing a joint venture undertaking with Developed Resources Pty Ltd to pursuant to an agreement dated 19 December 2012 to evaluate and progress a small scale production at the site.

4.5 Transitioning from gold explorer

The Company's key objective in the near-term will be to focus on a significant exploration program to identify additional potential Mineral Resources to establish long-term mining plans.

To help realise this objective, the Company is in the process of developing detailed plans in conjunction with the Competent Person and to meet its plans the Company intends to initially focus its energies on its TGME Project.

The Company currently holds Mining Rights and Prospecting Rights in relation to several assets within the TGME Project which will facilitate its exploration program. The Company intends to continue its exploration activities to identify and provide additional potential resources including drilling programs and feasibility studies to prepare future mining plans.

A. Near-term prospects

The Company is currently processing gold from the TGME plant tailings dam located within its TGME Project, from which it is earning revenue.

In the near-term the Company is assessing the processing of several other tailings and surface projects, including specifically:

- < the Klipwal tailings dam (located at the Bosveld Project) by the end of 2013; and
- < the Pilgrim's Trend Deposit (DG1 and DG2), the Glynn's Lydenburg tailings dam and the Frankfort Mine by the end of 2013.

B. Exploration strategy to establish longer-term mining plans

In the longer-term, the Company has identified the following four key prospect areas that have significant existing resources, and which are prime candidates for extended drilling and detailed feasibility studies:

- < the Vaalhoek Mine;
- < the Beta Mine;
- < the Rietfontein Mine; and
- < the Glynn's Mine (incorporating the Compound Hill, South Werf and Malieveld Mines).

The near-term objective of the exploration strategy is to identify an additional 330,000 to 3,070,000 Inferred ounces of Mineral Resources by end 2013, including an upgrade of between 399,000 and 665,000 ounces Inferred to Indicated by end 2013.

Vaalhoek Mine

Vaalhoek was first mined in 1910 and production ceased at the mine in 1956. It is estimated the mine produced 380,000 ounces of gold during that time.

The Vaalhoek Mine has a current Mineral Resource of 1.346 m/t, with a content of 248,000 Inferred ounces of gold at a grade of 5.74 g/t Au. The current exploration program is targeting up to an additional 0.12 million to 1.41 million Inferred ounces at the Vaalhoek Mine.

The Vaalhoek Mine is an average depth of between 120 and 250 metres below surface. The Company plans to build a new crushing and dense media separation plant will be built at the mine and the sulphur rich sinks (concentrate) will either be sent for milling, roasting or fine grind at the central plant, which is located 25 kilometres away.

The exploration program includes the drilling of 16 boreholes for 3,028 metres. Drilling and a feasibility study are targeted for completion by May 2013.

Beta Mine

Beta was first mined in 1940 and production ceased at the mine in 1972. It is estimated the mine produced 225,000 ounces of gold during that time.

The Beta Mine has a current Mineral Resource of 5.067 m/t, with a content of 530,800 Inferred ounces of gold at a grade of between 3.11 and 4.86 g/t Au. The current exploration program is targeting up to an additional 0.11 million to 0.4 million Inferred ounces at the Beta Mine including an upgrade of between 399,000 and 665,000 ounces from Inferred to Indicated by end 2013.

The Beta Mine is an average depth of between 150 and 250 metres below surface. The Company plans to build a new plant at the mine to process ore via crushing and dense media separation circuit, whereafter the sinks (concentrate) will be trucked to the existing central plant 800 metres away where milling and flotation, fine grind and carbon in leach will occur.

The exploration program includes the drilling of 22 boreholes for 7,976 metres. Drilling and a feasibility study are targeted for completion by May 2013.

4. COMPANY OVERVIEW

Rietfontein Mine and Glynn's Mine

For ease of reference and due to historical purposes, the Rietfontein Mine and Glynn's Mine (incorporating the Compound Hill, South Werf and Malieveld Mines) are treated as one prospect area.

This area was extensively mined from 1895. Production ceased in the area in 1950. It is estimated the area produced 1.6 million ounces of gold during that time.

These mines have a current Mineral Resource of 7.450 m/t, with a content of 1.1348 million Inferred ounces of gold at a grade of between 7.23 and 7.92 g/t Au for the Rietfontein Mine, and 3.51 and 3.84 g/t Au for the Glynn's Mine. The current exploration program is targeting up to an additional 1.27 million Inferred ounces of resource at these mines.

The mines are an average depth of between 400 and 600 metres below surface. It is proposed that ore from these mines will be crushed and milled on-site before being pumped to a centralised BIOX[®] plant near the township of Sabie.

The exploration program includes the drilling of 51 boreholes for 13,353 metres. Drilling and a feasibility study are targeted for completion by February 2014.

C. Longer-term prospects

Beyond its current strategies, the Company has access to nearly 40 additional historic mines and prospect areas that can be assessed and explored.

4.6 Significant dependencies

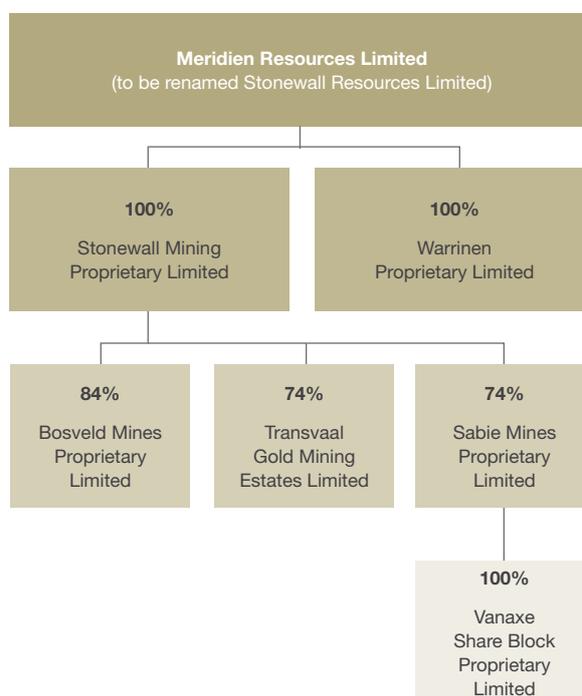
The key factors that the Company will depend on to meet its objectives are:

- < the successful transition from a gold exploration company to a gold producer;
- < as a result of the Company's exploration and related work;
- < maintaining healthy employees and minimising disease outbreaks;
- < steady domestic and international prices for gold;
- < steady demand for gold produced by the Company;
- < maintaining all required mining leases and tenements and obtaining and maintaining all required government permits and licences for the Company's operations; and

- < maintaining favourable relations with the local community as one of their black economic empowerment partners at all of the Company's projects in South Africa to ensure local community support of future projects, better labour relations and governmental support.

4.7 Corporate structure

Following Completion of the Stonewall Acquisition, the group structure of the Company will be as follows:



Notes:

- i. The acquisition of 100% of the shares in Stonewall will take place in two phases. In phase one, over 80% of the shares in Stonewall will be acquired pursuant to the Share Sale Agreement which is summarised in Section 13.2. In phase two, the remaining shares in Stonewall will be acquired pursuant to the Option Agreement which is also summarised in Section 13.2.
- ii. Stonewall owns 74% of the shares in Sabie and TGME.
- iii. Stonewall owns 84% of the shares in Bosveld (which will reduce to 74%, see Section 13.4(d) for further details).

4.8 Finance

Other than limited trade finance Stonewall has from suppliers in the form of 30 day credit for consumables neither the Company, Stonewall nor Stonewall's subsidiaries have any current external debt finance arrangements in place.

The Board of Directors are of the view that the current funds held by the Company and Stonewall together with the funds raised under this Offer and surplus cash flow will be sufficient to achieve the Company's key objectives in the short to medium term. If further funds are required, the Board of Directors will consider options to obtain these funds including debt funding, equity finance and/or joint ventures with third parties.

4.9 Dividends

The Directors currently intend to use surplus cash to fund the exploration of the Company's project portfolio and any resultant development, production and generation of new opportunities, rather than distributing these funds as dividends.

Once the Company is able to generate a substantial and sustainable level of cash flow after commitments, the Directors intend to review this policy and possibly initiate a revised dividend policy.

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company.



5. DIRECTORS AND MANAGEMENT

5.1 Directors and Company Secretary

Mr Trevor Fourie Non-Executive Director

Advanced Executive Program, School of Business Leadership, University of South Africa; Diploma in Management, Henley Business School; Advanced Management Program, Harvard

Mr Fourie was appointed as a non-executive director of the Company on 27 January 2012.

As a director of the Company, Mr Fourie oversees corporate affairs.

Mr Fourie is currently a director of Valomate Proprietary Limited, a non-executive director of Galaxy Gold Limited, an executive director of Stonewall Mining Proprietary Limited and a director of Quatrefort Investments Proprietary Limited. Mr Fourie has 24 years' experience in corporate and retail banking with Barclays Bank and First National Bank, a division of FirstRand Bank Limited. Mr Fourie was formerly an Executive Director of FBC Future Bank Corporation Limited and Marketing Director for WesBank, a division of FirstRand Bank Limited.

Following his relocation to Australia, Mr Fourie was appointed Chief Executive Officer of the leasing division at RMB Australia and Executive Director of RMB Australia Limited. Since 2008 Mr Fourie has pursued his own ventures in the financial services and resources sectors including his involvement in Valomate Proprietary Limited, an investment company in the resources sector.

Mr Fourie does not expect that his directorships with other companies or other business activities will interfere with his ability to act as a director of the Company.

Mr David Murray Non-Executive Director

Bachelor of Science (Civil Engineering), University of Natal; Post Graduate Diploma (Mining), University of Pretoria; Advanced Executive Program, University of South Africa

Mr Murray was appointed as a non-executive director of the Company on 27 January 2012.

As a director of the Company, Mr Murray oversees business and strategic planning, investor relationships and technical reviews.

Mr Murray is also currently a non-executive director of Coalspur Mines Limited, Coal of Africa Ltd and Stonewall Mining Proprietary Limited and has over 15 years of coal industry experience at the chief executive officer and managing director level. Mr Murray was formerly the President of Energy Coal, Metallurgical Coal and the Coal Customer Group at BHP Billiton Limited, Chief Executive Officer of BHP Billiton Mitsubishi Alliance, Chief Executive Officer of Billiton Coal, and Managing Director of Ingwe Coal Corporation.

Mr Murray has been involved with a variety of industry organisations including the South African Chamber of Mines, Richards Bay Coal Terminal, World Coal Institute, Australian Coal Association, Coal Industry Advisory Board and the Queensland Resource Council.

Mr Murray will be appointed as chairman of the Board following completion of the Stonewall Acquisition.

Mr Murray does not expect that his directorships with other companies or other business activities will interfere with his ability to act as a non-executive chairman and director of the Company.

Mr Sunil Dhupelia Non-Executive Director

Bachelor of Commerce and Bachelor of Laws, University of Queensland

Mr Dhupelia was appointed as a non-executive director of the Company on 2 September 2011.

As a director of the Company, Mr Dhupelia oversees the identification and progression of target resources, mining projects and other opportunities for the Company.

Mr Dhupelia has over 8 years of corporate transaction and advisory experience with a focus in capital markets as a source of funding for a variety of resource and mining projects.

Mr Dhupelia began his career in law before joining Merrill Lynch's investment banking division based in Sydney. After several years working in Australia, Mr Dhupelia relocated to Hong Kong where he gained experience across regional markets through his involvement in over 100 equity capital markets transactions for many of Australia's and Asia's largest companies.

Mr Dhupelia will resign from the board upon completion of the Stonewall Acquisition.

Mr Nathan Taylor
Non-Executive Chairman

*Bachelor of Commerce and Bachelor of Laws;
Bond University*

Mr Taylor was appointed as a non-executive director of the Company on 28 June 2011.

As a director of the Company, Mr Taylor serves as company chairman and oversees the identification and progression of target resources, mining projects and other opportunities for the Company.

Mr Taylor is a director of Energio Limited and has over 8 years of resource/mining industry experience. Mr Taylor was formerly employed within the UBS Equity Capital Markets team, the Macquarie Bank Equity Capital Markets team and the corporate team at Blake Dawson lawyers.

Over the course of his investment banking career, Mr Taylor has raised over \$6 billion for various ASX listed companies in the resources and related sectors in addition to over \$10 billion for ASX listed companies in non-related sectors.

Mr Taylor does not expect his directorships with other companies or his other business activities will interfere with his ability to act as a director of the Company.

Mr Taylor will step down as chairman, but continue as a Director, upon completion of the Stonewall Acquisition.

Mr Peter Hunt
Company Secretary

Fellow of the Institute of Chartered Accountants, Member of the Australian Institute of Company Directors

Mr Hunt's experience includes due diligence assignments, valuations, expert opinion and investigative work associated with takeovers, reconstructions, acquisitions, mergers, back door and public listings and corporate reconstructions.

Mr Hunt's experience and knowledge provides him with the credentials to act as secretary of the company.

5.2 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, the Company is committed to the following principles:

- a. the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- b. the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

No formal nomination committee has been established for the identification, appointment and review of the Board's current membership. However, upon completion of the Stonewall Acquisition, the Board intends carrying out a review of the composition of the Board with a view to appointing additional Directors as appropriate having regard to the above principles and the Company's corporate governance policies.

5. DIRECTORS AND MANAGEMENT

5.3 Management

Key management of the Company and its subsidiaries following completion of the Stonewall Acquisition will include the following people:

Mr Lloyd Birrell

Chief Executive Officer of Stonewall

Mr Birrell was educated in Cape Town, where he graduated with a Bachelor of Commerce Degree in Accounting from the University of Cape Town in 1987. In 1990, Mr Birrell obtained a Bproc from the University of South Africa.

Mr Birrell began his career in forensic litigation accounting, dealing with Supreme Court litigation, mergers and acquisitions. In 1998 he commenced consulting in the resource industry, and was appointed Southern Africa Representative of Sonatrach. Since 2002, Mr Birrell has focussed on process engineering, underground mining, metallurgy and geology in order to manage all components of the business of gold mining.

He has held various senior positions including Chief Executive Officer of Agnes Mining (subsequently renamed Galaxy Gold Mining Limited), which was acquired out of liquidation and restored to production, using BIOX® to treat refractory ore. His responsibilities have included those of a commercial, legal and managerial variety.

Mr Birrell is a former Director of Ergo Mining (Pty) Ltd (a joint venture between Mintails Limited and DRDGOLD Limited), Skeat Gold Mining (Pty) Ltd and HVH Gold Mining (Pty) Ltd. Mr Birrell has an impressive reputation and track record for successfully recommissioning gold assets and restoring them to profitability.

Mr Birrell is the founder of Stonewall and has been Chief Executive Officer since April 2010.

Mr Chris Todd

Financial Manager of Stonewall

Mr Todd was educated in Pretoria and received his Certificate in Mining Taxation, encompassing general business taxation with specific application to the mining industry, in 1995 from the University of South Africa. He subsequently undertook a Management Development Program – General Management from the Unisa Graduate School of Business Leadership in Pretoria in 1999.

Mr Todd has over 20 years' financial management experience in the mining industries of both South Africa and Tajikistan. He was appointed Financial Manager at Crown Gold Recoveries, Financial Director at JV Zeravshan LLC in Tajikistan and Financial Manager at Ergo gold surface treatment joint venture between DRDGOLD Limited and Mintails Limited in South Africa. Most recently he was appointed Director at Agnes Gold (renamed Galaxy Gold Mining Limited) in South Africa.

Mr Todd joined Stonewall in 2010 as Financial Manager responsible for financial, administrative, budgetary control and general management.

Mr Steve Venn

General Manager of Sabie

Mr Venn obtained a Higher National Diploma in Mining through the Witwatersrand University Mining Faculty in 1985.

He has 27 years mining experience in Zimbabwe and South Africa. Mr Venn is an executive member of the Zimbabwe Mine Managers Association, was an appointed member of the Academic Committee of the Zimbabwe School of Mines, and was on the board of examiners for Zimbabwe Manager's Diploma's and Blasting Licenses.

His impressive experience and knowledge in the industry resulted in his appointment as an Executive Member for the Central African Gold Mining Company and the Country Manager and Director of Falcon Group of Mines Zimbabwe.

Mr Venn is a former Operational Director of Tala Resource Development Proprietary Limited and was formerly General Manager of Galaxy Gold Reefs Proprietary Limited, before joining Stonewall in April 2012 as General Manager of Sabie.

Mr Danny Jacobs

General Manager of TGME

Mr Jacobs holds a National Diploma for Technicians, as well as Mine Overseers and Mine Managers Certificates of Competency. Mr Jacobs has more than 30 years mining experience in South Africa.

He began his career in the mining industry when he joined Anglo American Mines in 1967, and was promoted through the ranks of Anglo American Mines to Mine Manager level. Following this, Mr Jacobs held the position of General Manager of Buffelsfontein Gold Mine, and subsequently joined Simmer & Jack Mines which saw him take the position of General Manager of TGME.

Mr Jacobs has extensive knowledge and experience and has been an important part of the TGME team for the last 3 years.

Mr Mario Ruygrok

Group Geologist of Stonewall

Mr Ruygrok holds a Master of Science degree in Geology, specialising in metamorphic and structural geology, which he obtained from the University of Johannesburg in 1992.

Mr Ruygrok has amassed 18 years of experience in the industry, holding previous positions such as Chief Geologist at Eastern Platinum Limited and Mine Exploration Geologist at Anglo American Platinum Corporation Limited. He has also been involved in various deposits ranging from Archean Shear Hosted Gold and Banded Iron Ore deposits, Bushveld Platinum deposits and Ni-Cu-Co-Cr-PGE Massive Sulphide deposits.

Mr Ruygrok's responsibilities have included managing the mines geology department, responsibility for management of all on-mine lease and project, prospecting and exploration, open pit and underground mining geology, quality management and quality assurance and control. Mr Ruygrok is a member of the National Geographic Society of America and the Human Research Council of South Africa.

In April 2012 Mr Ruygrok resigned from Eastern Platinum Limited, after which, in June 2012, he joined Stonewall as Group Geologist.



5. DIRECTORS AND MANAGEMENT

5.4 Corporate governance

The Company is a disclosing entity listed on the ASX. Details of the Company's policies regarding corporate governance and associated matters are disclosed in the Annual Reports to Shareholders that have previously been lodged with the ASX (as well as posted on the Company's web site <http://www.meridienresources.com.au/corporate-governance.html>).

5.5 Principles of Corporate Governance and Recommendations

The Company has adopted the Principles of Corporate Governance and Recommendations published by ASX Corporate Governance Council. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration. The following table summarises the Company's position in this regard.

Requirement	Response
1 Lay solid foundations for management and oversight	
1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	<p>The Board has established functions that are reserved for the board, as separate from those functions discharged by management and are summarised in the Company's Corporate Governance Charter which is available on the Company's website.</p> <p>The Board considers itself to be responsible for (amongst other things) the following:</p> <ul style="list-style-type: none">< ensuring compliance with the Corporations Act, ASX Listing Rules and all other relevant laws;< developing, implementing and monitoring operational and financial targets for the Company;< appointment of appropriate staff, consultants and experts to assist in the Company's operations, including the selection and monitoring of a chief executive officer;< ensuring appropriate financial and risk management controls are implemented;< approving and monitoring financial and other reporting;< establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX;< implementing appropriate procedures to monitor performance of the Board in implementing its functions and powers;< monitoring management's performance and implementation of strategy and ensuring appropriate resources are available;< approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;< approval of the annual budget; and< liaising with the Company's external auditors. <p>The Board is currently responsible for the day-to-day operations of the Company. Upon completion of the Stonewall Acquisition the Board intends reviewing this position with a view to appointing a Chief Executive Officer or Managing Director who will be responsible for conducting the affairs of the Company under delegated authority from the Board and implementing the policies and strategies set by the Board. In carrying out his/her responsibilities, the Chief Executive Officer or Managing Director will report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.</p>

Requirement	Response
1.2 Companies should disclose the process for evaluating the performance of senior executives	The Board has not established a separate Nomination and Remuneration Committee as matters relevant to the Nomination and Remuneration Committee are dealt with by the Board. A copy of the Company's Nomination and Remuneration Committee Charter is available on the Company's website and is used by the Board when considering matters relevant to nomination and remuneration.
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1	The Corporate Governance Charter includes a description of what matters are reserved for the Board and senior executives respectively.
2 Structure the board to add value	
2.1 A majority of the Board should be independent directors	<p>The structure of the Board is determined in accordance with the principles set out in the Corporate Governance Charter. The Company aims, so far as is practicable given the size of the Company and its operational requirements for the time being, a majority of the Board being independent directors.</p> <p>In assessing the independence of directors, the Company has regard to Principle 2 of the Corporate Governance Principles and Recommendations and, generally, will regard an independent director as a non-executive director (that is, not a member of management) who:</p> <ul style="list-style-type: none"> < is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; < within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment; < within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided; < is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and < has no material contractual relationship with the Company or another group member other than as a director of the Company.
2.2 The chair should be an independent director	In accordance with the principles set out in the Corporate Governance Charter, the Company aims, so far as is practicable given the size of the Company and its operational requirements for the time being, the appointment of a chairperson who is an independent Director.
2.3 The roles of chair and Managing Director should not be exercised by the same individual	<p>The role of chairperson is currently filled by Nathan Taylor (non-executive director) and will be assumed by David Murray upon completion of the Stonewall Acquisition.</p> <p>Upon completion of the Stonewall Acquisition the Board will review this position with a view to appointing a Managing Director of the Company. Any appointment will be separate from the chair.</p>
2.4 The Board should establish a nomination committee	The Board has not established a separate Nomination and Remuneration Committee as matters relevant to the Nomination and Remuneration Committee are dealt with by the Board. In an effort to ensure that the Board comprises members with a broad range of experience, expertise and skills relevant to the Company, the Board may establish a Nomination Committee if required.

5. DIRECTORS AND MANAGEMENT

Requirement	Response
<p>2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors</p>	<p>The Company has adopted processes for evaluating the performance of the Board, its Committees and individual directors. The Company's process for such performance evaluation is available in the Corporate Governance Charter on the Company's website.</p>
<p>2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2</p>	<p>The Company's Corporate Governance Charter empowers the directors to seek independent advice where it considers necessary to carry out their duties. Any costs incurred as a result of consulting an independent expert will be borne by the Company.</p> <p>The Board currently carries out the role of the Nomination and Remuneration Committee.</p> <p>The Company's procedure for the selection and appointment of new Directors is available on the Company's website along with a copy of the Nomination and Remuneration Committee Charter which the Board refers to when discussing matters relevant to a Nomination and Remuneration Committee.</p>
<p>3 Promote ethical and responsible decision making</p>	
<p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> < the practices necessary to maintain confidence in the company's integrity < the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders < the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	<p>The Company has established a formal corporate code of conduct to guide the Board, management and the employees of the Company with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p> <p>The Corporate Code of Conduct is summarised in the Company's Corporate Governance Charter which is available on the Company's website.</p>
<p>3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include measurable objectives for achieving gender diversity. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them</p>	<p>The Board recognises that a diverse and inclusive workforce is not only good for the Company's employees but also good for the Company. It helps the Company attract and retain talented people, create more innovative solutions, and be more flexible and responsive to our customers' and our shareholders' needs. Across the Company, there is increasing momentum on diversity with a particular focus on gender and age, as well as greater work and career flexibility.</p> <p>The Company's Diversity Policy is summarised in the Company's Corporate Governance Charter which is available on the Company's website.</p>

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Requirement	Response
4 Safeguard integrity in financial reporting	
4.1 The Board should establish an audit committee	The Board does not currently operate a separate Audit and Risk Management Committee as matters relevant to the Audit and Risk Management Committee are dealt with by the Board. A copy of the Company's Audit and Risk Management Committee Charter is available on the Company's website and is used by the Board when considering matters relevant to the Committee. The Company's process for the selection, appointment and rotation of the Company's external auditors is also available on the Company's website.
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> < consists only of non-executive directors < consists of a majority of independent directors < is chaired by an independent chair, who is not chair of the Board < has at least three members 	See above.
4.3 The audit committee should have a formal charter	A copy of the Company's Audit and Risk Management Committee Charter is available on the Company's website.
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4	See above.
5 Make timely and balanced disclosure	
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	The Company has established a Securities Trading Policy designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for the compliance.
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5	The Company's Securities Trading Policy is publicly available on the Company's website.
6 Respect the rights of shareholders	
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through: <ul style="list-style-type: none"> < annual, half-yearly financial reports and quarterly reports; < annual and other general meetings convened for Shareholder review and approval of Board proposals; < continuous disclosure of material changes to ASX for open access to the public; and < the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6	See above.

5. DIRECTORS AND MANAGEMENT

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Requirement	Response
7 Recognise and manage risk	
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	<p>The Board does not currently operate a separate Audit and Risk Committee as matters relevant to the Audit and Risk Committee are dealt with by the Board. The Board has adopted a formal Audit and Risk Committee Charter which is publicly available on the Company's website and which is used by the Board when considering matters relevant to the Committee. The Audit and Risk Committee Charter is intended to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:</p> <ul style="list-style-type: none"> < ensuring the establishment of an appropriate risk management policy framework that will provide guidance to Management in developing and implementing appropriate risk management practices and systems; < periodically reviewing Management's implementation of risk management practices and systems; < clearly communicating the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders; < ensuring that Management establishes a risk aware culture which reflects the Company's risk policies and philosophies; < reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews; and < making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures.
7.2 The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	<p>The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. While the Board currently carries out the day to day operations of the Company, if a Managing Director is appointed upon completion of the Stonewall Acquisition they would be delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight.</p>
7.3 The Board should disclose whether it has received assurance from the Managing Director (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	<p>While the Board currently carries out the day to day operations of the Company, if a Managing Director is appointed upon completion of the Stonewall Acquisition they would (together with the Chief Financial Officer, if there is one, or other person who performs that function) be required to assure the Board in writing each year that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7	<p>A summary of the Company's policies on risk management of material business risks is publicly available in the Audit and Risk Committee Charter on the Company's website.</p>

Requirement	Response
8 Remunerate fairly and responsibly	
8.1 The Board should establish a remuneration committee	The Company does not presently operate a remuneration committee. The remuneration of all directors is determined by the Board.
8.2 The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members	See above.
8.3 Companies should clearly distinguish the structure of nonexecutive directors' remuneration from that of executive directors and senior executives	<p>All compensation arrangements for Directors are determined by the Directors after taking into account the current competitive rates prevailing in the market. The structure of non-executive remuneration is clearly distinguishable from that of executive directors and senior executives.</p> <p>Executive directors</p> <p>Executives will receive base salary, superannuation, fringe benefits and in some cases, performance incentives. Executives and staff may be invited by the Board, to participate in the Company's Option Plan. These packages are reviewed on an ongoing basis and in most cases will be reviewed against predetermined performance criteria.</p> <p>All remuneration to be paid to present or future executives will be valued at the cost to the company and expensed. Shares issued to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.</p> <p>The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to manage the economic entity. It will also provide the executives with the necessary incentives to work to grow long-term shareholder value. The Board can exercise its discretion in relation to approving incentives, bonuses and options.</p> <p>Non-executive directors</p> <p>The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company. There are no schemes for retirement benefits other than statutory superannuation for non- executive directors.</p> <p>There is currently no relationship between remuneration policy and Company performances or between performance conditions and remuneration.</p>
8.4 Companies should provide the information indicated in the Guide to Principle 8	The Board has not established a Remuneration Committee as matters relevant to the remuneration committee are currently dealt with by the Board. Remuneration policies and packages are discussed at Board meetings throughout the year. Non-executive directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for non executive directors. The Company's website contains a section formally setting out the Remuneration Committee Charter which is used by the Board when considering matters relevant to a Remuneration Committee. The Remuneration Committee Charter is publicly available on the Company's website.

In addition to this and consistent with ASX Listing Rule requirements, the Company has a policy concerning trading in its shares by directors and other designated persons. A copy of that Securities Trading Policy is available on the Company's website.

6. FINANCIAL INFORMATION

Introduction

This Section contains a summary of the historical financial information and the pro forma financial information of the Company and the Stonewall Mining Group (collectively the 'financial information'). The financial information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act 2001. The historical financial information has been prepared in accordance with the recognition and measurement principles of applicable Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Significant accounting policies used in preparing the financial information are included in note 1 of this Section.

Overview

This Section contains a summary of the financial information in relation to both the Company and the Stonewall Mining Group which the Directors have concluded is relevant to investors.

The financial information comprises the following:

Company

- < Statement of Comprehensive Income for the year ended 29 February 2012; and
- < Statement of Cash Flows for the year ended 29 February 2012.

Pro Forma Stonewall Mining Group

- < Pro Forma Consolidated Statement of Comprehensive Income for the year ended 29 February 2012; and
- < Pro Forma Consolidated Statement of Cash Flows for the year ended 29 February 2012.

Combined Group (Company and Pro Forma Stonewall Mining Group)

- < Pro Forma Consolidated Statement of Financial Position as at 29 February 2012 assuming completion of the Offer and pro forma transactions (Pro Forma Adjustments) contemplated within this Prospectus.

Selected detailed information supporting the Pro Forma Statement of Financial Position is also included within this Section.

In the view of the Directors, the omitted disclosures would provide no further relevant information to potential investors.

The financial information should be read in conjunction with the risk factors associated with an investment in the Company set out in Section 12, the Investigating Accountants' Report on the historical and pro forma financial information set out in Section 7 and other information contained within this Prospectus.

Investors should note the scope limitations of the Investigating Accountants' Report.

Meridien Resources Limited Statement of Comprehensive Income for the year ended 29 February 2012

	US\$'000
Other income	65
Employee benefits expense	(500)
Corporate administrative expenses	(1,645)
(Loss) before income tax expense	(2,080)
Income tax expense	-
Loss for the year	(2,080)
Loss attributable to members of the Company	(2,080)

Management Discussion on Meridien Resources Limited Financial Performance for the financial year ended 29 February 2012

The commentary below has been included in order to provide investors an understanding of the historical information of the Company set out above. This section should be read in conjunction with the basis of preparation of the financial information set out in note 1 of this Section of the Prospectus.

The Company recorded a loss for the 12 months ended 29 February 2012 of US\$2.1 million. The size of the loss was largely due to one off costs incurred in relation to the migration of the listing on the NSX to the ASX and an increase in administrative and employment costs as a result of the Company's expansion in the period.

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Meridien Resources Limited
Statement of Cash Flows for the year ended
29 February 2012

	US\$'000
Cash flows from operating activities	
Payments to suppliers and employees (inclusive of GST)	(2,021)
Interest received	65
Net cash used in operating activities	(1,956)
Cash flows from investing activities	
Loans to other entities	(17)
Payment for exploration assets	(498)
Net cash used in investing activities	(515)
Cash flows from financing activities	
Proceeds from issues of shares and other equity securities	3,629
Repayments of borrowings	(301)
Net cash provided by financing activities	3,328
Net increase in cash and cash equivalents	857
Cash at the beginning of the year	3
Effects of exchange rates	30
Cash at the end of the financial year	890

Management Discussion on Meridien Resources Limited Statement of Cash Flows for the financial year ended 29 February 2012

The commentary below has been included in order to provide investors an understanding of the historical information of the Company set out above. This section should be read in conjunction with the basis of preparation of the financial information set out in note 1 of this Section of the Prospectus.

The Company recorded an increase in cash for the 12 months ended 29 February 2012 of US\$0.86 million. The primary source of this cash was through capital raised upon listing on the ASX in April 2011. The primary source of cash outflows in the period was in relation to payment of costs relating to the migration of the listing on the NSX to the ASX, administrative and employment costs and the acquisition of exploration assets.

Stonewall Mining Group Pro Forma
Consolidated Statement of Comprehensive
Income for the year ended 29 February 2012

	US\$'000
Revenue	5,637
Cost of sales	(3,325)
Gross profit	2,312
Other income	932
Employee benefits expense	(2,259)
Depreciation and amortisation expense	(67)
Consultation fees	(1,047)
Foreign exchange losses	(196)
Warrant settlement costs	(2,000)
Corporate administrative expenses	(2,750)
Impairment of mining assets	(181)
Fair value adjustment	284
Restructuring costs	(120)
Finance costs	(302)
Black Economic Empowerment charge	(11,849)
(Loss) before income tax expense	(17,243)
Income tax expense	-
Loss for the year	(17,243)
Loss attributable to members of the company	(17,080)
Non-controlling interest	(163)
	(17,243)

6. FINANCIAL INFORMATION

Management Discussion on Stonewall Mining Group Pro Forma Consolidated Financial Performance for the financial year ended 29 February 2012

The commentary below has been included in order to provide investors an understanding of the pro forma information of the Stonewall Mining Group set out above. This section should be read in conjunction with the basis of preparation of the financial information set out in note 1 of this Section of the Prospectus.

The Stonewall Mining Group Pro Forma Consolidated Statement of Comprehensive Income for the year ended 29 February 2012 is based on Stonewall Mining Group consisting primarily of the administrative and corporate activities of the investment holding company, Stonewall Mining (Pty) Ltd (Stonewall) and the operations of subsidiary companies Transvaal Gold Mining Estates Limited (TGME) and Bosveld Mines (Pty) Ltd (Bosveld), both of which are mining companies in South Africa currently in care and maintenance with some activity regarding gold sales for the period at TGME. The impact of Sabie Mines (Pty) Ltd, a dormant subsidiary and Vanaxe Share Block (Pty) Ltd, an insignificant subsidiary is immaterial and does not significantly impact the Consolidated Statement of Comprehensive Income of the Stonewall Mining Group.

The key areas of the financial performance are as follows:

- < **Gross profit** of US\$2.3 million (41% gross margin) is mainly as a result of doing bulk sampling / test work by re-treating the TGME tailings facility to confirm the metallurgy and the processing methodology, which produced excellent results.

This same approach has now also been adopted at Bosveld and management are confident that the revenue derived from there will not only cover its total care and maintenance costs, but will also contribute to the Stonewall Group's overheads.
- < **Costs related to the acquisition of subsidiaries** are those expenses that are directly or indirectly attributable to the acquisition of the two subsidiaries, namely TGME and Bosveld, and are non-recurring.
 - Other income of US\$0.9 million is mainly derived from the early settlement discount, as negotiated by management, on the purchase consideration for the Bosveld acquisition.
 - Corporate administrative expenses of US\$2.7 million are mainly for consultation fees and legal fees in drafting the subsidiary acquisition agreements, together with all the legal documentation surrounding the formation of the BEE (Black Economic Empowerment) component for the granting of the Section 11 Ministerial approval.

- The impairment of mining assets of US\$0.2 million relates mainly to the Bosveld transaction, where the purchase consideration exceeded the fair value of the mining assets at acquisition.
- < **Warrant settlement costs** are those expenses that are directly attributable to the cancellation of warrants granted by Stonewall to two offshore parties and are non-recurring.
 - During the financial year, the company availed of a working capital loan facility from two offshore lenders. This facility was subject to the issue of warrants which entitled the warrant holders to the option to subscribe for a percentage of the company's shares within a specified period. A settlement was reached with these warrant holders whereby the company will settle the warrants by a cash payment of US\$2 million and the warrants will subsequently be cancelled. This payment was made on 30 July 2012 and the warrants have been cancelled.
 - The foreign exchange loss of US\$0.2 million is mainly as a result of the conversion from ZAR to US\$ and GBP respectively, as the Stonewall Group's functional currency is South African Rand (ZAR), when this working capital loan facility was repaid to the offshore lenders.
 - The consultation fees of US\$1 million partially relate to the legal fees and consultations surrounding the drafting of the working capital loan facility agreements as well as the warrant settlement agreement. The consultation fees also relate to management fees for the raising of equity capital, through various international capital markets, for Stonewall as well as the process of listing the company on an appropriate international stock exchange.
- < **Black Economic Empowerment** charge (BEE) of US\$11.8 million is directly attributable to the formation of the BEE component at the subsidiary level and is non-recurring.

In terms of the transaction with the BEE parties, the fair value of the equity received by the BEE partners exceeded the fair value of the amount payable by them, thus resulting in this charge. In determining the fair value of the amount payable, an assumption was made that there will be no dividend distribution for at least 3 years from the subsidiaries to the BEE partners.

The BEE transaction is explained in detail in Section 10 and 13.5 of this Prospectus.

< **Care and maintenance / Other costs**

- Employee benefits of US\$2.3 million relate mainly to salaries and wages of the personnel keeping the subsidiary companies, TGME and Bosveld, on care and maintenance as well as the salaries of the administrative personnel of the investment holding company. The current complement of permanent staff will increase accordingly when TGME and Bosveld move from care and maintenance into production.
- The fair value adjustment of US\$0.3 million is mainly derived from the TGME transaction, where the investment properties, which consist of residential houses in Graskop, were valued by an independent external valuer, based on their fair value less costs to sell.

**Stonewall Mining Group
Pro Forma Consolidated Statement of Cash Flows
for the year ended 29 February 2012**

	US\$'000
Cash flows from operating activities	
Cash receipts from customers	6,089
Payments to suppliers and employees (inclusive of GST)	(11,098)
Interest received	75
Interest paid	(302)
Net cash used in operating activities	(5,236)
Cash flows from investing activities	
Payment for property, plant and equipment	(17)
Payment for other intangible assets	(159)
Proceeds from disposal of property, plant and equipment	4
Acquisition of subsidiary	(3,399)
Increase in rehabilitation trust	(269)
Net cash used in investing activities	(3,840)
Cash flows from financing activities	
Proceeds from issues of shares and other equity securities	9,717
Proceeds from other loans	95
Decrease in finance lease obligation	(476)
Increase in other financial liabilities	500
Repayments of borrowings	(23)
Net cash provided by financing activities	9,813
Net increase in cash and cash equivalents	737
Cash at the beginning of the year	52
Effects of exchange rates	(25)
Cash at the end of the financial year	764

Management Discussion on Stonewall Mining Group Pro Forma Consolidated Statement of Cash Flows for the financial year ended 29 February 2012

The commentary below has been included in order to provide investors an understanding of the pro forma information of the Stonewall Mining Group set out above. This section should be read in conjunction with the basis of preparation of the financial information set out in note 1 of this Section of the Prospectus.

The Stonewall Mining Group Pro Forma Consolidated Statement of Cash Flows for the year ended 29 February 2012 is based on Stonewall Mining Group consisting primarily of the administrative and corporate activities of the investment holding company, Stonewall Mining (Pty) Ltd (Stonewall) and the operations of subsidiary companies Transvaal Gold Mining Estates Limited (TGME) and Bosveld Mines (Pty) Ltd (Bosveld), both of which are mining companies in South Africa currently in care and maintenance, with some activity regarding gold sales for the period at TGME. The impact of Sabie Mines (Pty) Ltd, a dormant subsidiary and Vanaxe Share Block (Pty) Ltd, an insignificant subsidiary, is immaterial and does not significantly impact the cash flows of the Stonewall Group.

The key areas of cash flow movements are as follows:

- < **Net cash used in operating activities of US\$5.2 million** is mainly derived from corporate costs incurred by Stonewall and care and maintenance costs incurred at TGME and Bosveld exceeding the amounts received from gold sales at TGME.
- Corporate costs relate to costs incurred such as consultation fees and legal fees, explained above in the discussion of the financial performance of the Stonewall Mining Group, in restructuring the Stonewall Group.
 - Interest payments were made to the previous shareholders of Bosveld relating to the purchase consideration of Bosveld and amounts outstanding during the period. All purchase consideration amounts were settled during the current period. Interest payments were also made to banks relating to finance lease agreements in the Group.

6. FINANCIAL INFORMATION

< **Net cash used in investing activities of US\$3.8 million** is mainly derived from obtaining further mining rights at TGME as well as acquiring the net assets of TGME. The cash relating to this acquisition is currently in escrow earmarked for the purpose of the acquisition of TGME.

- The company entered into a sale of shares agreement on 31 August 2010 to purchase all of the issued ordinary shares in the share capital of TGME and the seller's claims for the amount of US\$3.4 million. The agreement is subject to the fulfilment of certain conditions precedent as per the sale of shares agreement. At 29 February 2012, the only outstanding condition for the transaction was the approval of the transfer of the applicable mining rights to Stonewall by the Department of Mineral Resources in South Africa, which was obtained during June 2012. The amount is shown as acquisition costs at 29 February 2012 as a result of the pro forma adjustments presented in this Section of the Prospectus.
- It is required that a mining company maintains a rehabilitation trust fund in order to rehabilitate the mine at the end of its life of mine. As a result, the rehabilitation investment at TGME and Bosveld reflects an increase for the current period.

< **Net cash provided by financing activities of US\$9.8 million** is mainly derived from Stonewall issuing ordinary shares of no par value to foreign investors during the year at an amount of US\$10 million, representing approximately 38% of the issued shares of the Stonewall company.

- During the financial year, the company issued warrants which entitled the warrant holders to the option to subscribe for a percentage of the company's shares within a specified period. A settlement was reached with these warrant holders whereby the company will settle the warrants by a cash payment of US\$2 million and the warrants will subsequently be cancelled as presented in note 3 of this Section of the Prospectus. The amount is included in the increase of other financial liabilities.

- Stonewall acquired 84% of the issued share capital of Bosveld on 16 November 2010. The purchase consideration amounting to US\$1.5 million was settled during the current period. The amount is included in the increase of other financial liabilities.
- Finance lease payments amounting to US\$476,000 were paid during the current year in line with the finance lease agreements of the Group.

The effects of exchange rates of US\$25,000 is as a result of the Stonewall Group functional currency being South African Rand (ZAR) and the reporting currency for purposes of this Prospectus is US Dollar (US\$). The amount is as a result of conversion from ZAR to US\$.

Certain assumptions were made in preparing the cash flow information as the financial year-ends of the subsidiary companies were different from that of Stonewall at 28 February 2011 with TGME at 30 June 2011 and Bosveld at 31 December 2010. Due to the limited operations at that time it was assumed that costs incurred and working capital movements impacting on cash used in operating activities were incurred evenly on a monthly basis. These adjustments were made to the cash flow workings in order to represent cash used in operations for the 12 months ended 29 February 2012. Cash outflows from investing activities and inflows from financing activities represent actual movements for the period and no assumptions or adjustments were made to these items.

Combined Group (Company and Pro Forma Stonewall Mining Group) Pro Forma Consolidated Statement of Financial Position

The Pro Forma Consolidated Statement of Financial Position set out below has been prepared to illustrate the acquisition of the Stonewall Mining Group and the effects of the offer. The Pro Forma Consolidated Statement of Financial Position of the Combined Group assumes the completion of the previously disclosed transactions and is based on the assumption that the transactions and events contemplated in this Prospectus, referred to as Pro Forma Adjustments, and described in Note 2 to this financial information, take place on 29 February 2012.

Combined Group (Company and Pro Forma Stonewall Mining Group) Pro Forma Consolidated Statement of Financial Position

		Minimum Subscription A\$3,000,000	Maximum Subscription A\$10,000,000
	Company Statement of Financial Position 29 February 2012 US\$'000	Combined Group Pro Forma Consolidated Statement of Financial Position US\$'000	Combined Group Pro Forma Consolidated Statement of Financial Position US\$'000
Assets			
Current assets			
Cash and cash equivalents	890	12,557	19,325
Trade and other receivables	46	448	448
Other financial assets	9	9	9
Inventories	-	1,017	1,017
Total current assets	945	14,031	20,799
Non-current assets			
Property, plant and equipment	145	2,364	2,364
Investment property	-	881	881
Intangible assets incl. mineral rights	-	12,601	12,601
Other non-current assets	1,152	2,305	2,305
Total non-current assets	1,297	18,151	18,151
Total assets	2,242	31,182	38,950
Liabilities			
Current liabilities			
Trade and other payables	117	3,759	3,759
Finance lease obligation	-	152	152
Other loans	-	228	228
Total current liabilities	117	4,139	4,139
Non-current liabilities			
Finance lease obligation	-	35	35
Provisions	10	1,439	1,439
Total non-current liabilities	10	1,474	1,474
Total liabilities	127	5,613	5,613
Net assets	2,115	26,569	33,337
Equity			
Issued capital	5,252	34,857	41,625
Share option reserve	83	92	92
Black Economic Empowerment reserve	-	11,511	11,511
Foreign currency translation reserve	-	85	85
Accumulated losses	(3,220)	(19,612)	(19,612)
Non-controlling interest	-	(364)	(364)
Total equity	2,115	26,569	33,337

Notes to the Historical and Pro Forma Consolidated Statement of Financial Position

Note 1. Summary of significant accounting policies

A. Basis of preparation

The historical financial information has been prepared in accordance with the recognition and measurement principles of applicable Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Material accounting policies adopted in the preparation of this financial information are presented below and have been consistently applied unless otherwise stated.

The financial information has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The historical and pro forma financial information is presented in United States Dollars.

B. Basis of consolidation

The pro forma consolidated financial information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All inter-company balances and transactions, and unrealised profits arising within the group are eliminated in full on consolidation.

C. Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3: Business Combinations

are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with AASB 5: Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities or contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

D. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the

respective asset and liability will occur. Deferred tax assets and liabilities are offset where (a) a legally enforceable right of set-off exists, (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

E. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	5 – 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

F. Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon that area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

6. FINANCIAL INFORMATION

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

G. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sales of the assets (i.e. Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

AMORTISED COST is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

FAIR VALUE is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The EFFECTIVE INTEREST METHOD is used to allocate interest income or interest expenses over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs, and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value included in profit or loss.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

HELD TO MATURITY INVESTMENTS

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are not expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

FINANCIAL LIABILITIES

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

H. Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of the revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

I. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates.

The financial information is presented in United States Dollars.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the yearend exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

J. Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair values of the equity to which an employee become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

6. FINANCIAL INFORMATION

K. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

L. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

M. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

N. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

O. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivables or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

P. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial information based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

IMPAIRMENT

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgments

EXPLORATION AND EVALUATION EXPENDITURE

The Company capitalised expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the

existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Q. Reverse acquisition accounting

The acquisition of Stonewall Mining (Proprietary) Limited by Meridien has been considered a reverse acquisition under Australian Accounting Standard AASB 3 "Business Combinations" notwithstanding that Meridien is the legal parent in the acquisition. In reverse acquisition accounting the cost of the business acquired is deemed to have been incurred by the legal subsidiary (the acquirer for accounting purposes). Accordingly, the basis of preparation of the Pro Forma Consolidated Statement of Financial Position of the Combined Group (Company and Pro Forma Stonewall Mining Group) has been presented as if the legal subsidiary, Stonewall Mining (Proprietary) Limited was the acquirer and, accordingly, the consolidated financial statements of Meridien are a continuation of the consolidated financial statements of Stonewall Mining (Proprietary) Limited. The carrying value of the assets and liabilities of Meridien are considered to approximate their fair values for the requirements of AASB 3.

Note 2. Pro forma adjustments

The pro forma consolidated statement of financial position of the Combined Group has been prepared to illustrate the acquisition of the Stonewall Mining Group and the effects of the offer. The pro forma consolidated statement of financial position assumes the completion of the previously disclosed transactions and is based on the assumption that the following transactions and events contemplated in this Prospectus, referred to as Pro Forma Adjustments, take place on 29 February 2012:

Subsequent Events:

Issue of shares in the Company

- < The issue of 6,000,000 shares at \$A0.10 cents each totalling A\$600,000 (US\$603,000)

Issue of shares in Stonewall to Khan International Limited

- < The issue of 2,507 shares in Stonewall for US\$10,000,000

Repayment of financial liabilities

- < The extinguishment of liabilities held by Stonewall for US\$2,000,000

Pro forma transactions:

Acquisition of the Stonewall Mining Group

The issue of 448,000,000 shares and 25,000,000 options for the acquisition of 100% of the Stonewall Mining Group

Acquisition of Transvaal Gold Mining Estates Limited (TGME) and Sabie Mines (Proprietary) Limited (Sabie) by Stonewall

- < On 31 August 2010, Stonewall entered into a share sale agreement whereby it acquired the total shareholding of TGME subject to certain conditions precedent. In terms of a first addendum to the share sale agreement, the total issued share capital of Sabie was also acquired. The total purchase price was ZAR25 million.
- < For the purposes of the Pro Forma Financial Information, it was assumed that such approval was obtained at 29 February 2012 and TGME and Sabie were consolidated from that date.
- < The share sale agreement triggered the requirement for Stonewall to obtain a section 11 Consent in respect of the change of control in Sabie and TGME and such consent was granted in June 2012, following which the conditions precedent to the share sale agreement were completed in full.

Black Economic Empowerment Transactions

- < The Broad Based Socio-Economic Charter for the South African mining industry (Mining Charter) was published by the South African government in April 2004. The Mining Charter aims to achieve the following objectives:
 - Promotion of equitable access to the nation's mineral resources to all people of South Africa.
 - Expansion of meaningful and substantive opportunities for all Historically Disadvantaged South Africans (HDSAs) to enter the mining industry and to benefit from the nation's mineral resources.
 - Utilisation of the existing skills base for the empowerment of HDSAs.
 - Expansion of the skills base of HDSAs in order to serve the community.
 - Promotion of employment and advancement of the social and economic welfare of mining communities and the major labour-sending areas.
 - Promotion of beneficiation of South Africa's mineral commodities.

The Mining Charter was reviewed in 2010, putting emphasis on 26% of SA's mining assets being black economic empowerment (BEE) compliant by 2014.

In terms of the Mining Charter in South Africa, new order mining licences will only be issued to companies that have previously disadvantaged individuals or organisations controlled by previously disadvantaged individuals as shareholders. The guidance is that such shareholding should constitute more than 25%.

6. FINANCIAL INFORMATION

For the preparation of the Pro Forma Financial Information, it was assumed that the following transactions took place on 29 February 2012:

- < Stonewall sold 330,234 ordinary shares in TGME to a BEE Special Purpose Vehicle representing a strategic entrepreneurial party, the TGME employees, the local community and local land claimants. After this transaction, 26% of the total issued share capital of TGME is held by the BEE Special Purpose Vehicle. Following this disposal, TGME has issued one share to the BEE Special Purpose Vehicle for a subscription price of ZAR104,422,500, financed via a loan account to the BEE Special Purpose vehicle and repayable out of future dividends; and
- < Stonewall sold 40,299 ordinary shares in Sabie to a BEE Special Purpose Vehicle representing a strategic entrepreneurial party, the Sabie employees and the local community. After this transaction, 26% of the total issued share capital of Sabie is held by the BEE Special Purpose Vehicle. Following this disposal, Sabie has issued one share to the BEE Special Purpose Vehicle for a subscription price of ZAR44,752,500, financed via a loan account to the BEE Special Purpose vehicle and repayable out of future dividends.

The BEE Special Purpose Vehicles were consolidated as at 29 February 2012 in terms of the requirements of Interpretation of Statements of Generally Accepted Accounting Practice, SIC 12 – Consolidation – Special Purpose Entities.

Issue of Shares and Options to a Consultant

- < The issue of 15,000,000 shares and 1,000,000 options to Austinvestments Pacificasia Consulting Pty Ltd (or its nominees), in consideration for services performed.

Issue of Shares to Stakeholders

- < The issue of 4,000,000 shares to Stakeholders, in consideration for services performed.

The offer

- < The issue of up to 15,000,000 shares at an issue price of A\$0.20 per share to raise up to A\$3,000,000 (fully subscribed) and oversubscriptions for up to a further 35,000,000 shares at an issue price of A\$0.20 per Share to raise up to a further A\$7,000,000 (fully oversubscribed).

Note 3. Cash and cash equivalents

	Minimum Subscription A\$3,000,000	Maximum Subscription A\$10,000,000
	Combined Group Pro Forma Consolidated Statement of Financial Position US\$'000	Combined Group Pro Forma Consolidated Statement of Financial Position US\$'000
Cash and cash equivalents as at 29 February 2012	890	890
Subsequent event:		
Proceeds from issuance of shares	603	603
	1,493	1,493
Pro forma transactions:		
Stonewall cash and cash equivalents as at 29 February 2012	764	764
Proceeds from shares issued to Khan International Limited	10,000	10,000
Repayment of financial liabilities	(2,000)	(2,000)
Cash acquired from the acquisition of the Stonewall Group	8,764	8,764
Proceeds from shares issued pursuant to the offer	3,080	10,268
Payment of the offer costs	(780)	(1,200)
Net impact of capital raising	2,300	9,068
Pro forma cash and cash equivalents	12,557	19,325

Note 4. Issued capital

	Minimum Subscription A\$3,000,000	Maximum Subscription A\$10,000,000
	Combined Group Pro Forma Consolidated Statement of Financial Position US\$'000	Combined Group Pro Forma Consolidated Statement of Financial Position US\$'000
Issued capital as at 29 February 2012	5,252	5,252
Subsequent event:		
Fair value of issuance of shares	603	603
	5,855	5,855
Pro forma transactions:		
Fair value of shares issued to acquire the Stonewall Group	9,331	9,331
Deferred consideration	(1,864)	(1,864)
Fair value of the shares issued pursuant to the offer	3,080	10,268
Fair value of shares issued to a Consultant	3,080	3,080
Fair value of shares issued to stakeholders	821	821
Reverse acquisition accounting adjustment	15,334	15,334
Share Issue costs	(780)	(1,200)
Net Pro forma transactions	29,002	35,770
Pro forma Issued capital	34,857	41,625

Note 5. Options

Share Options as at 29 February 2012	83	83
Fair value of options issued to a Consultant	92	92
Reverse acquisition accounting adjustment	(83)	(83)
Net Pro forma transactions	9	9
Pro forma share options	92	92

Note 6. Accumulated losses

Accumulated losses as at 29 February 2012	(3,220)	(3,220)
Fair value of shares and options issued to a Consultant	(3,172)	(3,172)
Fair value of shares issued to Stakeholders	(821)	(821)
Reverse acquisition accounting adjustment	(12,399)	(12,399)
Net pro forma transactions	(16,392)	(16,392)
Pro forma accumulated losses	(19,612)	(19,612)

7. INVESTIGATING ACCOUNTANT'S REPORT



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The Directors
Meridien Resources Limited
Level 2, 139 Frome Street
Adelaide SA 5000

21 September 2012

Dear Sirs

Investigating Accountants' Report on Meridien Resources Limited

Introduction

At the request of the directors of Meridien Resources Limited (the Company) this report has been prepared for inclusion in a Prospectus to be dated 21 September 2012 in connection with the issue of up to 15 million new shares in the Company at an issue price of A\$0.20 per share to raise up to A\$3,000,000 (fully subscribed) and oversubscriptions for up to a further 35 million new shares in the Company at an issue price of A\$0.20 per share to raise up to a further A\$7,000,000 (the Offer).

A number of defined words and terms used in this report have the same meaning as set out in the Glossary contained in the Prospectus.

Financial Information

You have requested that we review the financial information set out in section 6 of the Prospectus and prepare an Investigating Accountants' Report ("IAR"). The Prospectus includes at section 6 the following:

Company

- Statement of Comprehensive Income for the year ended 29 February 2012; and
- Statement of Cash Flows for the year ended 29 February 2012.

Pro Forma Stonewall Mining Group

- Pro Forma Consolidated Statement of Comprehensive Income for the year ended 29 February 2012; and
- Pro Forma Consolidated Statement of Cash Flows for the year ended 29 February 2012.

Combined Group (Company and Pro Forma Stonewall Mining Group)

- Pro Forma Consolidated Statement of Financial Position as at 29 February 2012 assuming completion of the Offer and pro forma transactions (Pro Forma Adjustments) contemplated within this Prospectus

notes to the above historical and pro forma financial information

together known as the "Financial Information".

Liability limited by a scheme approved under Professional Standards Legislation
Member of Deloitte Touche Tohmatsu Limited

Directors' responsibility for the Financial Information

The directors of the Company are responsible for the preparation and presentation of the Financial Information, including the determination of the Pro Forma Adjustments. The directors' responsibility also includes the preparation of the Prospectus in accordance with the Corporations Act 2001.

The Financial Information and Pro Forma Adjustments are presented in an abbreviated form insofar as they do not include all of the disclosures required by Australian Accounting Standards applicable to annual or half-year financial reports prepared in accordance with the Corporations Act 2001.

Our responsibility

We conducted our review on the Financial Information in accordance with Australian Standard on Review Engagements (ASRE) 2405 "*Review of Historical Financial Information Other than a Financial Report*" so that we can state whether anything has come to our attention which causes us to believe that the Financial Information as set out in the Prospectus is not presented fairly in accordance with the basis of preparation and the assumptions adopted by the directors as disclosed in section 6 of the Prospectus.

Our work included such enquiries and procedures that we considered reasonable in the circumstances, including the following:

- Review of work papers, accounting records and other documents;
- A review of the Pro Forma Adjustments made in preparing the Financial Information;
- Analytical procedures applied to the Financial Information and Pro Forma Adjustments;
- A comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations) and the accounting policies adopted by the Company as disclosed in the annual financial statements; and
- Enquiry of Directors, management and others.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit engagement. Accordingly we do not express an audit opinion.

ASRE 2405 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Financial Information in respect of Meridien Resources Limited as set out in section 6 of the Prospectus is not presented fairly in accordance with the basis of preparation and the assumptions adopted by the directors as disclosed in section 6 of the Prospectus.



Subsequent Events

Subsequent to 29 February 2012 and up to the date of this report, nothing has come to our attention that would cause us to believe material transactions or events outside the ordinary course of business of the Company have occurred, other than the matters dealt with in this report or the Prospectus, which would require comment on, or adjustment to, the information contained in this report, or which would cause such information to be misleading or deceptive.

Independence and Disclosures of Interests

Deloitte does not have any interest in the outcome of this Offer other than the preparation of this Report, and other services in relation to the Offer for which normal professional fees will be received. Deloitte is the auditor of Stonewall Mining (Proprietary) Limited and from time to time Deloitte also provides certain other professional services to Stonewall Mining (Proprietary) Limited for which normal professional fees are received.

Yours faithfully

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Ian Sanders".

Ian Sanders
Partner

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8. INDEPENDENT COMPETENT PERSONS' REPORT – SOUTH AFRICA

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An Independent Competent Persons' Report on the TGME Gold Project, Mpumalanga Province, South Africa

Effective Date: 1 February 2012

Issue Date: 20 September 2012

Minxcon Reference: M11-118

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8. INDEPENDENT COMPETENT PERSONS' REPORT
– SOUTH AFRICA

Competent Persons' Report on the TGME Project, Mpumalanga Province, South Africa

i

DISCLAIMER AND RISKS

This Report was prepared by Minxcon (Pty) Ltd ("Minxcon"). In the preparation of the Report, Minxcon has utilised information relating to operational methods and expectations provided to them by various sources. Where possible, Minxcon has verified this information from independent sources after making due enquiry of all material issues that are required in order to comply with the requirements of the JORC Code. Minxcon and its directors accept no liability for any losses arising from reliance upon the information presented in this Report.

OPERATIONAL RISKS

The business of mining and mineral exploration, development and production by their nature contain significant operational risks. The business depends upon, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues.

POLITICAL AND ECONOMIC RISK

Factors such as political and industrial disruption, currency fluctuation and interest rates could have an impact on future operations, and potential revenue streams can also be affected by these factors. The majority of these factors are, and will be, beyond the control of any operating entity.

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1 EXECUTIVE SUMMARY

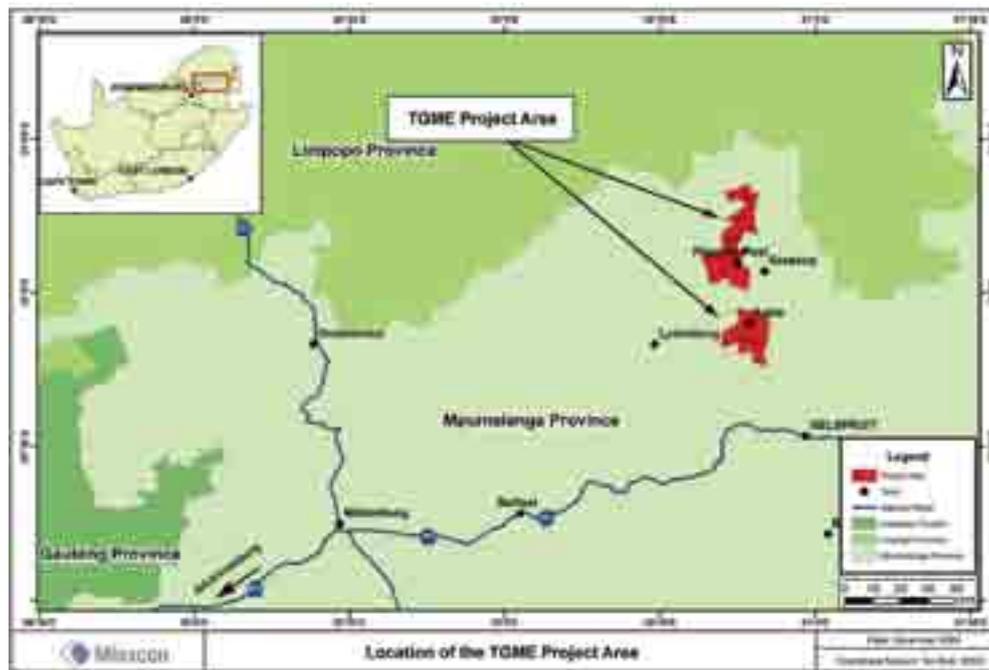
Minxcon (Pty) Ltd ("Minxcon") was commissioned by the directors of Stonewall Mining ("Stonewall") to compile a Competent Persons' Report ("CPR" or "Report") for Stonewall Mining on the TGME Project ("the Project").

This Report is fully compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources, Ore Reserves ("the JORC Code").

The Competent Person ("CP") of the Report deems this summary to be a true reflection of the content of the full CPR.

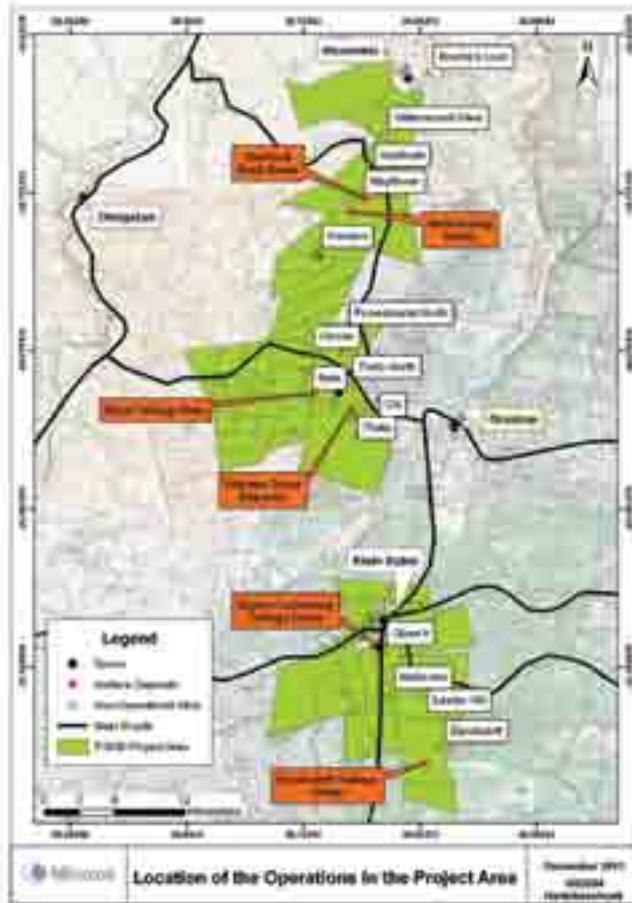
The Project Area is approximately 46.241 ha (forty-six thousand two hundred and forty-one hectares) in extent.

Location of the Project



8. INDEPENDENT COMPETENT PERSONS' REPORT
– SOUTH AFRICA

Location of the Project Operations



1.1 LEGAL ASPECTS AND TENURE

Stonewall holds a 74% shareholding in Transvaal Gold Mining Estates Limited (TGME) and Sabie Mines Proprietary Limited (Sabie), the balance is held by Black Economic Empowerment (BEE) entities;

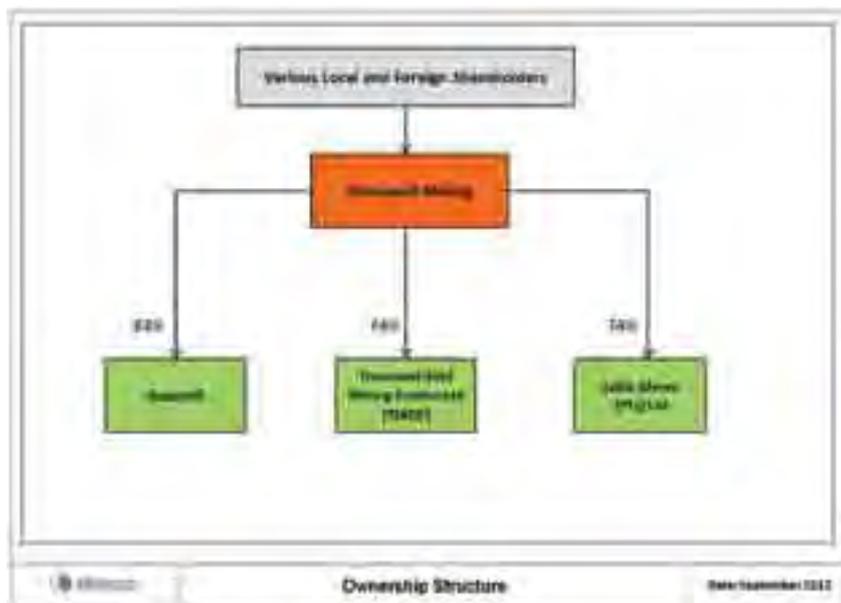
In addition, Stonewall currently holds an 84% shareholding in Bosveld Mines Proprietary Limited (Bosveld) as outlined in the BEE structure figure below. Stonewall is in the process transferring an additional 10% over to BEE entities, after which it will hold a 74% interest in Bosveld. This is in line with the requirements of the South African Mining Charter.

The South African Mining Charter requires a minimum of 26% meaningful economic participation by the historically disadvantaged South Africans i.e. black South Africans (HDSA).

TGME, Sabie and Bosveld all carry out gold mining operations in South Africa.

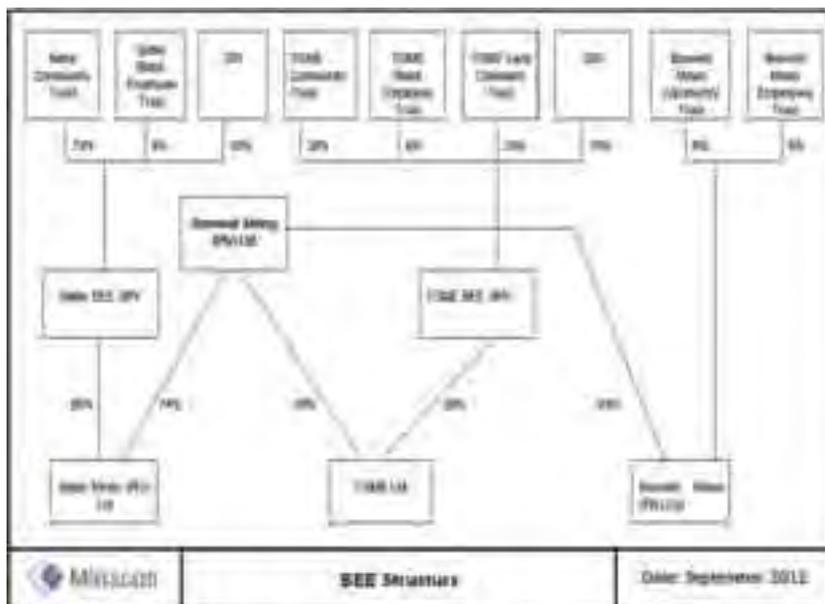
The structure of the Stonewall Group may be represented as follows:-

Corporate Structure of Stonewall Mining



The Black Economic Empowerment (“BEE”) structures for Stonewall are set out below:-

BEE Structure for Stonewall



8. INDEPENDENT COMPETENT PERSONS' REPORT – SOUTH AFRICA

The BEE structures are based on achieving broad-based black economic empowerment as set out by the objectives of the Department of Mineral Resources ("DMR").

1.1.1 Mining Rights

TGME houses certain mining operations and owns a number of mining and exploration rights.

TGME has five approved mining rights:

- the Greater TGME Mining Right (No. 83MR): This mining right still needs to be executed to expand the current mining activities;
- the Elandsdrift Mining Right (No. 198MR): This mining right was granted on 18 March 2008 and expired on 17 March 2009. An extension application was submitted in January 2009 and is still being processed by the DMR. The DMR approved the Social and Labour Plan ("SLP") submitted for this mining right application;
- the Rietfontein Mining Right (No. 358MR): This mining right was granted on 17 February 2012 subject to TGME, amongst other things, making financial provision in an amount of ZAR4 million and submitting a signed shareholders agreement and SLP; and
- the Pilgrim's Trend Deposits Mining Right (No. 341MR): This mining right has been granted by the DMR and makes financial provision in the amount of approximately ZAR16 million and submitting a duly signed shareholders agreement and SLP; and
- the Hermansburg Mining Right (No. 340MR) was granted on the 6th of June 2012

TGME also submitted applications for new order mining rights, namely:

- Glynn's Lydenburg Tailings Dam Mining Right No. 433MR;
- Hermansburg Mining Right No. 83MR: The DMR have information regarding BEE from Stonewall for this mining right application and is still awaiting the outcome; and
- Beta Mining Right No. 330MR: Awaiting outcome from the DMR.

Stonewall informed Minxcon that, at this stage, the environmental component has been completed for all of the mining right applications and the granting of the mining rights is subject to the approval of the SLP as well as TGME's BEE credentials.

Stonewall has completed implementing the BEE structure for TMGE and Sabie and is currently transferring an additional 10% holding for Bosveld over to BEE entities, after which it will hold 74% interest in Bosveld. It should be noted that the DMR has recently been taking a more active role in regard to BEE structures, especially in regard to fulfilling the objectives of the Mining Charter.

All of the above mining rights were compiled according to the provisions of the Mineral and Petroleum Resources Development Act ("MPRDA").

1.1.2 Prospecting Rights

TGME holds the following prospecting rights:

- Hermansburg Prospecting Right No. 403PR (effective 14 November 2006);
- Buffelsfontein Prospecting Right No. 1189PR (effective 30 January 2007);
- Blackhill Prospecting Right No. 404PR (effective 14 November 2006);
- Elandsdrift Prospecting Right No. 406PR (effective 15 June 2006); and
- Prospecting Right No. 10005PR (new application made on 6 July 2011).

The prospecting rights are valid for five years and accordingly should be extended. Applications for the extension of the above-mentioned prospecting rights were submitted by TGME in November 2011.

Sabie Mines (Pty) Ltd ("Sabie") holds certain prospecting rights and will commence mining operations. Minxcon understands that Stonewall is obliged to restructure the TGME and Sabie operations so that some of the mining rights applied for by TGME will reside with Sabie.

The following prospecting rights are held by Sabie:

- 278 PR in respect of Verroosting (granted on 14 November 2006); and
- 660 PR in respect of Rietfontein (granted on 15 July 2006).

Prospecting rights are valid for five years only, unless extended. Accordingly, these rights should be extended. Applications for the extension of the two above-mentioned prospecting rights were submitted in November 2011.

1.2 GEOLOGY AND MINERALISATION

The Sabie-Pilgrim's Rest Goldfield is the oldest gold mining district in post-colonial South Africa with historical production being estimated at 200 t of gold (6 Moz).

The Transvaal Gold Exploration Company was first formed in 1883, but following a name change to the Lydenburg Gold Mining Estates Limited due to a merger, the company was reconstituted as Transvaal Gold Mining Estates ("TGME Limited") and was registered as a company on 16 May 1895. Gold was then mined continuously by TGME in the general Project Area until 1972, and again from 1986 until the present. TGME sold its assets to Rand Mine Properties Limited in 1968, which ceased all mining operations in the area in 1972. In 1974, an agreement was reached between the Transvaal Provincial Administration ("TPA") and Rand Mine Properties Limited ("Rand Mines") whereby the TPA obtained ownership of the historical village of Pilgrim's Rest, as well as an additional 1,800 ha of the farm Ponieskrantz.

During 1995, TGME and Randgold & Exploration entered into a joint venture whereby Randgold & Exploration would undertake underground development of the farms Morgenzon and Van der Merwe's Reef. This joint venture was terminated in 1997 and, in 2004, TGME became a wholly owned subsidiary of Simmer & Jack Mines who carried out mining and exploration on the property until August 2010 when they sold it to Stonewall Mining. Subject to the Section 11 consent described hereinabove, Stonewall Mining acquired 100% of the equity in TGME.

Early prospectors successfully traced sub-crops of the different reef horizons along strike where they were not obscured by slumped strata. Although mining continued from the 1880s until 1972, it was only in 1960 that AL Zietsman (a Rand Mines' geologist) systematically integrated regional geological mapping and exploration data to provide a significant contribution to the understanding of the controls on mineralisation.

8. INDEPENDENT COMPETENT PERSONS' REPORT
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The Project Area is situated within the Sabie-Pilgrim's Rest Goldfield, approximately 300 km northeast of the Witwatersrand Basin. Gold mineralization occurs within sedimentary host rocks of the Transvaal Supergroup. This metallogenic province extends for approximately 140 km in a north-northeasterly direction, over a maximum width of 30 km along the Great Escarpment of Southern Africa. The stratigraphic succession at the Project Area is that of the Transvaal Supergroup, with the exception that the Deutschland Subgroup and Penge Iron Formation are missing. Instead, the Pretoria Group is separated from the Malmani Subgroup by the Bevet's Unconformity.

The stratigraphic succession, moving upwards in decreasing age includes Archaean basement granite, as well as minor Godwan and Wolkberg Group clastic sediments that unconformably overlie the basement rocks. The Transvaal Supergroup is separated from the Wolkberg Group by an angular unconformity.

The Black Reef Quartzite Formation forms the base of the Transvaal Supergroup, which is overlain by the Chuniespoort Group, made up of the lower Malmani Dolomite Subgroup, the Penge Iron Formation and the top most Deutschland Subgroup. The Pretoria Group overlies the Deutschland Subgroup. Numerous dykes and sills, principally of Bushveld age, with some post-dating the Complex, have intruded into the Transvaal Supergroup.

Epigenetic gold mineralization in the Sabie-Pilgrim's Rest Goldfield occurs as concordant and discordant veins in a variety of host rocks within the Transvaal Drakensberg Goldfield, and these veins have been linked to emplacement of the Bushveld Complex. Flat reef or bedding-parallel veins are the principal source of gold-bearing material. These bodies are stratiform, and generally stratabound, and occur from near the base.

Epigenetic gold mineralisation occurs as concordant and discordant veins in a variety of host rocks. Mineralisation at TGME occurs principally in flat, bedding parallel shears located mainly on shale partings within the Malmani Dolomites. The mineralised zones occur as narrow quartz-carbonate veins (reefs) which generally conform to the shallow regional dip of the strata. Gold mineralisation is accompanied by various sulphides of iron, copper, arsenic and bismuth. The greatest part of gold-bearing material which has historically been recovered from concordant, bedding parallel reefs was recovered from the Glynn's and Theta Reefs. The Glynn's Reef is found within the Oaktree formation of the Malmani Subgroup, and has been mined extensively at Elandsdrift, Glynn's Lydenburg and Vaalhoek Mines. The Theta Reef is found in the younger Eccles formation and was historically the principal source of gold-bearing material mined in the Pilgrim's Rest area.

The discordant reefs are characterized by a variety of gold mineralisation styles. They are found throughout the Sabie-Pilgrim's Rest Goldfield, and are commonly referred to as cross reefs, blows, veins and leaders. These discordant bodies can be found sporadically throughout the stratigraphy as a varying assemblage of gold-quartz-sulphide mineralisation generally striking towards NE. They vary greatly in terms of composition, depth and diameter. A number of major north to north-easterly trending lineaments are prevalent throughout the project area and the Sabie-Pilgrim's Rest Goldfield. These lineaments are represented by a series of near-vertical faults and dykes, most notably those forming the Fraser Morgan graben. The period of northerly faulting is thought to post-date a period of east-west normal faulting.

1.3 EXPLORATION PROGRAMME AND BUDGET

The exploration drilling programme has been drawn up and the schedule is illustrated in the figure below:

Exploration Drilling Programme

Project priority	Description	Estimated drilling metres	# rigs	Month															
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Priority 1	Beta	7 976	3	■			■			■			■			■			
Priority 2	Vaalhoek	3 028	2	■		■		■		■		■		■		■		■	
Priority 3	Frankfort	1 212	2	■		■		■		■		■		■		■		■	
Priority 4	Rietfontein	9 098	3	■			■			■			■			■			
Priority 5	Glynn's	1 541	2	■		■		■		■		■		■		■		■	
Priority 6	Rietfontein complex	2 714	2	■		■		■		■		■		■		■		■	
Total		25569	5																

Legend: ■ Drilling with 2 Drill Rigs
■ Drilling with 3 Drill Rigs

The drilling schedule is aimed at targeting the high-priority areas first. The blue indicates a set of three drill rigs while the red indicates a set of two drill rigs. The schedule is based on a total of five drill rigs. The number of holes and the estimated drilling costs are illustrated below:

Estimated Drilling Budget Breakdown

Drilling Total	Drill holes	m	Drilling & Assay (Rm)	QA/QC & Other Assaying (Rm)	Geological Labour (Rm)	Running Costs (Rm)	Other Contractors (Rm)	Mine Rehab. & UG Drilling (Rm)	Total Cost (Rm)
Beta	22	7,976	8.15	0.92	3.30	1.09	0.60	1.58	15.63
Rietfontein	26	9,098	9.14	1.05	3.76	1.24	0.68	2.13	18.01
Frankfort	4	1,212	1.19	0.14	0.50	0.17	0.09	0.00	2.08
Vaalhoek	16	3,028	3.70	0.35	1.25	0.41	0.23	0.00	5.94
Rietfontein Complex	13	2,714	3.56	0.31	1.12	0.37	0.20	0.00	5.57
Glynn's	12	1,541	2.54	0.18	0.64	0.21	0.12	0.00	3.68
Total	93	25,569	28.28	2.96	10.57	3.49	1.91	3.70	50.92
% of cost			55.5%	5.8%	20.8%	6.9%	3.8%	7.3%	100.0%

Note: The above budget excludes VAT and is shown in ZAR and millions.

1.4 KEY ENVIRONMENTAL ISSUES

All the necessary environmental studies and reports relating to mining activities and obtaining Mining Rights have been completed and adhered to.

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Competent Persons' Report on the TGME Project, Mpumalanga Province, South Africa

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1.5 MINERAL RESOURCES

1.5.1 Mineral Resource Statement

All Mineral Resources have been reported in compliance with the specifications embodied in the JORC Code. Mineral Resources have been reported separately, as per the JORC Code, as Measured, Indicated and Inferred. Details for the individual mines/deposits are detailed in the previous CPR and technical reports.

1.5.2 Mineral Resource Classification

The Mineral Resource classification, as per the JORC CODE definition, is a function of the confidence of the whole process from drilling, sampling, geological understanding and geostatistical relationships.

The following tables summarise the Mineral Resources as at October 2011. Since the previous Mineral Resource declaration by TGME, no additional work/modelling/estimation has been undertaken on the Mineral Resources.

Summary of Total Resources

Category		Tonnes (Mt)	Grade (g/t)	Gold (Kg)	Gold (^{'000} oz)
Measured	UG	0.17	4.77	811	26
	Surface	0.15	1.59	240	7.7
	Tailings	2.29	0.77	1,770	56.7
	Total	2.62	1.08	2,821	90.4
Indicated	UG	2.76	5.87	16,184	519.6
	Surface	3.17	0.88	2,811	90.3
	Tailings	0.01	0.58	7	0.2
	Total	5.94	3.20	19,002	610.1
Inferred	UG	14.54	3.91	56,832	1,824.60
	Surface	0.8	0.8	642	20.6
	Tailings	2.45	3.07	7,516	241.6
	Rock Dump	0.12	1.59	192	6.2
	Plant Floats	0.04	0.54	22	0.7
	Total	17.94	3.63	65,204	2093.7
Grand Total	26.50	3.28	87,027	2,794.2	

Mineral Resources as at October 2011

Mineral Resource Category	UG Mine	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	(^{'000} oz)	(cm.g/t)
Measured	Frankfort	Bevett's	3.60	0.170	4.77	811	26.0	133
Total Measured			3.60	0.170	4.77	811	26.0	133
Indicated	Frankfort	Bevett's	3.60	0.282	5.04	1,421	45.6	133
	DH/Clewer	Rho	3.30	0.696	3.39	2,359	75.7	133
	Beta	Beta	3.60	0.443	4.86	2,153	69.1	133
	Rietfontein	Rietfontein	3.00	1.244	7.92	9,852	316.3	133
	Olifantsgeraamte	Olifantsgeraamte	3.60	0.090	4.43	399	12.8	133
Total Indicated			3.25	2.755	5.87	16,184	519.6	133
Total Measured and Indicated			3.27	2.925	5.81	16,995	545.6	133

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Mineral Resource Category	UG Mine	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(cm.g/t)
Inferred	Frankfort	Bevett's	3.60	0.468	5.30	2,480	79.6	133
	DH/Clewer	Rho	3.30	0.046	2.09	96	3.1	133
	Beta	Beta	3.60	4.624	3.11	14,381	461.7	133
	Theta	Theta lower	3.80	0.104	9.78	1,017	32.7	133
	Morgenzon	Top Rho	3.80	0.053	5.51	292	9.4	133
	Vaalhoek	Vaalhoek	3.80	1.346	5.74	7,726	248.0	133
	Ponieskrantz	Portuguese	3.80	0.549	2.77	1,521	48.8	133
	Rietfontein	Rietfontein	3.00	0.657	7.23	4,750	152.5	133
	Olifantsgeraamte	Olifantsgeraamte	3.60	0.421	4.59	1,932	62.0	133
	Glynn's	Compound Hill	3.80	3.840	3.84	14,746	473.4	133
	Malieveld	Glynn's	3.80	1.709	3.51	5,999	192.6	133
	Nestor	Sandstone	3.80	0.443	2.37	1,050	33.7	133
Frankfort	Theta	3.60	0.275	3.06	842	27.0	133	
Total Inferred			3.68	14.535	3.91	56,832	1,824.6	133

Updated October 2011 Mineral Resources of the Open-pittable Surface Stonewall Operations

Mineral Resource Category	Surface Operation	Operation Type	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(g/t)
Measured	Hermansburg	Open Pit	2.30	0.151	1.59	240	7.7	0.20
Indicated	Hermansburg	Open Pit	2.30	0.752	1.2	902	29	0.20
	DG1		2.30	0.389	1.72	669	21.5	0.20
	DG2		2.30	2.032	0.61	1,240	39.8	0.20
Total Indicated			2.30	3.173	0.88	2,811	90.3	0.20
Total Measured and Indicated			2.30	3.324	0.92	3,051	98.0	0.20

Mineral Resource Category	Surface Operation	Operation Type	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(g/t)
Inferred	Hermansburg	Open Pit	2.30	0.244	0.41	100	3.2	0.20
	DG1		2.30	0.286	1.42	406	13	0.20
	DG5		2.30	0.271	0.50	136	4.4	0.20
Total Inferred			2.30	0.801	0.80	642	20.6	0.20

Updated October 2011 Mineral Resources of the Stonewall Tailings Dams

Mineral Resource Category	Surface Operation	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(g/t)
Measured	Glynn's Lydenburg	Tailings	1.40	1.212	0.80	970	31.1	0.00
	Blyde 1	Tailings	1.40	0.447	0.72	322	10.3	0.00
	Blyde 2	Tailings	1.40	0.220	0.61	134	4.3	0.00
	Blyde 3	Tailings	1.40	0.274	0.88	241	7.7	0.00
	Blyde 4	Tailings	1.40	0.141	0.73	103	3.3	0.00
Total Measured			1.40	2.294	0.77	1,770	56.7	0.00
Indicated	Blyde 5	Tailings	1.40	0.012	0.58	7	0.2	0.00
Total Indicated			1.40	0.012	0.58	7	0.2	0.00
Total Measured and Indicated			1.40	2.306	0.77	1,777	57.1	0.00

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Mineral Resource Category	Surface Operation	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(g/t)
Inferred	Blyde 3a	Tailings	1.40	0.023	0.57	13	0.4	0.00
	TGME Plant	Tailings	1.40	2.428	3.09	7,503	241.2	0.00
Total Inferred			1.40	2.451	3.07	7,516	241.6	0.00

Updated October 2011 Mineral Resources of the Stonewall Rock Dump

Mineral Resource Category	Surface Operation	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(g/t)
Inferred	Vaalhoek	Rock Dump	1.70	0.121	1.59	192	6.2	0.20
Total Inferred			1.70	0.121	1.59	192	6.2	0.20

Mineral Resource Category	Surface Operation	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(g/t)
Inferred	Plant Floats	Processed Material	1.60	0.041	0.54	22	0.7	0.00
Total Inferred			1.60	0.041	0.54	22	0.7	0.00

The Inferred Mineral Resources have a large degree of uncertainty as to their existence and whether they can be mined economically or legally. It cannot be assumed that all or any part of the Inferred Resource will be upgraded to a higher confidence category. The current Mineral Resource model is based on available sampling data collected over the history of the Project area. The Mineral Resource estimation was carried out by Mr C Muller and Ms L Mavengere of Minxcon who both JORC Competent Persons with professional registration with SACNASP (SA). The grade models were verified by visual and statistical methods and deemed to be globally unbiased. The blocks were classified into Measured, Indicated and Inferred Mineral Resource categories using the following and not limited thereto: sampling QAQC, geological confidence, distance to sample (variogram range) and kriging efficiency. Only the Mineral Resources lying within the legal boundaries are reported. Mineral Resources are inclusive of the Ore Reserves. The Mineral Resources are declared at cut-offs shown in the table above. Conversion kg to oz: 32.15076. Effective data 31 October 2011, Beta Mine calculated over 90 cm stoping width; Frankfort Mine calculated over minimum achievable stoping width of 90 cm. 75% factor applied to the Vaalhoek tons to account for the sorting operation; 70% mass pull expected at TGME Plant Floats prior to treatment with XRT. The tonnages and grades are quoted as *in situ* tonnes Mineral Resources declared are for the entire project and have not been divided into attributable portions.

The business of mining and mineral exploration, development and production by their nature contain significant operational risks. The business depends upon, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues. Factors such as political and industrial disruption, currency fluctuation and interest rates could have an impact on future operations, and potential revenue streams can also be affected by these factors. The majority of these factors are, and will be, beyond the control of any operating entity.

1.6 CONCLUSIONS AND RECOMMENDATIONS

1.6.1 Conclusions

Mineral Resources

- All the historical drill hole logs are currently being captured in digital format by Agere Project Management and all the mine plans have been captured digitally from the historical information that was found at the Stonewall offices.
- The potential on the conventional flat reefs lies in the many closed mines in the area. These exhibit potential in terms of drilling of the exploration target extensions once the information has been compiled from the historical records. This will constitute a drilling programme around the historical mines that show potential. Examples of these include the old Vaalhoek Mine and Glynn's Mine.
- The QAQC that was undertaken during exploration and sampling is well within industry standards.
- The Hermansburg deposit is still open ended in strike and depth. More work is required to determine the structural model more accurately.
- A number of potential target areas need further exploration work.

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- The Stonewall Mineral Resources have been classified as Measured, Indicated and Inferred in accordance with the JORC Code. To upgrade the Mineral Resources, more data would be required and a QAQC carried out, with a complete independent technical review of the input data.
- The block models are globally unbiased.
- The data used for the estimation of the Mineral Resources for the Nestor, Malieveld, Theta, Vaalhoek, Morgenzon, Ponieskrantz and Glynn's Mines as well as the Theta Lower Reef is not verifiable; hence, the Mineral Resources are classified as Inferred based on historical audit findings whereby Minxcon previously audited and verified the data.
- Over 90% of the data in the Stonewall database is historical data whose QAQC was not available for validation. Thus, the validity of the sampling information poses a risk to the reliability of the Mineral Resource estimates. The findings of the risk assessment indicate a moderate to low risk profile, which may have an adverse effect on the Stonewall Mineral Resource estimates however, the risk is viewed as being within acceptable limits so as not to jeopardise the classification of the resources as per the JORC CODE.
- Minxcon could not verify that the plans used for the manual estimation of portions of the Stonewall Mineral Resources were updated, and as such, it must be pointed out that there is risk of declaration of non-existing Mineral Resources in these areas.

Processing

- The phased approach to the processing of different gold-bearing materials is supported by Minxcon.
- The current treatment of the tailings dams, although at a low gold recovery, generates enough cash flow to support operating and development costs.
- Minxcon supports the use of BIOX[®] technology.
- The Sabie area is a sensitive area. Minxcon agrees with the strategy to crush and mill the gold-bearing material at the individual shafts and pump the milled product to a central processing plant, providing it is located in a suitable area.

1.6.2 Recommendations

Mineral Resources

- Further exploration is needed to upgrade the underground Resources at TGME. The exploration programme at TGME underground operations should be differentiated into three categories. The underground mines show potential to convert Inferred Resources into Indicated Resources, and future exploration should focus on this. A second category is the Greenfield's Exploration Targets, which exhibit the conventional stratigraphically controlled quartz carbonate-sulphide bearing veins ("flat reefs"). The final category is the exploration pertaining to the numerous surface anomalies present in the area that clearly do not conform to the conventional flat reef mode of mineralisation, but appear instead to be related to structural features.
- The exploration programme needs to be split into the above categories to ensure that the current operations are established into successful operations with a reasonable life. The drilling for the extensions of other dormant mines will help ensure the medium to long term operational needs are met while the exploration for the feeder system will look at the longer term aspect.
- With regard to the surface deposits, i.e. Hermansburg and the DG deposits, it is recommended that further structural interpretation and 3-D modelling of the area is undertaken in order to increase the understanding of the mode of mineralisation and to accurately delineate the old workings that underlie these deposits.
- All surface deposits would still require more accurate SG determination.
- Further exploration is required to unlock further potential in the area. This must be well structured and managed in order to maximize the potential.

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Competent Persons' Report on the TGME Project, Mpumalanga Province, South Africa

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Processing

- Use of BIOX[®] technology must be evaluated for individual material types.

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2 INTRODUCTION AND SCOPE

Minxcon (Pty) Ltd ("Minxcon") was commissioned by the directors of Stonewall Mining ("Stonewall") to compile a Competent Persons' Report ("CPR" or "Report") for Stonewall Mining on the TGME Project ("the Project").

Minxcon is independent of the issuer.

2.1 PROJECT OUTLINE

2.1.1 Scope of the Report

The scope of work is to complete an independent investigation on the mineral assets of the TGME Project. The Report is fully compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources, Ore Reserves ("the JORC Code")

The aim of the report is to provide an independent review of the mineral assets for inclusion in the listing document. The Exploration Targets and Mineral Resources have been stated in compliance with the JORC Code. No Ore Reserves have been stated for TGME in this report and all potential mining and mineral processing is discussed as potential ("up-side potential"). The up-side potential was based on high-level assumptions and previous work that were done on the targeted mining projects.

2.1.2 Geological Setting

The Project Area is situated within the Sabie-Pilgrim's Rest Goldfield, approximately 300 km northeast of the Witwatersrand Basin. Gold mineralisation occurs within sedimentary host rocks of the Transvaal Supergroup. This metallogenic province extends for approximately 140 km in a north-northeasterly direction, over a maximum width of 30 km along the Great Escarpment of Southern Africa.

The Project Area is situated within the Sabie-Pilgrim's Rest Goldfield, approximately 300 km northeast of the Witwatersrand Basin. Gold mineralisation occurs within sedimentary host rocks of the Transvaal Supergroup and is structurally hosted in the carbonate and argillic rocks of the early Proterozoic Transvaal Basin. This metallogenic province extends for approximately 140 km in a north-northeasterly direction, over a maximum width of 30 km along the Great Escarpment of Southern Africa.

Epigenetic gold mineralisation occurs as concordant and discordant veins in a variety of host rocks. Mineralisation on the Stonewall property occurs principally in flat, bedding parallel shears located mainly on shale partings within the Malmani Dolomites.

The mineralised zones occur as narrow quartz-carbonate veins (reefs) which generally conform to the shallow regional dip of the strata. Gold mineralisation is accompanied by various sulphides of iron, copper, arsenic and bismuth. The greatest part of mineralisation which has historically been recovered from concordant, bedding parallel reefs was recovered from the Glynn's and Theta Reefs. The Glynn's Reef is found within the Oaktree Formation of the Malmani Subgroup, and has been mined extensively at Elandsdrift, Glynn's Lydenburg and Vaalhoek Mines. The Theta Reef is found in the younger Eccles Formation and was historically the principal source of gold mineralisation mined in the Pilgrim's Rest area.

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2.1.3 Deposit Type

Several underground and surface deposits were included in the Mineral Resource statement. The underground deposits include flat dipping, near-horizontal mineralised zones and one near-vertical mineralised zone. Surface deposits include old tailings dams, rock dumps and open pits.

The following underground deposits have been included in this Report:

- Frankfort;
- Dukes Hill;
- Clewer;
- Beta;
- Rietfontein (near-vertical deposit);
- Olifantsgeraamte;
- Theta;
- Morgenzon;
- Vaalhoek;
- Ponieskrantz;
- Glynn's;
- Malieveld; and
- Nestor.

The following surface or near-surface deposits have been included in the Report:

- Hermansburg;
- DG1; and
- DG2.

The tailings dams included in the Report are:

- Glynn's Lydenburg;
- Blyde 1;
- Blyde 2;
- Blyde 3;
- Blyde 3a;
- Blyde 4;
- Blyde 5;
- Vaalhoek rock dump; and
- TGME plant tailings dam.

2.1.4 Commodity

The main commodity is gold-bearing material; however, negotiations are underway to sell the sulphur from Frankfort and Vaalhoek Mine to the fertilizer industry.

2.1.5 Project Area

The properties stretch approximately 18 km north, 48 km south, 12 km west and 10 km east of the following coordinates:-

- Latitude: 24°48'49.844"S ; and
- Longitude: 30°43'20.716" E

2.1.6 Project History

The Sabie-Pilgrim's Rest Goldfield is the oldest gold mining district in post-colonial South Africa with historical production being estimated at 200 t of gold (6 Moz).

The Transvaal Gold Exploration Company was first formed in 1883. Following a name change to Lydenburg Gold Mining Estates Limited due to a merger, the company was reconstituted as Transvaal Gold Mining Estates ("TGME Limited") and was registered as a company on 16 May 1895. Gold was then mined continuously by TGME in the general Project Area until 1972, and again from 1986 until the present. TGME sold its assets to Rand Mine Properties Limited in 1968, which ceased all mining operations in the area in 1972. In 1974, an agreement was reached between the Transvaal Provincial Administration ("TPA") and Rand Mine Properties Limited ("Rand Mines") whereby the TPA obtained ownership of the historical village of Pilgrim's Rest, as well as an additional 1,800 ha of the farm Poneskrantz.

During 1995, TGME and Randgold & Exploration entered into a joint venture whereby Randgold & Exploration would undertake underground development of the farms Morgenzon and Van der Merwe's Reef. This joint venture was terminated in 1997 and, in 1999; TGME became a wholly owned subsidiary of Simmers.

2.1.7 Business Arrangement

Stonewall holds a 74% shareholding in Transvaal Gold Mining Estates Limited (TGME) and Sabie Mines Proprietary Limited (Sabie), the balance is held by Black Economic Empowerment (BEE) entities;

In addition, Stonewall currently holds an 84% shareholding in Bosveld Mines Proprietary Limited (Bosveld) as outlined in the BEE structure figure below. Stonewall is in the process transferring an additional 10% over to BEE entities, after which it will hold a 74% interest in Bosveld. This is in line with the requirements of the South African Mining Charter.

The South African Mining Charter requires a minimum of 26% meaningful economic participation by the historically disadvantaged South Africans i.e. black South Africans (HDSA).

TGME, Sabie and Bosveld all carry out gold mining operations in South Africa.

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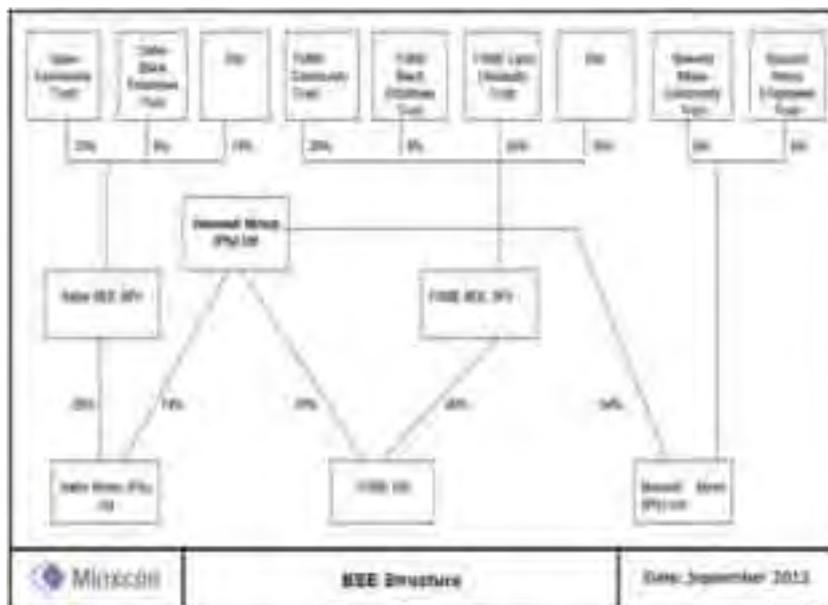
The corporate structure of Stonewall Mining is illustrated in the diagram below:

Figure 1: Corporate Structure of Stonewall Mining



The Black Economic Empowerment (“BEE”) structures for Stonewall are set out below:-

Figure 2: BEE Structure for Stonewall



The BEE structures are based on achieving broad-based black economic empowerment as set out by the objectives of the Department of Mineral Resources ("DMR").

The following persons are listed on the Register of Directors for Stonewall:-

- Mr Dave Murray (Chairman);
- Mr Lloyd Birrell (Managing Director);
- Mr Trevor Fourie (Director);
- Mr Simon Liu (Director); and
- Mr James Liu (Director).

Senior Management

- Lloyd Birrell (CEO);
- Trevor Fourie (Director);
- Chris Todd (Financial Manager);
- Danny Jacobs (General Manager TGME);
- Steve Venn (Project Manager and General Manager Designate for Sabie);
- Uwe Engelmann (Contract Exploration Geologist);
- Mario Ruygrok (Geologist);
- Andre Visagie (Mining Engineer); and
- Donald Liston (Metallurgist).

2.1.8 Key Technical Factors

Only a Mineral Resource cut-off was calculated.

2.1.9 Mining and Metallurgical Factors

The only technical factors determined were in the calculation of the Resource cut-off grade.

8. INDEPENDENT COMPETENT PERSONS' REPORT
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2.2 COMPETENT PERSONS' DECLARATION

In the preparation of the Report, Minxcon has utilised technical information as provided by Stonewall and its affiliates.

In the execution of its mandate, Minxcon has reviewed information concerning:-

- The strategic location of the properties relative to existing operating mines and advanced projects, known mineral occurrences, exploration or project development activities and infrastructure; and
- The geological setting and general exploitability of the properties.

Further:-

- Although Minxcon itself has not sought independent legal opinion on the effective rights and obligations of Stonewall and, as such, has used the shareholding structure provided by Stonewall, TGME is audited by Grant Thornton and Stonewall is audited by Sabie and Delloitte;
- Minxcon did not perform a full-scale due diligence on the available information. However, Norton Rose conducted a full legal due diligence on Stonewall's acquisition of TGME. Minxcon and its directors accept no liability for any losses arising from reliance upon the information presented in this Report.

Minxcon is an independent advisory company. Its consultants have extensive experience in preparing technical and economic advisors' and valuation reports for mining and exploration companies. Neither Minxcon nor its staff have any interest capable of affecting their ability to give an unbiased opinion, and will not receive any pecuniary or other benefits in connection with this assignment, other than normal consulting fees.

3 PROJECT DESCRIPTION AND LOCATION

The area of the Stonewall Mining properties stretches for over 65 km between the towns of Pilgrim's Rest and Sabie in the Mpumalanga Province of South Africa (Figure 3).

Figure 4 shows the location of the different Stonewall properties relative to each other, major roads, and towns. Frankfort Mine deposit is located approximately 25 km northwest of the town of Pilgrim's Rest, Beta Mine is located on the farm Ponieskrantz 543KT, and is situated 2 km west of the plant and is accessed by an existing gravel road. The DG1, DG2 and DG5 deposits are situated on the farm Grootfontein 562KT all within three kilometres of the metallurgical plant. The Hermansburg deposit is situated on the farm Hermansburg 495KT, approximately 20 km north of the town of Pilgrim's Rest via the Vaalhoek secondary road. The Vaalhoek rock dump is located at the closed Vaalhoek Mine, north of Pilgrim's Rest.

The properties stretch approximately 18 km north, 48 km south, 12 km west and 10 km east of the following coordinates:-

- Latitude: 24° 48' 49.844" S; and
- Longitude: 30° 43' 20.716" E.

Table 1: TGME Properties and Boundaries

Project	Latitude	Longitude
Underground Mine		
Frankfort Mine	24° 48' 50" S	30° 43' 21" E
Beta Mine	24° 54' 51" S	30° 43' 56" E
Rietfontein Mine	25° 05' 36" S	30° 49' 03" E
Surface Deposit		
Hermansburg Deposit	24° 46' 15" S	30° 45' 37" E
PTDs	24° 55' 27" S	30° 45' 40" E
Vaalhoek Rock Dump	24° 45' 31" S	30° 46' 07" E
Glynn's Lydenburg Tailings Dump	25° 06' 01" S	30° 46' 13" E
Elandsdrift Tailings Dump	25° 12' 13" S	30° 48' 40" E

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Figure 3: Location of the Project

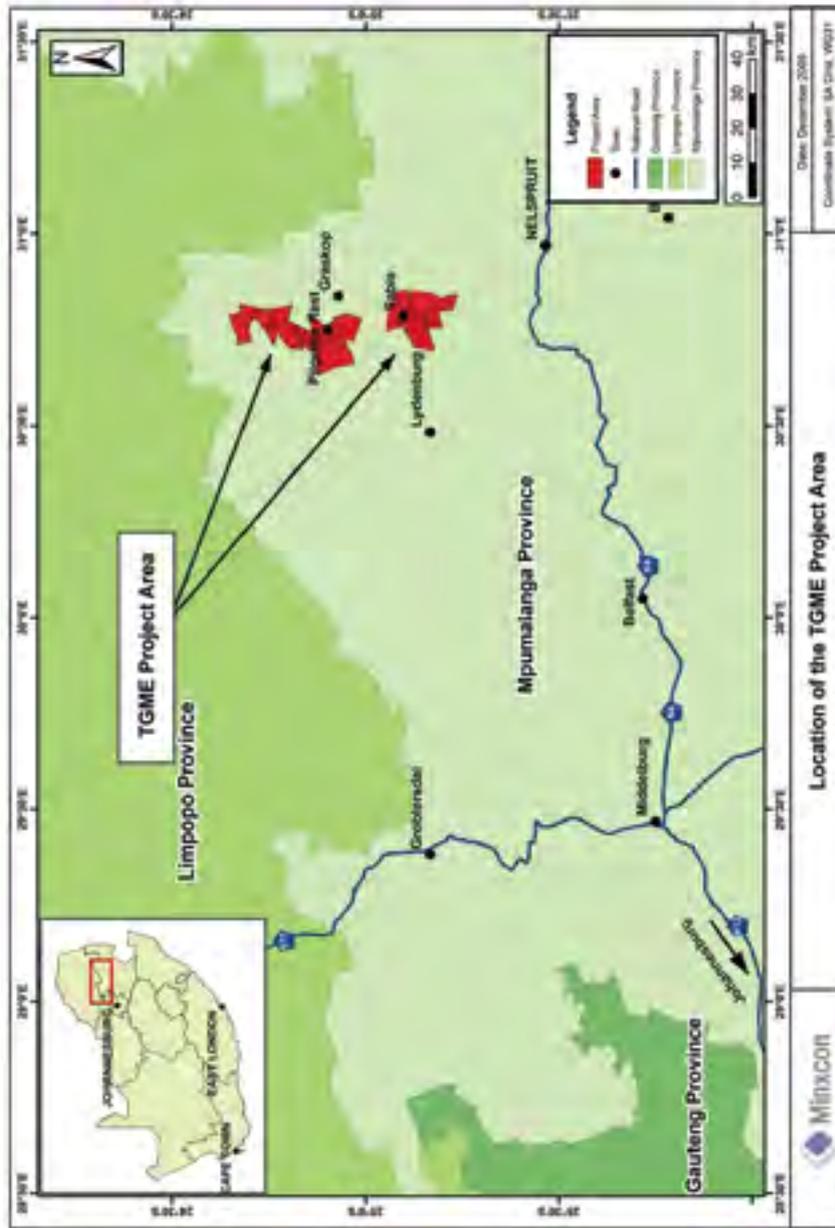
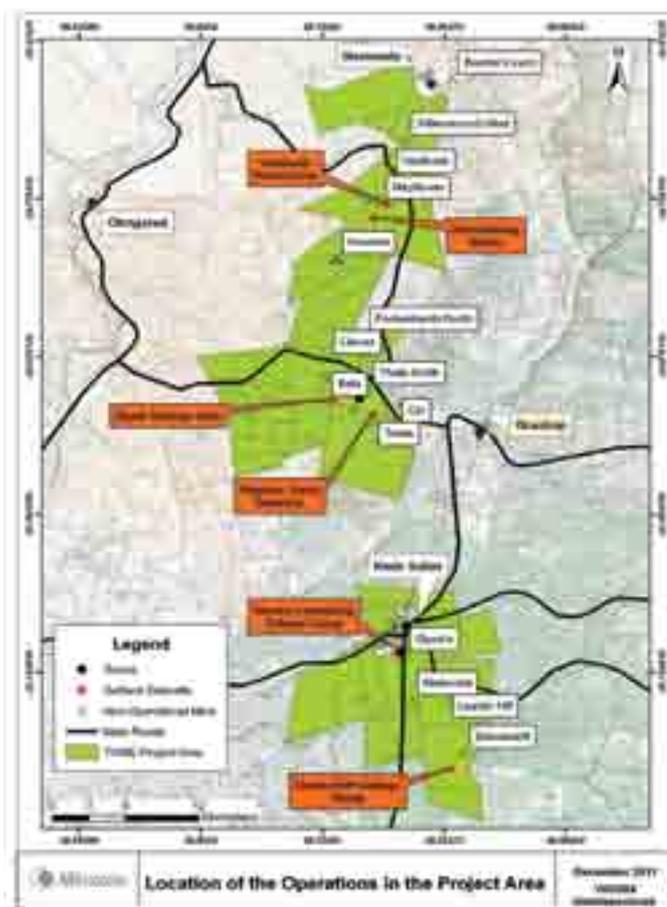


Figure 4: Location of the Project Operations



3.1 ACCESS AND INFRASTRUCTURE

3.1.1 Access to the Property

The TGME Project Areas are located approximately 400 km northeast of Johannesburg and are easily accessible via well-maintained tarred roads, in particular the N4 national highway to Belfast and eventually the R533 towards Pilgrim's Rest. There are daily flights from Johannesburg to Nelspruit some 100 km southeast of Pilgrim's Rest. A minor airstrip is located a few kilometres from the Frankfort operations. The closest rail connections are at Graskop, 19 km east of Pilgrim's Rest, and at Sabie. Access directly to each of the properties is via various gravel roads.

3.1.1.1 Processing Plant

The processing plant and offices are situated about 3 km southeast of the town of Pilgrim's Rest and are easily accessible from major tarred roads as above.

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3.1.1.2 Frankfort

The Frankfort Mine is situated 32 km northwest of Pilgrim's Rest. Access to the mine is via a well-maintained all-weather dirt road branching off from a major public gravel road that originates from the main tarred road past Pilgrim's Rest.

3.1.1.3 Beta

The Beta Mine is located on the farm Ponieskrantz 543 KT north of the processing plant. It is accessible via an existing gravel road. A main road (R533) crosses the farm.

3.1.1.4 Rietfontein

The Rietfontein Mine is situated west of Sabie and is accessible from Pilgrim's Rest via the southbound R532 tarred main road, which leads into the town of Sabie. An all-weather forestry gravel road off of the R532 leads to the Mine after about 1 km.

3.1.1.5 Hermansburg

The Hermansburg Deposit is situated on the farm Hermansburg and is accessible via an existing dirt road running into the property that originates from the same public gravel road as mentioned for Frankfort.

3.1.1.6 DG1 and DG2

The DG1 area covers the historical Theta Mine, and is located southwest of the town of Pilgrim's Rest and east of the TGME plant. The DG2 deposit is located on the slopes of Theta Hill West approximately 2 km south of the town of Pilgrim's Rest. Both deposit areas are accessible via existing forestry gravel roads.

3.1.1.7 Glynn's Lydenburg

The Glynn's Lydenburg Tailings Dump is situated west of the town of Sabie and is composed of two terraces. The smaller bottom terrace lies furthest west, while the upper terrace forms the main part of the dump. The dump is accessible via a well-maintained all-weather gravel forestry road that crosses a railway track and that branch off the main tarred road from the town of Sabie.

3.1.1.8 Elandsdrift

The historical Elandsdrift dumps are located on the farm Elandsdrift 220 JT some 20 km to the southeast of Sabie, on the banks of the river. The tailings dump is accessible a few kilometres further from the Rietfontein Mine via the same gravel road as mentioned for that mine.

3.1.2 Proximity to Population Centres and Nature of Transport

The Project Areas are located close to the small towns of Sabie, Graskop and Pilgrim's Rest, which are also within 100 km of Nelspruit. Nelspruit is the capital of the Mpumalanga Province, South Africa and is one of the fastest growing towns in the country. The town has a surface area of 79,490 km² with a population of 94,714 (1996 census). Nelspruit is situated close to Swaziland and Mozambique.

A number of recreational lodges and resorts offering recreational activities such as hunting and fishing are located within close proximity to the Frankfort, Hermansburg and Vaalhoek operations.

Mining equipment can be sourced from Nelspruit, Middelburg, or if necessary, the city of Johannesburg. Mining personnel can be sourced from the towns of Graskop, Sabie or Pilgrim's Rest.

3.1.3 Mine Infrastructure

3.1.3.1 Services

3.1.3.1.1 Electricity

Processing Plant

The metallurgical plant at Pilgrim's Rest runs off Eskom power and provision for future power cuts has been made by the installation of a generator.

Frankfort, Beta and Rietfontein

No mining is currently taking place. Initial mining will be done using gen sets and Eskom power will be installed later in the project.

TGME Plant Tailings Reclamation, Elandsdrift HLP and Glynn's Lydenburg

For the surface projects, proximity to the plant allows ease of electrical reticulation. Small 500 kVA generators are sufficient to supply the back-up power demands of the surface projects. These generators will be mobile and will be moved from project to project.

3.1.3.1.2 Water

Frankfort

During the operation of the mine, the water was pumped from the nearby stream into three plastic water tanks, each with a capacity of 10,000 L (a total of 30,000 L), on the bank area. Water was then gravity fed (assisted by a small 15 kW pump) into the mine for drilling and water jetting operations.

Beta

The water supply for the operation will be sourced either from the Blyde River, which is approximately 1 km from the deposits, or from water drill holes. Applications have been submitted for the water use licence, which will be granted upon approval of the mining right by the DMR.

Rietfontein

Water for domestic purposes as well as processing activities at this operation will be leased from the Thaba Chweu Municipality serving Lydenburg, Sabie and Graskop. During the life of mine, an average of 35,726 m³ water per month will be utilised for processing purposes on site.

Hermansburg

Water supply to the operation will be done by either the pumping of water from the Moletotse River (approximately 2 km away) or by means of drill holes. This all depends on the recommendations of DWAF.

PTDs

Water supply to the operation will be done by pumping water from the plant in terms of the existing Water Use Licence Applications ("WULA").

Glynn's Lydenburg Tailings Dump

Water will be pumped from the Sabie River to the Heap Leach Pad in terms of the agreement with the land owner. The necessary water use licence will be obtained for the planned mining operation.

Elandsdrift

Water for this project is sourced from a drill hole. The abstraction of water falls within the thresholds of the General Authorization 399 dated 26 March 2009.

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3.1.3.1.3 Mining Personnel

The management team of Stonewall will be situated at the existing TGME offices. Senior staff will be accommodated in existing lodges and houses previously owned by TGME. Mine workers and other staff will be accommodated in the local townships.

3.1.4 Potential Mining Infrastructure

Several new plants will be constructed as part of the Stonewall short- and long-term plans. These requirements are discussed in the Stonewall mining potential report.

3.2 TOPOGRAPHY AND CLIMATE

3.2.1 Topography, Elevation and Vegetation

The TGME Projects are located in the midst of the Drakensberg mountain range, with Pilgrim's Rest at an elevation of 1,300 m above mean sea level ("amsl"), Sabie at an elevation of 1,100 m amsl and the Lowveld stretching eastwards from the Great Escarpment with an elevation of under 750 m amsl. The project area is dissected by river erosion, with the Blyde River Canyon reaching a depth of over 770 m.

The vegetation is a mixture of grassland, indigenous forest and a combination of pine and eucalyptus plantations. The area falls within the summer rainfall area of South Africa.

The tailings dumps and mining areas form part of already disturbed areas. The PTDs fall within a pine tree plantation under ownership of York Timbers. Prior to commencement of mining operations, the trees will have to be cleared.

3.2.2 Climate and Length of Operating Season

The average rainfall in the area is more than 1,200 mm per annum. Most of the rain falls between October and April, with the highest rainfall in January and February (170 mm to 190 mm per month). The average temperature ranges from 3°C to 32°C, with the warmest days in December and the coldest nights in June. During winter, light to moderate frost is prevalent. During late autumn/early winter, the air is occasionally hazy due to timber growers burning firebreaks.

Underground and surface mining operations can continue throughout the year.

3.3 ADJACENT PROPERTIES

No mining is taking place in this region other than at the TGME Project, and no information from adjacent properties was used in the estimation of the Mineral Resources.

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4 LEGAL ASPECTS AND TENURE

Minxcon did not perform a full-scale due diligence on the available information. However, Norton Rose conducted a full legal due diligence on the legal aspects of the TGME Project. Minxcon made use of the legal due diligence conducted by Norton Rose in the compilation of the following sections.

4.1 PROSPECTING/MINING RIGHTS

South Africa has a complex system of mineral tenure, with all old order rights having to be converted to new order rights under the new regulations of the Mineral and Petroleum Resources Development Act ("MPRDA") by 2009 for old order mining licences.

TGME holds New Order Mining Rights for the Frankfort Mine (MR 83). The Elandsdrift Tailings Dump is operating under an executed right MR 198 that expired in March 2009. An application has been granted to extend this Right. MR 358 for Rietfontein Mine and MR 341 for the PTDs were issued on 2. MR340 for Hermansberg was granted on 06 June 2012. On MR358 the farm Rietfontein 193 JT was left out of the confirmation letter which will be taken up by TGME with the DMR.

A summary of the legal aspects and tenure relating to these areas is detailed in the sections below:

Table 2: Summary of the New Order Mining Rights and Pending Applications Covering the TGME Projects

No	DMR Ref	Minerals	Name	Holder	Farms	Status
1	MP83MR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Greater TGME – Frankfort Mine	TGME	Farm Ponieskrans 543 KT Farm Peach Tree 544 KT Farm Morgenzon 525 KT Farm Van der Merwe's Reef 526 KT Farm Krugershoop 527 KT Farm Frankfort 509 KT	Granted; not executed.
2	MP341MR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Pilgrim's Trend Deposits (PTDs)	TGME	Farm Grootfontein 562 KT	Granted 24/07/2012; not executed.
3	MP358MR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Rietfontein	TGME	Farm Rietfontein 193 JT Farm Waterval 168 JT Farm Maliveld Vallei 192 JT Farm Spitskop 195 JT	Granted 17/2/2012; not executed.
4	MP330MR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Beta – Underground	TGME	Farm Grootfontein 562 KT Farm Grootfonteinberg 561 KT	Application: pending.
5	MP340MR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Hermansburg	TGME	Farm Hermansburg 495 KT	Granted 06/06/2012; not executed.
6	MP198MR	Reclamation of gold	Elandsdrift	TGME	Farm Elandsdrift 220 JT	Granted & executed; new application pending.
7	MP433MR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Glynn's Lydenburg	TGME	Farm Grootfontein 196 JT Farm Olifantsgeraamte 198 JT	Application: pending.

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Prospecting Rights and Pending Conversions

A New Order Prospecting Right (PR 403) is held for the surface deposits of Hermansburg and Vaalhoek.

The DG1 and DG2 deposits are covered by a New Order Prospecting Right for all the PTDs, namely PR 404. A New Order Prospecting Right, PR 406, encompasses the Glynn's Lydenburg Tailings Dump. PR 660, held by Sabie Mines, validates prospecting operations for the Rietfontein Mine.

An application has been accepted by the DME to convert PR 404 for the PTDs into a New Order Mining Right MR 341. Similar applications have been accepted for the conversion of PR 403 for the Hermansburg Deposit to MR 340 and PR 660 for the Rietfontein Mine to MR 358. Glynn's Lydenburg Tailings Dump under PR 406, together with Olifantsgeraamte Mine and Glynn's Mine, are under application for MR 433. An application for PR 10005 for New Order Mining Rights has been submitted. An application for Beta, under PR 404, has been submitted for conversion to MR 330. Buffelsfontein Prospecting Right No. 1189PR (effective 30 January 2007) has been submitted for renewal.

Table 3: Prospecting Rights Held by TGME

No	PR No	Minerals	Name	Holder	Farms	Status	Renewal Date
1	MP403PR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Hermansburg (TGME – North)	TGME	Farm Hermansburg 495 KT	Granted & executed 11/14/2006	8/19/2011 Renewal submitted
					Farm Klondyke 493 KT		
					Farm Manx 475 KT		
					Farm Vaalhoek 474 KT		
					Farm Willemsoord 476 KT		
2	MP404PR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Blackhill	TGME	Farm Black Hill 528 KT	Granted & executed	8/19/2011 Renewal submitted
					Farm Breytenbachs Kraal 556 KT		
			PTDs		Farm Desire 563 KT		
					Farm Doornhoek 545 KT		
					Farm Grootfontein 562 KT		
					Farm Grootfonteinberg 561 KT		
Beta	Farm Rotunda Creek 510 KT						
3	MP406PR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Elandsdrif (TGME – South)	TGME	Farm Elandsdrif 220 JT	Granted & executed 7/7/2006	4/7/2011 Renewal submitted
					Farm Olifantsgeraamte 198 JT		
					Farm Grootfontein 196 JT		
					Farm Hendriksdal 216 JT		
					Farm Sheba 219 JT		
			Farm Spitskop 195 JT				
			Glynn's		Farm Waterval 168 JT		
Lydenburg							
4	MP1189PR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Buffelsfontein (TGME – New)	TGME	Farm Buffelsfontein 452 KT	Granted & executed 1/30/2007	11/2/2011 Renewal submitted
					Farm Granite Hill 477 KT		
					Farm Sacramento Creek 492 KT		

Although the Blyde Tailings Dump is covered by PR 404, it lies within the farm boundaries of MR 83. Any future reclamation and processing of the dump will require an amendment to the MR.

Table 4: Prospecting Rights Held by Sabie Mines

No	PR No	Minerals	Name	Holder	Farms	Status	Renewal Date
1	660PR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Rietfontein	Sabie Mines (Pty) Ltd	Farm Rietfontein 193 JT	Granted & executed 6/15/2006	3/16/2011 Renewal submitted
			Rietfontein Mine				
2	278PR	Copper mineralisation, gold mineralisation, silver mineralisation and stone aggregate	Vertroosting	Sabie Mines (Pty) Ltd	Farm Vertroosting 218 JT	Granted & executed 11/14/2006	8/19/2011 Renewal submitted

4.2 SURFACE RIGHTS

TGME holds Surface Right Permits (“SRPs”) over the freehold around Frankfort Mine. These are currently with the Registrar of Mining Titles (“RMT”). The table below details the SRPs held by TGME:-

Table 5: Surface Right Permits Held by TGME

Farm	Licence/Permit Number	RMT No.	Description	
Frankfort 509 KT	61/94	0126/93	Area for housing mine employees	
	128/93	082/93	Area for shaft equipment, workshops, waste dumps, reduction plant and offices	
	385/89	0308/89	Area for residential quarters	
	97/80	0296/76	Area for a slimes dam	
	62/94	0127/93	Area for slimes dam and evaporation dams	
	2/76	0431/75	Permit to retain dumps	
Morgenzon 525 KT	E10/1930	O 77/1991	Centre line of a tramway, rock bins and bridges	
		O 76/1991	Power line and transformer house	
	E10/1914	46	Pipeline for the supply of water to Clewer house for domestic use	
	E9/1930	80	64	Water right
		O 75/1991		Surface right - for a hut
		O 74/1991		Surface right – for single quarters
		O 79/1991		Surface right – for huts
		O 73/1991		Surface right – for a hoist house
		O 70/1991		Surface right – for a smithy
		O 79/1991		Surface right - for a hut
		O 69/1991		Surface right – for a hut
		O 68/1991		Surface right – for a hoist house
		O 67/1991		Surface right – for huts
		O 64/1991		Surface right – For married quarters
		O 66/1991		Surface right – for a hoist house
O 65/1991		Surface right – for a dwelling		
E14/1923	96	Surface right - construction of a water race and		
Peach Tree 544 KT	E19/1955	437	Surface right – for a pipeline 10 cape feet wide	
Ponieskrantz 543 KT	E10/1923	-	Surface right – for an overhead electric power line for purposes incidental to mining	
	81	-	Water right	

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4.3 PROPERTY BOUNDARIES & SURVEY CERTIFICATES

Table 6: Project Locations

Project	Latitude	Longitude
Underground Mine		
Frankfort Mine	24° 48' 50" S	30° 43' 21" E
Beta Mine	24° 54' 51" S	30° 43' 56" E
Rietfontein Mine	25° 05' 36" S	30° 49' 03" E
Surface Deposit		
Hermansburg Deposit	24° 46' 15" S	30° 45' 37" E
PTDs	24° 55' 27" S	30° 45' 40" E
Vaalhoek Rock Dump	24° 45' 31" S	30° 46' 07" E
Glynn's Lydenburg Tailings Dump	25° 06' 01" S	30° 46' 13" E
Elandsdrift Tailings Dump	25° 12' 13" S	30° 48' 40" E

4.4 ENVIRONMENTAL ASPECTS

4.4.1 Environmental Studies Done

Environmental Impact Assessments ("EIA") and Environmental Management Programmes ("EMP") were compiled by Groundwater Consulting Services (Pty) Ltd ("GCS") for all the TGME Projects which are the focus of this Report, in accordance with the Mineral and Petroleum Resource Development Act of 2002 ("MPRDA") regulations.

As part of the process of approval for MR 83, EIAs and EMPs were compiled and submitted to the DME in 2005. Approval and execution of these was received in March 2008. A full EIA/EMP was executed for Elandsdrift in support of MR 198. EIAs and EMPs were submitted in support of each mining right application, as detailed in Table 7. The subsequent granting and execution of the mining rights is dependent on the granting of these EIAs and EMPs.

Table 7: Summary of TGME EMP Submission for Mineral Right Conversion Application

Project	EIA/EMP Submission Date	In Support of	EIA/EMP Status
Beta	6 Jan 2009	MR 330 Conversion	Responses to DME comments pending; pending execution.
Rietfontein	16 Jul 2009	MR 358 Conversion	Pending DME feedback and grant
Hermansburg	23 Apr 2009	MR 340 Conversion	Revised EIA/EMP submitted 15 Oct 2009; pending feedback and grant.
PTDs	23 Apr 2009	MR 341 Conversion	Revised EIA/EMP submitted 1 Sep 2009; pending DME feedback and grant.
Project	EIA/EMP Submission Date	In Support of	EIA/EMP Status
Glynn's HLP	8 Oct 2009	MR 433 Conversion	Pending DME feedback and grant

4.4.2 Waste Disposal, Site Monitoring and Water Management

According to EIA the Vaalhoek Rock Dump contains a surprisingly high percentage of reef material which has a high potential for the generation of Acid Mine Drainage ("AMD"). The dump is situated partially within, and on the flanks, of a watercourse, thus thorough economic and rehabilitation investigation is critical.

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4.4.2.1 Industrial and Domestic Waste

Domestic waste is deposited in the currently un-permitted Pilgrim's Rest municipal waste site. It is, however, not the responsibility of the mine to permit this landfill site. TGME is prepared to assist the relevant authorities in obtaining the necessary permits for this municipal landfill site. The closest alternative domestic waste site would be Graskop, which is located approximately 19 km away.

Industrial waste is limited to oil, diesel and grease. This is disposed of in an appropriate manner as described in the EIA_EMP report.

4.4.2.2 Water Usage

Plant

The TGME plant will continue to make use of the current permit authorising the use of 469,025 m³/annum of water from the Blyde River (Permit No 1351N). Approximately 106.8 m³ water is used per day by the plant. Water from the return water dams is re-used in the plant.

Frankfort

Abstraction for the proposed processing operations is to be extracted from the unnamed stream (that is located adjacent to the envisaged operations) and/or the Molototse stream. Water available in the settling pond may also be utilised.

Beta

No water usage is envisaged for the next two years. Once operations commence, water usage will be incorporated into the WULA and the Integrated Water and Waste Management Plan ("IWWMP") as a key performance area.

4.4.2.3 Potable Water Supply System

The supply of potable water will be incorporated into the WULA and the IWWMP.

Plant and Slimes Dam

Approximately 1,2 m³/day of water is pumped from the Blyde River into a closed reservoir for drinking water purposes (excluding water supplied to the informal settlement).

Beta

No need for potable water on site, and therefore may be regarded as non-applicable. Frankfort water is to be pumped from the unnamed stream into a 10,000 l capacity storage tank.

4.4.3 Mine Closure Costs and Requirements

Closure costs for TGME were calculated by GCS and updated for August 2011. The mine sections included in the closure cost estimate are:-

- Elandsdrift;
- Morgenzon and Clewer section;
- Duke's Hill lower section;
- Duke's Hill upper section;
- Process plant, offices and tailings;
- Beta Section; and
- Frankfort Section.

The following table was received from Stonewall and details the breakdown of the closure costs estimated for each of the sections that they conducted studies on. It should be noted that the closure costs are inclusive of VAT:-

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Table 8: Closure Costs Estimated by GCS (August 2011)

Section	GCS Estimate August 2011 (ZAR)
Morgenzon and Clewer	2,348,321.24
Dukes Hill Upper	392,413.45
Dukes Hill Lower	691,018.15
Office, plant and slimes dam	5,630,171.81
Beta	638,175.22
Frankfort	859,840.62
Elandsdrift	1,440,449.62
Total	12,000,390.10

A total rehabilitation cost of ZAR21.929 million has been provided for in the cash flow from 2008.

4.5 AGREEMENTS

4.5.1 Eskom Agreement

TGME entered into an electricity supply agreement with Eskom on 27 March 2006 for an indefinite period. The agreement may be terminated on 3 months' notice. The agreement provides that if there is a change of ownership or control, either party may terminate the agreement on 30 days' written notice.

When the TGME Share Sale Agreement completes, Eskom may be able to terminate this agreement but it may not be unreasonably withheld. Stonewall must obtain the written consent of Eskom to the transfer of the shares in TGME to Stonewall.

4.5.2 Gas Supply Agreement

On 25 July 2002, TGME concluded an agreement with African Oxygen Ltd ("Afrox") for the exclusive supply of liquid bulk oxygen in respect of its premises in Pilgrim's Rest. The agreement, which was amended on 20 June 2007, endures for an initial period of five years (from 20 June 2007), whereafter it may be renewed for two years. After the two-year period, the agreement could be extended further, provided that two months' written notice was given.

Afrox may terminate the agreement at any time without any period of notice upon the happening of a material change in the holding of the issued shares of TGME.

Afrox's written consent may be required for the transfer of TGME shares to Stonewall should it be the intention to renew the agreement. Minxcon suggests that this issue be raised with Stonewall's management team.

4.6 SOCIAL OBLIGATIONS

TGME's Human Resources Development ("HRD") strategy forms an integral part of its operational and business strategies, which are based on the medium to long-term operational requirements of the mine, the National and Sector Skills Development Plans and Strategies, Labour Legislation and in particular, the Skills Development Act (31 of 2003) and the Employment Equity Act of 1998, as well as the requirements of the Mining Charter.

TGME intends to offer a wide range of Human Resources Development Programmes through an Accredited Training Centre comprising of a Surface Training Centre and an Underground Training Centre.

The operational and government mandated imperatives seek to address the Broad Based Socio-Economic Charter for the mining industry, whose HRD objectives are:

- To expand opportunities for HDSAs, including women, to enter the mining and minerals industry;
- To utilize the existing skills base for the empowerment of HDSAs; and
- To promote employment and advance the social and economic welfare of mining communities and the major labour.

4.7 GOVERNMENT REQUIREMENTS

- The Mineral and Petroleum Resources Development Act, 2002 (“MPRDA”) came into force on 1 May 2004 and ushered in a new regime for the exploitation of mineral and petroleum resources in South Africa. In line with this new regime, all rights to minerals and petroleum resources issued under the MPRDA are suitably referred to as “new order rights”.
- The MPRDA endorsed the view that South Africa’s mineral and petroleum resources belong to the nation, and accordingly established the State as the custodian of South Africa’s mineral resources, through the Minister of Minerals and Energy. The State therefore has the power to grant, control, administer, or refuse prospecting rights, mining rights, mining permits, retention permits, permissions to remove or dispose of any minerals, and other related rights under the MPRDA.
- **The transitional provisions in the MPRDA accordingly provide for the:**
 - continuation of old order prospecting rights;
 - continuation of old order mining rights;
 - processing of unused old order rights (i.e. rights entitlements, permits of licences in respect of which no prospecting or mining was conducted immediately before the MPRDA came into effect);
 - continuation of reservations, and permission for the right to use the surface of land;
 - continuation of environmental management programmes;
 - a new order mining right is a limited real right that may be enforced against third parties and once granted the state has a limited power to interfere in the right. Failure to respect such a right could give rise to criminal liability, a civil claim for damages or an administrative justice action.

4.8 SUMMARY OF LEGAL ASPECTS AND TENURE

4.8.1 Permitting - Mining Rights

- Five years of permitting process completed
- Full suite of New Order Prospecting Rights
- Mining rights granted: Greater TGME Mining Right No. 83MR, Elandsdrift Mining Right No. 198MR, Pilgrim’s Trend Deposits Mining Right No. 341MR and Rietfontein Mining Right No. 358MR.
- Three additional mining right applications in final stages:
 - Glynn’s Lydenburg Tailings Dam Mining Right No. 433MR;
 - Beta Mining Right No. 330MR; and
 - Hermansburg Mining Right No. 83MR.

Current activities:

- TGME tailings; and
- mining of Elandsdrift Heap Leach.

4.8.2 Water Licence

Permit No. 1351N and No. 16/7/x300/c187 Water Use Licences for Greater TGME and Elandsdrift have been issued. The (integrated water use) licence is currently under review and is expected to be issued shortly. The Department of Water Affairs and Forestry (“DWAF”) requires a signed copy of the Social & Labour Plan (“SLP”), which is in the process of being acquired from the DMR.

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5 HISTORY

5.1 PRIOR OWNERSHIP

The Sabie-Pilgrim's Rest Goldfield is the oldest gold mining district in post-colonial South Africa with historical production being estimated at 200 t of gold (6 Moz).

The Transvaal Gold Exploration Company was first formed in 1883, but following a name change to the Lydenburg Gold Mining Estates Limited due to a merger, the company was reconstituted as Transvaal Gold Mining Estates ("TGME Limited") and was registered as a company on 16th May 1895. Gold was then mined continuously by TGME in the general Project Area until 1972, and again from 1986 until the present. TGME sold its assets to Rand Mine Properties Limited in 1968, which ceased all mining operations in the area in 1972. In 1974 an agreement was reached between the Transvaal Provincial Administration ("TPA") and Rand Mine Properties Limited ("Rand Mines") whereby the TPA obtained ownership of the historical village of Pilgrim's Rest, as well as an additional 1,800 ha of the farm Ponieskrantz.

During 1995, TGME and Randgold & Exploration entered into a joint venture whereby Randgold & Exploration would undertake underground development of the farms Morgenzon and Van der Merwe's Reef. This joint venture was terminated in 1997 and, in 2004, TGME became a wholly owned subsidiary of Simmer & Jack Mines who carried out mining and exploration on the property until August 2009 when they placed the mine under care and maintenance. In August 2010, Stonewall Mining purchased 100% of the equity in TGME.

5.2 HISTORICAL EXPLORATION AND DEVELOPMENT

Early prospectors successfully traced sub-crops of the different reef horizons along strike where they were not obscured by slumped strata. Although mining continued from the 1880s until 1972, it was only in 1960 that AL Zietsman (a Rand Mines' geologist) systematically integrated regional geological mapping and exploration data to provide a significant contribution to the understanding of the controls on mineralisation.

The table below is a summary of the exploration history of the Project Area:-

Table 9: Summary of Exploration in the Project Area

Date	Company	Type of Exploration	Comments
1977 to 1982	Placid Oil and Southern Sphere	Surface exploration.	In the northern region of the project area.
1982 to 1984	Rand Mines	Reconnaissance exploration including alluvial prospecting of the Blyde River.	Reassessed the Goldfield as a regional exploration target
1985	Rand Mines	Mapping, soil sampling, percussion and diamond drilling on surface as well as the re-opening of old underground workings and new underground development.	Extensive exploration programme in the area surrounding the town of Pilgrim's Rest. Rand Mines exploration efforts were based on the past history of gold production from the central area.
1987 to March 1992	Rand Mines	Surface drilling and re-opening of underground workings, de-watering, face sampling and geological mapping	During this period reef extensions west of the Blyde River were assessed.
Up to March 1992	Rand Mines	Evaluation of surface deposits to augment the current sand-slime operation was completed, as well as a further phase of alluvial gold exploration on the Blyde and Lisbon Rivers.	Exploration expenditure incurred to March 1992 amounted to R14.6 million in historical money terms.
March 1992 to September 1993	Randgold & Exploration Company Limited	Resource potential of the mineral rights portfolio in the area was assessed	A detailed appraisal of underground targets as well as a pre-mine feasibility was undertaken
2007 - 2009	TGME	Surface drilling, geochemical soil sampling, trenching and geological mapping.	Believed the property had a huge gold Mineral Resource similar to the famous Carlin Trend in Nevada

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5.3 PREVIOUS MINERAL RESOURCES & ORE RESERVES

The Mineral Resources were stated in September 2009 for TGME. The stated Mineral Resources are illustrated in the tables below and are in accordance with the JORC Code for the reporting. Since September 2009, no changes in the tenure over the project areas have occurred and any mineral resource and ore reserve statements subsequent to and inclusive of the September 2009 estimates reflect the same tenure.

Table 10: Stated Mineral Resource for TGME Underground Operations - September 2009

Mineral Resource Category	Underground Operation	Reef	Tonnage (Mt)	Gold			Cut-off Grade (cm.g/t)
				Grade (g/t)	Content (kg)	Content ('000 oz)	
Measured	Frankfort	Bevett's	0.170	4.77	811	26.0	133
Total Measured			0.170	4.77	811	26.0	133
Indicated	Frankfort	Bevett's	0.282	5.04	1,421	45.6	133
	DH/Clewer	Rho	0.696	3.39	2,359	75.7	133
	Beta	Beta	0.443	4.86	2,153	69.1	133
	Rietfontein	Rietfontein	1.244	7.92	9,852	316.3	133
	Olifantsgeraamte	Olifantsgeraamte	0.090	4.43	399	12.8	133
Total Indicated			2.755	5.87	16,184	519.6	133
Total Measured and Indicated			2.925	5.81	16,995	545.6	133

Mineral Resource Category	Underground Operation	Reef	Tonnage (Mt)	Gold			Cut-off Grade (cm.g/t)
				Grade (g/t)	Content (kg)	Content ('000 oz)	
Inferred	Frankfort	Bevett's	0.468	5.30	2,480	79.6	133
	DH/Clewer	Rho	0.046	2.09	96	3.1	133
	Beta	Beta	4.624	3.11	14,381	461.7	133
	Theta	Theta lower	0.104	9.78	1,017	32.7	133
	Morgenzon	Top Rho	0.053	5.50	292	9.4	133
	Vaalhoek	Vaalhoek	1.346	5.74	7,726	248.0	133
	Ponieskrantz	Portuguese	0.549	2.77	1,521	48.8	133
	Rietfontein	Rietfontein	0.657	7.23	4,750	152.5	133
	Olifantsgeraamte	Olifantsgeraamte	0.421	4.59	1,932	62.0	133
	Glynn's	Compound Hill	3.840	3.84	14,746	473.4	133
	Malieveld	Glynn's	1.709	3.51	5,999	192.6	133
	Nestor	Sandstone	0.443	2.37	1,050	33.7	133
	Frankfort	Theta	0.275	3.06	842	27.0	133
Total Inferred			14.535	3.91	56,832	1,824.6	133

Notes:

1. Effective date 30 September 2009;
2. The tonnages and grades are quoted as *in situ* tonnes;
3. kg to oz conversion: 1:32.15076 (kg:oz);
4. SG: Frankfort 3.6 t/m³; Duke's Hill/Clewer 3.3 t/m³; Rietfontein 3.0 t/m³; Beta 3.6 t/m³; All other 3.8 t/m³.
5. Beta Mine calculated over 90 cm stoving width; Frankfort Mine calculated over minimum achievable stoving width of 90 cm;
6. Cut-off -133 cm.g/t;
7. g/t gold calculation = kg/Mt; and
8. g/t values have been rounded.

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Table 11: Updated September 2009 Mineral Resources of the Surface TGME Operations

Mineral Resource Category	Surface Operation	Operation Type	Tonnage (Mt)	Gold			Cut-off Grade (g/t)
				Grade (g/t)	Content (kg)	Content ('000 oz)	
Measured	Hermansburg	Open Pit	0.151	1.59	240	7.7	0.2
Total Measured			0.151	1.59	240	7.7	0.2
Indicated	Hermansburg	Open Pit	0.752	1.20	902	29.0	0.2
	DG1		0.389	1.72	669	21.5	0.2
	DG2		2.032	0.61	1,240	39.8	0.2
Total Indicated			3.173	0.88	2,811	90.3	0.2
Total Measured and Indicated			3.324	0.92	3,051	98.0	0.2

Mineral Resource Category	Surface Operation	Operation Type	Tonnage (Mt)	Gold			Cut-off Grade (g/t)
				Grade (g/t)	Content (kg)	Content ('000 oz)	
Inferred	Hermansburg	Open Pit	0.244	0.41	100	3.2	0.2
	DG1		0.286	1.42	406	13.0	0.2
	DG5		0.271	0.50	136	4.4	0.2
Total Inferred			0.801	0.80	642	20.6	0.2

Mineral Resource Category	Surface Operation	Operation Type	Tonnage (Mt)	Gold			Cut-off Grade (g/t)
				Grade (g/t)	Content (kg)	Content ('000 oz)	
Measured	Glynn's Lydenburg	Tailings	1.212	0.80	970	31.1	0
	Blyde 1		0.447	0.72	322	10.3	0
	Blyde 2		0.220	0.61	134	4.3	0
	Blyde 3		0.274	0.88	241	7.7	0
	Blyde 4		0.141	0.73	103	3.3	0
Total Measured			2.294	0.77	1770	56.7	0
Indicated	Blyde 5	Tailings	0.012	0.58	7	0.2	0
Total Indicated			0.012	0.58	7	0.2	0
Total Measured and Indicated			2.306	0.77	1777	57.1	0

Mineral Resource Category	Surface Operation	Operation Type	Tonnage (Mt)	Gold			Cut-off Grade (g/t)
				Grade (g/t)	Content (kg)	Content ('000 oz)	
Inferred	Blyde 3a	Tailings	0.023	0.57	13	0.4	0
Total Inferred			0.023	0.57	13	0.4	0

Mineral Resource Category	Surface Operation	Operation Type	Tonnage (Mt)	Gold			Cut-off Grade (g/t)
				Grade (g/t)	Content (kg)	Content ('000 oz)	
Inferred	Vaalhoek	Rock Dump	0.121	1.59	192	6.2	0.2
Total Inferred			0.121	1.59	192	6.2	0.2

Mineral Resource Category	Surface Operation	Operation Type	Tonnage (Mt)	Gold			Cut-off Grade (g/t)
				Grade (g/t)	Content (kg)	Content ('000 oz)	
Inferred	Plant Floats	Processed Materials	0.041	0.54	22	0.7	0
Total Inferred			0.041	0.54	22	0.7	0

Notes:

1. Effective date 30 September 2009;
2. The tonnages and grades are quoted as *in situ* tonnes;
3. SG: 2.3 t/m³ (DG1, 2 and 5 and Hermansburg), 1.7 t/m³ (Vaalhoek), 1.4 t/m³ (Blyde and Glynn's Lydenburg);
4. kg to oz conversion: 32.15076;
5. Cut-off -0.2 g/t used for *in situ* deposits and 0 g/t for the dumps;
6. 75% factor applied to the Vaalhoek tonnes to account for the sorting operation;
7. 70% mass pull expected at TGME Plant Floats prior to treatment with XRT;
8. g/t gold calculation = kg/Mt; and
9. g/t values have been rounded.

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Table 12: Total Resource Estimation

Resource Category		Tonnes (Mt)	Grade (g/t)	Gold (Kg)	Gold ('000 oz)
Measured	UG	0.17	4.77	811	26
	Surface	0.15	1.59	240	7.7
	Tailings	2.29	0.77	1,770	56.7
	Total	2.62	1.08	2,821	90.4
Indicated	UG	2.76	5.87	16,184	519.6
	Surface	3.17	0.88	2,811	90.3
	Tailings	0.01	0.58	7	0.2
	Total	5.94	3.2	19,002	610.1
Inferred	UG	14.54	3.91	56,832	1,824.60
	Surface	0.8	0.8	642	20.6
	Tailings	0.02	0.57	13	0.4
	Rock Dump	0.12	1.59	192	6.2
	Plant Floats	0.04	0.54	22	0.7
	Total	15.523	3.72	57,701	1,852.50
	Grand Total	24.083	3.30	79,524	2,553.00

The following Ore Reserves were estimated for the TGME underground and surface projects in 2009:-

Table 13: TGME Underground Ore Reserves Detailed

TGME Underground September 2009 Ore Reserve Statement					
Underground		Mill Tonnes	Gold		
Category	Operation	Mt	Au g/t	Au kg	Au ('000oz)
Proved	Rietfontein	0.234	8.98	2,101	68
Proved Total		0.234	8.98	2,101	68
Probable	Rietfontein	0.168	11.94	2,011	65
Probable Total		0.168	11.94	2,011	65
Grand Total		0.402	10.22	4,112	132

Notes:

1. Effective date 30 September 2009;
2. The tonnages and grades are quoted delivered to plant; and
3. kg to oz conversion 1:32.15076.

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Table 14: TGME Surface Ore Reserves Detailed

TGME Surface September 2009 Ore Reserve Statement					
Surface		Mill Tons	Gold		
Category	Operation	Mt	Au g/t	Au kg	Au ('000oz)
Proved	DG1	-	-	-	-
	DG2	-	-	-	-
	Hermansburg	0.112	1.75	196.313	6
	Glynn's Lydenburg	1.212	0.80	972.173	31
	Proved Total	1.324	0.88	1,168.486	38
Probable	DG1	0.283	1.91	541.013	17
	DG2	1.407	0.68	963.821	31
	Hermansburg	0.439	1.54	675.136	22
	Glynn's Lydenburg	-	-	-	-
	Probable Total	2.130	1.02	2,180	70
	Grand Total	3.454	0.97	3,348	108

Notes:

1. Effective date 30 September 2009;
2. Most surface Mineral Resource areas pending Mining Right Approval;
3. The tonnages and grades are quoted delivered to plant; and
4. kg to oz conversion 1:32.15076.

5.4 HISTORICAL PRODUCTION

Since Stonewall purchased TGME in 2010, only two operations have been producing gold, namely TGME Plant tailings dam reclamation and the Elandsdrift HLP. The production history for these two operations is illustrated in the table below.

Table 15: Production History: TGME Plant Tailings Dam and Elandsdrift HLP

Month	11-Jul	11-Aug	11-Sep	11-Oct	11-Nov	11-Dec	12-Jan
TAILINGS DAM							
Tons Treated	9,813	10,194	12,587	12,268	11,585	11,313	12,006
Mined g/t	2.3	2.4	2.05	2.15	2.3	2.5	2.55
Kg Produced	6.1	5.3	5.4	7	8.8	8.8	10.3
Total Kg	6.1	5.3	5.4	7	8.8	8.8	10.3
ELANDSDRIFT							
Kg Produced	3.4	2.8	2.3	3.5	2.1	1.7	2.2
Total Kg	3.4	2.8	2.3	3.5	2.1	1.7	2.2
Grand total Kg	9.5	8.1	7.7	10.5	10.9	10.4	12.5

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6 GEOLOGICAL SETTING

6.1 REGIONAL, LOCAL AND PROPERTY GEOLOGY

The Project Area is situated within the Sabie-Pilgrim's Rest Goldfield, approximately 300 km northeast of the Witwatersrand Basin. Gold mineralization occurs within sedimentary host rocks of the Transvaal Supergroup. This metallogenic province extends for approximately 140 km in a north-northeasterly direction, over a maximum width of 30 km along the Great Escarpment of Southern Africa. The stratigraphic succession at the Project Area is that of the Transvaal Supergroup, with the exception that the Deutschland Subgroup and Penge Iron Formation are missing. Instead, the Pretoria Group is separated from the Malmani Subgroup by the Bevet's Unconformity.

The stratigraphic succession, moving upwards in decreasing age includes Archaean basement granite, as well as minor Godwan and Wolkberg Group clastic sediments that unconformably overlie the basement rocks. The Transvaal Supergroup is separated from the Wolkberg Group by an angular unconformity.

The Black Reef Quartzite Formation forms the base of the Transvaal Supergroup, which is overlain by the Chuniespoort Group, made up of the lower Malmani Dolomite Subgroup, the Penge Iron Formation and the top most Deutschland Subgroup. The Pretoria Group overlies the Deutschland Subgroup. Numerous dykes and sills, principally of Bushveld age, with some post-dating the Complex, have intruded into the Transvaal Supergroup.

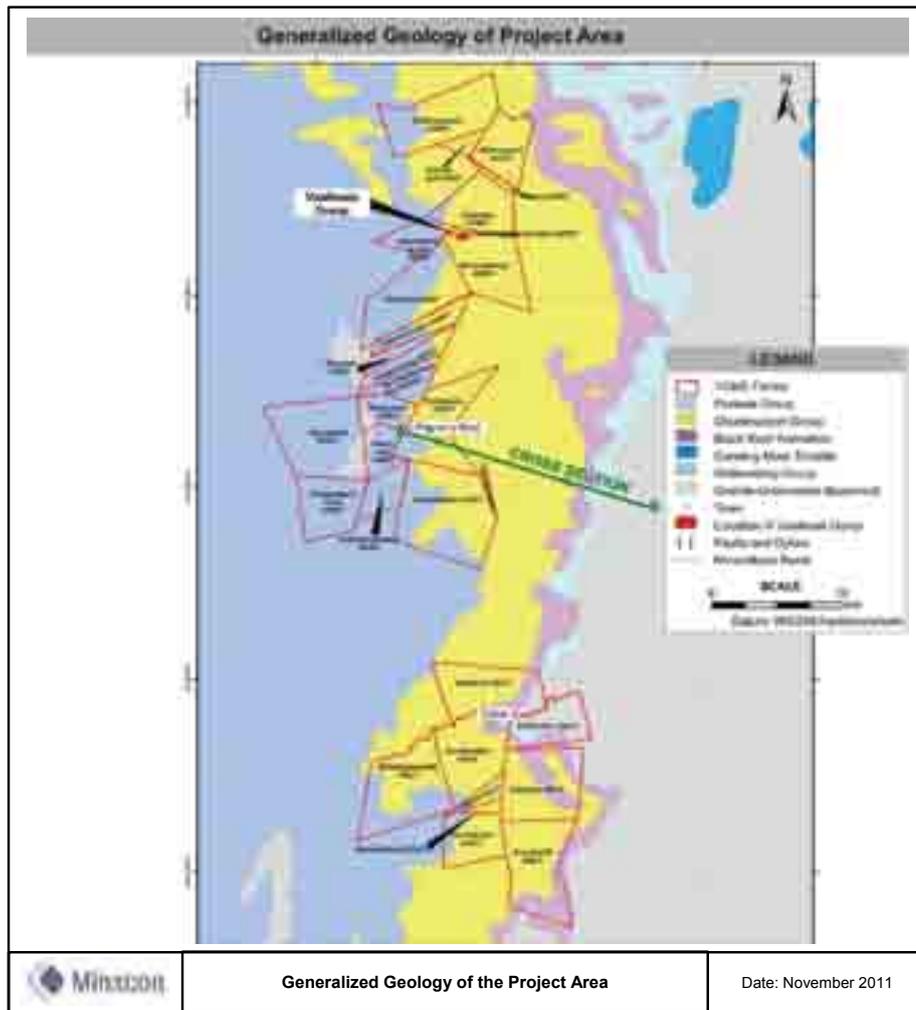
Epigenetic gold mineralization in the Sabie-Pilgrim's Rest Goldfield occurs as concordant and discordant veins in a variety of host rocks within the Transvaal Drakensberg Goldfield, and these veins have been linked to emplacement of the Bushveld Complex. Flat reef or bedding-parallel veins are the principal source of gold bearing material. These bodies are stratiform, and generally stratabound, and occur from near the base.

Epigenetic gold mineralisation occurs as concordant and discordant veins in a variety of host rocks. Mineralisation at TGME occurs principally in flat, bedding parallel shears located mainly on shale partings within the Malmani Dolomites. The mineralised zones occur as narrow quartz-carbonate veins (reefs) which generally conform to the shallow regional dip of the strata. Gold mineralisation is accompanied by various sulphides of iron, copper, arsenic and bismuth. The greatest part of mineralised zones which has historically been recovered from concordant, bedding parallel reefs was recovered from the Glynn's and Theta Reefs. The Glynn's Reef is found within the Oaktree formation of the Malmani Subgroup, and has been mined extensively at Elandsdrift, Glynn's Lydenburg and Vaalhoek Mines. The Theta Reef is found in the younger Eccles formation and was historically the principal source of gold mineralisation mined in the Pilgrim's Rest area.

The discordant reefs are characterized by a variety of gold mineralisation styles. They are found throughout the Sabie-Pilgrim's Rest Goldfield, and are commonly referred to as cross reefs, blows, veins, and leaders. These discordant bodies can be found sporadically throughout the stratigraphy as a varying assemblage of gold-quartz-sulphide mineralisation generally striking towards NE. They vary greatly in terms of composition, depth and diameter. A number of major north to north-easterly trending lineaments are prevalent throughout the project area and the Sabie-Pilgrim's Rest Goldfield. These lineaments are represented by a series of near-vertical faults and dykes, most notably those forming the Fraser Morgan graben. The period of northerly faulting is thought to post date a period of east-west normal faulting.

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Figure 5: Generalized Geology of the Project Area



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Figure 6: Section through the Sabie-Pilgrim's Rest Goldfield

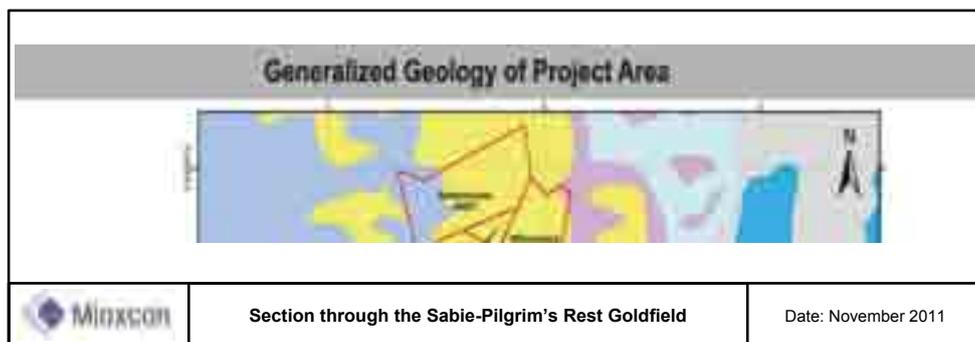
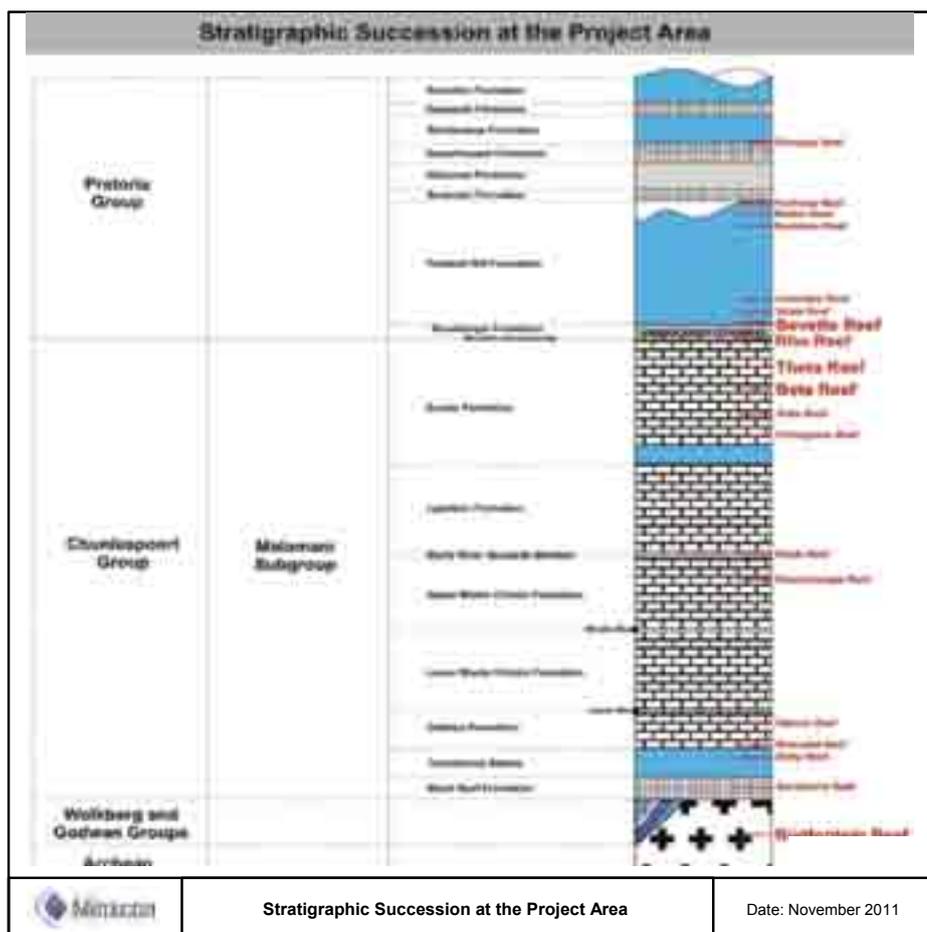


Figure 7: Simplified Stratigraphic Column of the Project Area



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6.2 SIGNIFICANT MINERALISED ZONES ON THE PROPERTY

6.2.1 Underground Deposits

In general, the mineralised zones occur as narrow quartz-carbonate veins (reefs) which generally conform to the shallow regional dip of the strata. Gold mineralisation is accompanied by various sulphides of iron, copper, arsenic and bismuth. The greatest part of material which has historically been recovered from concordant, bedding parallel reefs, was recovered from the Glynn's and Theta Reefs. The Glynn's Reef is found within the Oaktree Formation of the Malmani Subgroup, and has been mined extensively at Elandsdrift, Glynn's Lydenburg and Vaalhoek Mines. The Theta Reef is found in the younger Eccles Formation and was historically the principal source of gold-bearing material mined in the Pilgrim's Rest area.

The underground deposits are principally described as generally "flat" bedding parallel shears located mainly on shale partings within Malmani Dolomites. However, mineralisation also occurs in other formations of the Transvaal Supergroup. The mineralised zones occur as narrow quartz-carbonate veins (reefs), which occupy bedding parallel faults and shears, and generally conform to the shallow regional dip of the strata. Although the mineralised materials of the Rho Reef in particular are sulphidic they are rarely truly refractory whereas some of the other reefs, for example the Bevett's and Theta reefs are refractory (RSV, 2005).

Another style of mineralisation occurs at the Rietfontein Mine, where the Rietfontein Reef occurs as a cross-reef. The sub-vertical hydrothermal quartz vein strikes north-northeast and fills a narrow 1-3 m wide fracture in basement granite. The gold-bearing material, which is erratically developed and refractory, is noted for its high silver content and the gold is associated with pyrite, arsenopyrite and chalcopyrite. The vertical vein has been prospected to depths of 400 m by historical drill holes, the only information is annotations on plan. The deepest underground development is 320 m below surface. There is no indication of the vein closing out at depth and the exploration of the depth extension would form the bulk of the phase two exploration work.

The underground deposits comprise the following:

- Nestor;
- Malieveld;
- Theta;
- Vaalhoek;
- Morgenzon;
- Ponieskrantz;
- Glynn's Mine;
- Rietfontein;
- Frankfort;
- Dukes Hill/Clewer;
- Beta; and
- Olifantsgeraamte.

The following sections summarise the mineralisation zone characteristics for the various underground deposits.

6.2.1.1 Frankfort Mine: Bevett's Reef

The Bevett's Reef is developed at the interface between the Bevett's quartzite and the overlying Pretoria shales. The reef consists of a quartz-carbonate vein, which can vary in thickness from a contact to in

excess of 200 cm. Evidence of duplex thrusting is present which may have served to eliminate the reef horizon in some areas and duplicate it into a thick package in other areas. Reef mineralogy is comprised of coarse euhedral sulphide crystals. These coarse sulphides are predominately pyrite, arsenopyrite and lesser tetrahedrite. Massive chalcopyrite is common. The mineralisation is commonly banded with barren milky quartz and lesser calcite between the sulphide bands.

A 100 cm thick quartzite unit is developed below the Bevett's Reef. Below this quartzite, the Bevett's conglomerate comprising rounded to sub-angular chert clasts is sporadically developed. Below the Rooihoogte formation, a thin zone of dolomite is present before passing into a 60 m thick lava unit, which has amygdals at the top of the unit.

6.2.1.2 Beta Mine: Beta Reef

The Beta Reef is conformable to the bedding and as such dips at 5° to 7° to the west and strikes in a north - south direction. The Beta Mine reef is located approximately 140 m in the footwall of the Rho reef horizon. The reef is reported to be high in copper and sulphur. At depth, the Beta Reef splits into three bands with the middle Beta Reef remaining the economic horizon. Stopping has taken place on a limited scale on the lower Beta Reef as evidenced on historical stopping plans from the mine.

A feature of the mine is the Beta dyke, which splits the mine into two. It trends NNE - SSW and has a scissor displacement action. In the north, the displacement is 3m down to the west while at the southern end the displacement is in the order of 25 m to the west.

6.2.1.3 Frankfort Mine: Theta Reef

The Theta Reef occurs along a horizon near the top of the Chuniespoort Group of dolomites, and was historically the principal source of gold-bearing material mined in the Pilgrim's Rest area. At Frankfort, the Theta Reef occurs at greater depth than the Bevett's Reef and consists of a quartz-carbonate vein.

6.2.1.4 Clewer - Dukes Hill Mine: Rho Reef

The general dip and strike direction of the Rho reef is a 5° to 7° dip to the west and strikes in a north - south direction. The reef occurs approximately 24 m below the base of the Bevett's unconformity, which marks the end of the dolomite succession and the beginning of the Pretoria Group. The Rho reef itself consists of an Upper Rho Reef and a Lower Rho Reef separated on average by 2 m of argillaceous dolomite. Below the Lower Rho reef there is a sill developed approximately 5 m in the footwall ranging from 5 m to 18 m thick. A shale band varying from 5 cm in the north to 60 cm in the south is developed 3 m below the Lower Rho reef. Above the Upper Rho reef, a unit termed the silver shale is developed 3 m in the hanging wall and is between 50 cm and 100 cm thick. Above the silver shale, a hanging wall sill is developed that ranges from 18 m to 22 m thick. The Bevett's conglomerate unconformably overlies this hanging wall sill. A pictorial stratigraphic column is given in Figure 7.

Faulting generally trends NNE to SSW is normal and sub-vertical. Displacements are in most cases less than 3 m. Dykes occupy pre-existing fault planes and either one or both contacts are strongly faulted. Dykes follow the trend of the faulting and in most cases faults and dykes are water-bearing, though the inflow is not excessive.

6.2.1.5 Rietfontein Mine

The Rietfontein Reef is a vertical hydrothermal quartz vein occurring in the basement granites. It penetrates the overlying Black Reef Quartzite for a short distance before petering out. The quartz vein follows the regional trend of faulting on a NNE - SSW direction. It has been traced over 16 km on strike and mined for 3 km along its strike length. The gold-bearing material contains appreciable amounts of

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silver, copper, arsenic and bismuth. The granite surrounding the quartz vein is heavily decomposed as a result of the hydrothermal fluids and influx of surface water along the outcrop trace of the quartz vein.

6.2.1.6 Olifantsgeraamte Mine

The reef at the Olifantsgeraamte Mine is unique from a geological perspective in that it does not occur in the dolomites but rather within a diabase sill that has intruded into the country dolomites. The diabase sill is conformable to the bedding and follows the undulations of 'mega-domes' in the dolomites. These 'mega-domes' are very large, fossilized algal stromatolites. The wall rock of the diabase sill is altered around the quartz-carbonate vein.

6.2.2 Surface Deposits

The surface deposits comprise three mineralisation forms, namely:

- outcropping mineralised quartz veins and fractures;
- old historical tailings dams; and
- near-surface eluvial deposits.

The near-surface deposits (namely Hermansburg, DG1, DG2 and DG5) comprise shallow gold mineralisation, either as concordant reefs, surface eluvium erosional deposits or transported material from mining activities. Drill results have shown that the DG1 Deposit area is underlain by a -50m thick diabase intrusive, sporadically crossed by thin mineralized quartz veins. The Hermansburg deposit is located on the western margin of a hybrid type dyke known as the Vaalhoek dyke. Mineralisation occurs in a set of quartz veins and fractures, or a stockwork of quartz veins that have been impregnated with gold-bearing hydrothermal fluids.

The tailings facilities include the Glynn's Blyde tailings dams, Elandsdrift, Vaalhoek, plant floats and the TGME tailings dam.

Vaalhoek Dump is a rock dump located at the closed Vaalhoek Mine, north of Pilgrim's Rest. This mine used to mine the Glynn's Reef horizon, which occurs 150-850 feet above the base of the dolomite series.

The TGME Plant Floats were considered to be re-treated using an X-Ray Transmission (XRT) process under the ownership of Simmers. The floats are the previously discarded material from the DMS. Due to the fact that all this material will be re-treated, the floats dump has been classified as a Mineral Resource. The XRT process uses pneumatic jets to separate the selected material from the bulk. A mass pull of 70% is expected and the grade estimated by TGME for the treated material is 0.54 g/t.

6.2.2.1 Hermansburg Deposit

The Hermansburg deposit forms part of what is known as the Molototse Valley Exploration Area ("MVEA"). The geology in this area is formed in part by the Timeball Hill Formation of the Pretoria Group and the underlying Eccles Formation of the Chuniespoort Group. Both these units belong to the Transvaal Supergroup.

The Hermansburg deposit is located on the western margin of a hybrid type dyke known as the Vaalhoek dyke. Mineralisation occurs in a set of quartz veins and fractures, or a stock work that has weathered preferentially and resulted in a gold bearing wad. There is an alteration zone off this zone from which fluids follow preferential pathways resulting in stratabound mineralisation. This occurs at and is defined by contacts between sills, shale and dolomite. Therefore, sills and mineralized (or altered) stratabound zones are formed. Evidence of this fluid movement both stratabound and non-stratabound has been noted

in the field, for example, in welded shales. The cavities occurring in this area may have formed as a result of this fluid movement.

6.2.2.2 Pilgrim's Trend Deposits

The Pilgrim's Trend Deposits ("PTDs") occur on the farm Grootfontein 562KT, with DG1 Deposit straddling Theta Hill, DG2 located west of the Theta Hill summit, and DG5 occur east of the hill. The gold mineralisation in the area can be attributed to the following sources:-

- Transported material from mining activities;
- Surface eluvium derived from the erosion of primary deposits; and
- Primary hydrothermal concordant quartz-sulphide veins.

The entire area has been subjected to historical exploration and mining activities as evidenced by the numerous adits, dumps and workings found at each of the Resource areas.

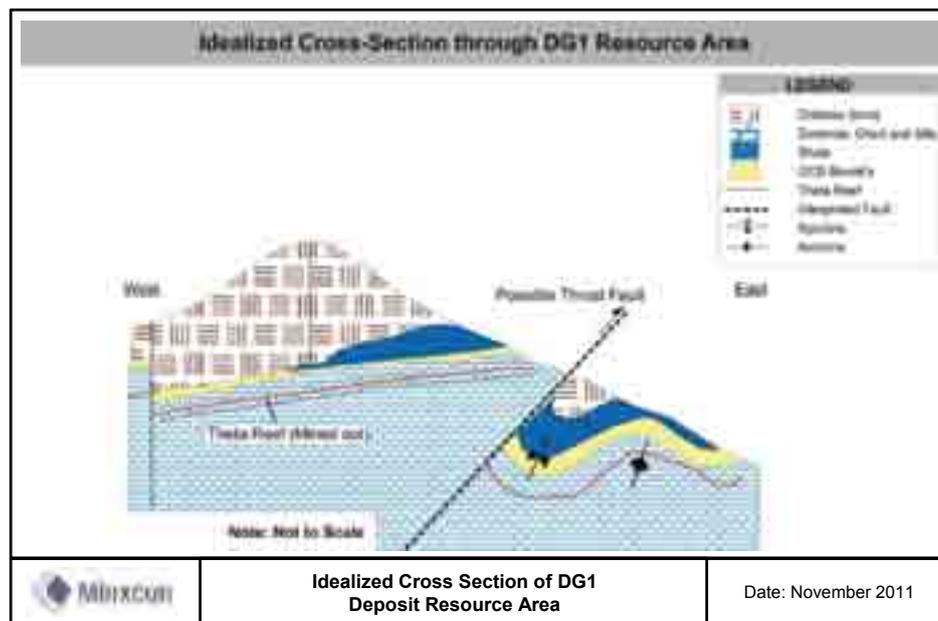
The primary veins found at Theta Hill include the concordant quartz sulphide veins of the Bevet's, Lower and Upper Theta, Beta Mine and Portuguese reefs. Extensive mining activities at Theta Hill took place in the 1880s and continued until 1955. Historical opencast operations took place on the eastern side of Theta Hill, where the Lower Theta and lens type mineralisation associated with thrust faulting and slumping came into close proximity. It is postulated that Theta Hill may contain a broad zone of low grade disseminated/stock work mineralisation; however, the extent of this mineralisation has yet to be quantified.

The DG1 area effectively straddles Theta Hill, and the geology of this area has been interpreted by HBR. The upper stratigraphy of Theta Hill is capped by a 15-20 m mineralized pyroxenite sill, which is >50 m in places, and could possibly be a lava flow unit entrained close to the base of the Timeball Hill formation. The underlying dolomite-chert layers of the upper Eccles Formation, Malmani Subgroup contain intrusive diabase sills and are capped by a layer of silicified chert breccia and immature quartzite. The geology of the area is structurally disturbed with a prominent set of west-east trending normal faults and an easterly verging thrust fault. Figure 8 illustrates an idealized cross section of the general geology at DG1 deposit.

Gold distribution across the hill is sporadic. The most continuous horizon(s) for gold mineralisation is the Theta Reef, where quartz-sulphide fluids remobilized from higher stratigraphic positions and conduited through a structural plumbing system have pooled within less competent horizons in the dolomite package. Often these less-competent zones coincide with thin shale layers in the carbonate. It is likely that the high-grade reef areas are mined out and smaller zones of structurally complex and deeply weathered material might be the only remains from the historic mining period. Exploration activities at Theta Hill were aimed at the upper 50 m of the hill and, as such, the deeper geology is not well understood. Outside of the Theta Reef, there could be Beta Mine and Portuguese reef at depth in the solid dolomite. Some gold mineralisation is present in the shale block on the north side of the area, as well as within the folded inlier on the eastern slopes.

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Figure 8: Idealized Cross Section of DG1 Deposit Resource Area



The DG2 area has been affected by a long history of mining activities occurring over the past century. A number of old excavations, along with associated dumps and fills are found in the area. Dumps and fills are also found at and around the entrances of adits of the primary concordant quartz-sulphide veins. In addition to primary concordant quartz-sulphide veins, additional styles of mineralisation in the area include solution breccia and kaolinization and silicification processes. The DG2 project area is riddled by numerous north-easterly trending lineaments. These lineaments are represented by a series of near-vertical normal faults and dykes, most notably those forming the Fraser Morgan graben. These lineaments are broadly coincident with gold mineralisation, although their effect on mineralisation processes is not fully understood.

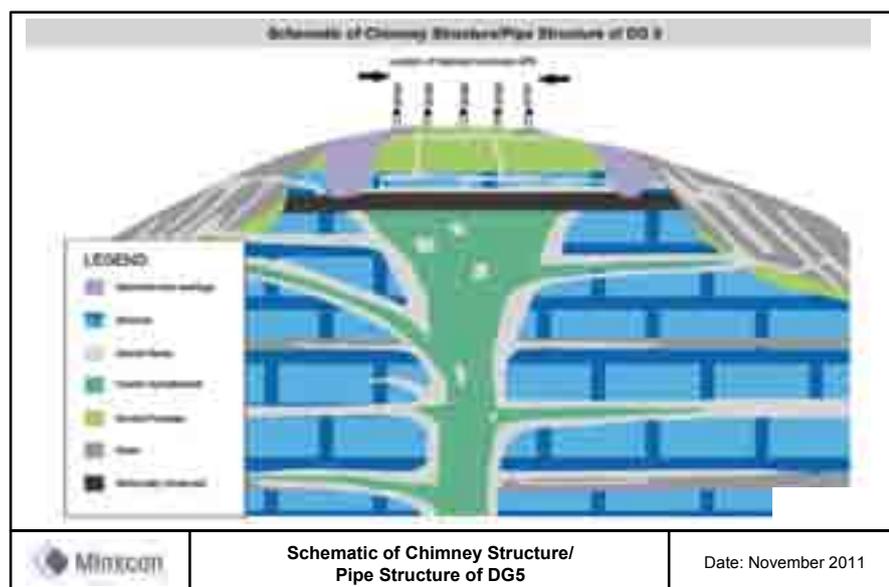
It has been proposed that lineaments extending into the Archaean basement granite may represent feeders for hydrothermal gold-bearing fluids (HBR report, Theta Hill West Exploration Project, December 2006).

Geology at the DG5 grid comprises the upper Malmani Dolomite Subgroup of the Eccles formation unconformably overlain by the Pretoria Group shales of the Rooihooft and Timeball Hill formations. Numerous structural features such as faults and dykes have historically been noted in the area. The major structural feature is the Fraser Morgen Graben. The proposed geological model for gold mineralization in the area is similar that of the Hermansburg deposit, comprising a chimney structure with feeder pipes. An area of massive mineralization has been interpreted as the chimney structure, with stratobound flat reefs occurring further away from this area.

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Figure 9: Schematic of Chimney Structure/Pipe Structure of DG5



The tailings dams are a product of previous beneficiation of auriferous bearing material. The tailings dams comprise fine grained material which contains gold mineralization which was not extracted from previous metallurgical processes. Although low grade the deposits contain a significant amount of gold. The tailings dams are represented by the Blyde Tailings Dumps, Glynn's Lydenburg Tailings Dump, Vaalhoek Rock Dump, Plant Floats and TGME Plant tailings dam.

The TGME dam represents a historical tailings dam which is currently being reworked and the reworked material is being re-deposited on the dam.

6.3 DEPOSIT TYPE

6.3.1 Underground Deposits

The mineralisation in the area of interest is principally "flat" bedding parallel shears located mainly on shale partings within Malmani Dolomites. However, mineralisation also occurs in other formations of the Transvaal Supergroup. The mineralised zones occur as narrow quartz-carbonate veins (reefs), which occupy bedding parallel faults and shears, and generally conform to the shallow regional dip of the strata. Gold mineralisation is accompanied by various sulphides of Fe, Cu, As and Bi. The gold-bearing materials of the Rho reef are particularly sulphidic.

Another style of mineralisation occurs at the Rietfontein Mine, where the Rietfontein Reef occurs as a cross-reef. The sub-vertical hydrothermal quartz vein strikes north-northeast and fills a narrow 1-3m wide fracture in basement granite. The gold-bearing material, which is erratically developed and refractory, is noted for its high silver content and the gold is associated with pyrite, arsenopyrite and chalcopyrite. The vertical vein has been prospected to depths of 400 m by historical drill holes, the only information is annotations on plan. The deepest underground development is 320 m below surface. There is no indication of the vein closing out at depth giving room for exploration of the depth extensions.

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6.3.2 Surface Deposits

The near-surface deposits (namely Hermansburg, DG1, DG2 and DG5) comprise shallow gold mineralisation, either as concordant reefs, surface eluvium erosional deposits or transported material from mining activities. Drill results have shown that the DG1 Deposit area is underlain by a -50m thick diabase intrusive, sporadically crossed by thin mineralized quartz veins. The deposit at Hermansburg has been interpreted as areas of gold mineralisation formed by the creation of a series of stockwork quartz veins that have been impregnated with gold-bearing hydrothermal fluids.

The tailings dams represent a product of previous beneficiation of gold-bearing material. The tailings dams comprise fine grained material which contains gold mineralization which was not extracted from previous metallurgical processes.

7 PROJECT DATA

All data was supplied to Minxcon by the previous owner. Minxcon reviewed the data at the time of the geological and geostatistical models in order to verify the application of the data for Mineral Resource estimation.

7.1 UNDERGROUND MAPPING

In general for the underground operations, due to the nature of the mineralised zone and having limited structure, only the major structures were typically mapped. These structures were identified and are available in an electronic format. The structures are also used in determining the geo-zones in the modelling process in Datamine™.

Survey beacons and pegs, some inherited from previous owners, are located on surface and underground respectively. Under Simmers' ownership, they were updated regularly with the mining activity. For the 2009 Mineral Resources and Ore Reserves, Minxcon reviewed the survey database by comparing the captured survey with the original survey outputs.

The typical survey procedure followed by Simmers is detailed below:

- The surveyors at the mine used a Topcom Total station;
- The station peg information and station backsight were taken from the Autocad plans;
- The distance between 2 pegs was measured as a check;
- When underground, the Total station is set up at the station peg, and then the Total station is levelled and centred;
- At the rear peg a prism was hung (300 mm stick is used, makes easier to minimize mistakes);
- The instrument was placed on the required backbearing, the horizontal and vertical angles are captured;
- The distances were then measured with the electronic distance metre ("EDM");
- In the same procedure, in the required forward direction, the foresight peg was determined and then put into Hanging wall material;
- With every peg a double setup was done to make sure of its precision and accuracy;
- When on surface, the pegs were calculated using Microsoft Excel™, then printed and filed in the pegcalc file;
- The pegs were then imported into Autocad with the offsets of the face that was surveyed;
- A survey note was then created direct from Autocad;
- The survey note number as well as the holing warning note number was placed on to the Autocad plan; and

- The survey note then was circulated for signatures and then returned to survey for filing.

The following sections summarise the exploration data generated from either exploration or mining campaigns throughout the history of the underground deposits.

7.1.1 Frankfort Mine

The Frankfort Mine has a history of repeated attempts to generate Mineral Resources and Ore Reserves. In the initial studies, only stretch values for underground mining and development were available. Subsequently, the original assay sheets were unearthed in the archives and were able to be correlated to their correct positions in the mined out areas. Portions of the actual values were checked against the stretch values to ensure correct positioning. In all cases the individual values checked correctly against the stretch values calculated.

This has resulted in a Datamine® database of 3,012 (includes current sampling) data points for underground sampling. A total of 32 surface drill holes were included in the database, and 26 were used for the Mineral Resource estimation. The original logs were checked against the original core by an outside resource company, HBR. In all cases, the depths were correct and the collar positions were verified physically in the field.

Approximately 60 m has been sampled by TGME in accessible workings in the old mine. Correlation to old sampling has been within 90% of the stretch values in these areas.

All the data was checked for errors introduced during the data capture process and is subjected to the same testing as the Dukes Hill - Clewer assay database.

7.1.2 Dukes Hill - Clewer Mine

From 2001 up to the closure of the mine in December 2007, the mine routinely captured gold content (cm.g/t), reef widths (cm) and gold grades (g/t) into a central assay database. Currently the Datamine® database contains 23,465 data points. The assay points were plotted on a mine plan showing the workings and then are captured via a digitizing board into Datamine®.

A plot of all the assay points was generated monthly to check that each point plotted correctly in 2D space. Points that plotted incorrectly were either recaptured, or if not able to be corrected, were deleted from the database. The deletion was the exception.

A scatter plot of all the data of reef width versus gold grades was generated monthly. Anomalous values (both high and low) were checked to ensure that no 'finger punch' errors were introduced into the database. These values were either recaptured or deleted from the database. Once again, the deletion was the exception. This data was used to generate a geological model of the reef.

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7.1.3 Beta Mine

Unfortunately, no original assay sheets are available for the mine. Approximately 45% of the area is covered by original assay plans with the point data plotted. Each point is marked and annotated with a reef width (inches) and gold grade (penny-weight). Original assay plans were available for the lower area, but only stretch values were plotted on the plans.

The assay plans were converted from a local grid co-ordinate system to a WGS84 grid system. The plans were then captured into Datamine® via a digitizing board. Values were converted using factors of 2.54 cm for 1 inch and 1.714285 g/t for 1 penny-weight (“dwt”).

The captured assay points were plotted on a plan of the underground workings to ensure that the points plotted correctly. Scatter plots were generated to examine the data set for errors introduced while capturing the data.

The Datamine® database contains 4,556 underground sample points and a further 8 surface drill hole intersections. The surface drill holes have been examined and the correlation between the drill hole logs and actual core is good.

In the stoping areas, the stretch values are generally spaced apart at distances of 15 m on dip and 4 m on strike, while the development stretch values vary from 4 m to 20 m in distance.

It is felt that this is acceptable as areas of higher and lower grade can be traced through the mine with ease.

7.1.4 Rietfontein Mine

No original assay sheets are available for the mine. All the original assay plans with point assay data are however available. Each point is annotated with a reef width (inches) and gold grade (penny-weight).

The assay plans were converted from a local grid co-ordinate system to a WGS84 grid system. The plans were then captured into Datamine® via a digitizing board. Values were converted using factors of 2.54 cm for 1 inch and 1.714285 g/t for 1 dwt.

The captured assay points were plotted on a plan of the underground workings to ensure that the points plotted correctly. Scatter plots were generated to examine the data set for errors introduced while capturing the data.

The Datamine® database contains 2,265 underground sample points and a further 8 surface drill hole intersections. Of note is that 6 of the 8 surface drill holes are remarked on as having very poor recoveries. In the extreme case, a true reef width of 1.25 m is present, yet only 40 cm of core was recovered to be assayed.

7.1.5 Olifantsgeraamte Mine

No original assay sheets are available for the mine. All the original assay plans with point assay data are however available. There is a mix of points annotated with a reef width (inches) and gold grade (penny-weight), and annotated with a reef width (cm) and gold grade (g/t).

The plans were captured into Datamine® via a digitizing board. Values were converted using factors of 2.54 cm for 1 inch and 1.714285 g/t for 1 dwt where necessary.

The captured assay points were plotted on a plan of the underground workings to ensure that the points plotted correctly. Scatter plots were generated to examine the data set for errors introduced while capturing the data.

The Datamine® database contains 316 underground samples.

7.1.6 Theta, Morgenzon, Vaalhoek, Poneskrantz, Frankfort Theta, Glynn's, Malieveld and Nestor Dormant Mines

Minxcon was supplied with some of the plans for the Morgenzon Mine, Vaalhoek Mine, Poneskrantz Mine and the South Werf section of the Glynn's Mine. Not all the plans had the individual sampling data or stretch values but only had the resource blocks on them.

With regard to the surface deposits, exploration of the project area was managed by Horizon Blue Resources ("HBR") since 2005. The last exploration was primarily concentrated on Resource delineation in areas of known mineralization. Exploration has typically comprised of a combination of rotary core drilling, reverse circulation ("RC") percussion drilling and thin diameter auger drilling (used on historical tailings dumps). In certain areas, exploration work was preceded by surface geophysics (such as gravity and magnetic) and pitting. The exploration activities for each of the surface deposits are detailed in the sections below.

7.1.7 Glynn's Lydenburg Tailings Dump

A total of 140 narrow diameter auger holes were drilled on a grid pattern (25m x 25m grid with grid lines trending north-south and east-west) into the Glynn's Lydenburg tailings dump. Drill holes were drilled to refusal, typically to a few centimetres below the tailings. Drilling was conducted during May 2007.

The drilling at the Glynn's Lydenburg Tailings Dump was used to estimate the volume of the dump, in conjunction with the survey points of the digital terrain model.

No information was received from TGME regarding any test work undertaken for the HLP site selection.

7.1.8 Blyde Tailings Dump

A total of 85 auger holes (45mm) were drilled into the five historic tailings dumps situated along the Blyde River. Drilling commenced on 30 May 2007 and was completed by 5 June 2007, with drill hole positions sited on 25m by 25m grid.

A ground gravity investigation was conducted on the area surrounding the Blyde tailings dumps by GGS during 2007. The investigation comprised 3,541 stations surveyed on a 10m grid. The objective of the investigation was the mapping of relative changes in the bedrock topography of the underlying dolomite bedrock on the area of investigation to identify possible sites for the positioning of the HLP.

It is important to note that gravity is a relative method, and can only be used to indicate relative changes in the depth and/or density of dolomite. Shallow cavernous and/or weathered dolomite may thus have a similar response compared to deeper dolomite. A final interpretation of the actual dolomite depth and the presence of weathering/cavities can only be made once the different gravity anomalies have been drilled and their origins confirmed.

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HBR carried out a geological investigation (dated 19 August 2007) of the proposed Heap Leach Pad Site on the farm Ponieskrantz 543 KT. The Pad 1 site lies to the immediate east of the existing Tailings Dump and lies on a moderately inclined convex slope within a small drainage course. To the immediate south and on higher ground, there is an informal settlement that lies on the northern slopes of Brown's Hill. To the west is the existing tailings dump operated by TGME.

A total of 16 RC drill holes were drilled on the proposed site and logged. The result of the exercise was as follows:-

- The site is underlain by dolomite and chert of the Malmani subcrop, which has been intruded by a diabase sill that is present along the lower portion of the slope and a younger diabase dyke that trends N-NW. Both are completely weathered to >10 m below surface;
- The dolomite rockhead is generally quite shallow, ranging from 1 m to 12 m below surface and consists of irregular pinnacles of rock mantled by highly variable residuum;
- No groundwater or cavities were encountered;
- No areas of significant gold values were encountered, which could be sterilized by the Pad.

It was recommended by HBR that follow up investigations in the form of geohydrological investigations across the site to quantify the sub-surface groundwater conditions, including opinion on the dolomite stability for the site are undertaken on this site, prior to final site selection.

7.1.9 Hermansburg

RC drill holes and 1 Rotary Core drill hole have been drilled at the Hermansburg deposit. RC drill holes were drilled on a 25 m grid to a typical target depth of 50 m below surface. Drilling commenced in August 2007.

A ground gravity survey was conducted on the Hermansburg farm by GGS during 2007. The survey comprised 382 gravity stations collected on a 20 m grid.

7.1.10 DG1

Shallow percussion drill holes were drilled at the surface target area DG1. Drill holes were drilled to a target depth of 50 m, and drill results indicate that the area is underlain by ~50 m thick diabase intrusive, sporadically crossed by thin mineralized quartz veins.

Drill results showed that the DG1 area is underlain by an approximately 50 m thick diabase intrusive, sporadically crossed by thin mineralized quartz veins. Drilling was not deep enough to evaluate the old mined-out area of the Theta Mine.

7.1.11 DG2

Drilling at DG2 commenced in October 2006 and was completed in March 2007. A total of 209 shallow RC drill holes were drilled, with the initial 174 drill holes drilled to 10 m depth followed by 35 holes to a depth of 50 m. A further 12 vertical and inclined NQ drill holes were drilled during the period May 2007 to July 2007. Drilling was conducted under the management of HBR.

The area is highly disturbed by past mining activity and was highlighted by TGME as a potential drill target based on historic soil geochemistry data sets. In order to provide TGME with some detailed geological and geotechnical information for potential.

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7.1.12 DG5

Grab sampling was carried out during March 2007, with approximately 100 samples taken and sent for gold assay. These results, along with historical geochemistry data, were used to determine the basic potential of the area.

Drilling at DG5 comprised of 6 rotary core drill holes drilled off two pads, of which 4 were inclined and 2 were vertical holes. Drilling commenced in May 2006 and was terminated in June 2006. Further exploration at this site was conducted during November 2006, comprising of 102 shallow pits covering 25 irregular soil anomalies, and suggested the presence of a broad mineralized zone at DG5. Follow up to the results of this work consisted of 13 shallow RC drill holes drilled to depths of approximately 40-50m.

7.1.13 Tailings Deposits

The results of the ground gravity investigation at Blyde and surrounds indicated two gravity high features were observed on the eastern part of the site; these features have some linear trend with a north-east south-west strike, and may suggest the presence of dykes. It was recommended by GGS that a ground magnetic survey is conducted to confirm the presence, and position of possible dykes. Such structural features should be avoided when choosing a Heap Leach Pad site.

Auger drilling at Glynn's Lydenburg established that the maximum depth of the dump increases towards the west. The results of the ground gravity survey at Hermansburg indicated the position of the Vaalhoek dyke and various other structural features of the area.

Drilling campaigns conducted at the PTDs concluded that several styles of gold mineralization occurred at these resource areas.

8 EXPLORATION AND DRILLING

Previous exploration for the deposits, both underground and surface, was conducted via a variety of processes such as drilling (diamond, RC and auger), trenching, chip sampling, channel sampling, etc.

Typically the underground mining operations utilized drilling and channel sampling techniques to gather information on the mineralised body. The tailings dams were delineated via auger drilling and sampling.

8.1 DRILLING PROGRAMMES

All the exploration undertaken by Simmer and Jack was conducted during 2005 and September 2008. This exploration included geological mapping, soil geochemistry sampling, geophysics, pitting, and diamond and RC drilling.

Areas that have been drilled to date have been Frankfort, Beta, DGs, Hermansburg, Rotunda Creek and Elandsdrift. These areas have had varying amounts of drilling completed to help with the geological models. This exploration drilling data has been utilised in the modelling of the various areas.

However, additional drilling will be required to determine the potential of some of these areas and to upgrade the current resource.

Exploration potential still exists across this region and it is believed that the continued understanding of the geological nature of the region will allow a better structural interpretation. Detailed knowledge of the developing (and failing) carbonate platform is necessary to enable better understanding of the changing

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tectonic regime. Gold mineralization patterns are not chaotic and must reflect this geological development of the region.

Potential for upgrading and expanding the current Mineral Resources around the dormant historic underground mines exists. A number of mines, namely the Vaalhoek, Glynn's, Beta and Malieveld mines all have substantial Inferred Mineral Resources that could be upgraded through various means. With new and improved processing technology, it is expected that the exploration effort could convert a certain amount of the Mineral Resources to Ore Reserves, provided the appropriate technical work is done.

8.2 PROSPECTIVITY (POTENTIAL OUNCES OVER AND ABOVE THE CURRENT RESOURCES)

8.2.1 Overview

In terms of prospectivity, TGME can be divided into four categories: current operations (Frankfort, PTDs and the tailings), historical mines that have collated data (Beta and Rietfontein) which can be near-term projects, historical operations that require additional data compilation work to understand their full potential but do exhibit potential (Vaalhoek, Glynn's, Malieveld, Elandsdrift and Olifantsgeraamte) and the last is all the old operations that need further investigation to study if there is potential (Ponieskrantz, Peachtree, Dukes Hill, Columbia Hill, Jubilee, Desire).

These projects are in various stages of investigation or exploration.

8.2.1.1 Frankfort

The Frankfort operation has been drilled fairly extensively to reveal a pay trend that has been targeted by the mine plan and design. The near term mine plan focuses on this exploration target and therefore no additional drilling has been planned on the Bevett's Reef. One or two holes might be required during the life of the operation for confirmation purposes.

About 110 m below the Bevett's Reef (currently mined) is the Theta Reef. This reef was not mined extensively and very little information is available on this mining operation. During the Bevett's Reef drilling campaign, a number of drill holes were drilled deeper to intersect the Theta Reef with very disappointing results. Of 14 intersections, only 7 were sampled and all but one had single figure cmg/t values. The highest intersection was 0.8 g/t over 73 cm. However, this drilling was located a long distance from the historical mining of the Theta reef. Therefore, the area closer to the historical mining could warrant some exploration drilling.

8.2.1.2 Tailings Operations

These operations are currently being reworked based on previous exploration and therefore no further exploration should be planned at this stage.

8.2.1.3 Hermansburg

Hermansburg has also been drilled extensively and should be investigated to see what the mining potential is of the deposit. At this stage no additional drilling is proposed here.

8.2.1.4 PTDs (Pilgrim's Rest Trend Deposits)

The DGs have also been extensively drilled and modelled which can be a near-term target for mining operations. At this stage, no further drilling is envisaged at the PTDs.

The resources for these near-term operations are detailed in the resource section.

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The operations that are near-term projects but require additional drilling for a feasibility study are Beta and Rietfontein.

8.2.1.5 Beta

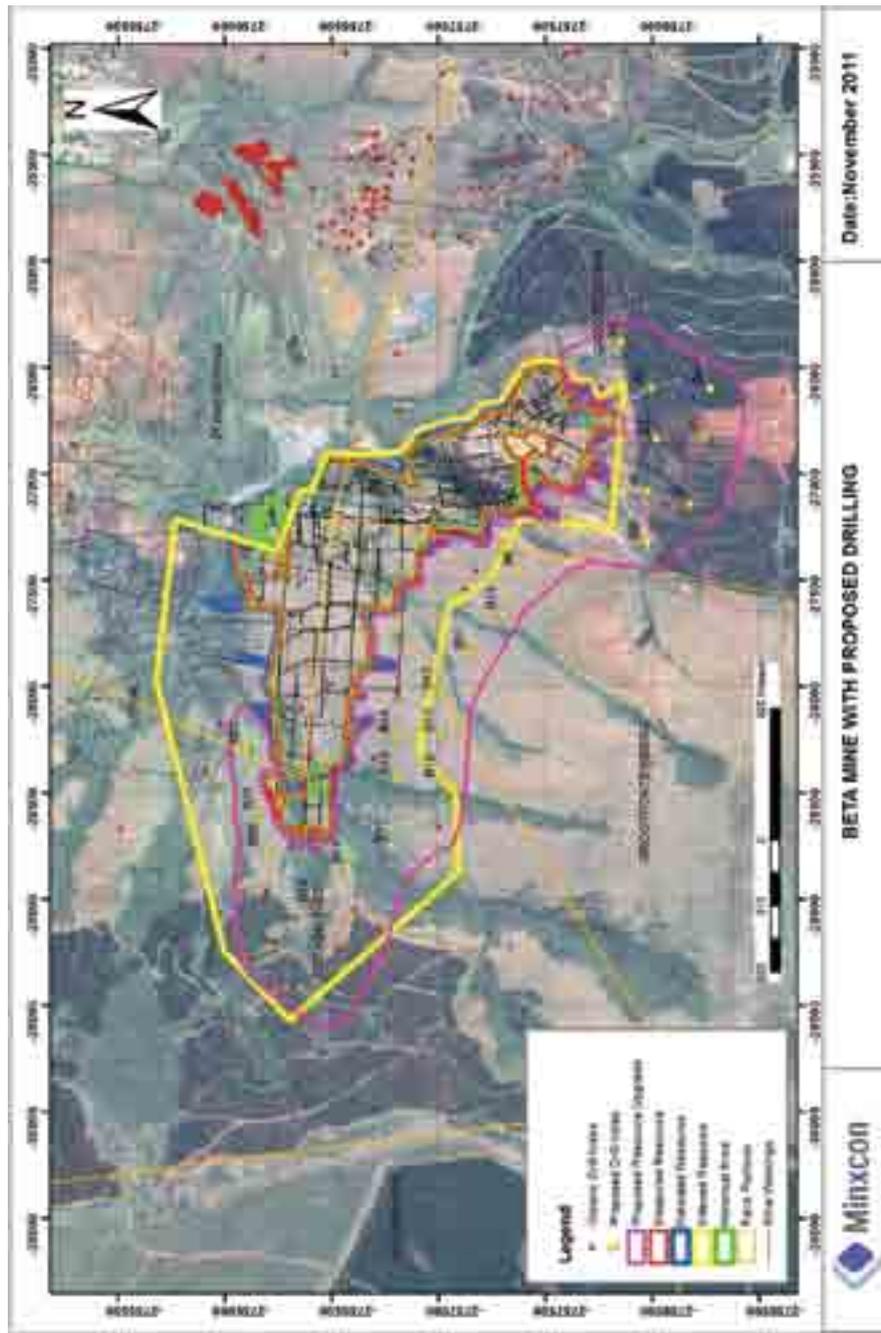
The current resources and estimation model indicates that there is sufficient reason to drill this mineralised body further to try and upgrade the resource into an indicated resource for a feasibility study. The aim of drilling in this area is to increase the level of confidence from inferred to an indicated mineral resource category. Due to the nature of this mineralised body, a 100 m grid would normally be required to classify the resources as indicated. However, due to topography and the financial implications, drilling has been planned on a grid of 200 m. It is not certain whether this drilling grid would be sufficient to obtain an indicated resource. However it is believed that with a good geological model, the 200m drill grid and compliant QA/QC it might be possible to convert the majority of the resources from an inferred resource into an indicated resource to undertake a feasibility study. The targeted upgrade and additional resources from the drilling is indicated by the purple polygon in the figure below. The drill programme is not targeting specific targets, but is rather a blanket grid as the majority of the area is believed to be above 300 cmg/t.

The drilling at Beta Mine will aim to upgrade a portion of the current Inferred Resource. The northern region cannot be drilled due to the topography and hence will be difficult to upgrade with drilling. The western and southern portion that can be drilled will aim at converting between 0.4 million ounces and 0.6 million ounces of the current Inferred Resource to Indicated Resource. In addition to the upgrade, there is the potential of an additional 0.1 to 0.4 million ounces from the drilling that will be undertaken. This conceptual exploration target is based on the lateral extension of the Beta reef to the south. The area is estimated to be 983 000 m² (between the yellow and purple line in Figure 10). The grade is expected to range between 95 cmg/t and 350 cmg/t (average of two drill holes in the area; from the current estimation model in that area). This indicates an exploration target of between 0.1 Moz and 0.4 Moz (Table 16). Due to the lack of exploration in this area, it is uncertain if these ounces will be converted into mineral resources or ore reserves.

Historically, Beta Mine mineralised material is also known to contain copper which could possibly be a by-product to help lower the cut-off for gold.

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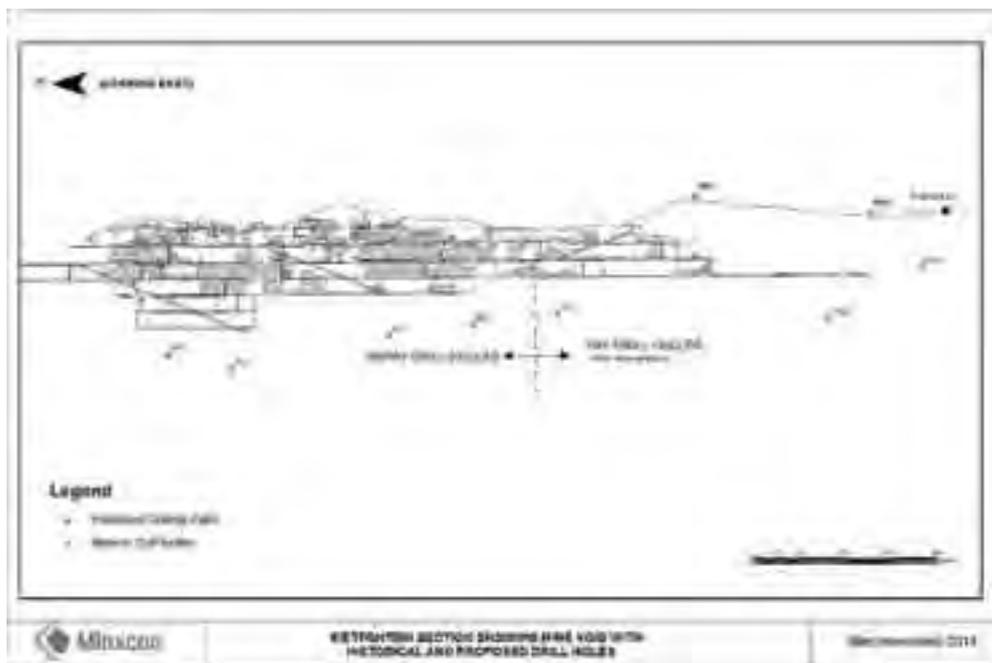
Figure 10: Beta Mine Showing the Extent of the Various Resource Categories and the Proposed Drilling and Proposed Resource Upgrade



8.2.1.6 Rietfontein

The current block model for Rietfontein does exhibit potential to the south of the current mining area. Eight historical drill holes (most with poor core recovery) have been drilled around Rietfontein. The four directly below the current historical workings are unpay with the highest having a value of 165 cmg/t. It is for this reason that the drilling of the depth extension is secondary to the drilling of the lateral extension. Figure 11 illustrates the Rietfontein mine void in relation to historical drill holes and where the expected pay could start. There might still be potential below the current workings but it is believed to be limited. Drilling for this depth extension would also be in excess of 500 m which would affect the cost structure of later mining. The drilling for the lateral extent is spaced on 500 m spacing and will target 150 m and 300 m below surface. Figure 11 illustrates the drilling platforms for the drilling of the southern extension of the vertical mineralised zone body. RF 6 and 7 are testing the far lateral extensions for potential outliers.

Figure 11: Rietfontein Section Showing Mine Void, Historical Drill Holes

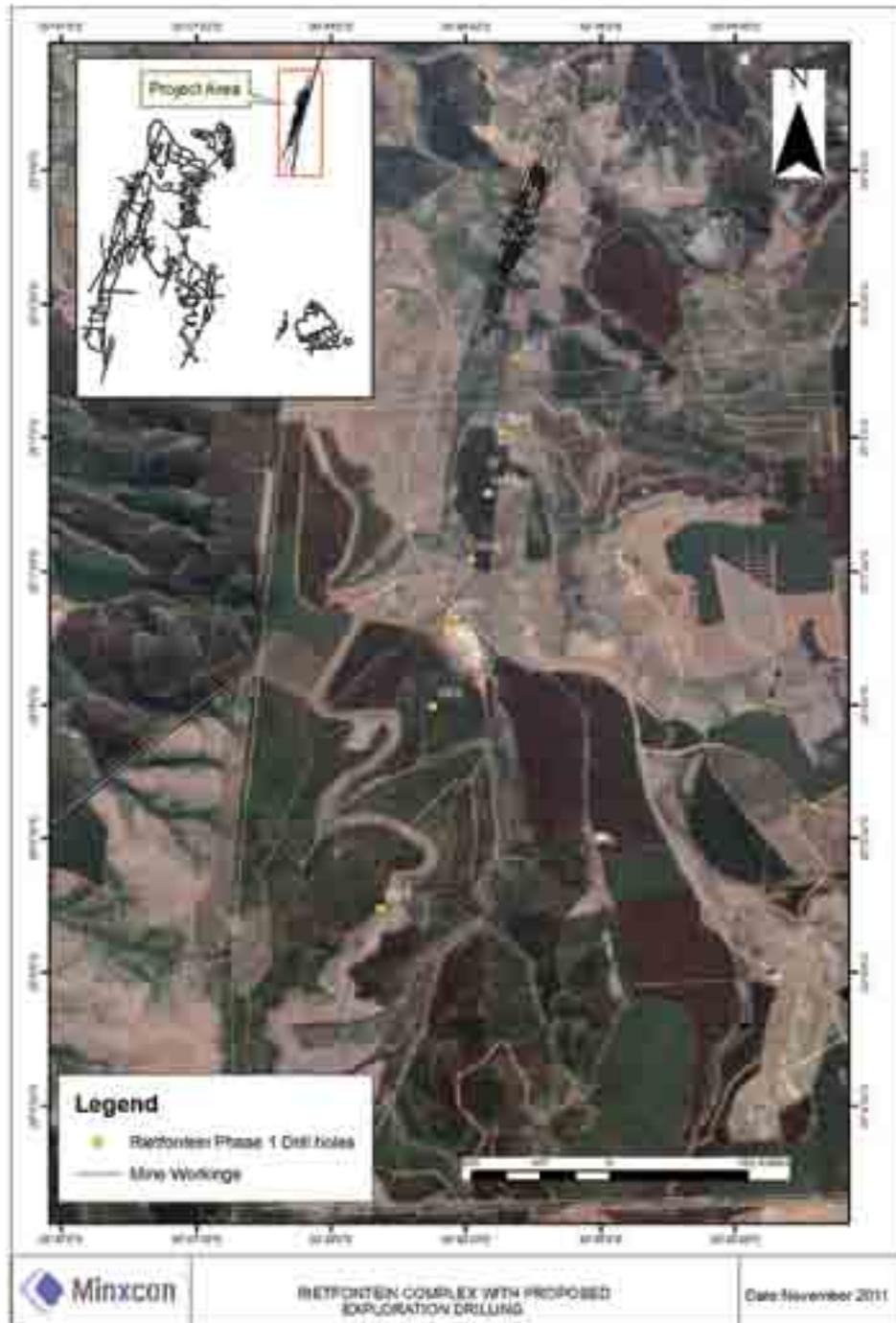


In the case of Rietfontein, there seems to be potential to extract silver and copper as a by-product to help reduce the cut-off of gold.

The conceptual exploration target of the lateral extension of the Rietfontein mine to the south is based on a depth between 300m and 400m and the lateral extension of between 500m and 2 500m. This results in a potential tonnage of between 0.45 Mt and 3.5 Mt. The minimum grade has been based on 5 historical drill holes (with high core loss) in the area and the maximum grade is based on the current inferred mineral resource. This indicates an exploration target of between 0.03 Moz and 0.63 Moz (Table 16). Due to the lack of exploration in this area it is uncertain if these ounces will be converted into mineral resources or ore reserves.

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Figure 12: Rietfontein Drilling Programme for the Possible Southern Extension



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The following historical operations have sufficient data available to get an idea of the potential albeit at a lower level of confidence and additional work would be required to improve the confidence. The majority of this data was old manual plans with resource blocks (that are in the inferred category as they can't be verified with confidence). These resource blocks were captured digitally to try and get an understanding of the grade distribution to investigate the exploration opportunities. The potential exploration target trends were determined from the resource block information from the old mine plans. All the resource blocks with a value of 300 cmg/t or higher were used to determine the potential exploration target trends. Where possible the exploration targets and drilling programme were based on these trends. The drilling grids varied from a 400 m grid to a 500 m grid depending on the size of the target areas. This drilling would not produce an Indicated Resource, but was rather planned to produce an Inferred Resource to indicate if there was further potential in terms of lateral extensions of the mineralised zones.

8.2.1.7 Vaalhoek

In the case of Vaalhoek, the block data was fairly well documented and was captured digitally to get a better understanding of the grade distribution. Figure 13 illustrates the resource block data and therefore an idea of the grade distribution. Two pay trends have been identified when using 300 cmg/t as a cut-off for this purpose. The drill holes will be drilled on a grid of 500 m to cover the target areas but the lower grade areas will have fewer drill holes as they fall outside the target areas.

Vaalhoek Mine has a series of parallel and conjugate faults that seem to lead off the Vaalhoek dyke which could have acted as the conduits for the hydrothermal fluids and improved the possibility of enrichment along these faults.

The conceptual exploration targets of the two lateral extensions of the Vaalhoek mine to the west are based on the two exploration targets that have been determined from the historical resource block data. The widths of these target areas are based on the historical blocks with a value greater than 300 cmg/t. The average widths are 750 m and 1 120 m for the two target areas. The extent of the extension uses a maximum of 1 500 m and a minimum of 500 m which is roughly the width of the historical mining. This results in a potential tonnage of between 3.55 Mt and 10.96 Mt for the two target areas. The minimum grade has been based on the lowest category for the historical resource blocks (0 - 100 cmg/t) and the maximum grade is based on the highest category for the historical resource blocks (+400 cmg/t). This indicates an exploration target of between 0.11 Moz and 1.41 Moz (Table 16). Due to the lack of exploration in this area it is uncertain if these ounces will be converted into mineral resources or ore reserves.

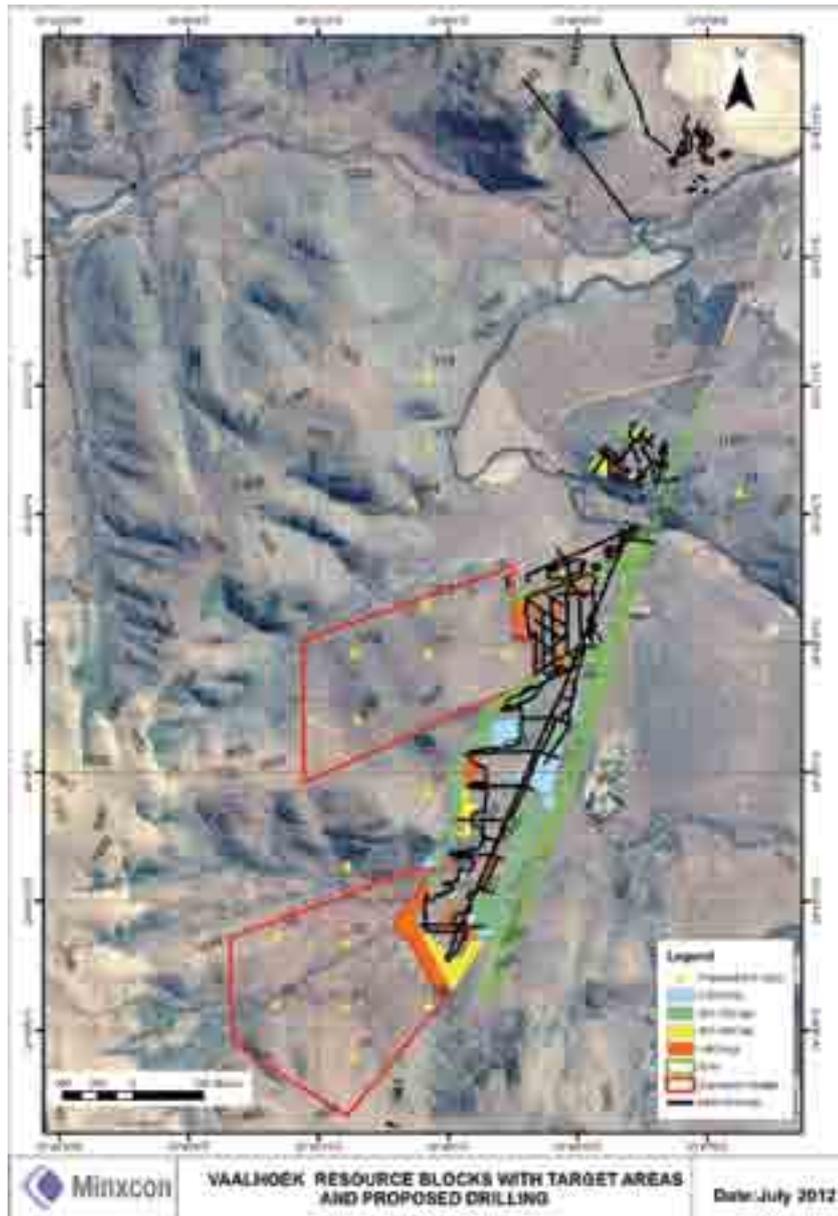
Over and above this exploration target, the current Inferred Resource at a cut-off of 300 cmg/t is 220,460 oz. This being a shallow mineralised zone, the cost of mining could be kept low to make this a very viable operation.

At Vaalhoek, the Glynn's reef was the predominant one but the Thelma leaders also showed economic value in the area. The Thelma leader seemed to be zones of enrichment and this should be investigated further once the exploration is underway.

Vaalhoek could also have the upside potential of introducing a by-product to help reduce the cut-off. In this case it could be sulphur that could be extracted from the reefs. However, there is very little data available in terms of the sulphur grades so this would have to be determined in the exploration drilling. If this strategy is viable it could potentially open the "doors" to a number of other dormant mines in the area such as Bourkes Luck.

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Figure 13: Vaalhoek Mine Showing the Resource Blocks with Target Areas and Proposed Drilling



8.2.1.8 Elandsdrift

There was no resource block data available for Elandsdrift, but there were old plans with historical sampling and stretch values. These plans indicate the grades at the Elandsdrift operation were high, but over a limited area. The potential at Elandsdrift was believed to be good but what was discovered is that a series of drill holes that were drilled over the historical mined out area. There were a couple of deeper holes but the majority were between 10 and 40 m. It is believed from the information at hand that the

mineralised zone could be deeper. For this reason, a number of drill holes on a 400 m grid have been planned around Elandsdrift to explore the possibility of lateral extensions, as indicated in Figure 14. However, the literature suggests that the lateral extensions of the mined area are very limited. It is for this reason that this drilling should be postponed to a later date.

Figure 14: Elandsdrift Showing the Proposed Drilling



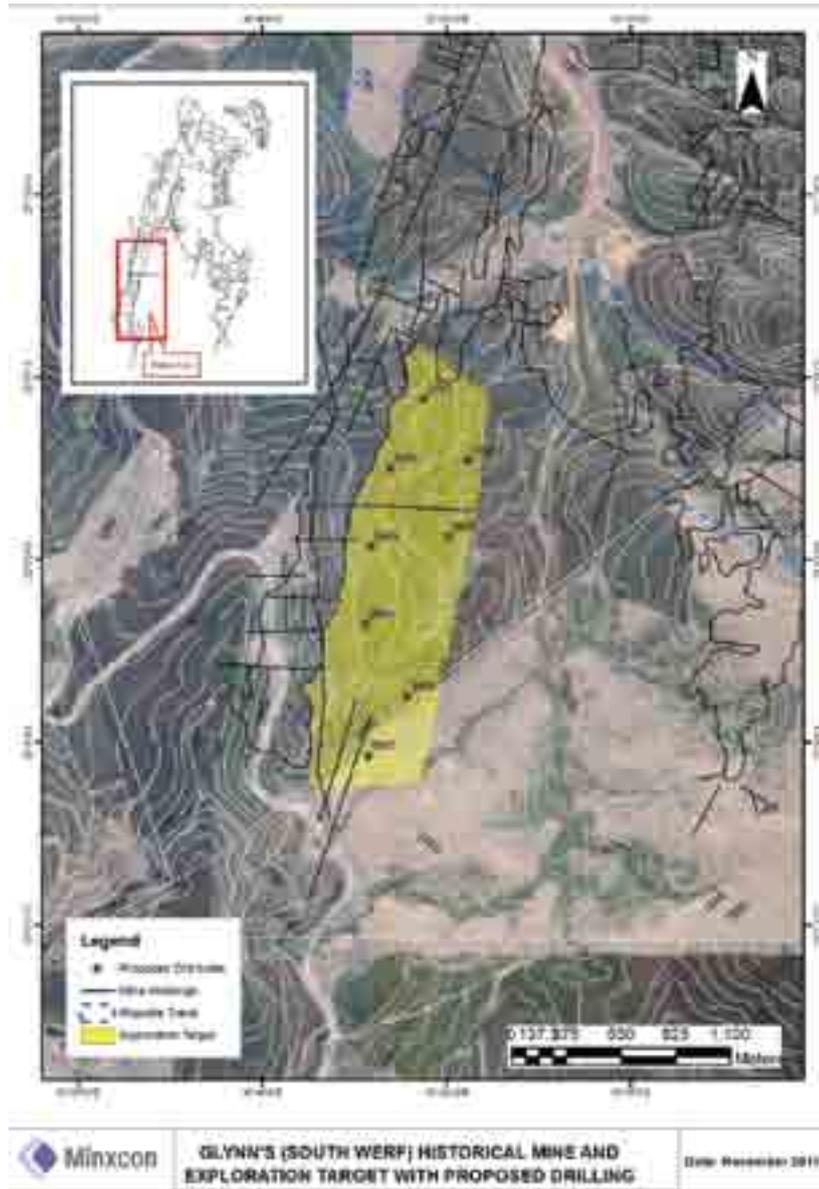
8.2.1.9 Glynn's

The potential exploration target trends were determined using the limited historical resource block information from the old mine plans. The block plan information was less complete but a number of target areas were identified for future exploration drilling. At Glynn's Lydenburg, three potential exploration target trends were determined, namely South Werf target area (approximately 2,160 m x 540 m), Malieveld target area (approximately 525 m x 520 m) and Compound Hill target area (approximately 630 m x 480 m). All the historical resource blocks with a value of 300 cmg/t and above were used to determine the potential exploration target trends and the remaining areas at Glynn's Lydenburg were classified as unpay.

The conceptual exploration targets for South Werf (best potential at Glynn's), as illustrated in Figure 15, and Compound Hill and Malieveld, as illustrated in Figure 16 and Figure 17 respectively, are based on the historical resource block data that was available. The lateral extent of these target areas are based on the historical blocks with a value greater than 300 cmg/t. The lengths for the three are 2 160 m, 630 m and 525 m respectively. The down dip extension is based on a minimum of 200 m which is approximately the extent of the historical mining and an average maximum of 500 m which is the optimistic view. This results in a potential tonnage of between 2.52 Mt and 6.62 Mt for the three target areas. The minimum value has been based on the lowest category for the historical resource blocks (0 - 100 cmg/t) and the maximum value is based on the highest category for the historical resource blocks (>300 cmg/t). This indicates an exploration target of between 0.08 Moz and 0.64 Moz (Figure 15). Due to the limited exploration in this area it is uncertain if these ounces will be converted into mineral resources or ore reserves.

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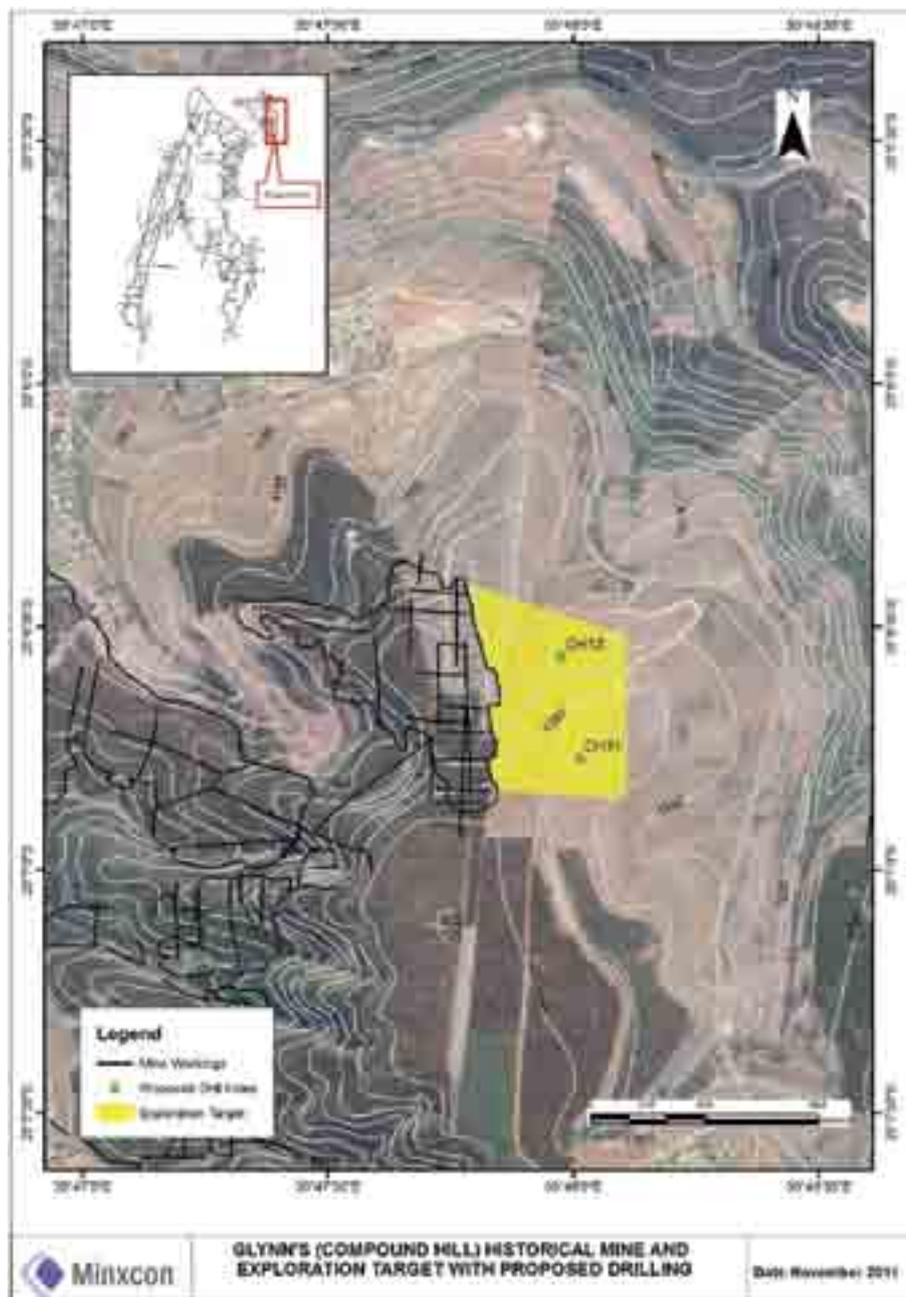
Figure 15: South Werf Exploration Target and Proposed Drilling



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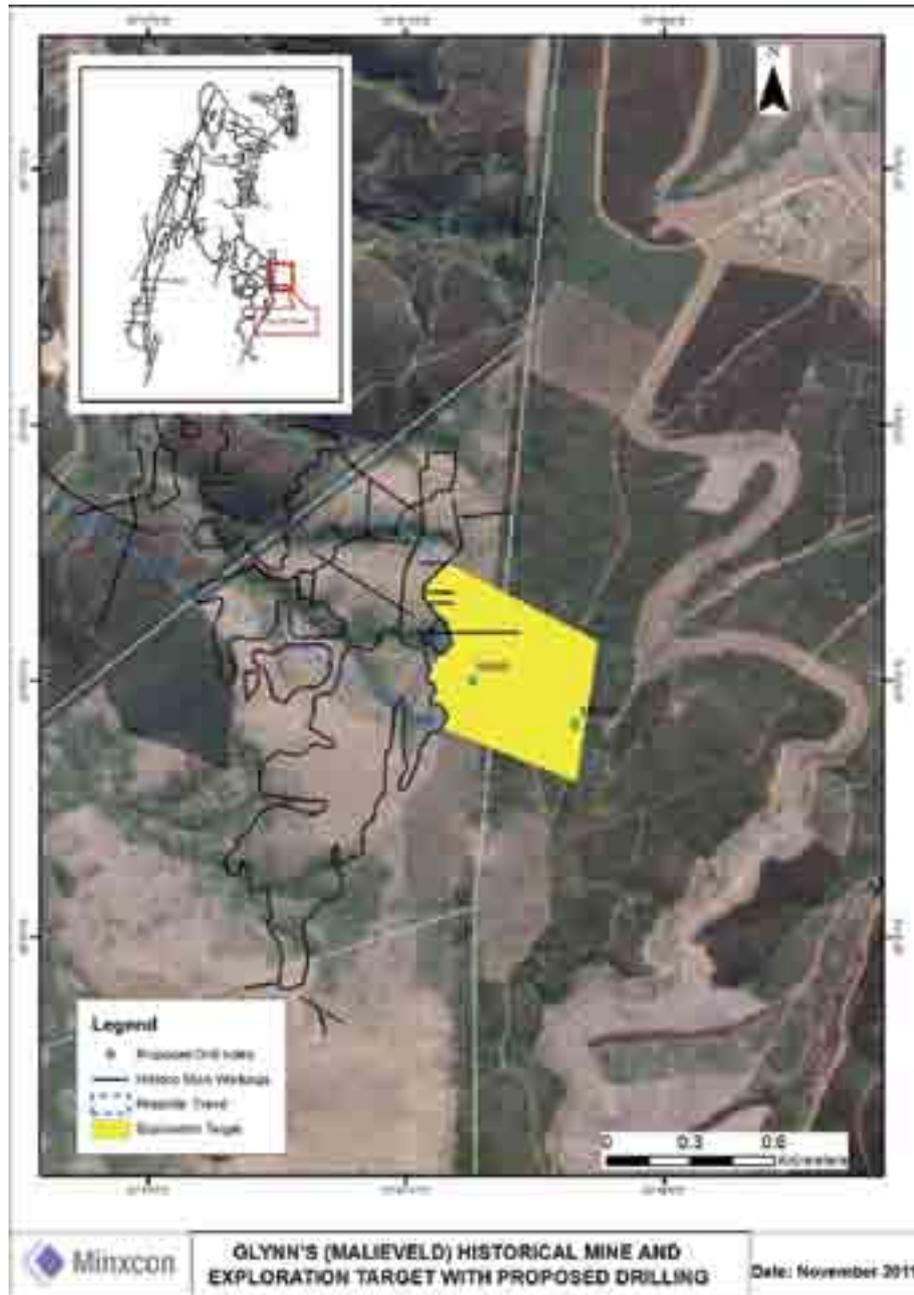
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Figure 16: Compound Hill Exploration Target and Proposed Drilling Target



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Figure 17: Malieveld Section Exploration Target and Proposed Drilling Target

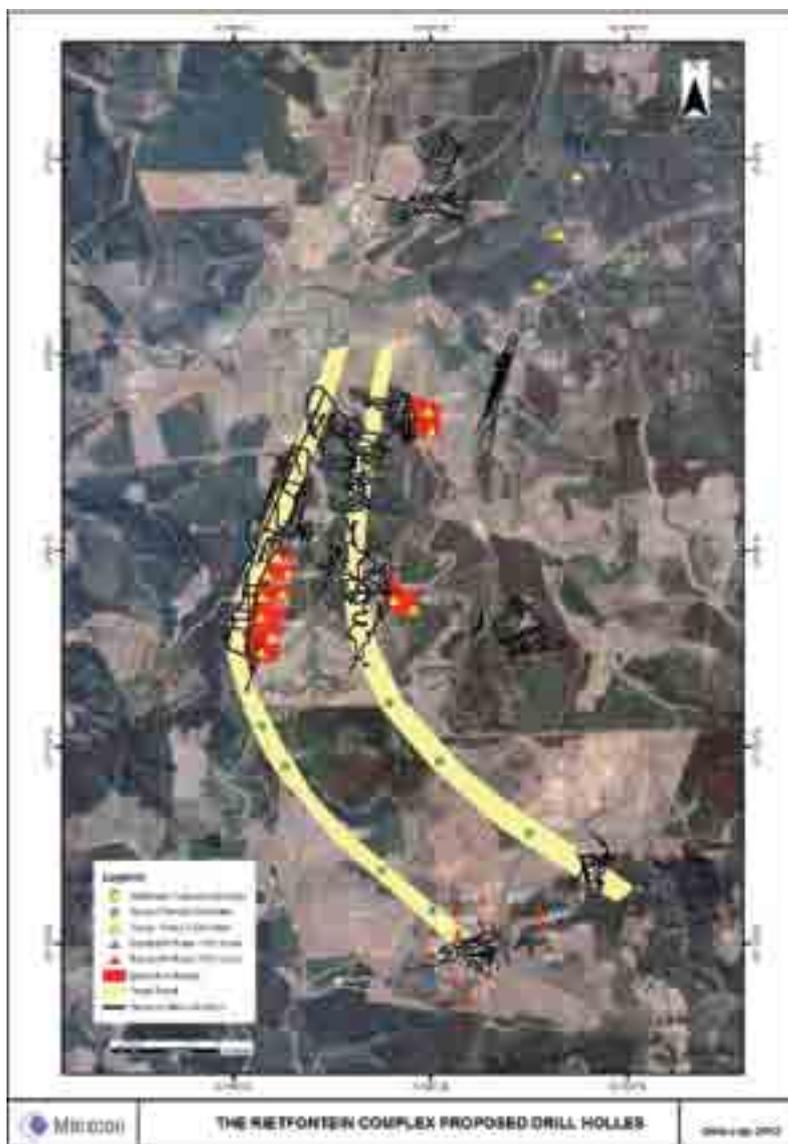


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8.2.1.10 Rietfontein Complex

The project area referred to as the Rietfontein Complex is the Rietfontein North area and the greater Glynn's area. Figure 18 below shows the Rietfontein Complex with the proposed exploration drilling for Rietfontein North, Elandsdrift, and Glynn's extension. The exploration target depicted in Figure 18 is described in a 1985 report titled "TGME Exploration Project, Site visit to the Sabie - Pilgrims Rest Goldfield" by MJ Dodd. As part of the drilling at the Rietfontein Complex, six drill holes will be drilled in line with these to test the model.

Figure 18: Rietfontein Complex with Proposed Exploration Drilling

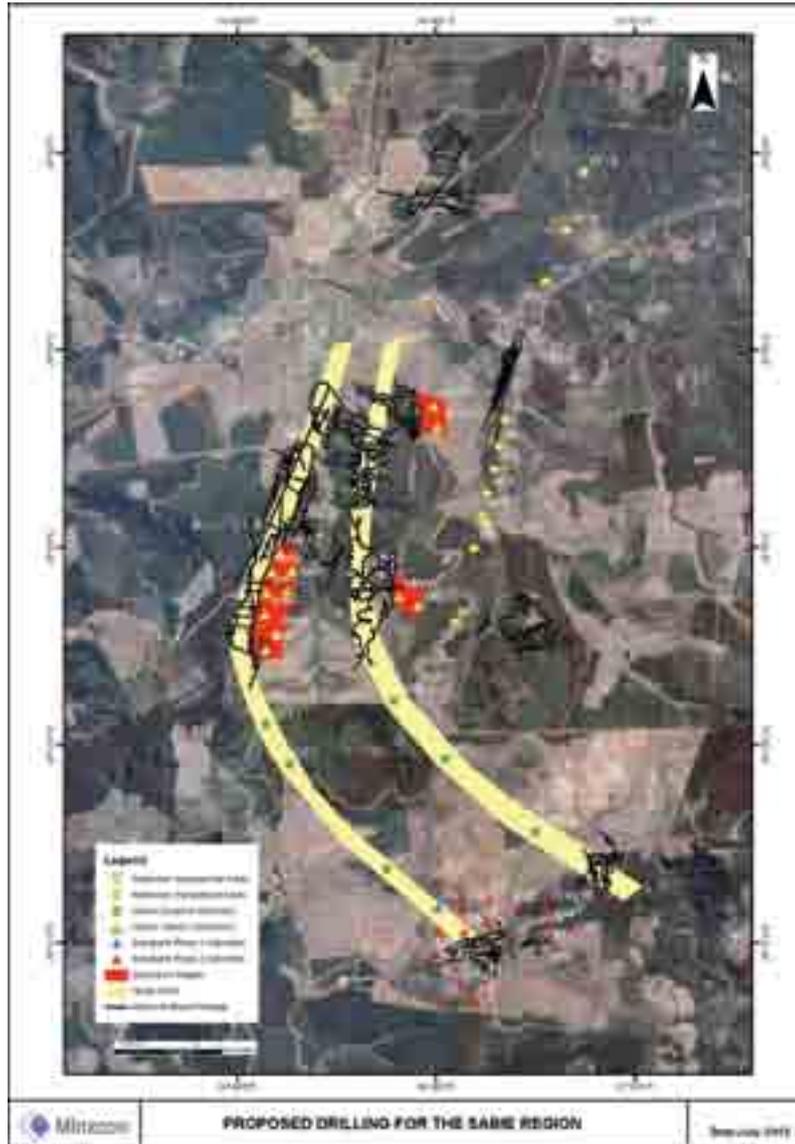


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Figure 19 illustrates the various phases of exploration drilling for the Sabie region in relation to each other.

Figure 19: Proposed Drilling for the Sabie Region



Again the literature does mention the fact that the down dip extensions are limited so the target areas might be optimistic in terms of size. These target areas are meant as drilling targets and should not be seen as ounces that will definitely be added to the resource.

The table below is a summary of the estimated ounces that are targeted with the exploration drilling. These target areas and ounces are based mainly on historical resource block information and the areas that have been targeted are those with historical resource data indicating values greater than 300 cmg/t or 3.00 g/t over a stopping width of 100 cm. This "cut off" was used as it is a possible economic cut off for this type of mining at shallow depths. The ranges or lateral or down dip extent of these conceptual target areas are not based on semi-variogram ranges of the mineralised zones but rather optimistic forecasts of potential pay areas above 300 cmg/t or 3.00 g/t over a stopping width of 100 cm.

Table 16: Conceptual Ounces in the Exploration Targets

Area	Project	Min. g/t	Max. g/t	SW (cm)	Min. Tonnes (Mt)	Max. Tonnes (Mt)	Min. Ounces (Moz)	Max. Ounces (Moz)
North	Vaalhoek (North)	1.00	4.00	100	2.1	6.5	0.07	0.84
North	Vaalhoek (South)	1.00	4.00	100	1.4	4.4	0.05	0.57
Central	Beta	0.95	3.50	100	3.5	3.5	0.11	0.40
South	Rietfontein	2.02	6.51	100	0.5	3.0	0.03	0.63
South	Glynn's - South Werf	1.00	3.00	100	1.6	4.4	0.05	0.43
South	Glynn's - Malieveld	1.00	3.00	100	0.4	1.0	0.01	0.10
South	Glynn's - Compound Hill	1.00	3.00	100	0.5	1.1	0.02	0.11
Total					10.1	24.1	0.33	3.07

Note:

1. The Vaalhoek and Glynn's exploration target ranges are based on a number of assumptions in terms of geological structure and reef occurrence from the limited information available.
2. It is uncertain if further exploration will result in the determination of a resource from these targets.

Should drilling go ahead as planned, the aim at Beta would be to increase the level of confidence from inferred to an indicated mineral resource category. Due to the nature of this mineralised body, at least a 100 m grid would normally be required to classify the resources as indicated. However, due to topography and the financial implications, drilling has been planned on a grid of 200 m. It is not certain whether this drilling grid would be sufficient to obtain an indicated resource. However it is believed that with a good geological model, the 200m drill grid and compliant QA/QC it might be possible to convert the majority of the Beta resources from an inferred resource into an indicated resource. Table 17 below is a summary of the estimated range of ounces that might be converted to Indicated Resource from the current Inferred Resource. This is based on an area of 131 hectares and a value of the area from the current estimation model of 351 cmg/t or 3.51 g/t over a stopping width of 100 cm. The minimum and maximum value is 25% on either side of this mean estimate.

Table 17: Potential Ounces Upgrade from Inferred to Indicated

Area	Project	Min. g/t	Max. g/t	SW (cm)	Min. Tonnes (Mt)	Max. Tonnes (Mt)	Min. Ounces (Moz)	Max. Ounces (Moz)
Pilgrim's	Beta	2.63	4.38	100	4.7	4.7	0.399	0.665

8.3 FUTURE EXPLORATION PROGRAMME

8.3.1 Overview

To explore the above target areas, an estimated 93 drill holes will be required, equating to 25,569 m. If five drill rigs are utilised, then this could possibly be completed between 12 and 18 months. The

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estimated budget has been based on 14 months. Some target areas can be completed prior to this if they were prioritised and more drill rigs were utilised on them. The table below summarises the priorities and reasons for those priorities.

Table 18: Exploration Target Priorities

Priority	Project Area	Reason
1	Beta	Near-term project, relatively easy access, close to plant site, can be re-opened, metallurgy a challenge but can be addressed.
2	Vaalhoek (North & South)	Inferred Resource of 220,460 oz. above 300 cmg/t; could be re-opened, shallow
3	Rietfontein	Near-term project, relatively easy access, can be re-opened.
4	Glynn's - South Werf	Historical resource block data indicated potential strike of approximately 2,160 m above 300 cmg/t (lateral extent estimated).
5	Glynn's - Compound Hill	Historical resource block data indicated potential strike of approximately 630 m above 300 cmg/t (lateral extent estimated)
6	Glynn's - Malieveld	Historical resource block data indicated potential strike of approximately 525 m above 300 cmg/t (lateral extent estimated)
7	Rietfontein Complex	Historical sampling plans and stretch values indicate high grades at Elandsdrift so four drill holes will test this. Also, the northern extension of Rietfontein will be tested as well as the alternate extensions of the Glynn's complex.

The majority of the exploration activities and costs are associated with drilling but there is also a portion on geological mapping, geophysics, soil sampling and trenching. Where possible, if the depth of the reef horizon is understood, the drill holes will be piloted with percussion drilling to reduce costs. Thereafter the drill hole will change to NQ drilling just above the reef horizon for the remainder of the hole. One deflection has been planned for each drill hole. The cavities in the dolomites might however hinder this approach and the drill hole will have to be drilled with NQ core. Symmetric drilling is an option to drill through cavities and WAD but the cost of this drilling is higher than NQ core drilling.

In most cases, the first step would be to undertake surface mapping to understand the reef outcrop and verify that the target areas are correct. Further historical data compilation, soil sampling and geophysics are also included for the areas that do not have target areas but require additional investigations to understand their potential. This could result in additional target areas coming to light. These include the historical mines of Olifantsgeraamte, Ponieskrantz, Peachtree, Dukes Hill, Columbia Hill, Jubilee, Desire, Willemsoord, Bourkes Luck and Sacramento.

8.3.2 Beta

In the case of Beta, the surface geology is fairly well understood and the drilling could commence immediately. The aim of drilling in this area is to increase the level of confidence from the Inferred Mineral Resource category to the Indicated Mineral Resource category for a portion of the current resource. However, due to financial implications it is suggested that the drilling be conducted on a 200 m grid first and with a good geological model and proper QA/QC it might be sufficient to upgrade a large portion of the resource. If this is not sufficient then additional drilling will have to be completed. Based on this the initial grid a total of 22 drill holes will be drilled at Beta Mine, totalling 7,976 m. The depth of the holes will range from an estimated 170 m to 510 m with an average of 362 m. It is suggested that the drilling start in the southern area and then move to the north western portion. The reason for this is that the southern portion drill holes will be shallower and the results will be received quicker. This might help with the opening up plans.

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8.3.3 Rietfontein

The exact location of the vertical reef is not fully understood so some geological mapping is definitely required to pin point the reef. In addition to the mapping all historical survey data will have to be compiled to locate the underground workings. New survey pegs could possibly be put in to help with this procedure (if the shaft is re-opened). Only once this has been completed can the exact location of the drill pads be determined. Drilling should commence close to existing workings and for the shallower reef to ensure that the reef location is determined. There are two drill holes planned at each drill pad (Figure 18). RF1 and RF2 target depths of about 250m and between 400 and 500 m. There after the series further south (RF3 to RF7) target depths of 150m and 300m. This is to test the lateral extension of the Rietfontein mineralised zone. These are spaced at a distance of approximately 500 m apart with another phase of infill drilling reducing the spacing to 250 m. In total 26 drill holes have been planned for the Rietfontein Mine, totalling 9,098 m to determine mainly the lateral extension and, in places the depth extension. The infill drilling totals 4,141 m of the 9,098 m of drilling. Some underground drilling will also be undertaken to test the depth extension close to the current workings. For this the shaft will be de-watered and rehabilitated to gain access to drilling platforms. An additional 1,500 m of UG drilling (10 holes of 150 m each) has been included in the exploration for Rietfontein.

8.3.4 Frankfort Theta

A total of 4 drill holes have been planned at Frankfort Theta, totalling 1,212 m. These drill holes will be drilled on a grid of 500 m to an average depth of 230 m. This is to test if there is any potential closer to the historical workings as the previous drilling suggests that the grade is very lower further away from the historical mined areas. No other exploration is proposed in this area.

8.3.5 Vaalhoek

The historical data for Vaalhoek is partially digital but needs refining and therefore more data compilation is required as well as some geological mapping to determine the outcrop position and more detailed structural information. Two targets have been generated to date and based on the generated targets, a total of 16 drill holes have been planned at Vaalhoek Mine, totalling 3,028 m, to determine the lateral extent and existence of these exploration targets. The depth of the drill holes range from 100 m to 280 m and have been planned on a grid of 500 m. This drilling programme is illustrated in Figure 13.

8.3.6 Elandsdrift

Previous drilling was undertaken in and around Elandsdrift but did not produce results with any reef intersections. These drill holes were between 10 and 40 m, with a few deeper holes around the edges of the historical mining. The 20 holes proposed are deeper (between 40 m and 120 m and totalling 2,248 m) and target the area surrounding the historical mining. 20 drill holes have been proposed but if the initial holes indicate that there is no developed reef around the historical mining then the remaining holes will not be drilled. The drill hole positions are planned on a 500 m grid. However, these holes will only be drilled if the initial 4 drill holes that form part of the Rietfontein complex deliver positive results.

8.3.7 Glynn's

Glynn's Lydenburg consists of a number of sections, but the three sections that exhibit the best potential are the South Werf, Malieveld and Compound Hill. The historical block data for Glynn's Lydenburg is not as complete as that of Vaalhoek, but the data that is available indicated three potential target areas, one in each of the previously mentioned sections. A total of 12 drill holes have been proposed at Glynn's Lydenburg, totalling 1,541 m. Eight of these drill holes will be at South Werf, two at Malieveld and the remaining two will be drilled at Compound Hill. These drill holes have been spaced on a grid of 400 m.

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However, before this drilling can be undertaken, additional data compilation and digitising are required to validate the three target areas. Also, prior to drilling, surface mapping must be undertaken to locate the outcrop and determine the reef position in relation to the surrounding topography. It is estimated that the drill holes will range from 30 m to 240 m in depth.

8.3.8 Rietfontein Complex

The Rietfontein Complex planned drilling will consist of 3 drill holes testing the northern section of the old Rietfontein mine, 4 drill holes testing the area around the Elandsdrift mine and 6 drill holes testing the Glynn's exploration target model of the work undertaken in 1985. These 13 drill holes will total 2,714 m of drilling, with the depth ranging from 37 m at Elandsdrift to 312 m at Rietfontein North.

8.3.9 Dormant Mines

There are a number of historical dormant mines spread across the Pilgrim's Rest and Sabie area. These need to be investigated further and captured in GIS to understand the potential of these mines. This would entail data collection and compilation, mapping and then additional field work by means of trenching and soil sampling. These steps should help in the understanding of the potential if any.

8.4 DRILLING SUMMARY

The table below is a summary of the drilling that is proposed for the various operations.

Table 19: Drilling Summary

Region	Mine	Drill holes	Total Metres	Average Metres	Min Depth	Max Depth	# of Samples
North	Vaalhoek	16	3,028	127	102	272	120
Central	Frankfort (Theta)	4	1,212	262	262	262	30
Central	Beta	22	7,976	363	162	512	165
South	Rietfontein	26	9,098	350	185	592	195
South	Rietfontein (UG)	10	1,500	150	150	150	60
South	Glynn's - Total	12	1,541	128	22	242	90
South	Rietfontein Complex	13	2,714	209	37	312	98
Total		103	27,069	263	22	592	758

Note: Sampling excludes QA/QC samples and any soil sampling.

Table 20 below shows the proposed schedule for the drilling at the various project areas based on the priority of the project areas and using five drill rigs in total. The blue indicates drilling with three drill rigs and the red indicates drilling with two drill rigs. This excludes the underground drilling which will happen simultaneously once the mine has been opened up. It is assumed that each drill rig will achieve 20 metres per day. This could be optimistic due to the cavities that occur in the dolomites.

Table 20: Drilling Schedule for the Various Project Areas

Project priority	Description	Estimated drilling metres	# rigs	Month													
				1	2	3	4	5	6	7	8	9	10	11	12	13	14
Priority 1	Beta	7 976	3														
Priority 2	Vaalhoek	3 028	2														
Priority 3	Frankfort	1 212	2														
Priority 4	Rietfontein	9 098	3														
Priority 5	Glynn's	1 541	2														
Priority 6	Rietfontein complex	2 714	2														
Total		25569	5														

Legend: ■ Drilling with 2 Drill Rigs
■ Drilling with 3 Drill Rigs

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8.5 ESTIMATED EXPLORATION BUDGET

8.5.1 Overview

A total of 103 drill holes (including 10 UG drill holes) totalling 27,069 m are proposed for the future exploration at TGME. The all-inclusive rate per metre is ZAR1,881/m. This includes everything from project running expenses, soil sampling, shaft opening up, etc. Therefore, the total estimate for the exploration programme at TGME is ZAR58,046,334 (inclusive of VAT and a 5% contingency) or ZAR50,917,837 (excluding VAT). The detail of the exploration budget is shown in the table below. Data acquisition and geological mapping shows as zero because it is included in the monthly geological services line item.

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Table 21: Estimated Drilling Budget for the TGME Exploration

ACTIVITY	Quantity	Unit	Rate (R)	COST (R)
1. DATA ACQUISITION	0	Months	100 000	0
Collation of any existing exploration data including geophysical surveys, drillhole core, borehole logs, sampling and assay data, geological and survey data and maps, geological reports, etc.				
2. DETAILED MAPPING	0	Months	100 000	0
Mapping				
3. EXPLORATION DRILLING				
Site establishment	5	per rig	25 000	125 000
Diamond drilling	25569		740	18 927 140
Casing	1860	per meter	500	930 000
Wedges	93	per wedge	25 000	2 325 000
Beacons	93	per beacon	550	51 150
Borehole Plug	93	per plug	2 500	232 500
Water for drilling	14		36 000	504 000
Core trays	2948	per tray	250	736 938
Borehole survey	93	per survey	8 600	799 800
Site de-establishment	5	per rig	25 000	125 000
Interhole moves	93	per rig	10 000	930 000
Site rehabilitation	93	per site	10 000	930 000
SUBTOTAL				26 616 528
4. ANALYSES AND TESTWORK				
Assays (drilling)	698	per sample	450	313 875
Assays (soil sampling)	5000	per sample	450	2 250 000
QA/QC assaying	855	per sample	450	384 581
Reference material	855	per sample	150	128 194
Diamond saw blades	40	per blade	1 500	60 000
SUBTOTAL				3 136 650
5. Labour: CONSULTANTS AND CONTRACTORS				
Geological	14	per month	655 000	9 170 000
Surveying	30	per day	10 000	300 000
Geophysical surveys	30	per day	20 000	600 000
SUBTOTAL				10 070 000
6. TRAVEL AND ACCOMMODATION				
Travel	84000	km	4.5	378 000
Housing	14	per month	20 000	280 000
SUBTOTAL				658 000
7. PROJECT RUNNING COSTS				
Vehicle hire	14	months	120 000	1 680 000
Diesel	14	months	24 000	336 000
Toilet hire	14	months	10 000	140 000
Sampling consumables	14	months	5 000	70 000
Maintenance consumables	14	months	7 500	105 000
Field consumables	14	months	5 000	70 000
Equipment hire (core cutter & diamond saw)	14	months	9 000	126 000
Telecommunications	14	months	5 000	70 000
Software	14	months	5 000	70 000
SUBTOTAL				2 667 000
6. OTHER CONTRACTORS				
Sample transportation (DHL)	14	months	20 000	280 000
Earth works	14	months	35 000	490 000
Environmental	14	months	10 000	140 000
Security	14	months	40 000	560 000
Core yard	14	months	25 000	350 000
SUBTOTAL				1 820 000
7. MINE REHABILITATION & UG DRILLING				
Beta	1000	metres	1 500	1 500 000
Rietfontein	1000	metres	1 500	1 500 000
Rietfontein (UG drilling)	1500	metres	350	525 000
SUBTOTAL				3 525 000
8. CONTINGENCY				
5.0%				2 424 659
SUBTOTAL				2 424 659
TOTAL				50 917 837

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Table 22 shows the total estimated budget and the breakdown into the various project areas and a split between the drilling and assay costs as well as the other costs associated with the exploration.

Table 22: Estimated Drilling Budget Breakdown

Drilling Total	Drill holes	m	Drilling & Assay (Rm)	QA/QC & other assaying (Rm)	Geological Labour (Rm)	Running Costs (Rm)	Other Contractors (Rm)	Mine Rehab. & UG Drilling (Rm)	Total Cost (Rm)
Beta	22	7 976	8.15	0.92	3.30	1.09	0.60	1.58	15.63
Rietfontein	26	9 098	9.14	1.05	3.76	1.24	0.68	2.13	18.01
Frankfort	4	1 212	1.19	0.14	0.50	0.17	0.09	0.00	2.08
Vaalhoek	16	3 028	3.70	0.35	1.25	0.41	0.23	0.00	5.94
Rietfontein Complex	13	2 714	3.56	0.31	1.12	0.37	0.20	0.00	5.57
Glynn's	12	1 541	2.54	0.18	0.64	0.21	0.12	0.00	3.68
Total	93	25 569	28.28	2.96	10.57	3.49	1.91	3.70	50.92
% of cost			55.5%	5.8%	20.8%	6.9%	3.8%	7.3%	100.0%

Note: The above budget excludes VAT and is shown in ZAR and millions.

With a total exploration budget of ZARm 50.92 and an exploration target of between Moz 0.33 and Moz 3.07, the potential discovery rate could range between \$ USD 19.3/oz and \$ USD 2.1/oz of gold respectively (at an exchange rate of ZAR7.93 to the US\$D). This range of discovery rates is conceptual in nature and is not guaranteed. It is also not guaranteed that conversion from an exploration target to a mineral resource or ore reserve will take place.

9 SAMPLING

9.1 SAMPLING INTERVAL

9.1.1 Underground Samples

The underground sampling grid typically occurred on a 2m by 2m grid where applicable, which is a historical grid and has not changed. This grid is in place due to the nugget affect of the reef in this mineralised zone body. The minimum size of the sample itself is 20 cm to obtain a minimum weight of 500 grams.

9.1.2 Core Samples

In general, once the core had been split the core is sampled either along lithological boundaries or in 1 m intervals. The smallest sample that is taken is 25 cm which is governed by the minimum weight required for a laboratory sample. At this stage the drilling sites are determined by the geologist to determine the geology.

9.2 SUMMARY OF SAMPLE COMPOSITES, VALUES AND TRUE WIDTHS

All underground and core samples were composited and true reef widths established for use in the mineral resource estimation exercise.

9.3 INDEPENDENCE OF SAMPLE PREPARATION

Underground samples are taken by the sampler employed by TGME. Samples are then prepared at the TGME laboratory, and are therefore not independent.

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All surface samples were collected by HBR, who are independent of TGME. Samples were then sent to the accredited laboratories for analysis, either Performance Labs or ALS Chemex Laboratories, both of whom are also independent of Simmers.

9.4 SAMPLE PREPARATION METHOD, ASSAYING & ANALYTICAL PROCEDURES

9.4.1 Underground and Plant Samples

Preparation and analysis of underground and plant samples are performed at the on-site TGME laboratory. An audit by consulting metallurgist - Patrick Donlon - was conducted on 20 February 2007 at the TGME plant and laboratory just outside Pilgrim's Rest. The findings of the audit were as follows:-

The laboratory at the plant is equipped and staffed to perform the function of process control solids and solutions analyses.

The facility is not accredited in terms of national or international standards. The facility also lacks adequate equipment and staff to perform high precision and accuracy metal accounting analyses or mineralised body proving analyses.

The laboratory provides a valuable process monitoring service to the plant in that up to 90 determinations are provided daily including:

- Gold analyses of solids for head and residue and intermediate streams (fire assay);
- Gold analyses on carbons;
- Gold analyses on solutions (atomic adsorption);
- Cyanide and lime titrations, pH measurements;
- Particle size distributions;
- Moisture determination;
- Copper analyses (dissolution and atomic adsorption); and
- Density measurements.

The laboratory fell under the control of the Plant Manager. There is no qualified analytical chemist on staff. The previous chemist has trained the laboratory team of ten workers and the team performs satisfactorily for process monitoring requirements.

The laboratory equipment was in good condition and layout of furnace room and wet room is adequate for reasonable functionality. Mass measuring balances are calibrated at regular intervals. The AA machine is calibrated with the required standard solutions.

There are no separate facilities for high grade and low grade samples; there is therefore a possibility of cross-contamination.

Monthly composite high and low grade samples were sent to two commercial laboratories for assay comparison. There was no trend record available to determine accuracy or bias. It is recommended that the laboratory should be equipped with a personal computer for data recording.

Sampling was carried out by operating personnel. Head and residue samples are generated from cross-stream sample cutters; all other samples are grab samples. This is satisfactory for process monitoring purposes.

Mass accounting data was generated from the incoming mineralised material weighbridge, a belt weightometer measuring DMS discard, and an integrated flow and density recorder providing a mass measurement on the thickener underflow stream. Service contractors calibrate the instruments periodically.

All mass, sampling and assaying data points were collated on excel spreadsheets on a daily basis. This information was used to monitor, track and correct plant performance.

9.4.2 Core Samples

All core samples were sent to ALS Chemex for analysis. Analysis for gold was by standard fire assay procedures, using a 30 g or 50 g sample with a gravimetric finish. The detection limit is 0.02 g/t gold, with the practical range of the method from 0.08 to 3,027 g/t gold (Au).

9.4.2.1 Method

Essentially, the method consists of two consecutive pyrochemical separations, followed by a chemical separation. Initially, the finely ground sample is fused with a suitable flux under reducing conditions. The flux combines with the gangue to form a fluid slag, and the litharge in the flux is reduced to minute globules of lead. The rain of lead globules, falling through the molten mass, collects the particles of precious metals and coalesces into a button at the bottom of the crucible.

As silver is a better collector of gold than lead and facilitates the easier handling of prills, it is employed in conjunction with the lead as a co-collector. Upon cooling, the slag solidifies, and is separated from the lead button containing the gold and silver. Subsequently, the lead is removed by oxidising fusion, where the litharge thus formed, wets the inner surface of the hot, porous cupel and is absorbed (cupellation).

The molten precious metals are not absorbed because of their high surface tension, and because they do not form oxides. They remain on the concave bed of the cupel in the form of a bead, called a prill. The silver is removed from the prill by acid dissolution (parting). The black, spongy gold thus obtained is annealed to a coherent, malleable prill of the classical golden yellow colour, making the gold available for further measurement. Results were reported by electronic spreadsheets.

9.4.3 Blyde Tailings, Glynn's Lydenburg, Elandsdrift Tailings Dumps

Dry samples collected were analyzed by Performance Labs (Testing Lab number T0265). Performance Labs are located in Randfontein and they are ISO accredited for ISO-IEC-17025 accredited for fire assay and gravimetric finish for a concentration range of 0.08 to 3,027 g/t for gold.

Analysis for gold was by standard fire assay procedures, using a 30 g or 50 g sample with a gravimetric finish. The detection limit is 0.02 g/t gold, with the practical range of the method from 0.08 to 3,027 g/t gold (Au).

9.4.3.1 Method

Essentially, the method consists of two consecutive pyrochemical separations, followed by a chemical separation. Initially, the finely ground sample is fused with a suitable flux under reducing conditions. The flux combines with the gangue to form a fluid slag, and the litharge in the flux is reduced to minute globules of lead. The rain of lead globules, falling through the molten mass, collects the particles of precious metals and coalesces into a button at the bottom of the crucible.

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As silver is a better collector of gold than lead and facilitates the easier handling of prills, it is employed in conjunction with the lead as a co-collector. Upon cooling, the slag solidifies, and is separated from the lead button containing the gold and silver.

Subsequently, the lead is removed by oxidising fusion, where the litharge thus formed, wets the inner surface of the hot, porous cupel and is absorbed (cupellation). The molten precious metals, are not absorbed because of their high surface tension, and because they do not form oxides. They remain on the concave bed of the cupel in the form of a bead, called a prill. The silver is removed from the prill by acid dissolution (parting). The black, spongy gold thus obtained is annealed to a coherent, malleable prill of the classical golden yellow colour, making the gold available for further measurement.

Results were reported by electronic spreadsheets.

Performance Laboratory is certified by the South African National Accreditation System, an affiliate of the Standards Council of Canada. TGME employees or consultants were not engaged in the sample preparation or analyses. Performance Laboratories are SANAS accredited for the assaying of gold via the fire assay technique.

Internal Quality Assurance/Quality Control ("QA/QC") procedures at the Performance laboratory included assaying one duplicate sample and one standard sample from each batch of 20 samples.

9.4.4 DG1, DG5, DG2 and Hermansburg Deposits

Up to May 2007, all samples were sent to ALS Chemex. From May 2007 onwards, RC samples were sent to Performance Labs and core samples to ALS Chemex, which is SANAS accredited (Testing Laboratory Number T0387). ALS Chemex is located in Edenvale, Johannesburg, and is ISO accredited for ISO-IEC-17025 accredited for fire assay and gravimetric finish for a concentration range of 0.08-3027 g/t for gold. Although ALS Chemex is accredited, its accreditation certificate has not yet been posted on the SANAS website and has therefore not been appended to this Report.

The entire bag was weighed prior to departure and re-weighed again at the laboratory. The samples were then totally oven-dried, pulverized and split to create a 50 g aliquot for fire assay (by lead separation) and AA finish to gain the quantitative total gold content of each sample. The method of assaying and analysis is the same as discussed for Performance Laboratories.

9.5 QUALITY CONTROL MEASURES EMPLOYED

Minxcon has previously reported on the quality control measures in place for the underground and surface deposits of TGME, as summarised in the following sections. The reader is referred to the previous (2008 and 2009) independent technical reports prepared by Minxcon for further details.

9.5.1 Planned Task Observations

Prior to laboratory analyses, Planned Task Observations ("PTOs") are conducted by the chief surveyor employed at the mine on a regular basis to ensure that development sampling is conducted in a systematic and reliable manner. PTOs involve checking of all aspects of the sampling procedures. Each of the following aspects are checked, with a sampler receiving a mark out of 100 depending on the correctness of each action:-

- Planning and organization before going underground;
- Safety and loss control;
- Mark off, measuring and record sampling sections;

- Supervise chipping, labelling and packing of samples;
- Mapping of stope face;
- Procedure after completing last of sampling section; and
- Prepare stope sampling sheets.

9.5.2 Laboratory Analyses

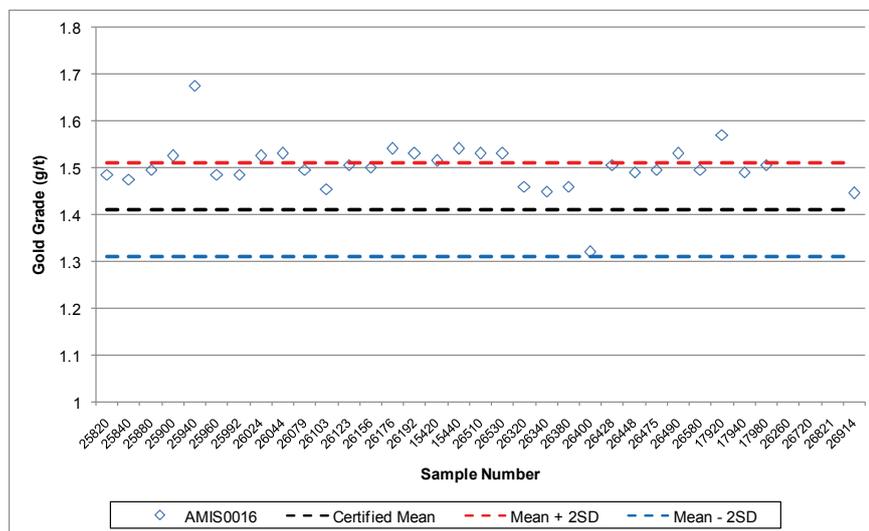
9.5.2.1 Underground Deposits and Surface Deposits

Standard reference material (“SRMs”) and blanks were inserted into the sampling stream for underground and surface deposits on a regular basis. The SRMs and blanks included were AMIS0069 (blanks), AMIS0023 (low feed grade gold standard), and AMIS0016 (low grade synthetic gold standard). No duplicate samples were taken.

Blank samples generally returned values of less than twice the detection limit, and these results were therefore acceptable, and indicated no bias or contamination of samples. SRMs were plotted graphically and any samples with values outside two standard deviations of the certified mean were queried. Anomalous results were taken into account during the data verification stage of Mineral Resource estimation.

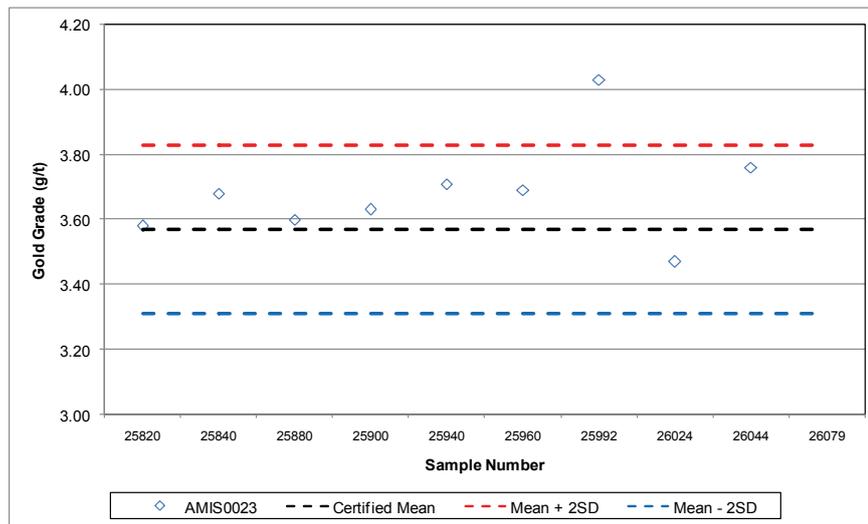
For example, the results for AMIS0016 and AMIS0023 samples inserted into the sample stream were plotted in relation to the certified mean and the “between laboratory” 2 standard deviations. The analytical certificates for AMIS00016 and AMIS0023 are available on the AMIS website (www.amis.co.za). The following graphs illustrate examples of the results of the SRMs that were analysed:-

Figure 20: Control Chart for AMIS0016



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Figure 21: Control Chart for AMIS0023



The available quality control samples for each of the individual project areas at TGME were reviewed by Minxcon in 2008 and 2009, and the results of these reviews have been reported in the 2008 Technical Report (*Technical Report on the Preliminary Assessment of the Underground and Surface Mineral Assets of Transvaal Gold Mining Estates Limited and Sabie Mines (Pty) Limited, Mpumalanga Province, South Africa*, Effective Date 15 October 2008) and 2009 Technical Report (*An Independent Qualified Persons' Report on the Updated Mineral Resources and Ore Reserves of TGME*, Effective Date 31 October 2009).

9.6 ADEQUACY OF SAMPLE PREPARATION

9.6.1 Underground and Plant Samples

The underground and plant samples were prepared at the TGME laboratory. Comments on the audit conducted at the lab are detailed in the sections above.

9.6.2 Core Samples

ALS Chemex is a SANAS accredited laboratory and Minxcon has no reason to believe that the sample preparation that was carried out at the laboratory was not adequate. The results of the standard and blank samples that were analysed at the laboratory are within reasonable limits.

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10 GEOLOGICAL MODELLING AND ESTIMATION

10.1 ASSUMPTIONS, PARAMETERS AND METHODS USED FOR MINERAL RESOURCE ESTIMATES

Details for the individual mines/deposits are detailed in the previous CPR and technical reports. This section summarises in general the assumptions, parameters and methodologies used for the estimation of the Mineral Resources.

The data for each of the deposits was validated both using spatial analysis of the data and geostatistical analysis of the data. The following summarises the spatial data plots for Clewer Mine, Beta Mine, Rietfontein Mine, Olifantsgeraamte Mine, Blyde and the Glynn's Lydenburg tailings dams.

Figure 22: Sample Point Locations for Resource Evaluation of Clewer Mine



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Figure 23: Sample and Drill hole Locations for Resource Estimation of Beta Mine

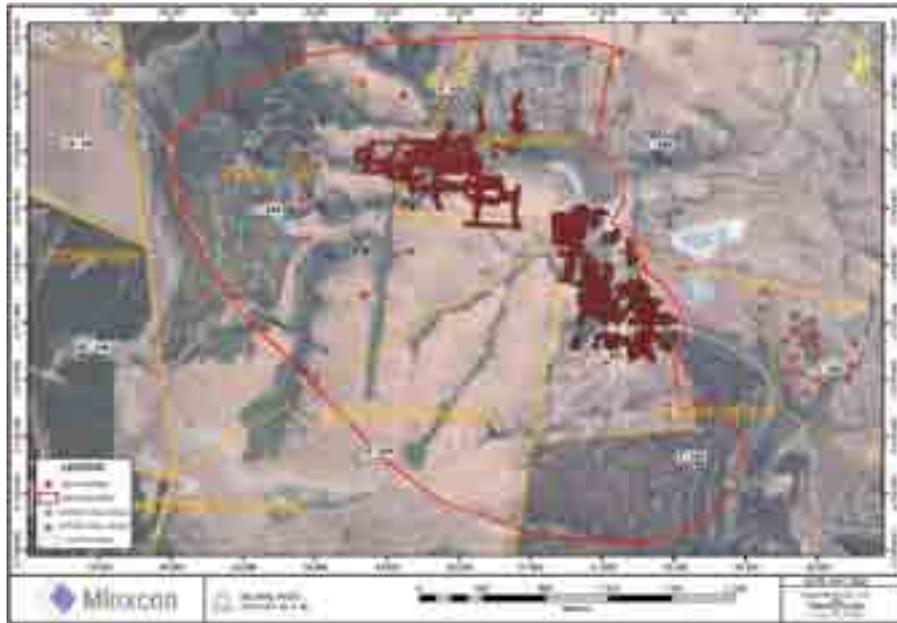


Figure 24: Sample Points for Resource Estimation of Rietfontein Mine



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Figure 25: Location of Sample Points for Resource Estimation of Olifantsgeraamte Mine



Figure 26: Location of Drill hole Positions at Blyde Tailings Dam



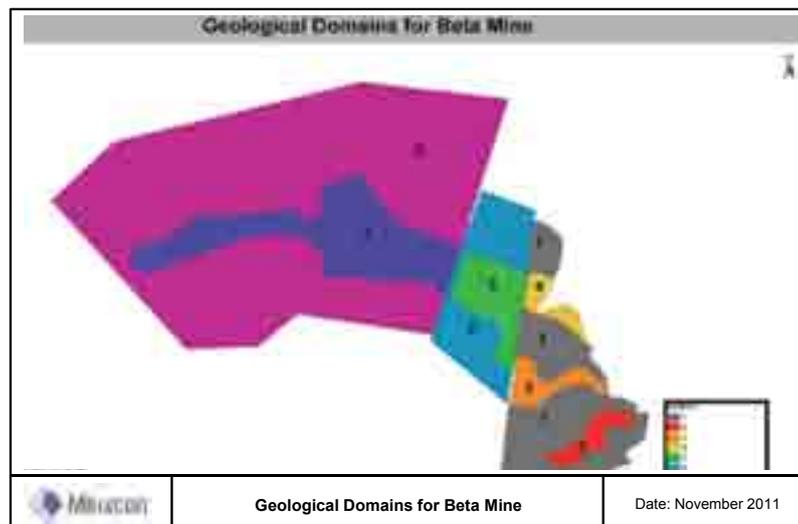
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Figure 27: Location of Drill hole Positions at Glynn's Lydenburg



In general, geostatistical domains are determined from the review of classical statistics of the population, understanding of the geology and facies, spatial plots, trend analysis, etc. Following the determination of the domains, classical descriptive statistics of the domains are determined to establish homogeneity of the population derived. The classical descriptive statistics are also utilized for the determination of variography top cuts and kriging capping values. Top-cuts and capping facilitate the handling of outlier data such that it does not skew the estimation process and parameters. The following figure serves as an example of the domain determined for the estimation process for Beta Mine, Rietfontein Mine, Hermansberg, DG1 and the Vaalhoek Dump.

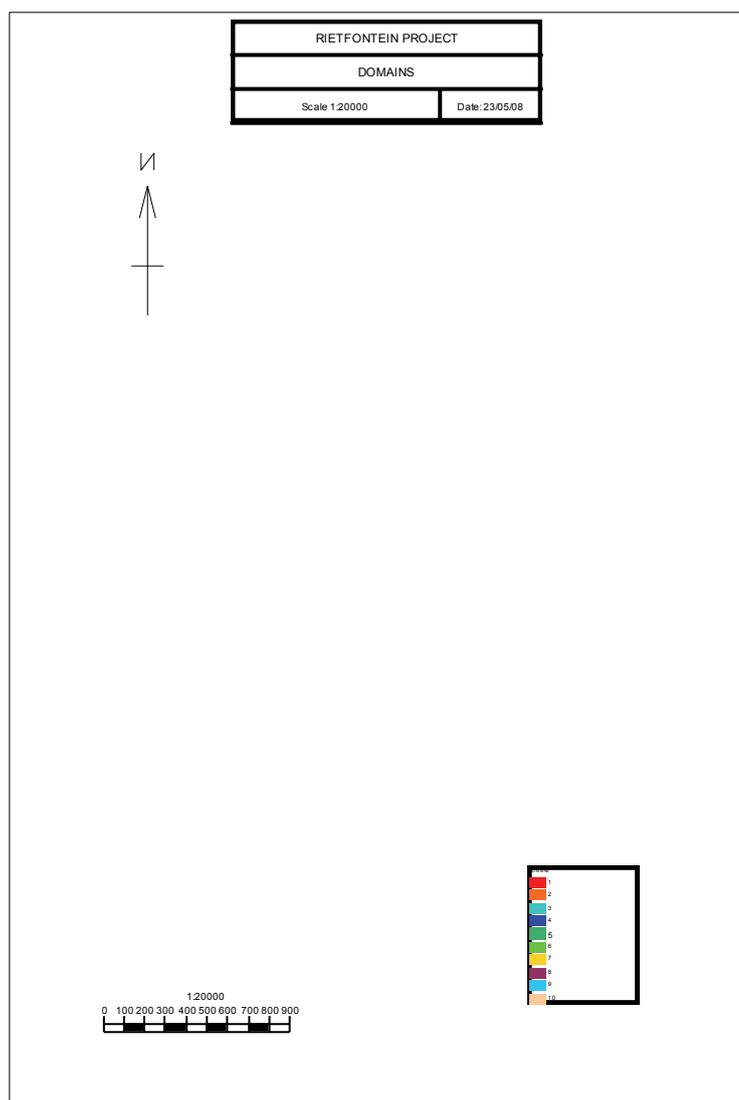
Figure 28: Geological Domains for Beta Mine



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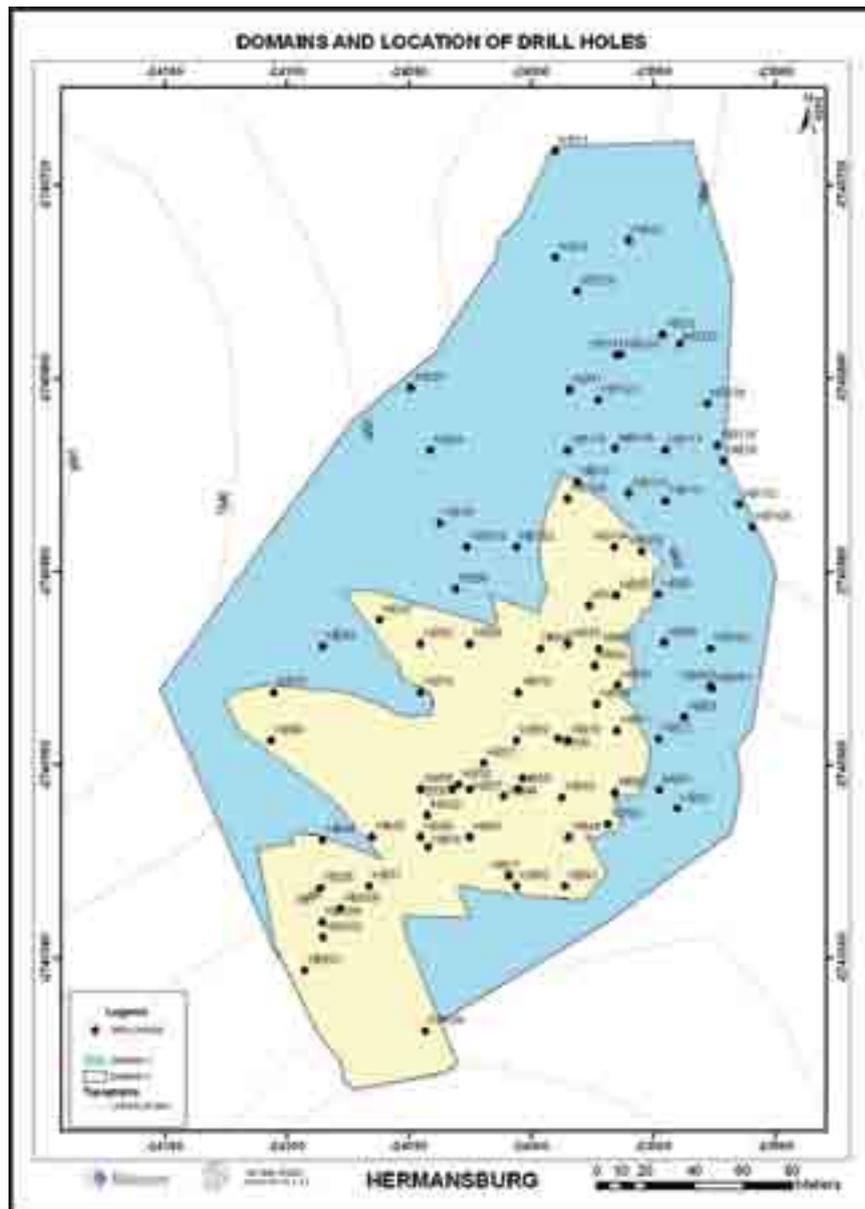
Figure 29: Geological Domains for Rietfontein Mine



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Figure 30: Domain Delineation - Hermansberg Deposit



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Figure 31: Domain Delineation - DG1 Deposit

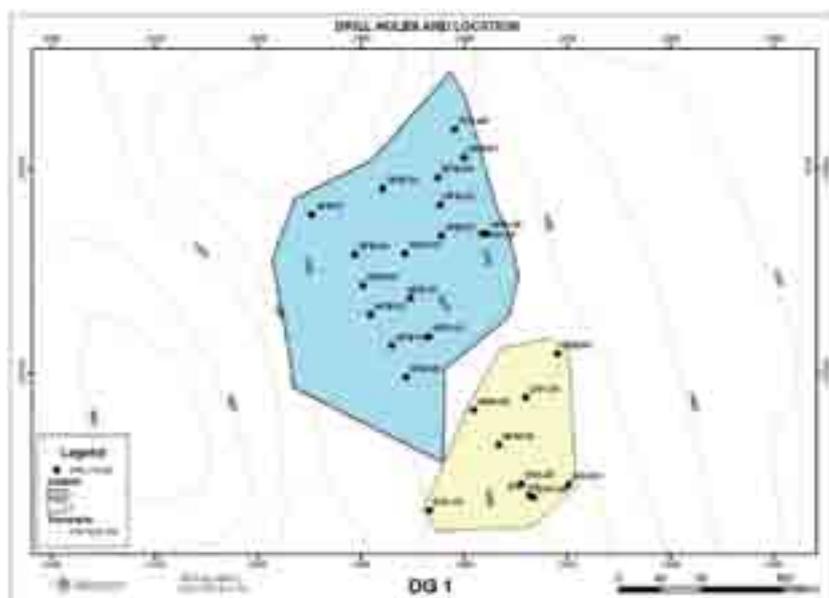
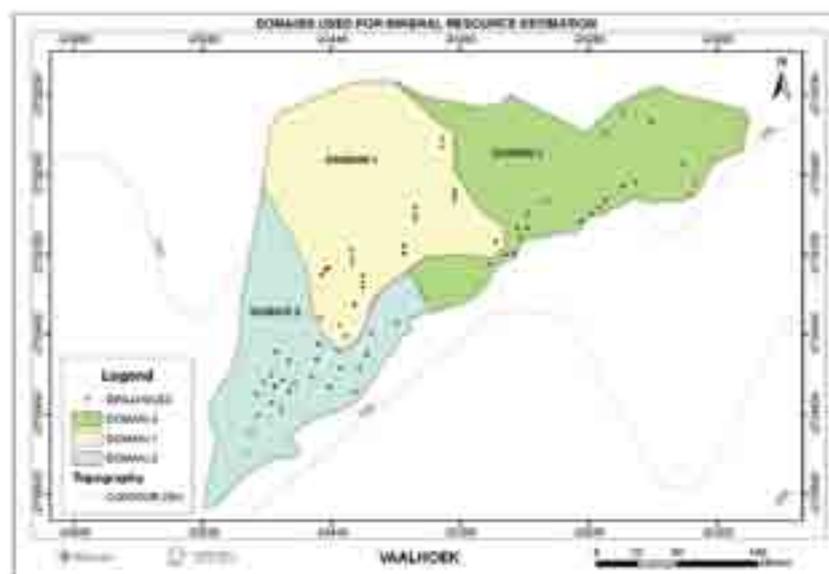


Figure 32: Domains Used for Vaalhoek Dump Evaluation



Statistics are performed to develop an understanding of the statistical characteristics and sample population distribution relationships. Descriptive statistics in the form of histograms (frequency distributions) were done to develop an understanding of the sample population distribution relationships and probability plots were used to evaluate the normality of the distribution of a variables estimated. Skewness is a measure of the deviation of the distribution from symmetry (0 - no skewness). Kurtosis

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measures the “peakedness” of a distribution (0 - normal distribution). Statistical analyses were undertaken for the various deposits and are tabulated below. Coefficient of Variation (“CoV”) is a relative measure of dispersion in a data set. It is the ratio between the standard deviation and the mean and is useful in comparing one data set to another. Typically a CoV < 1 indicates low variance within a data set.

Resultant histograms and probability plots were derived for each of the deposits. The following are examples of the classical statistical analyses.

Table 23: Frankfort Descriptive Statistics

Domain 1									
Variable	Descriptive Statistics (Spreadsheet1)								
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis	
DOM1_ALL_R_AU	13	37.968	17.6667	57.500	143.3	11.9708	0.385381	-0.37894	
DOM1_ALL_R_CMGT	13	1292.769	530.0000	2300.000	426787.5	653.2898	0.408583	-1.28415	
DOM1_ALL_R_CW	13	32.692	20.0000	40.000	77.6	8.8070	-0.561756	-1.60285	
Ln_DOM1_ALL_R_AU	13	3.589	2.8717	4.052	0.1	0.3296	-0.441969	0.59651	
Ln_DOM1_ALL_R_CMGT	13	7.037	6.2729	7.741	0.3	0.5366	-0.082621	-1.56687	
Ln_DOM1_ALL_R_CW	13	3.449	2.9957	3.689	0.1	0.2995	-0.709346	-1.31976	
CoV cm.g/t = 0.32									
Domain 2									
Variable	Descriptive Statistics (Spreadsheet3)								
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis	
DOM2_ALL_R_AU	14	16.6065	0.05000	46.640	250.8	15.8372	0.66116	-0.78179	
DOM2_ALL_R_CMGT	14	901.0770	1.00000	2513.840	823658.2	907.5562	0.67653	-1.08721	
DOM2_ALL_R_CW	14	50.1571	20.00000	100.000	639.4	25.2868	0.99293	0.33362	
Ln_DOM2_ALL_R_AU	14	1.4370	-2.99573	3.842	6.8	2.6084	-1.02541	-0.67165	
Ln_DOM2_ALL_R_CMGT	14	5.2383	0.00000	7.830	8.2	2.8670	-1.03654	-0.58503	
Ln_DOM2_ALL_R_CW	14	3.8013	2.99573	4.605	0.2	0.4978	0.01709	-0.36879	
CoV cm.g/t = 0.95									
Domain 3									
Variable	Descriptive Statistics (Spreadsheet5)								
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis	
DOM3_ALL_R_AU	35	0.68171	0.00000	4.3500	1.4463	1.20260	2.299372	4.15619	
DOM3_ALL_R_CMGT	35	15.74257	0.00000	87.0000	731.4406	27.04516	1.991612	2.52799	
DOM3_ALL_R_CW	35	23.34286	3.00000	100.0000	284.3496	16.86267	3.143457	12.75784	
Ln_DOM3_ALL_R_AU	33	-1.46076	-2.99573	1.4702	2.2454	1.49848	0.592115	-0.79812	
Ln_DOM3_ALL_R_CMGT	33	1.61477	-0.01005	4.4659	2.3929	1.54692	0.632968	-0.83973	
Ln_DOM3_ALL_R_CW	35	2.96257	1.09861	4.6052	0.4179	0.64648	-0.818863	3.62762	
CoV cm.g/t = 1.76									
Domain 4									
Variable	Descriptive Statistics (Spreadsheet7)								
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis	
DOM4_ALL_R_AU	7	14.55216	0.05000	101.0000	1453.166	38.12042	2.645605	6.99941	
DOM4_ALL_R_CMGT	7	11.14286	0.00000	64.0000	545.476	23.35543	2.623264	6.90868	
DOM4_ALL_R_CW	7	52.85714	0.00000	110.0000	1590.476	39.88077	0.434228	-0.97557	
Ln_DOM4_ALL_R_AU	7	-1.47568	-2.99573	4.6151	7.990	2.82664	2.195351	4.81688	
Ln_DOM4_ALL_R_CMGT	6	1.49106	0.69315	4.1589	1.839	1.35612	2.093610	4.49076	
Ln_DOM4_ALL_R_CW	6	3.98188	3.40120	4.7005	0.336	0.57927	0.305429	-2.19337	
CoV cm.g/t = 2.62									
Domain 5									
Variable	Descriptive Statistics (Spreadsheet9)								
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis	
DOM5_ALL_R_AU	9	0.90889	0.05000	3.8200	2.287	1.51243	1.630740	0.910912	
DOM5_ALL_R_CMGT	9	40.55111	1.05000	191.0000	4159.167	64.49161	1.995637	3.670926	
DOM5_ALL_R_CW	9	56.62222	21.00000	109.0000	977.934	31.27194	0.827486	-0.401962	
Ln_DOM5_ALL_R_AU	9	-1.38201	-2.99573	1.3403	2.674	1.63523	1.019629	-0.356605	
Ln_DOM5_ALL_R_CMGT	9	2.51745	0.04879	5.2523	2.835	1.68387	0.418370	-0.641984	
Ln_DOM5_ALL_R_CW	9	3.89946	3.04452	4.6913	0.315	0.56160	0.004957	-0.870887	
CoV cm.g/t = 1.66									
Domain 6									

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Variable	Descriptive Statistics (Spreadsheet11)							
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis
DOM6_ALL_R_AU	93	2.2409	0.04000	10.126	4.04	2.0102	1.291527	1.973121
DOM6_ALL_R_CMGT	93	187.5376	1.00000	1084.000	43437.03	208.4155	2.284546	6.021861
DOM6_ALL_R_CW	93	86.6559	20.00000	210.000	1850.97	43.0229	0.635870	-0.229875
Ln_DOM6_ALL_R_AU	93	0.2461	-3.21888	2.315	1.61	1.2675	-0.830813	0.019241
Ln_DOM6_ALL_R_CMGT	93	4.5745	0.00000	6.988	1.87	1.3681	-0.893543	0.746430
Ln_DOM6_ALL_R_CW	93	4.3284	2.99573	5.347	0.30	0.5437	-0.481735	-0.095664

CoV cm.g/t = 0.90

Domain 7

Variable	Descriptive Statistics (Spreadsheet13)							
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis
DOM7_ALL_R_AU	306	6.8131	0.30000	101.000	42.4	6.5126	10.32102	144.4093
DOM7_ALL_R_CMGT	306	791.0882	0.00000	5084.000	369603.7	607.9504	2.92430	13.4012
DOM7_ALL_R_CW	306	122.3431	0.00000	300.000	2818.3	53.0875	0.80579	0.3160
Ln_DOM7_ALL_R_AU	306	1.7402	-1.20397	4.615	0.3	0.5803	-0.31839	4.1945
Ln_DOM7_ALL_R_CMGT	305	6.4490	2.48491	8.534	0.5	0.7091	-0.89533	4.7350
Ln_DOM7_ALL_R_CW	305	4.7182	2.99573	5.704	0.2	0.4388	-0.32860	0.5378

CoV cm.g/t = 0.96

Domain 8

Variable	Descriptive Statistics (Spreadsheet15)							
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis
DOM8_ALL_R_AU	2268	9.6294	0.14286	213.844	123.7	11.1223	6.49414	76.53661
DOM8_ALL_R_CMGT	2263	810.3494	0.00000	8221.000	520492.6	721.4517	3.49263	20.31330
DOM8_ALL_R_CW	2263	96.1878	0.00000	240.000	1465.8	38.2861	0.36739	0.59299
Ln_DOM8_ALL_R_AU	2268	1.9299	-1.94591	5.365	0.6	0.7988	-0.10187	1.90527
Ln_DOM8_ALL_R_CMGT	2258	6.3974	0.00000	9.014	0.8	0.8688	-1.80191	10.73980
Ln_DOM8_ALL_R_CW	2258	4.4692	0.00000	5.481	0.3	0.5023	-1.95311	8.77365

CoV cm.g/t = 1.15

Domain 9

Variable	Descriptive Statistics (Spreadsheet17)							
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis
DOM9_ALL_R_AU	1351	3.4133	0.00000	101.000	60.67	7.7888	9.71938	112.5710
DOM9_ALL_R_CMGT	1351	158.0683	0.00000	3750.000	44377.97	210.6608	7.08135	88.9544
DOM9_ALL_R_CW	1351	56.0291	0.00000	281.300	1064.08	32.6202	0.81277	2.0174
Ln_DOM9_ALL_R_AU	1350	0.5728	-6.90776	4.615	1.29	1.1348	-0.57367	3.0396
Ln_DOM9_ALL_R_CMGT	1344	4.3518	-4.60517	8.230	2.40	1.5488	-1.57580	3.8070
Ln_DOM9_ALL_R_CW	1345	3.7971	0.00000	5.639	0.67	0.8185	-1.81168	5.2726

CoV cm.g/t = 2.28

Domain 10

Variable	Descriptive Statistics (Spreadsheet19)							
	Valid N	Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis
DOM10_ALL_R_AU	3	68.15333	2.460000	101.0000	3236.711	56.89210	-1.73205	
DOM10_ALL_R_CMGT	3	19.68000	0.000000	59.0400	1161.907	34.08676	1.73205	
DOM10_ALL_R_CW	3	8.00000	0.000000	24.0000	192.000	13.85641	1.73205	
Ln_DOM10_ALL_R_AU	3	3.37680	0.900161	4.6151	4.600	2.14483	-1.73205	
Ln_DOM10_ALL_R_CMGT	1	4.07822	4.078215	4.0782				
Ln_DOM10_ALL_R_CW	1	3.17805	3.178054	3.1781				

CoV cm.g/t = 0.83

Notes:

1. Channel Width : CW (cm)
2. Gold Content : cm.g/t
3. Log Grade Gold : Ln_Au
4. Log Content Gold : Ln_cm.g/t
5. Domain : Dom.

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The following is an example of the summary descriptive statistics conducted for the surface deposits. The following example is that from Glynn's Lydenburg Tailings.

Table 24: Glynn's Tailings Descriptive Statistics

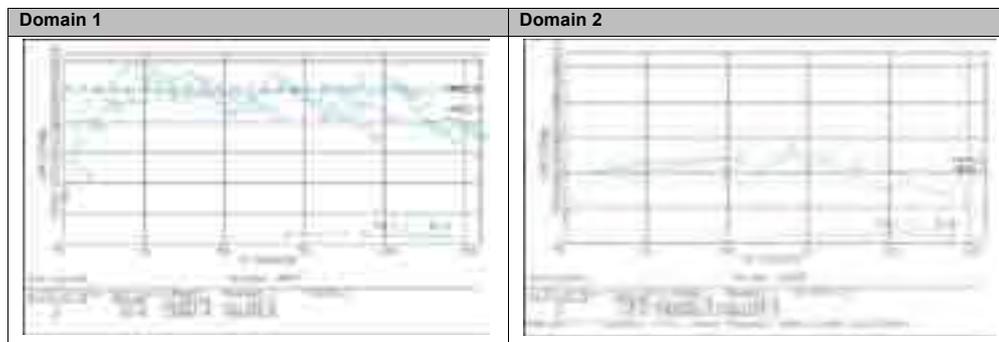
Variable	Descriptive Statistics (bha.sta)								
	Valid N	Mean	Geometric Mean	Minimum	Maximum	Variance	Std.Dev.	Skewness	Kurtosis
AUGT	793	0.808600	0.782351	0.20000	1.780000	0.042887	0.207093	0.652604	1.228790
LN(AUGT)	793	-0.245452		-1.60944	0.576613	0.068054	0.260871	-0.414360	1.485294

Note: Zero values have been removed.

Variography is conducted for the population distributions. In general, point semi-variograms are generated for each domain, with the application of top-cuts. Variograms are an essential tool for investigating the spatial relationships of samples and forms the basis of kriging. Variograms for element grade as well as grade, content (cm.g/t) and channel width were modelled. Both downhole and planar variograms were calculated and modelled where applicable. The aim of the downhole variograms is to determine the nugget value and the applicable vertical range of continuity. The planar variogram uses the nugget value determined from the downhole variogram. The Z range of the planar variogram model is replaced by the range determined from the downhole variogram. Where necessary, both the downhole and planar variograms were conducted using top-cuts, determined from the probability plots generated in the statistical plots.

The following is an example of variograms from the Beta Mine estimation.

Figure 33: Beta Mine Variograms



The following is an example of the modelled variogram parameters - Frankfort Mine

Table 25: Frankfort Mine Variogram Parameters

Parameter	Domain	Sill 1 (%)	Nugget (%)	Sill 1 (%)	X (m)	Y (m)	Z (m)	Sill 2 (%)	X (m)	Y (m)	Z (m)
Gold Content (cm.g/t)	1	426788	41	100	12	23	1	100	-	-	-
	2	0	35	100	26	26	1	100	-	-	-
	3	1	34	73	17	17	1	100	46	46	1
	4	13490	49	100	26	14	1	100	-	-	1
	5	164992	44	100	45	33	1	100	-	-	1
	6	10706	42	76	9	9	1	100	34	34	1
	7	174696	35	60	15	15	1	100	51	51	1
	8	275186	51	86	5	5	5	100	40	40	1
	9	11160	41	88	33	33	1	100	210	210	1
	10	10706	42	76	9	9	1	100	34	34	1
Channel	1	78	35	55	2	2	1	100	5	5	1

Parameter	Domain	Sill 1 (%)	Nugget (%)	Sill 1 (%)	X (m)	Y (m)	Z (m)	Sill 2 (%)	X (m)	Y (m)	Z (m)
Width (CW)	2	1633	28	55	8	8	1	100	16	16	1
	3	532	10	55	17	17	1	100	51	51	1
	4	3134	33	76	30	30	1	100	69	69	1
	5	2643	21	73	26	26	1	100	64	64	1
	6	2235	32	69	13	13	1	100	35	35	1
	7	2797	10	84	32	32	1	100	61	61	1
	8	1359	24	59	22	22	1	100	113	113	1
	9	940	11	81	26	26	1	100	163	163	1
	10	2235	32	69	13	13	1	100	35	35	1

Notes:

1. X: Range in X direction;
2. Y: Range in Y direction; and
3. Z: Range in Z direction.

The preferred method employed by Minxcon for the estimating of Mineral Resources is kriging, ordinary and/or simple. Kriging is a linear un-biased estimation method based on the spatial nature and variance of the data. Ordinary kriging does not take into consideration the global mean of the population distribution into the kriging equation, whereas, simple kriging incorporates an optimal global mean into the kriging equation.

The following explains the terminology of certain of the parameters that were used in the kriging process:-

- **Search range** - As range of variogram decreases to approach zero (pure nugget), the required neighbourhood configuration for good estimation will become progressively larger, and vice versa. A limited search range will result in a block estimate that is progressively uncorrelated to the true grade as the variogram range tends to zero. Using the variogram range or slightly larger than variogram range allows the search volume to have a long range relative to the block dimensions, thereby accessing samples particularly in areas of data scarcity.
- **Discretisation** - Used to divide the block area into many points to allow improved block estimates from point data. The block is divided into many points and then individual point estimates are averaged to get an average over the block. Spatial locality of point data relative to the block to be estimated is hence entertained.
- **Simple kriging** - In ordinary kriging the sum of the weights in the kriging equation is equal to one. In simple kriging, the sum of the weights does not add up to one. The remaining weight is assigned to the mean grade of the domain. The ideal situation is to have the weight of the mean close to zero. The kriging weights depend on the data histogram and variogram.

The estimation for the TGME deposits was conducted, where applicable, as either two-dimensional ("2D") or as three dimensional ("3D"). The tabular nature of the majority of the TGME deposits allowed a 2D approach to be applied.

In general, a 3D wireframe was constructed from survey points and drill hole information for each of the various tailings dams. The reef wireframes were filled with a block model.

Block model sizes were determined from review of the spatial data grid and in some cases kriging neighbourhood analysis. In general, the block sizes ranges from 10X10 to 30X30 metres.

The relevant search volumes for the kriging were determined as well as the minimum and maximum number of samples per volume were established. Kriging capping was applied where necessary; that is

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limiting values were placed on the estimation process in order to manage the effect that grade, width, etc. outliers (excessively high grades) would have on the surrounding estimates.

Global means are applied where applicable to the estimation process. In certain areas of a deposit, the spatial data may be insufficient for kriging based on widely spaced data alone. The global mean is incorporated primarily for the areas of sparse data.

The accuracy and robustness of the kriging is tested via several kriging parameters. These parameters were also used to guide the Mineral Resource classification process for the TGME deposits. The kriging parameters include review of the kriging variances, kriging efficiencies, regression slope, search volume, number of samples entertained in an estimate, lower confidence, etc. The mined areas were removed and the classification applied to the block models.

In general, modelling was conducted using Datamine™ and Minesoft's MT-Estimation geostatistical software.

The following summarise the estimation parameters for several of the deposits modelled, and serves as typical estimation parameters applied in the estimation process.

10.1.1 Frankfort Mine

The following parameters were used in the kriging process based on previous modelling parameters and characteristics of the mineralised zone:-

1. Block model - 20 m x 20 m x 1 m size (X,Y & Z based on data density);
2. Cell discretisation - 5 x 5 x 1;
3. Search ranges:-
First search volume:-
 - Minimum number of samples 4;
 - Maximum number of samples 40;Second search volume (1.5 x first search volume):-
 - Minimum number of samples 2;
 - Maximum number of samples 40;Third search volume (2 x first search volume):-
 - Minimum number of samples 1;
 - Maximum number of samples 20; and
4. Interpolation methods - ordinary kriging and simple kriging.

10.1.2 Beta Mine

The following parameters were used in the kriging process based on previous modelling parameters and characteristics of the mineralised zone:-

1. Block model - 20 m x 20 m x 1 m size (X, Y & Z based on data density);
2. Full composite data;
3. Cell discretisation of 5 x 5 x 1;
4. Search Ranges:-
First search volume (1.5 x variogram range):-
 - Minimum number of samples 4;
 - Maximum number of samples 40;Second search volume (1.5 x first search volume):-
 - Minimum number of samples 2;

- Maximum number of samples 40;
 - Third search volume (2 x first search volume):-
 - Minimum number of samples 1;
 - Maximum number of samples 20;
5. Interpolation method - simple kriging; and
 6. Post-processing was conducted on the simple kriging using the smallest mining unit of 20m x 30 m.

A search volume ellipsoid defines the spatial limits and associated parameters used for selecting which samples are to be used when estimating grades into a block model cell; this search volume and its parameters will be the same for each cell in a particular zone and is centred on the cell being estimated.

10.1.3 Dukes Hill - Clewer Mine

Modelling was done in 2D in the XY plane. The block model cell dimensions were set to 20m x 20m x 3m in size (X, Y & Z respectively).

10.1.4 Rietfontein Mine

Modelling was done in 2D in the YZ plane on the full reef composite. The block model cell dimensions were set to 15m x 15m x 5m size (X, Y & Z respectively).

10.1.5 Theta, Morgenzon, Vaalhoek, Ponieskrantz, Frankfort Theta, Glynn's, Malieveld and Nestor Dormant Mines

The estimation methodologies applied to the Theta, Morgenzon, Vaalhoek, Ponieskrantz, Frankfort Theta, Glynn's, Malieveld and Nestor Dormant Mines was not conducted by Minxcon and not in the methodology mentioned above. These mines all used the same methodology. They were evaluated manually in the late 1990s using weighted averages of individual sample points and stretch values from historical sampling overlays. In some cases the values were still imperial and had to be converted. Reef widths (inches) and gold grades in penny-weight ("dwt") were converted using factors of 2.54 cm for 1 inch, and 1.714285 g/t for 1 dwt. The general rule was that the Measured Resource had a range of 20 m and the Indicated Resource had a range of 40 m. No Inferred Resource was declared. However, there are blocks on the plans that seem to have a larger range. Due to the fact that the data could not be verified, Minxcon had no choice but to downgrade the Resource classification from Measured and Indicated to Inferred.

These dormant mines are currently inaccessible and have not been captured into Datamine®, and were manually evaluated by Dr RCA Minnitt in 2003. These figures have been used in the Resource statements to date. The calculations and methodology were checked where possible and deemed accurate. The fact that the mines are inaccessible means the sampling data cannot be verified as there is no audit trail. More work will be required to verify the sampling database. The block information for the individual mines (supplied by TGME) was collated by Minxcon who produced a block listing for these dormant mines. From this block listing, an Inferred Resource could be determined for these mines. A summary of this Resource for the individual mines can be found in section 10.9 of this Report.

10.1.6 Manual Estimation

Manual estimation of Mineral Resources was carried out using historical plans and block listings, and since these plans are no longer available as they cannot be located, Minxcon has relied upon the confidence it had and checks it carried during the compilation of the 2009 CPR. These areas are:

- Vaalhoek Mine;
- Theta Mine;

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- Poneskrantz Mine;
- Morgenzon Mine;
- The Theta Lower Reef;
- Glynn's Mine;
- Malieveld Mine; and
- Nestor Mine.

10.1.7 Vaalhoek Rock Dump

The following parameters were used in the kriging process based on previous modelling parameters and characteristics of the mineralised zone:-

1. Block model - 10 m x 10 m x 1 m size (X, Y & Z based on data density);
2. 1m composite data (equal to sample spacing);
3. Cell discretisation 5 x 5 x 3;
4. Search Ranges:-
First search volume:-
 - Minimum number of samples 2;
 - Maximum number of samples 40;
 Second search volume:-
 - Minimum number of samples 2;
 - Maximum number of samples 40;
 Third search volume:-
 - Minimum number of samples 1;
 - Maximum number of samples 20; and
5. Interpolation method - ordinary kriging.

10.1.8 Blyde Tailings and Glynn's Tailings

Modelling was carried out using Datamine Studio™. Ordinary kriging was used for the estimation of the grades for each of the dumps, as there were sufficient data to fulfil the requirements for ordinary kriging.

10.1.9 Hermansburg and DG2

Modelling was carried out using Datamine Studio™. A bottom surface was created for the weathered dolomite and gossan areas and appended to the surface wireframe created from the drill hole collar positions. This wireframe was filled with cells. The drill hole samples were composited over a 1m length.

Ordinary and simple kriging were used for the estimation of the grades of the deposits.

10.1.10 DG1 and DG5

Modelling was carried out using Datamine Studio™. Simple kriging was used for the estimation of the grades for each of the deposits, as the data was sparsely distributed.

Table 26: Model Parameters for TGME Surface Deposits Resource Estimation

Surface Deposit	Input Samples	Block Model (X,Y,Z)	Discretisation	1 st Search Volume	2 nd Search Volume	Interpolation Methods
Blyde	1.5m drill hole samples	25mx25mx3m	5 x 5 x 3	Min = 4 Max = 40	1.5x First Min=1 Max=20	Ordinary kriging
Glynn's	1m drill hole samples	25mx25mx3m	5 x 5 x 3 for each 25x25x3 block	Min = 4 Max = 40	1.5x First Min=1 Max=20	Ordinary and simple kriging
Hermansburg	1m drill hole samples	10m x 10m x 1m	5 x 5 x 3	Min = 12 Max = 40	1.5x First Min =4	Ordinary kriging

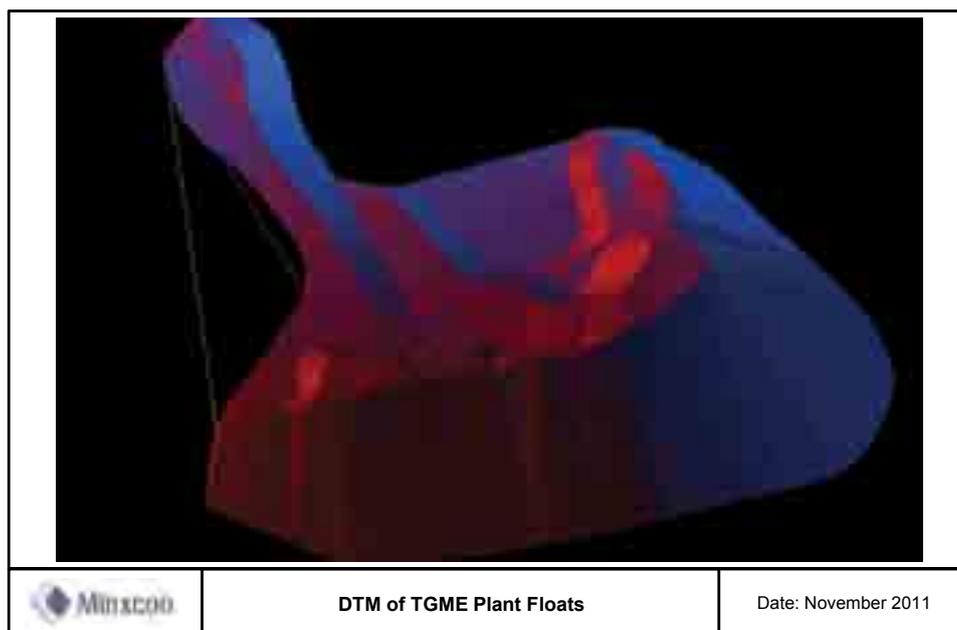
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					Max =40	
DG1 and DG5	1m drill hole samples	20mx20mx3m	5 x 5 x 3	Min = 1 Max = 20	2xFirst Min=1 Max=20	Simple kriging
DG2	1m drill hole samples	20mx20mx3m	5 x 5 x 3 for each 20 x 20x 3 block	Min = 4 Max = 40	5xFirst Min=1 Max=20	Ordinary kriging

10.1.11 Estimation of the Plant Floats

The floats at the TGME were surveyed by Mr S Esterhuizen and a DTM was created. From this DTM, a volume of 34,917.55 m³ was calculated using Modelmaker. A check calculation based on the average height and area indicated a volume of 38,713.37 m³. The average of the 2 methods was accepted and this indicated 36,815.46 m³. A density of 1.6 t/m³ was used to calculate the tonnes and this gave 58,905 tonnes. This material will be screened before being passed through the XRT process and a 70% mass pull is expected. The Mineral Resource is thus estimated at 41,200 tonnes.

Figure 34: DTM of TGME Plant Floats



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10.1.12 Topography Surface for Surface Deposits

The topography surface for the tailings dumps was obtained using three-dimensional ("3-D") wireframes, constructed from survey points and drill hole information representing the tailings dumps in 3-D space. The wireframes were filled with a block model.

Regarding the surface mineralization deposits, the surfaces of the deposits were also obtained using survey data, and the extent of the mineralised zone was delineated using drill hole information and a cut-off grade.

10.1.13 Detection Limits

Where applicable, the minimum values for gold grade were re-set to the detection limit of the assaying technique.

10.1.14 Internal Audit of Mineral Resource Estimation Process

Internal audits were carried out at Minxcon during the entire modelling process, which included the domaining process, the top cutting strategy, the variograms and the variogram parameters, the search parameters, the kriging process and the Mineral Resource classification procedure.

10.1.15 Model Validation

The following steps were taken to ensure the validity of the Mineral Resource estimation model:-

- Visual checks using sampling data to determine validity; and
- Statistical checks (in the form of histograms, probability plots and variograms) to determine the validity of the data used.

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10.1.16 Model Plans and Sections

The following model plans were determined for the TGME Project:-

10.1.16.1 Frankfort Mine

Figure 35: Model Plan of the Frankfort Mine Indicating Gold Grade Distribution

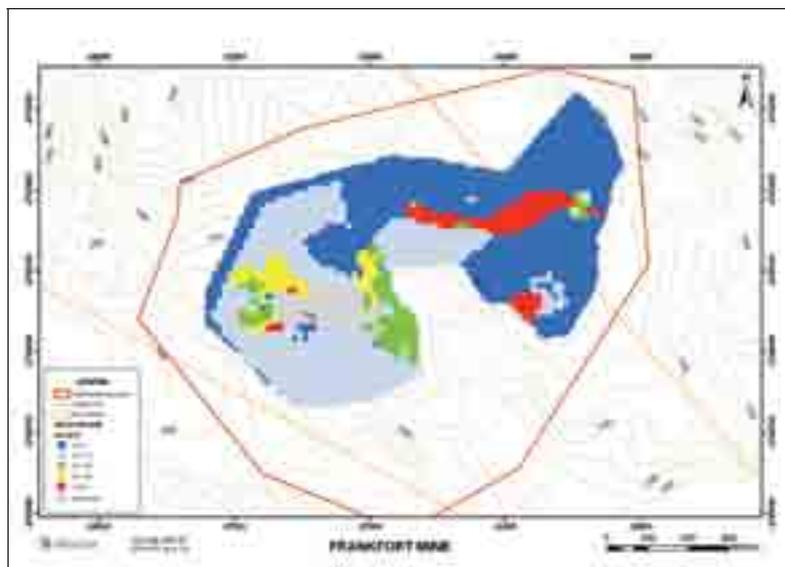
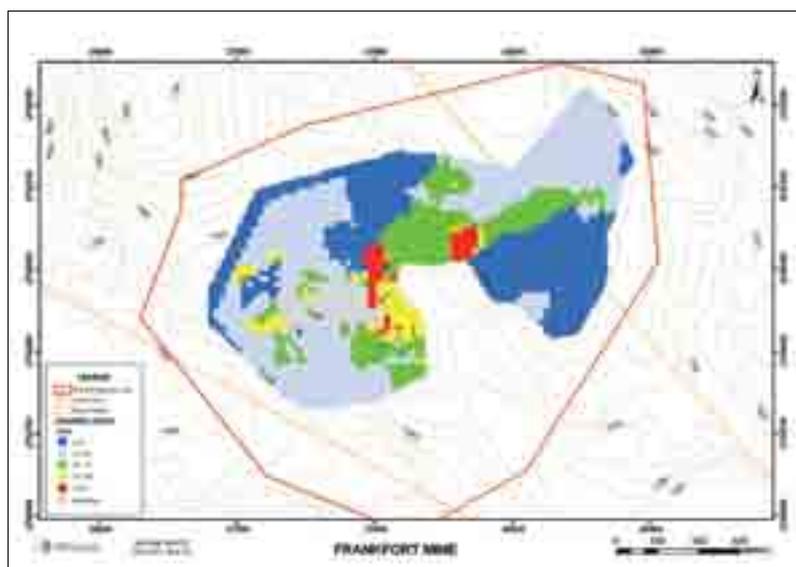
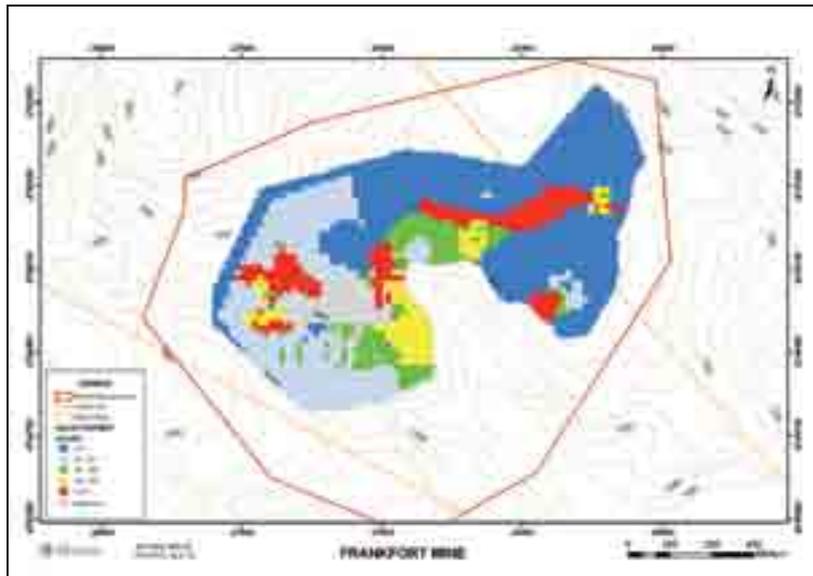


Figure 36: Model Plan of the Frankfort Mine Indicating Channel Width



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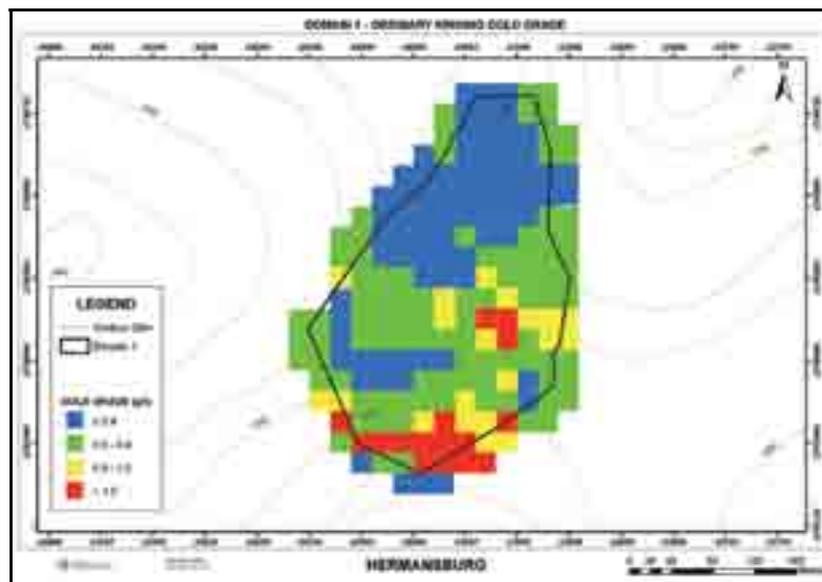
Figure 37: Model Plan of the Frankfort Mine Indicating Gold Content



10.1.16.2 Hermansburg Deposit

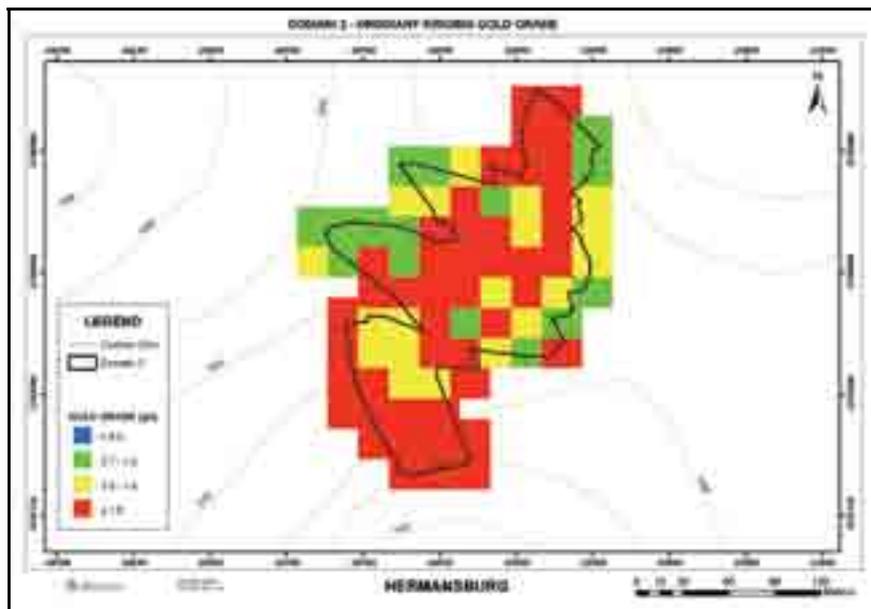
Domain 1 is characteristically a thin mineralised zone with a thickness of 5 m to 15 m. The mineralised zone of Domain 2 is thicker and extends further down to depths of 10 to 60 cm below the surface. Domain 1 and Domain 2 mineralised zones are vertically separated.

Figure 38: Model Plan of the Hermansburg Deposit Domain 1 Indicating Gold Grade



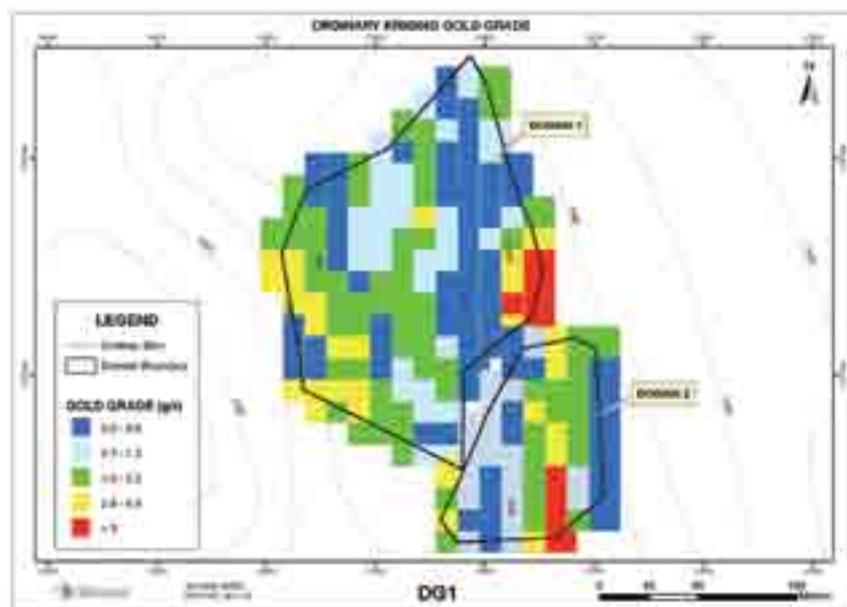
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Figure 39: Model Plan of the Hermansburg Deposit Domain 2 Indicating Gold Grade



10.1.16.3 DG1 Deposit

Figure 40: Model Plan of the DG1 Deposit Indicating Gold Grade

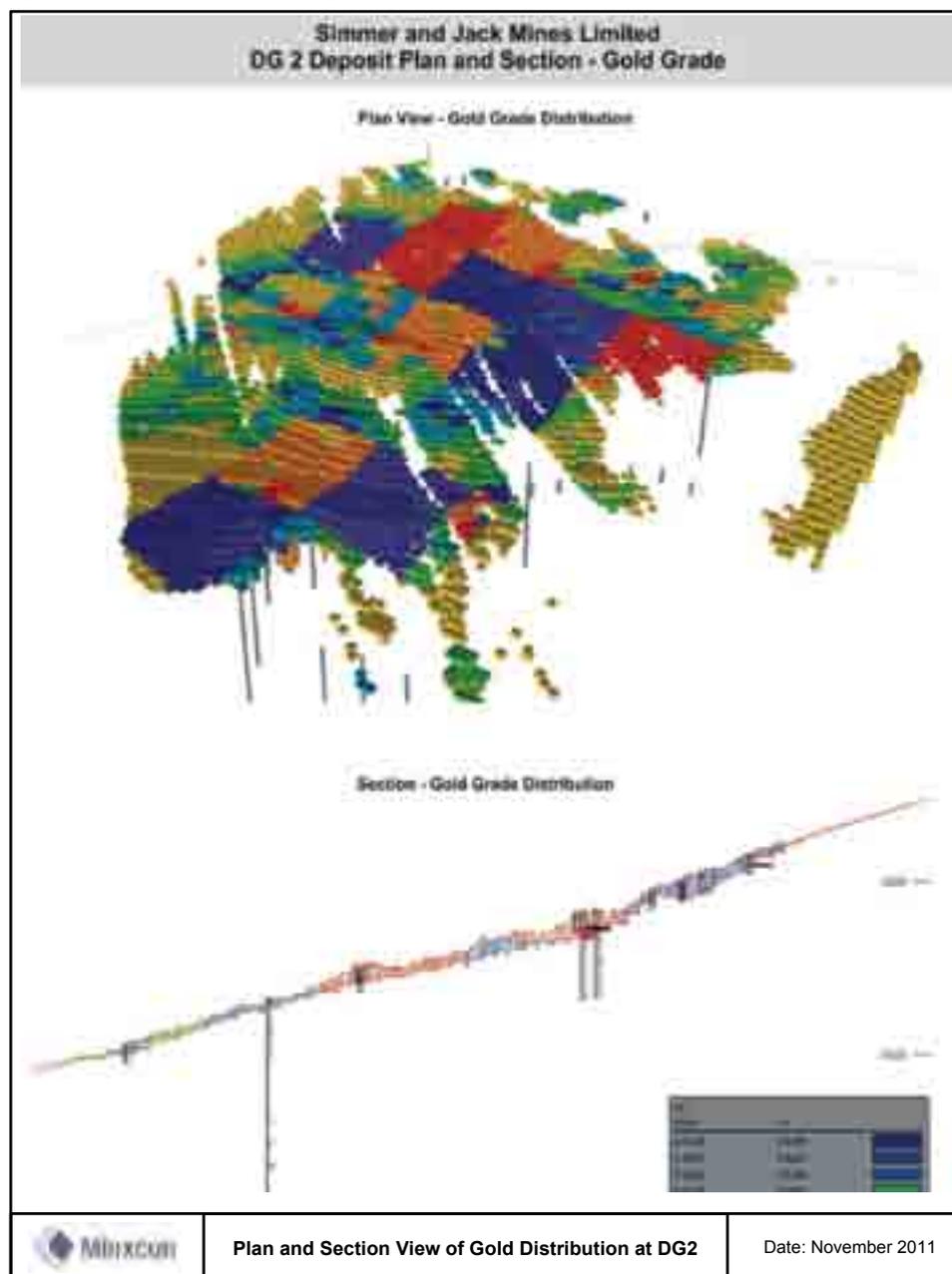


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10.1.16.4 DG2

The following diagram illustrates the plan and section through DG2 showing the distribution of gold grade:-

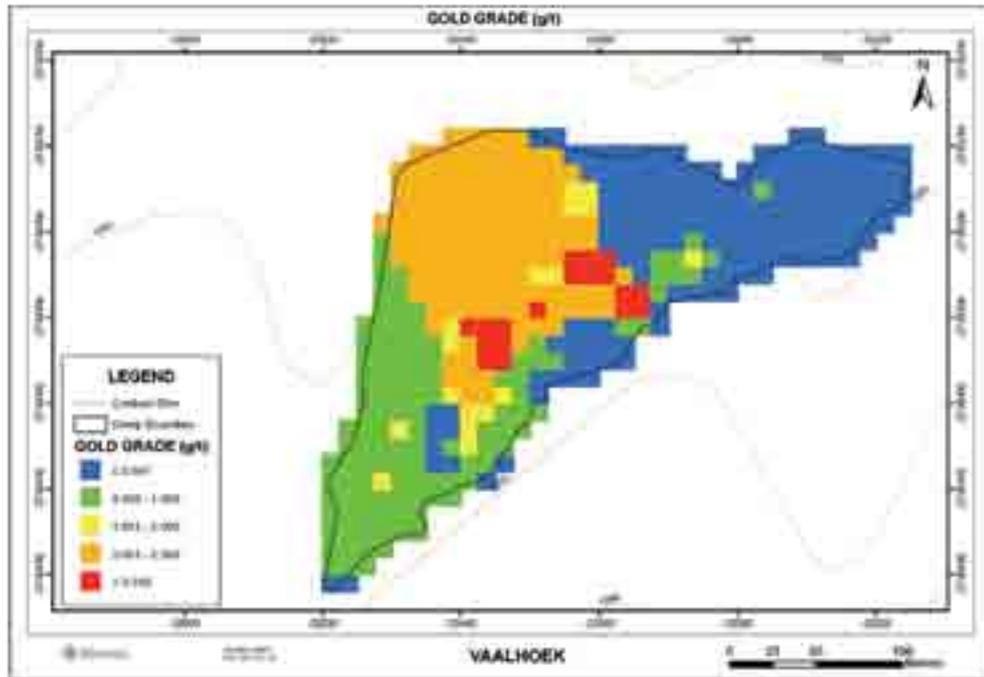
Figure 42: Plan and Section View of Gold Distribution at DG2



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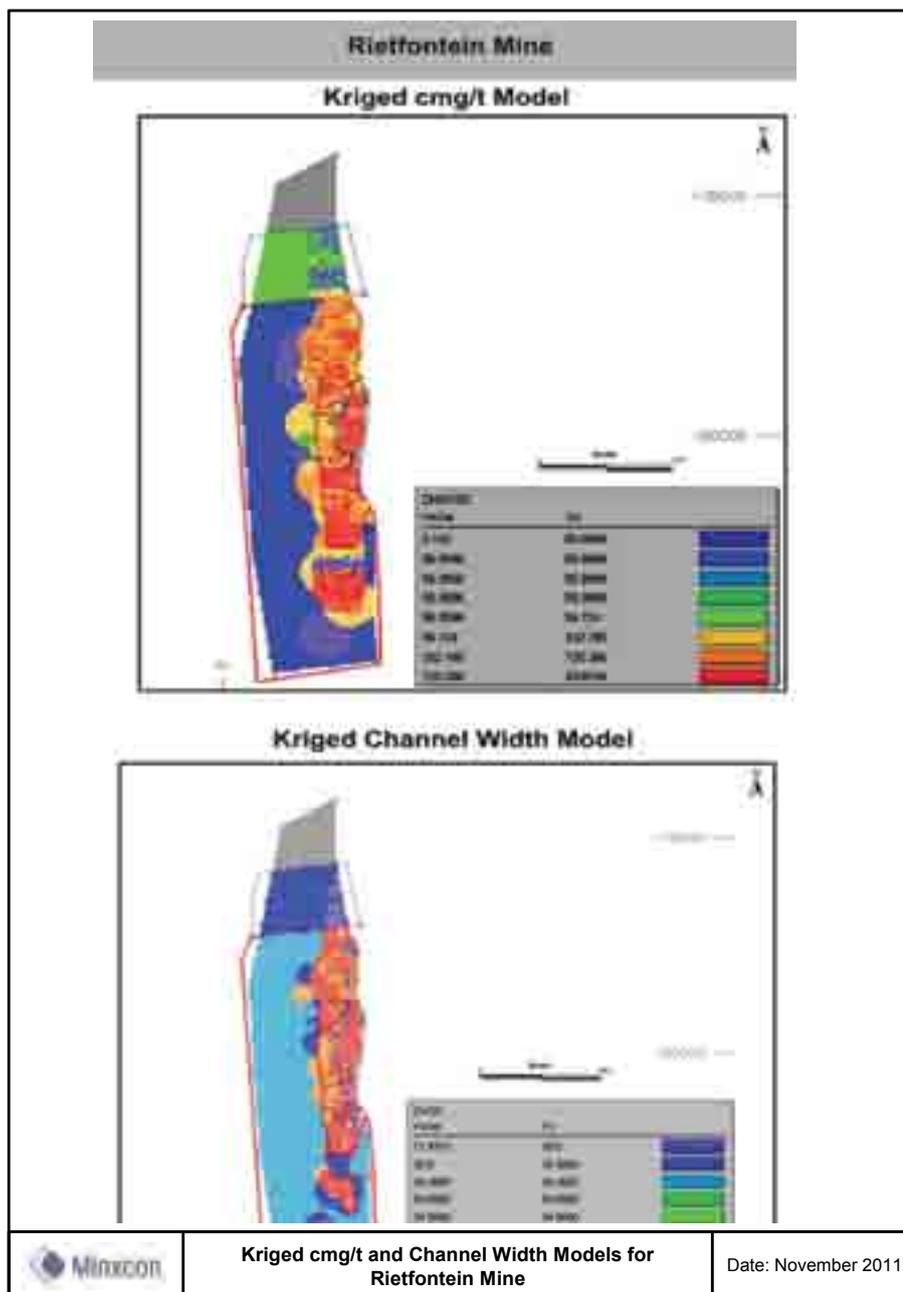
10.1.16.5 Vaalhoek Rock Dump

Figure 43: Gold Grade Variation at Vaalhoek Rock Dump



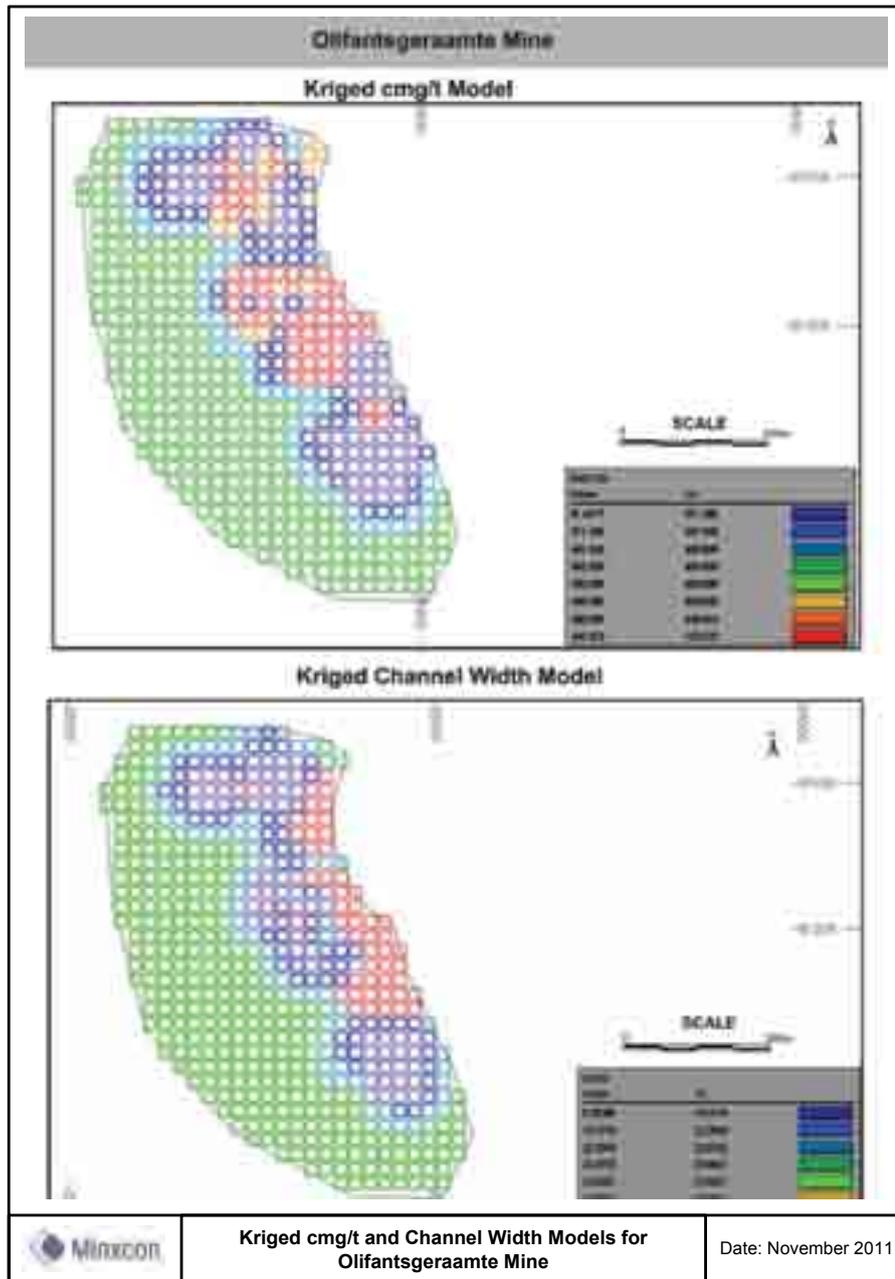
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Figure 44: Kriged cmg/t and Channel Width Models for Rietfontein Mine



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Figure 45: Kriged cmg/t and Channel Width Models for Olifantsgeraamte Mine



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Figure 46: Plan and Section Views of Gold Distribution at Blyde 1

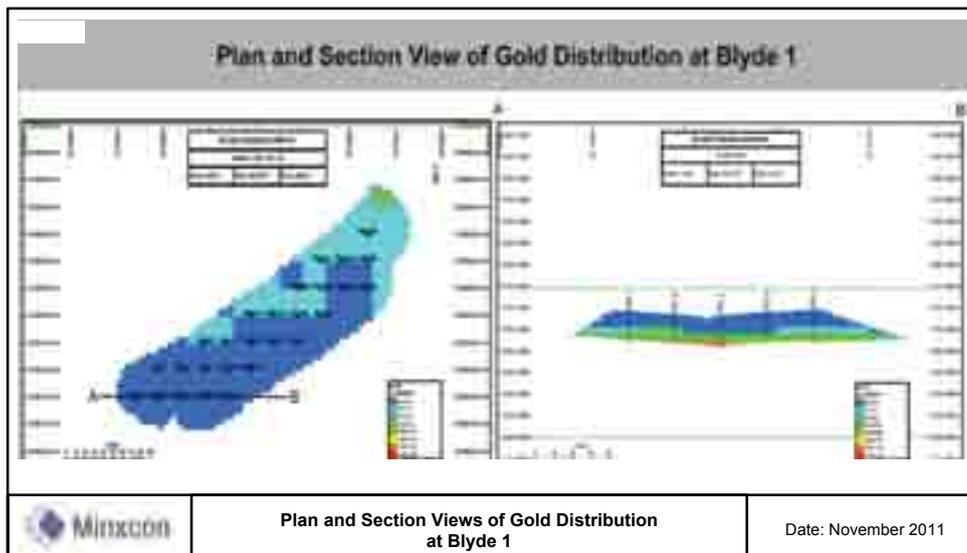
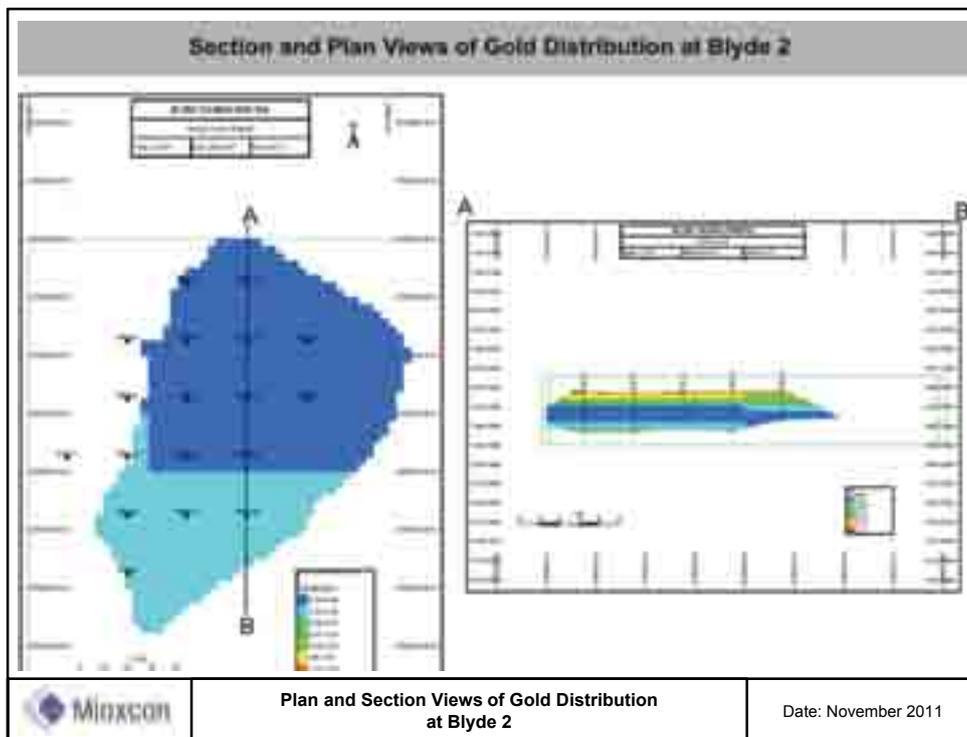


Figure 47: Plan and Section Views of Gold Distribution at Blyde 2



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10.2 INDIVIDUAL GRADE OF METALS/MINERALS

The TGME deposits do not constitute polymetallic deposits and in all cases only gold was modelled.

10.3 FACTORS AFFECTING MINERAL RESOURCE ESTIMATES

The relevant specific gravity ("SG") was applied to the volumes based on historical information and information supplied by the Simmers' personnel.

An SG of 1.4t/m³ was applied to the modelled volumes, in order to calculate the tonnages of each of the Tailings Dumps, i.e. Blyde, Glynn's Lydenburg and Elandsdrift Tailings dumps.

An SG of 2.3t/m³ was applied to the modelled volumes, in order to calculate the tonnages of each of the surface deposits, i.e. DG 1, 2 and 5 and Hermansburg surface mineralisation.

Upon reviewing the historical data made available, Minxcon is satisfied that the SGs applied are appropriate.

No other modifying factors other than the appropriate geological losses were applied to the Mineral Resources. Geological losses account for the losses from structure (such as faults and dykes), non-development of reef, etc.

10.4 RECONCILIATION

No major changes were effected to the Mineral Resources apart from the depletion of 85 000 t from the Vaalhoek dump and addition of the TGME Plant tailings dam.

10.4.1 Summary of Modifying Factors

No factors such as economic (other than cut-offs), social and legal have been applied to the Mineral Resources.

10.5 MINERAL RESOURCE CLASSIFICATION CRITERIA

All Mineral Resources and Ore Reserves have been reported in compliance with the specifications embodied in the JORC Code.

10.6 MINERAL RESOURCE CATEGORIES

Mineral Resources have been reported separately, as per the JORC Code, as Measured, Indicated and Inferred.

Ore Reserves for the TGME surface and underground projects have not been declared.

10.7 INFERRED RESOURCES

Inferred Resources have been reported upon, but have been reported on separately and have not been incorporated with the Measured and Indicated Resources.

10.8 RELATIONSHIP OF THE COMPETENT PERSON TO ISSUER

Minxcon is an independent advisory company. Its consultants have extensive experience in preparing technical and economic advisors' and valuation reports for mining and exploration companies. Neither Minxcon nor its staff have any interest capable of affecting its ability to give a fair opinion, and will not

receive any pecuniary or other benefits in connection with this assignment, other than normal consulting fees.

Minxcon independently estimated the Resources at Frankfort Mine, Clewer Mine, Beta Mine, Rietfontein Mine and Olifantsgeraamte Mine. Minxcon relied on TGME for the remainder of the Mineral Resources, although all the estimates have been independently checked and verified.

Mr C Muller supervised the modelling and estimation of the Mineral Resources of the various mineralised bodies., Mr Muller relied on TGME for the Mineral Resources for the Theta, Morgenzon, Poneskrantz, Glynn's, Malieveld, Nestor and Vaalhoek historical underground operations, although all the estimates have been independently checked and verified. Mr Muller is independent of the issuer.

10.9 DETAILED MINERAL RESOURCE TABULATION

The following Mineral Resources have been estimated for the Stonewall Project:-

Table 27: Updated October 2011 Mineral Resources of the Underground Stonewall Operations

Mineral Resource Category	UG Mine	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(cm.g/t)
Measured	Frankfort	Bevett's	3.60	0.170	4.77	811	26.0	133
Total Measured			3.60	0.170	4.77	811	26.0	133
Indicated	Frankfort	Bevett's	3.60	0.282	5.04	1,421	45.6	133
	DH/Clewer	Rho	3.30	0.696	3.39	2,359	75.7	133
	Beta	Beta	3.60	0.443	4.86	2,153	69.1	133
	Rietfontein	Rietfontein	3.00	1.244	7.92	9,852	316.3	133
	Olifantsgeraamte	Olifantsgeraamte	3.60	0.090	4.43	399	12.8	133
Total Indicated			3.25	2.755	5.87	16,184	519.6	133
Total Measured and Indicated			3.27	2.925	5.81	16,995	545.6	133

Mineral Resource Category	UG Mine	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	(cm.g/t)
Inferred	Frankfort	Bevett's	3.60	0.468	5.30	2,480	79.6	133
	DH/Clewer	Rho	3.30	0.046	2.09	96	3.1	133
	Beta	Beta	3.60	4.624	3.11	14,381	461.7	133
	Theta	Theta lower	3.80	0.104	9.78	1,017	32.7	133
	Morgenzon	Top Rho	3.80	0.053	5.51	292	9.4	133
	Vaalhoek	Vaalhoek	3.80	1.346	5.74	7,726	248.0	133
	Poneskrantz	Portuguese	3.80	0.549	2.77	1,521	48.8	133
	Rietfontein	Rietfontein	3.00	0.657	7.23	4,750	152.5	133
	Olifantsgeraamte	Olifantsgeraamte	3.60	0.421	4.59	1,932	62.0	133
	Glynn's	Compound Hill	3.80	3.840	3.84	14,746	473.4	133
	Malieveld	Glynn's	3.80	1.709	3.51	5,999	192.6	133
	Nestor	Sandstone	3.80	0.443	2.37	1,050	33.7	133
	Frankfort	Theta	3.60	0.275	3.06	842	27.0	133
Total Inferred			3.68	14.535	3.91	56,832	1,824.6	133

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Table 28: Updated October 2011 Mineral Resources of the Open-pittable Surface Stonewall Operations

Mineral Resource Category	Surface Operation	Operation Type	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	
Measured	Hermansburg	Open Pit	2.30	0.151	1.59	240	7.7	0.20
	Hermansburg		2.30	0.752	1.2	902	29	0.20
Indicated	DG1	Open Pit	2.30	0.389	1.72	669	21.5	0.20
	DG2		2.30	2.032	0.61	1,240	39.8	0.20
Total Indicated			2.30	3.173	0.88	2,811	90.3	0.20
Total Measured and Indicated			2.30	3.324	0.92	3,051	98.0	0.20

Mineral Resource Category	Surface Operation	Operation Type	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	
Inferred	Hermansburg	Open Pit	2.30	0.244	0.41	100	3.2	0.20
	DG1		2.30	0.286	1.42	406	13	0.20
	DG5		2.30	0.271	0.50	136	4.4	0.20
Total Inferred			2.30	0.801	0.80	642	20.6	0.20

Table 29: Updated October 2011 Mineral Resources of the Stonewall Tailings Dams

Mineral Resource Category	Surface Operation	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	
Measured	Glynn's Lydenburg	Tailings	1.40	1.212	0.80	970	31.1	0.00
	Blyde 1	Tailings	1.40	0.447	0.72	322	10.3	0.00
	Blyde 2	Tailings	1.40	0.220	0.61	134	4.3	0.00
	Blyde 3	Tailings	1.40	0.274	0.88	241	7.7	0.00
	Blyde 4	Tailings	1.40	0.141	0.73	103	3.3	0.00
Total Measured			1.40	2.294	0.77	1,770	56.7	0.00
Indicated	Blyde 5	Tailings	1.40	0.012	0.58	7	0.2	0.00
Total Indicated			1.40	0.012	0.58	7	0.2	0.00
Total Measured and Indicated			1.40	2.306	0.77	1,777	57.1	0.00

Mineral Resource Category	Surface Operation	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	
Inferred	Blyde 3a	Tailings	1.40	0.023	0.57	13	0.4	0.00
	TGME Plant	Tailings	1.40	2.428	3.09	7,503	241.2	0.00
Total Inferred			1.40	2.451	3.07	7,516	241.6	0.00

Table 30: Updated October 2011 Mineral Resources of the Stonewall Rock Dump

Mineral Resource Category	Surface Operation	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	
Inferred	Vaalhoek	Rock Dump	1.70	0.121	1.59	192	6.2	0.20
Total Inferred			1.70	0.121	1.59	192	6.2	0.20

Mineral Resource Category	Surface Operation	Reef	Density	Tonnes	Grade	Gold	Gold	Cut-off Grade
			(t/m ³)	(Mt)	(g/t)	(Kg)	('000 oz)	
Inferred	Plant Floats	Processed Material	1.60	0.041	0.54	22	0.7	0.00
Total Inferred			1.60	0.041	0.54	22	0.7	0.00

The Inferred Mineral Resources have a large degree of uncertainty as to their existence and whether they can be mined economically or legally. It cannot be assumed that all or any part of the Inferred Resource will be upgraded to a higher confidence category. The current Mineral Resource model is based on available sampling data collected over the history of the Project area. The Mineral Resource estimation was carried out by Mr C. Muller and Ms L Mavengere of Minxcon who are both JORC Competent Persons with professional registration with SACNASP (SA). The grade models were verified by visual and statistical methods and deemed to be globally unbiased. The blocks were classified into Measured, Indicated and Inferred Mineral Resource categories using the following and not limited thereto: sampling QAQC, geological confidence, distance to sample (variogram range) and kriging efficiency. Only the Mineral Resources lying within the legal boundaries are reported. Mineral Resources are inclusive of the Ore Reserve. The Mineral Resources are declared at cut-offs shown in the table above. Conversion kg to oz: 32.15076. Effective data 31 October 2011, Beta Mine calculated over 90 cm stoping

width; Frankfort Mine calculated over minimum achievable stoping width of 90 cm. 75% factor applied to the Vaalhoek tons to account for the sorting operation; 70% mass pull expected at TGME Plant Floats prior to treatment with XRT. The tonnages and grades are quoted as *in situ* tonnes. Mineral Resources declared are for the entire project and have not been divided into attributable portions.

Table 31: Total Mineral Resource Estimation October 2011

Category		Tonnes (Mt)	Grade (g/t)	Gold (Kg)	Gold ('000 oz)
Measured	UG	0.17	4.77	811	26
	Surface	0.15	1.59	240	7.7
	Tailings	2.29	0.77	1,770	56.7
	Total	2.62	1.08	2,821	90.4
Indicated	UG	2.76	5.87	16,184	519.6
	Surface	3.17	0.88	2,811	90.3
	Tailings	0.01	0.58	7	0.2
	Total	5.94	3.20	19,002	610.1
Inferred	UG	14.54	3.91	56,832	1,824.60
	Surface	0.8	0.8	642	20.6
	Tailings	2.45	3.07	7,516	241.6
	Rock Dump	0.12	1.59	192	6.2
	Plant Floats	0.04	0.54	22	0.7
	Total	17.94	3.63	65,204	2093.7
	Grand Total	26.50	3.28	87,027	2,794.2

10.9.1 Mineral Resource Classification

The Mineral Resource classification is a function of the confidence of the whole process from drilling, sampling, geological understanding and geostatistical relationships. The following aspects or parameters were considered key for the Mineral Resource classification of the TGME Mineral Resources:-

Kriging Efficiency, Kriging Variance, Lower Confidence Limits, Regression Slope, Number of samples used in the estimate, the distance to the samples (a function of the variogram ranges) and the search volume.

1. Geological Confidence:-
 - Measured Mineral Resource: High confidence in the understanding of geological relationships, continuity of geological trends and sufficient data;
 - Indicated Mineral Resource: Good understanding of geological relationships; and
 - Inferred Mineral Resource: Geological continuity not established.
2. QAQC verification:-
 - Insertion of QAQC samples and analysis thereof;
 - Measured and Indicated: QAQC analysis highlights no flaws in the analytical processes.
3. Number of samples used to estimate a specific block:-
 - Measured Mineral Resource: at least 12 drill holes within semi-variogram range and minimum of 12 and maximum of 36 full reef composite samples;
 - Indicated Mineral Resource: at least 8 drill holes within semi-variogram range and a minimum of 8 and maximum of 36 full reef composite samples; and
 - Inferred Mineral Resource: at least 1 drill hole within the semi-variogram range with a maximum of 20 full reef composites.
4. Kriged Variance:-
 - This is a relative parameter and is only an indication and used in conjunction with the other parameters.
5. Distance to sample (semi-variogram range):-
 - Measured Mineral Resource: at least within 66% of semi-variogram range;
 - Indicated Mineral Resource: within semi-variogram range; and
 - Inferred Mineral Resource: further than semi-variogram range.

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6. Lower Confidence Limit (blocks):-
 - Measured Mineral Resource: < 10% from mean (90% confidence);
 - Indicated Mineral Resource: 10-20% from mean (80-90% confidence); and
 - Inferred Mineral Resource: > 20% (less than 80% confidence).
7. Kriging Efficiency:-
 - Measured Mineral Resource: > 40%;
 - Indicated Mineral Resource: 10-40%; and
 - Inferred Mineral Resource: < 10%.
8. Slope of Regression:-
 - Measured Mineral Resource: > 0.95;
 - Indicated Mineral Resource: 0.85-0.95; and
 - Inferred Mineral Resource: < 0.84.

11 MINERAL PROCESSING AND METALLURGICAL TESTING

11.1 HISTORIC TREATMENT OF UNDERGROUND DEPOSITS

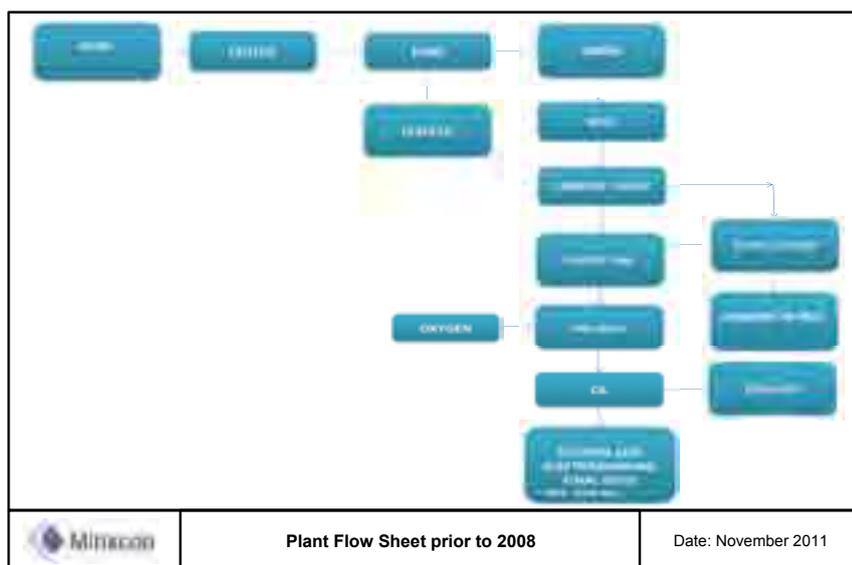
Historically, Frankfort gold-bearing material was mined by Simmers and Jack on a trial mining basis up to January 2008 during which time mining was suspended.

The mineralised material was treated at the metallurgical pilot plant situated on the farm Ponieskrantz 543KT. The mineralised material contains both refractory sulphide minerals as well as preg-robbing graphitic material, which lead to an initial overall plant recovery of 45%. Subsequent modifications to the plant process were made and the plant achieved recoveries of between 52 and 55%. This was obtained using G-cells for flotation followed by classification with small cyclones to recover gold bearing sulphides. There was also an Aachen oxygen sheer reactor which enhanced the oxidation of the refractory sulphides by pumping milled sulphide material through an enclosed static mixer which was sparged with oxygen. Simmers reviewed and tested various options to enhance gold recovery but this process was stopped when the operation was put on care and maintenance.

Concurrently the BIOX[®] processing method to treat the Frankfort mineralised material was evaluated. This is a bacterial proprietary process (this technology is owned by Goldfields, South Africa). The process has been successfully used in many similar processes both nationally and internationally. There is reasonable consensus due to test work undertaken at SGS Lakefield Research Africa (Pty) Ltd ("SGS") in conjunction with Goldfields that the BIOX[®] process in conjunction with flotation can achieve an overall gold recovery of between 70 to 80% providing the sulphur content in the feed satisfies the operating requirements. The effect of mineral carbon on the gold recovery during the subsequent carbon in leach ("CIL") process should also be assessed.

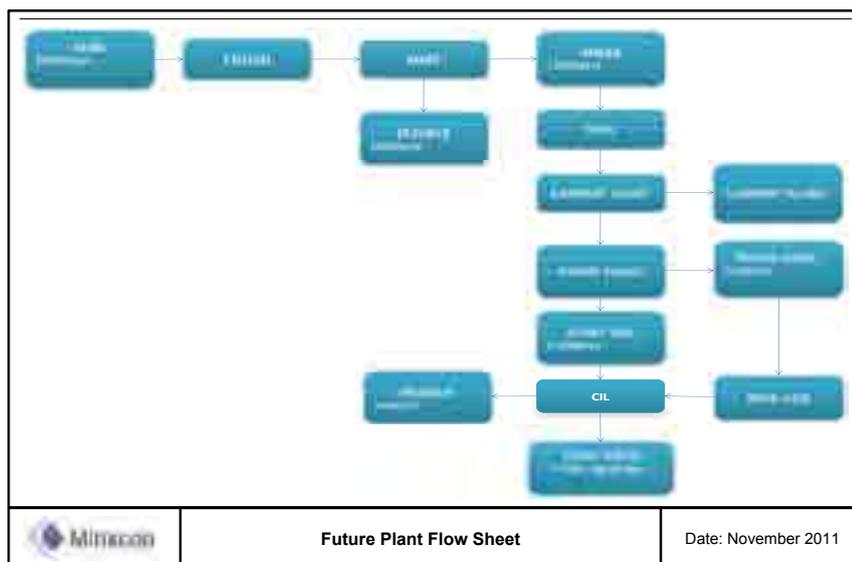
The diagram overleaf illustrates the historic flow sheet when the plant was operated by Simmer and Jack.

Figure 48: Flow Sheet before Plant was stopped in 2008



Stonewall has reviewed the options to process the mineralised material and will modify the plant in order to utilise the existing equipment which includes crushing and dense medium separation (“DMS”) which will be followed by fine grinding flotation and BIOX[®] oxidation followed by CIL and gold recovery. However, this process is being evaluated and test work is being conducted in order to ensure that the optimum process is selected when mining of the Frankfort mineralisation zone resumes.

Figure 49: Future Plant Flow Sheet with Flotation and BIOX[®]



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11.2 CURRENT STRATEGY AND STONEWALL VISION

The new owners of TGME (Stonewall) have a different strategy to treat the complex gold-bearing materials in the Pilgrim's Rest Sabie, Hermansberg and other gold-bearing areas.

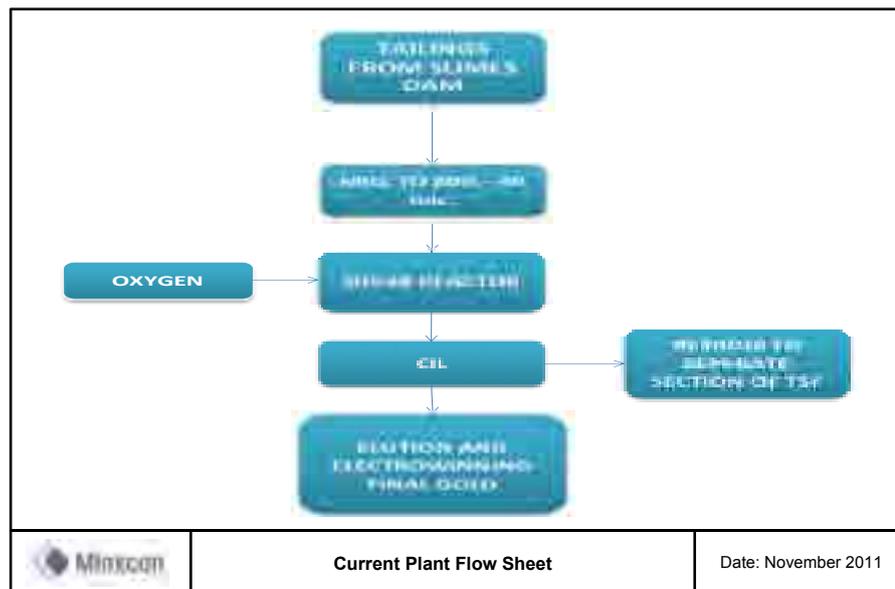
The strategy has been divided into distinct phases which allows for adequate time for testing options and alternatives while at the same time generating cash flow which is adequate to sustain the current operation at TGME. The phases are discussed as follows:-

11.2.1 Re-treating the Old Slimes Dam

The slimes dam is currently being treated through part of the existing plant with significant success.

The tailings dam is reclaimed by high-pressure hydraulic mining and pumped to the leaching circuit via one of the ball mills to ensure fine grinding to a size distribution of approximately 80% passing 40 microns. The pulp is then exposed to oxidation in a sheer reactor where oxygen is injected into the pulp prior leaching in the CIL circuit. See flow sheet below:

Figure 50: Current Plant Flow Sheet Treating Tailings Dam Material



Recoveries of up to 33% are being achieved using one of the ball mills for fine grinding and leaching after the oxidation of the pyrite with the addition of pure gaseous oxygen. The table below shows the plant performance for the Frankfort plant as well as the heap leach at Elandsdrift.

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Table 32: Current Plant Performance Treating Tailings Dam Material and Elandsdrift Heap Leach

Description	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
TAILINGS DAM							
Tons Treated	9 813	10 194	12 587	12 268	11 585	11 313	12 006
Mined g/t	2.30	2.40	2.05	2.15	2.30	2.50	2.55
Contained gold Kgs	22.6	24.5	25.8	26.4	26.6	28.3	30.6
Kg Produced	6.1	5.3	5.4	7.0	8.8	8.8	10.3
Recovery %	26.8	21.7	20.9	26.5	33.0	31.1	33.6
Recovered g/t	0.62	0.52	0.43	0.57	0.76	0.78	0.86
TOTAL KG TAILINGS DAM	6.1	5.3	5.4	7.0	8.8	8.8	10.3
ELANDSDRIFT							
Kg Produced	3.4	2.8	2.3	3.5	2.1	1.7	2.2
TOTAL KG ELANDSDRIFT	3.4	2.8	2.3	3.5	2.1	1.7	2.2
TOTAL Kg Produced	9.5	8.1	7.7	10.5	10.9	10.4	12.5

The heap leach pad at Elandsdrift was re-commissioned after it was established that there was a layer of clay at a section of the leach pad which prevented percolation and effective gold leaching by cyanide. This was partly resolved by drilling holes through the clay areas and changing the irrigation strategy. This has resulted in improved leaching which in turn has led to the production of 2-3 kg of gold per month at very low cost.

The current processing strategy is generating enough cash flow to cover operating costs as well as support the test work currently in progress to review alternative treatment options for the future.

11.3 TREATMENT STRATEGY IN OTHER AREAS

The strategy to exploit the rest of the mineralised zones in the Pilgrim's Rest and Sabie area is being reviewed and developed by the management team in conjunction with technical consultants and analytical laboratories. The processes are discussed as follows:-

1. Roasting
 - a. Roasting of pyrite has been extensively used in the past where the sulphur contained in the pyrite is combined with oxygen at high temperatures, thereby liberating the gold which is locked in pyrite.
 - b. The residual calcine will be amenable to leaching with cyanide in a carbon in leach (CIL) process.
 - c. The off-gas from the roasting process consisting of sulphur dioxide (SO₂) which must be scrubbed but can be converted to sulphuric acid which has a significant commercial value.
2. Biological Oxidation (BIOX-)
 - a. Milled gold-bearing sulphides are separated by flotation into a high-grade concentrate.
 - b. The concentrates are combined with bacteria cultures which consume the sulphur and convert the iron in an acid media environment. The BIOX- process is exothermic and agitation tanks must be cooled to ensure an ideal operating temperature.
 - c. After a solid/liquid separation phase, the solids are neutralised with lime and the gold is leached with cyanide in a CIL circuit. Gold recovery in this process can be as high as 90%.
 - d. BIOX- is used successfully at plants treating refractory gold-bearing materials in the Barberton area and is well understood by plant operators. Where the sulphur content is very high, the process becomes inefficient due to the large volumes and tankage required to ensure adequate retention time.

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3. Fine grinding
 - a. Flotation concentrates can be milled under specific conditions producing a product which has up to 90% passing 45 microns.
 - b. Flotation concentrate can also be milled to 90% passing 25 microns which is considered ultra-fine grinding.
 - c. The finely milled concentrate is then oxidised with oxygen in order to liberate the gold from the finely milled pyrite. Recovery of gold is then done using convention CIL technology.
4. Processing
 - a. Current plant at TGME
 - i. This plant is situated near Pilgrim's Rest and was previously used to process mineralised material from the Frankfort shafts. Consists of a crushing, DMS, milling, flotation and CIL leaching, carbon elution and gold recovery.
 - ii. Part of this process is currently used to recover gold from the tailings dam.
 - iii. The plant will be upgraded to process mineralised material from the Beta and Vaalhoek Mines. The Beta mineralised material will be treated by DMS, milling flotation and newly installed BIOX[®] plant.
 - iv. The Vaalhoek gold-bearing material has a high sulphur content and will be treated up to the flotation stage in a separate plant. The flotation concentrate will be amenable to roasting due to the high sulphur levels. Discussions are in progress to transport this material to Foskor at Phalaborwa where sulphur will be recovered and converted to commercial sulphuric acid. The calcined product will be leached in a CIL circuit for the recovery of gold.
 - b. Sabie region
 - i. It is envisaged that a new processing plant will be constructed at Sabie and will include flotation, BIOX[®] and CIL as well as gold elution and gold recovery circuits.
 - ii. mineralised material from the Rietfontein - Glynn's mining complex will be crushed and milled at the individual shafts and pumped to the central Sabie plant.
 - c. Heap Leach
 - i. The current modified heap leach pad at Elandsdrift will continue to July 2012.
 - ii. On completion of this process, the CIS equipment will be moved to the Glynn heap leach pad.

12 ECONOMIC AND MARKET ASSESSMENT

12.1 GLOBAL ECONOMY UPDATE

The recovery in the global economy has continued to struggle in gaining momentum throughout 2011. This has been attributed mainly to crisis-related problems in the banking sector and fiscal turmoil in high-income and developing countries, as well as the debt crisis in the Eurozone. The earthquake and tsunami in Japan, and the socio-political turmoil in the Middle-East and North Africa ("NEMA") have contributed to a modest slowing in global industrial production and trade.

High fiscal deficits and rising sovereign debt pose medium-term challenges to a wide-range of Organisation for Economic Co-operation and Development ("OECD") countries. Their gross sovereign debt is projected to reach 103% of GDP in 2012. Although steps have been taken to resolve short-term problems in the USA and the Euro-zone, a loss of confidence could have large, although manageable negative implications for developing countries.

Major developing countries remained undeterred with international restraint and sustained economic growth. However, these countries have not yet attained medium-term productivity enhancements, nor

managed inflationary pressures, in order to re-establish fiscal and monetary buffers required for economic crises.

Although demand for oil and metals in developing countries grew and supported output in high-income countries, it created capacity constraints in some developing markets and in commodity markets. This resulted in increasing inflation in developing countries on account of their supple economic policies and global credit flows, especially in the middle-income countries.

Global growth is projected to gain moderate strength from 2012 through to 2013. However, the recently published recession 'aftershock' could affect this prediction. After expanding 3.8% in 2010, using purchasing power parities ("PPP"), global GDP has been projected to slow to 3.2% in 2011, should the status-quo remain, and the threatening global economic crisis be averted. Aggregate growth in developing economies (including BRICS countries) is projected to ease to 6.3% from 2011 to 2013. Excluding the BRICS countries, growth is anticipated at 4.5%.

International commodity prices escalated, mainly crude oil. This is set to continue in view of the worsening conditions in NEMA. Subsequently, global growth could be reduced by approximately 0.5%. Poor harvests during the various crop seasons, and higher food prices driven by the rising cost of oil, could impact the purchasing power of goods, and thus commodity prices.

In sub-Saharan Africa, economic growth also continued at a fair pace, supported by the buoyant prices of key export commodities, the recovery in global demand, financial systems that were not overly exposed to the problems of the advanced economies, and improved economic policies. More structurally, the increase in the proportion of national resources devoted to capital formation assisted in overall growth.

12.2 SOUTH AFRICAN ECONOMY - 2011 REVIEW

As per the South African Reserve Bank Quarterly Bulletin December 2011 and Investec Bank

South Africa is a medium-sized economy with a gross domestic product of ZAR2,423 billion (USD280 billion) and a population of 49 million. The South African economy narrowed by 1.8 % during 2009 as a result of the recession, but has since shown acceleration in annualised growth of real gross domestic product to 4.4% in the final quarter of 2010. This has lifted the economy's growth rate for the year as a whole to 2.8%. The launch of the South African Development Agency (SADPA) will aim to inform and direct the country's development assistance.

In 2011, economic activity in South Africa continued to expand, albeit at a slow rate. Third-quarter production was constrained by industrial action, strikes due to accidents, logistical problems and plant maintenance, especially in the reclamation and manufacturing sectors. Agricultural output also declined as crops, while large, did not match the bumper crops harvested in the previous year.

The real gross domestic product expanded at an annualised rate of almost 5%. In the manufacturing sector, industrial action in several sub-sectors, fragile global demand and strong international competition were reflected in a mild contraction in production in the third quarter of 2011, due to a capacity utilisation decline. This also occurred in the electricity sector, where real-value added declined mildly, amplified by significantly higher electricity tariffs. The construction sector experienced a modest increase in real output as civil construction activity expanded, countering weak demand for new residential and non-residential buildings.

Capital spending by public corporations gained further momentum as Eskom continued with the construction of new power stations, and Transnet with the upgrading of its capital stock and construction

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of a multi-product pipeline. General government contributed to the growth in real fixed capital formation in the third quarter as local governments stepped up capital expenditure in various areas, including water projects.

The relatively strong growth in domestic expenditure in the third quarter was accompanied by briskly rising imports, and a narrowing of the trade surplus as export proceeds failed to keep up with rising outlays on imports. At the same time, dividend payments to non-resident investors rose considerably in the third quarter, resulting in a widening of the deficit on the current account of the balance of payments to 3.8% of GDP. This was financed by net capital inflows on the financial account of the balance of payments, although international investors reduced their holdings of South African portfolio assets during the quarter under review.

Wage settlements edged slightly higher in the third quarter of 2011. Employment simultaneously rose marginally, contributing to a moderate reduction in the official unemployment rate. Labour productivity increases were slow in recent quarters.

Table 33: Economic Outlook - South Africa

Economic Parameter	2011	2012 Forecast
GDP (real, %)	3.1	2.5
Prime lending rate (% , year-end)	9.0	9.0
Current account (% GDP)	-3.5	-5.0
Current account (R billion)	-101.9	-174.0
GBP/ZAR (average)	11.63	12.95
EUR/ZAR (average)	10.08	10.27
YEN/ZAR (average)	10.81	10.52
Budget deficit (% GDP)	-4.4	-4.8

Source: Investec Bank

12.3 ECONOMIC OUTLOOK

CPI inflation remains within the South African Reserve Bank target of 6% and Rand strength remains the key in aiding the moderate inflation outcome, with still weak demand, also an important influence. No major developments are expected to change the inflation outlook in the short to medium term and inflation is expected to remain between 5.5% and 6.5%.

However, the pressure on increased food price, and administered price inflation due to increased electricity and other municipal tariffs, are key drivers of CPI inflation, and could prove to be one of the risks to the current assumptions made for the inflation outlook in 2011 and 2012.

Table 34: Economic Outlook (Constant Money Terms)

	2012	2013	2014	2015
Exchange rate ZAR/USD (Real)	7.90	8.26	8.63	9.02
SA Inflation Rate (%) CPIX	5.40%	5.40%	6.00%	6.10%
US Inflation Rate (%)	2.19%	2.30%	2.40%	2.40%

Source: Investment Banks

A 3% GDP trajectory through 2012 is deemed the 'best-case' scenario, although the government is forecasting 3.4%. However, volatility in the exchange rate and the South African trade balance will persist over the short-term, and will also be a function of the development over the Eurozone debt crisis.

The currency remains relatively strong against the US Dollar, but pushed back towards the ZAR/USD8.00 range towards the end of 2011.

Figure 51: Historic ZAR/USD Exchange Rate and SA Inflation



12.4 COMMODITY MARKET ASSESSMENT: GOLD

Many investors and traders reverted back to gold since the recession in the U.S. commenced during 2008. Gold is still considered a safe haven when uncertainty in major markets rises.

12.4.1.1 Gold Overview for 2011

Investors have been persuaded to continue to pursue gold, due to global economic conditions:-

- The U.S. economy was affected by the continued reduction of the value of the US Dollar against multiple currencies. In addition, to stimulate the economy, the US Federal Reserve bought bonds worth 600 billion Dollars. There has been a historical negative correlation that the weaker US Dollar pushes the drive to buy gold, and hence higher gold pricing;
- Countries in the European Union (EU) remain in an economic crisis. In 2011, the EU debt crisis continued. In October 2011, Eurozone leaders agreed on another rescue package, as part of the European Financial Stability Facility (EFSF), designed to prevent the collapse of member economies. To restore confidence in Europe, EU leaders also suggested, to create a common fiscal union across the Eurozone with strict and enforceable rules embedded in the EU treaties. Downgrading of European countries credit rating will result in as weakening of the Euro;
- Due to the global economic conditions, there was a structural shift in Central Bank policy towards gold investment. Central banks became net buyers of gold for the first time in 21 years, removing a significant source of supply to the market;
- The retail demand for gold peaked during the last quarter of 2010, and subsequently fell in 2011 by 10%. Asian consumers led demand with the revival of the Indian market and strong momentum in Chinese gold demand, which together constituted 51% of total jewellery and investment demand during the year 2011. Gold purchases in China, the world's largest producer, climbed to 200Mt in the first two months of 2011, as faster inflation boosted consumer demand;
- The supply of gold hardly managed to meet the gold demand for each quarter in 2011, and simultaneously, as expected, the gold prices increased sharply, with no visible trends to the levelling of demand and supply to date. Changes in geographical concentration of supply and smaller proportion of supply from mine production is set to influence the supply trend and costs in 2012;
- In Q3 2011, gold supply from mining rose by 5% year-on-year, due to a sharp increase in net purchasing by the official sector, and a moderate supply of recycled gold. Supply needs to have a 25% gain to break even with the increase in global demand; and

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- The supply has not met the demand, with mine production only increasing by 37 tonnes year-on-year in the Q3 2011, hence, a growth rate of 5%, with an increased net producer hedging.

12.4.1.2 Gold Resources

The total gold resources (inclusive of Inferred Resources) approximated 1,740 Moz. in 2010. However, this value excludes the contribution from junior mining companies. Table 35 shows the contributions of the top 26 global gold producers. The South African operations are well positioned in the Resource estimation listing.

Table 35: Global Resources from Senior Gold Companies (Resources include Reserves)

Company	Resources (Moz.)
Gold Fields	259.20
Anglogold Ashanti	241.00
Barrick	238.30
Harmony	215.70
Polyus	110.20
Goldcorp	89.30
Newmont	85.00
Newcrest	79.40
Kinross	57.60
Lihir	54.00
Yamana Gold	46.30
Iamgold	34.10
Fresnillo	31.80
Agnico Eagle Mines	27.00
Buenaventura	24.20
Silver Wheaton	22.70
Petropavlovsk	19.10
Randgold Resources	18.80
Polymetal	16.90
Eldorado Gold	16.00
Centerra Gold	13.40
Centamin Egypt	13.20
Osisko	10.80
Red Back Mining Inc	9.30
Pan American Silver	6.80
Franco-Nevada	-
Totals	1,740.10

Source: GoldVal.com, January 2010

12.4.1.3 Gold Reserves

The global gold reserves are dominated by Australia, South Africa and Russia. In the last two years, the output from South Africa decreased by 8 Mt, whilst Australia has increased its production by 33 Mt. As shown in Table 36, China has remained the dominant gold producing country, whilst South Africa has dropped to fourth position on the world gold producer listing.

Table 36: Country Listing of Gold Reserves and Supply

	Reserves (Mt)	Mine Production 2009 (Mt)	Mine Production 2010e (Mt)
Australia	7,300	222	255
South Africa	6,000	198	190
Russia	5,000	191	190
Chile	3,400	41	40
United States	3,000	223	230
Indonesia	3,000	130	120
Brazil	2,400	60	65
Peru	2,000	182	170

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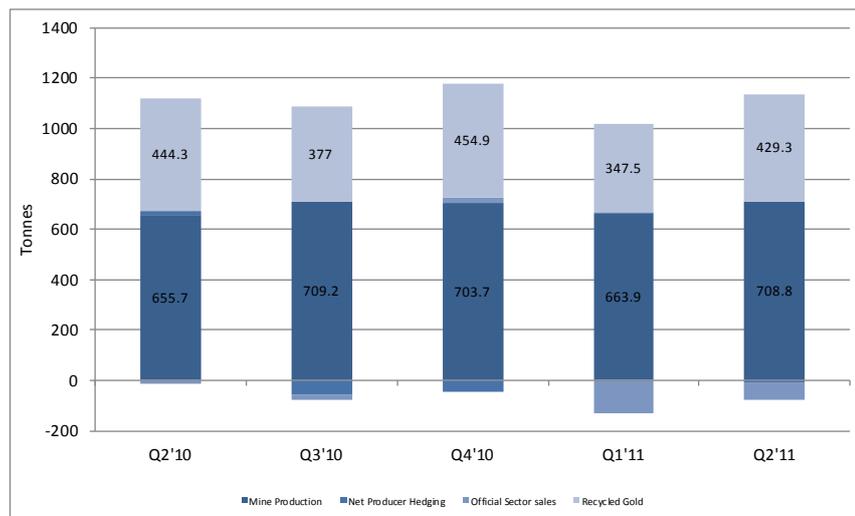
	Reserves (Mt)	Mine Production 2009 (Mt)	Mine Production 2010e (Mt)
China	1,900	320	345
Uzbekistan	1,700	90	90
Ghana	1,400	86	100
Mexico	1,400	51	60
Papua New Guinea	1,200	66	60
Canada	990	97	90
Other countries	10,000	490	500
World total (rounded)	50,690	2,447	2,505

e (estimated). Source: U.S. Department of the Interior U.S. Geological Survey, January 2011

12.4.1.4 Gold Supply

Total supply, including mine production, recycled gold and official sector transactions, totalled 4,108 tonnes during 2010. This is estimated to have increased marginally, being 2% higher year-on-year for the full year 2010, with a number of new projects that either went into execution, or ramped up production in several countries and regions, thus contributing to higher levels of mine supply.

Figure 52: Gold Supply per Quarter for 2010/2011



Source: World Gold Council, Gold Review, Q2 2011

12.4.1.5 Gold Demand

Gold demand in 2010 reached a ten-year high of 3,812.2 tonnes. In value terms, total annual gold demand surged 38% to a record of USD 150 billion. The demand in the second quarter of 2011 was 919.8 tonnes, valued at USD 44.5 billion, the second highest quarterly value in history.

Jewellery demand was remarkably robust in the face of record prices in the majority of currencies. Annual demand for gold jewellery rose consistently in 2010, peaking in Q4, but has reduced in 2011. However, the demand was 6% higher year-on-year. The rise in average price of gold has not deterred sales, but a shift from high to lower purity gold was noted. The lower cartage has been evident in the Vietnam, Indonesia, South Korea and Thailand, i.e. the (VIST) countries. In value terms, this resulted in jewellery demand of USD 21.4 billion in Q2 2011.

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As occurs annually, the first quarter of the year tends to be a traditionally busy period for gold purchases, as it coincides with the Chinese New Year celebrations. This was outpaced by the Hindu festival in May 2011.

Demand for gold used in technology returned with a 2% year-on-year increase, as the electronics segment fuelled recovery in the sector, with demand returning for commercial goods and industrial processors. Demand in value soared by 28% to a quarterly record of USD 5.7 billion.

Investment demand, Exchange Traded Funds ("ETFs") and similar products dropped by 37% year-on-year. Physical bar demand was particularly strong during Q2 of 2011, recording a quarterly gain of 51% at 222.9 tonnes.

Demand for gold ETFs and similar products totalled 51.7 tonnes during Q2 of 2011. The activity in the ETF options market continues to offer alternative strategies for investors. Excluding the two record quarters of Q1 in 2009 and Q2 in 2010, the average quarterly ETF demand since Q2 in 2008 has been 41.4 tonnes.

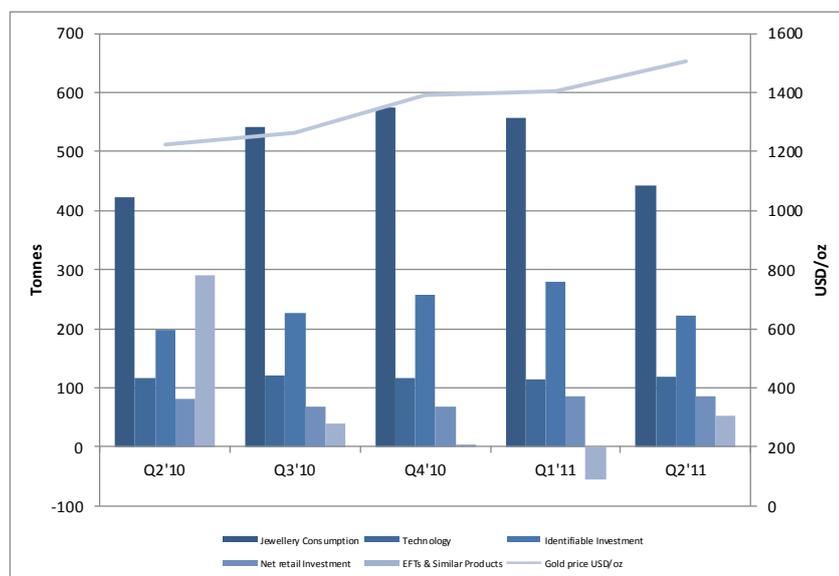
The gold trading in the OTC wholesale market constitutes the deepest and most liquid markets in the world. But, information about these transactions is not always fully accessible to the public as they are conducted outside of regulated exchanges. However, evidence suggests that trading volumes in the global gold market is quite large, and in-line with, or larger, than trading of other high-quality assets such as sovereign debt. India was the strongest growth market in 2010, but the European and US investors have been accessing this market in 2011.

China was the second strongest market for investment demand growth, whereby high inflation rate was a key driver for demand. In addition, non-performing sectors, such as property and the domestic stock market, incentivised the purchase of small bars and official coins.

The Gold Accumulation Plan ("GAP") launched in December 2010 has grown to 1.71 million accounts opened as of June 2011, encompassing gold holdings of 22 tonnes.

Unrest in Africa and the Middle East and the natural disaster in Japan, have drawn attention to gold as a tool to preserve capital and provide liquidity. During 2011, investors were attracted to net retail gold for risk protection and currency and/or inflation hedging.

Figure 53: Gold Demand and Gold Price in 2010/2011



Source: World Gold Council, Gold Review, Q2 2011

12.4.1.6 Gold Pricing

On average, gold prices increased 8.7% from USD1,384.4/oz. in the Q1 2011 to USD1,504.3/oz. in the second quarter of 2011. Although a slight dip in pricing was experienced in late January 2011, the month-on-month deviation was minimal, and has climbed consistently every month in 2011, reaching USD 1,528.7/oz. in July 2011. For Q2 of 2011, the average price increased by 26% year-on-year.

However, it is noted that tracking the gold price to other currencies, such as the Euro, British Pound and Canadian Dollar, showed a marginal decrease in the gold price. Conversely, this trend was not followed for the Japanese Yen, since the iterative demand trend set the gold price rising.

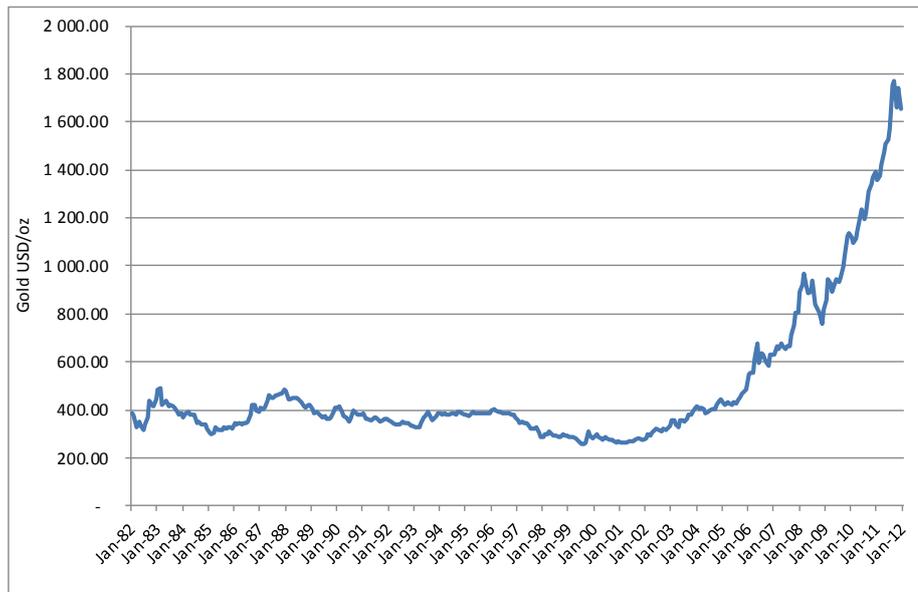
Although the extraordinary earthquake and ensuing climatic calamities caused the Japanese Yen to appreciate against most currencies due to capital inflow into the country, the currency reverted to its weakened position to the US Dollar, every month, throughout 2011 thus far.

Due to the high demand for gold in the East, the gold price rose moderately in India and China. The increase was not as significant, due to the inflation induced monetary and fiscal tightening.

A benchmark price trend comparison of gold to other commodities reveals that gold pricing did not react as much as energy commodities such as oil and coal to recent global events. As displayed historically, gold is less volatile during economic and geo-political shockwaves. The price of silver performed well in the first quarter of 2011, namely USD41.97/oz. in April 2011, reaching its highest value in several decades, causing the gold:silver ratio to reach its lowest level since 1983. However, the second quarter of 2011 has seen values stabilizing below USD40/oz.

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Figure 54: Gold Monthly Prices January 1982 - January 2012



Source: Kitco

12.4.1.7 Outlook for Gold

Long-term supply and demand for gold and poor macro-economic factors will ensure that gold remained a preferred asset. The consistency of gold performance and robust growth trend, will contribute substantially to its ability to provide diversification, risk management and wealth preservation.

Investment demand for gold as a foundation asset in portfolios is likely to remain strong, fuelled by on-going uncertainty surrounding global economic recovery and fiscal imbalances, as well as fear of impending inflationary pressures and currency tensions. Examples of such activity are evident in Mexico, Bolivia, Thailand and emerging countries such as Russia, where the banking sector has made sizeable purchases to restore the balance between gold reserves and currency reserves.

Continued global geo-political events, inflation and the instability of the US and European economies, serve to give impetus to continued investment in gold, and successively, the prolonged rise in the gold price. The growth in the Jewellery and Industrial sectors in the Chinese and Indian markets in 2010 is set to continue, provided that the high inflation in China does not slow down economic activity.

The gold price is predicted to continue to rise in 2011, although at a lessened rate than displayed over the last few quarters. According to commodity analysts, this increase will be moderate for the next two years, with the worst-case scenario being a levelling of the gold price and a nominal downward cycle.

13 RISK ANALYSIS

The risk assessment is based on a simplified approach used in assessing and quantifying risks within projects. The result is not designed to be a definitive assessment of the project risk, but is rather a tool to articulate and evaluate those risks as identified by persons present at the risk assessment session. This particular assessment focused on identified risks associated with mineralised material and concentrate production.

13.1.1 Risk Assessment Methodology

All items were critically reviewed and assessed using the risk severity criteria shown below. The criteria were then weighted to give an overall risk score. These individual scores are then highlighted into three categories, viz:

- Green - Low Risk (score less than 1);
- Yellow - Medium Risk (score greater than 1 but less than 2.5); and
- Red - High Risk (score greater than 2.5).

Once a high risk is identified, the project team is then required to take remedial action to either resolve or mitigate the risk. The identification and recording of corrective and remedial measures was beyond the scope of this particular risk assessment exercise. The Risk Sensitivity table is detailed below:-

13.1.2 Risk Assessment Results

The assessment highlighted specific risks associated with the operation in general, run of mine and concentrate production. These were then analysed for its chance of occurrence and secondly the impact on the viability of the operation. These are detailed in the tables below:-

Table 37: Likelihood of Risk Matrix

Level	Chance of Occurrence	Approach and Processes
15%	Not likely: 15% chance	Will effectively avoid this risk based on standard practices.
25%	Low likelihood: 25% chance	Have usually avoided this type of risk with minimal oversight in similar cases.
50%	Moderate: 50% chance	May avoid risk, but rework will be required.
75%	Highly Likely: 75% chance	Cannot avoid this risk with standard practices, but a different approach may work.
90%	Near Certainty: 90% chance	Cannot avoid this risk with standard practices, probably not able to mitigate.

Table 38: Magnitude of Risk Impact

Level	Classification	Delivery to Business Plan	Revenue Impact (%)	Cost	Impact on Business Objectives
1	Negligible	System performance largely unaffected. Minimal uncertainty of outcomes. Limited or no action required.	Negligible 0 – 2% reduction	Insignificant cost increase	Barely noticeable
2	Minor	Performance shortfall below goal but within acceptable limits. Minor uncertainty in key revenue drivers. Action should be taken to address impact.	Negative 3% - 5% reduction	Cost increase < 5%	Minor areas of functionality are affected
3	Moderate	Overall system performance below goal & acceptable limits. Moderate	Negative 6% - 10%	Cost increase	Many areas of functionality affected

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 – SOUTH AFRICA

Competent Persons' Report on the TGME Project, Mpumalanga Province, South Africa

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Level	Classification	Delivery to Business Plan	Revenue Impact (%)	Cost	Impact on Business Objectives
		uncertainty in key revenue drivers. Mitigating plans have to be developed to address risk areas.	reduction	5% - 10%	but still acceptable
4	Critical	Overall system performance well below goal & acceptable limits. Impact of potential uncertainties with major implications for the success of project. Immediate action to be taken to address risk drivers.	Negative 11% - 20% reduction	Cost increase 10% - 20%	Functionality unacceptably high
5	Catastrophic	Overall system performance unacceptable to the degree that the project is undeliverable. There will be catastrophic impact on the success of the project. Immediate action to be taken to address risk drivers.	Negative > 20% reduction	Cost increase > 20%	Functionality doesn't deliver good business solution

Many of the project risks identified in the January 2010 Technical Report have since been resolved or mitigated, and hence the overall project risk has been significantly reduced.

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Table 39: Risk Assessment of the TGME Project

No	Area	Type	Short Title	Consequence	Risk Likelihood	Impact	Risk	Mitigation
1	Metallurgy	Recoveries	Complex mineralised material mineral composition	Expected gold recoveries can be irregular.	50%	4		Metallurgical test work will be essential.
2	Exploration	Exploration drilling Programme	Mineral Resource Gold content increase can be a minimum	A small increase on the current Mineral Resource can be the result of the programme and thus a short LoM.	25%	4		Exploration drilling programme must be regarded as a risk
3	Mining	Life of Mine	Project life dependent on exploration results	A short LoM can result in a negative or low project value.	25%	3		Feasibility study will determine if the project will be a profitable venture
4	Contracts	Selling agreement	Selling of sulphur as a by-product	The minimum mining grade can be affected negatively.	25%	2		Agreement between Stonewall and the Fertilizer industry will be required
5	Resources	Rock Specific Gravity	Volume Tonnage Conversions	Tonnage estimations could be inaccurate.	50%	1		An accurate SG estimation process should be implemented.
6	Resources	QAQC	Validity of Sample Data	Lower confidence in the estimation of Project Resources.	25%	2		Further validation of historical data and QAQC checks should be carried out by means of check sampling.
7	Resources	Survey	Currency of Survey Plans	Project Resources could be overstated.	25%	2		On-going improvement of the current plans.
8	Legal	Mining Rights	Mining rights of Vaalhoek Mine	The mining right for Vaalhoek Mine may not be granted.	15%	3		Mining right application must be done according to requirements

Key:

	Low Risk
	Medium Risk
	High Risk

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14 AUDITS AND REVIEWS

In 2008, Minxcon completed a Competent Persons' Report ("CPR") on the TGME Project for Simmer & Jack Mines Limited. The Mineral Resources stated in this 2008 CPR were used in the compilation of the present CPR and subsequently updated. The mining potential stated in the present CPR was based on the updated Mineral Resources. The mine design and detailed work regarding mining in the present CPR were based on information from the 2008 CPR as well as new high-level estimations.

To Minxcon's knowledge, no other audits or reviews have been done.

15 SOURCES OF INFORMATION

The following references were used in the compilation of this CPR:-

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16 COMPETENT PERSONS AND OTHER EXPERTS

The authors of this Report are members in good standing of appropriate professional institutions. The qualifications and professional registrations of the Competent Persons who have contributed to this evaluation are provided at the end of this Report. The following persons made contributions to this Report, and are Competent Persons, as defined in the JORC Code:-

Charles Muller (Director, Minxcon): B.Sc. (Hons) (Geol.), Pr. Sci. Nat. 400201/04

With his wealth of knowledge in the field of geology and mineral resource evaluation, Charles fulfils Minxcon's criterion to combine skills with exceptional ability and extensive experience. Charles is proficient in data processing, mineralised zone modelling and mineral resource evaluation using Datamine™ and other computer packages specifically developed for the minerals industry. During his 25 years in the mining industry, he has gained extensive experience in the fields of sedimentology, gold exploration and target generation of gold, platinum, diamonds, coal and base metal projects. His skills in software development, data system customisation and database integration are widely recognised in the mining industry. Charles has been involved with the modelling and geostatistical evaluation of various mineralised bodies across the globe. He has presented papers on resource evaluation at international venues and has a number of publications to his credit.

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16.1 CONSENT STATEMENT AND COMPETENT PERSONS' STATEMENTS

MinXcon Consent Statement

Meridien Resources Limited ("Meridien") has entered into a conditional agreement to purchase Stonewall ("Proposed Transaction"). As part of the Proposed Transaction Meridien also proposes conducting a capital raising to raise up to A\$10 million ("Capital Raising").

Minxcon consents to the issuing of the Report in the form and context in which it is to be included in the Proposed Transaction documentation to be sent by Meridien to its shareholders for approval of the Proposed Transaction and in the prospectus to be issued by Meridien for the Capital Raising. Neither the whole nor any part of the Report nor any reference thereto may be included in any other document without the prior written consent of Minxcon as to the form and context in which it appears.

CERTIFICATE of COMPETENT PERSON - CJ Muller
JORC Appropriate Compliance Statement

The information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Charles J. Muller, who is a Member or Fellow of a 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated by the ASX from time to time (South African Council for Natural Scientific Professions (Pr. Sci. Nat. Reg. No. 400201/04) Charles j Muller is a full-time employee and a Director of the company.

Charles J Muller has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he (or she) is undertaking to qualify as a Competent Person, pertaining to exploration targets as well as production targets, as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Charles J Muller consents to the inclusion in the report of the matters based on his (or her) information in the form and context in which it appears".

I, Charles Muller, do hereby certify that:

1. I am Director of **Minxcon (Pty) Ltd**
Suite 5 Coldstream Office Park,
Cnr Hendrik Potgieter and Van Staden Roads,
Little Falls,
Johannesburg, South Africa
2. I graduated with a B.Sc. (Geology) degree from the Rand Afrikaans University in 1988. In addition, I have obtained a B.Sc. Hons (Geology) from the Rand Afrikaans University in 1994 and attended courses in geostatistics and advanced Datamine modelling and geostatistical evaluation through the University of the Witwatersrand.
3. I am a member/fellow of the following professional associations.

Class	Professional Society	Year of Registration
Member	Geostatistical Association of Southern Africa	2008
Member	South African Council for Natural Scientific Professions (Pr. Sci. Nat. Reg. No. 400201/04)	2004

4. I have worked as a Geoscientist for a total of 25 years. As the former Chief Geologist for Goldfields South Africa, my specialisation lies within Mineral Resource modelling and management. I have completed a number of Mineral Resource estimations for gold using approaches described by JORC.
5. To the best of my knowledge, information and belief, the Report contains all scientific and technical information required to be disclosed to make the Report not misleading.
6. The facts presented in the Report are correct to the best of my knowledge.
7. The analyses and conclusions are limited only by the reported forecasts and conditions.
8. I have no present or prospective interest in the subject property or asset.

9. My compensation, employment or contractual relationship with the Commissioning Entity is not contingent on any aspect of the Report.
10. I have no bias with respect to the assets that are the subject of the Report, or to the parties involved with the assignment.
11. Owing to time constraints and distance from the Project Areas, I have not made a personal inspection of the properties.

Yours faithfully,



CJ MULLER
B.Sc. (Hons) (Geol.), Pr. Sci. Nat., MGSSA
DIRECTOR

GLOSSARY OF TERMS

Term	Definition
Adit	An opening driven horizontally into the side of a mountain or hill for providing access to a mineral deposit.
Acid Rock Drainage	The exposure, usually as a result of mining, of sulphide-bearing minerals to air and water, forming sulfuric acid. This acid dissolves metals such as lead, zinc, copper, arsenic, selenium, mercury, and cadmium, into ground and surface water. Acid rock/mine drainage can poison ground and drinking water and destroy aquatic life and habitat. Commonly mined mineralised bodies that pose the risk of acid rock drainage include gold, silver, copper, iron, zinc, and lead.
Alluvial	Deposited by running water.
Amsl	Above mean sea level
Archaean	A period of time between 4,000Ma and 2,500Ma.
Assay	Process to determine the proportions of metal in mineralised material.
Assay laboratory	A facility in which the proportions of metal in mineralised material or concentrates are determined using analytical techniques.
Auriferous	A synonym for gold bearing.
Bearing	Strike
BH's	Proposed bore hole or drill hole site
BIOX [®]	<ul style="list-style-type: none"> The BIOX[®] process, which pre-treats refractory sulphide gold-bearing materials such as pyrite, arsenopyrite and pyrrhotite, was developed to increase gold recovery rates during the metallurgical extraction process. The gold in these sulphide-enriched materials is encapsulated in sulphide minerals which prevent the gold from being leached by cyanide. The BIOX[®] process destroys the sulphide minerals and exposes the gold for subsequent cyanidation, increasing recovery rates.
Black Economic Empowerment ("BEE") company	<p>The following recommendations have been made to the South African government by the Black Economic Empowerment Commission regarding the definitions of different levels of company ownership by Black people that qualify for BEE status:</p> <ul style="list-style-type: none"> A 'Black company' is one that is 50.1% owned and managed by Black people; A 'Black empowerment company' is one that is at least 25.1% owned and managed by Black people; and <p>A 'Black influenced company' is one that is 5% -25% owned and managed by Black people.</p>
Blank	Samples that contain no mineral content that are sent to the assay laboratory for quality control.
Block model	Technique of modelling which divides the resources into resource blocks.
Drill hole	A hole drilled usually drilled from surface but also from underground, in which core of the rock strata is cut by a diamond-impregnated bit or crown as the cutting edge. This core can be studied and split with one half being sent for the determination of any contained metals (called assaying).
Bulk sample	Large sample which is processed through a small-scale plant and not a laboratory.
Buckshot Pyrite	Pyrite that has crystallised in a cubic shape.

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Term	Definition
Carbon-in-Leach (CIL)	Carbon-in-Leach is a method of recovering gold and silver from fine ground mineralised material by simultaneous dissolution and adsorption of the precious metals onto fine carbon in an agitated tank of mineralised solids/solution slurry. The carbon flows counter currently to the head of the leaching circuit.
Carbon-In-Pulp (CIP)	A common process used to extract gold from cyanide leach slurries. The process consists of carbon granules suspended in the slurry and flowing counter-current to the process slurry in multiple-staged agitated tanks. The process slurry, which has been leached with cyanide prior to the CIP process, contains solubilised gold. The solubilised gold is absorbed onto the carbon granules, which are subsequently separated from the slurry by screening. The gold is then recovered from the carbon by electro winning onto steel wool cathodes or by a similar process.
Chip Sample	Sample of mineralised material chipped out of a rock face.
Clastic	A sediment or rock composed chiefly of fragments derived from pre-existing rocks or minerals.
Coefficient of Variation	A measure of dispersion of a probability distribution (ratio of standard deviation to the mean).
Competent Person	A 'Competent Person' is a person who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated by the ASX from time to time. A 'Competent Person' must have a minimum of five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking.
Composite Sample	The combining of individual sample results to determine the average grade of a drill hole intercept.
Concentrate	The clean product recovered in froth flotation or other methods of mineral separation.
Conglomerate	A sedimentary rock containing rounded fragments (clasts) derived from the erosion and abrasion of older rocks. Conglomerates are usually formed through the action of water in rivers and beaches.
Core	A cylindrical shaped sample of rock, derived by drilling with a hollow cylinder for the purpose of obtaining geological information.
Dense Medium Separation ("DMS")	Dense medium separation, also known as dense media separation, is a process where a suspension of dense powder in water is used to form a type of 'heavier liquid' to separate mineral particles in a sink-float process. Many modern dense media plants use this technology because it is both flexible and allows upgrading of Resources, thereby increasing overall profitability of the Resource. The correct application of the DMS technology can increase the recovery of minerals and diamonds and increase the separation efficiency of the scrap metal recycling process.
Density-apparent porosity studies	The standard mass and water displacement methodology to calculate the SG of the rock, which also takes into account the amount of weathering of the material that might have taken place.
Diamond drilling	A drilling method, where the rock is cut with a diamond bit, usually to extract cores.
Dilution	Waste which is mixed with mineralised material in the mining process.
Dip	The angle that a structural surface, i.e. a bedding or fault plane, makes with the horizontal measured perpendicular to the strike of the structure.
Dolomite	A sedimentary rock formed by the replacement of limestone.
Dyke	A tabular body of intrusive igneous rock that cuts across the layering or structural fabric of the host rock.
Eskom	South African electricity supply company
Exchange Rate	The rate at which one currency will be converted to another.
Exploration	Prospecting, sampling, mapping, diamond drilling and other work involved in the search for mineralisation.
Facies	The features that characterise a sediment as having been deposited in a particular depositional environment.
Fault	A fracture in earth materials, along which the opposite sides have been relatively displaced parallel to the plane of movement.
Faulting	The process of fracturing that produces a displacement.
Fire Assay	Analysis of gold content by cupellation process.
Fluvial	Pertaining to rivers.
Footwall	The underlying side of a fault, mineralised zone or stope.
Geozone	An area defined by geological characteristics.
Grade	The quantity of metal per unit mass of materials expressed as a percentage or, for gold, as grams per tonne of mineralised material.
Granite	A common, coarse-grained, light-coloured, hard igneous rock consisting chiefly of quartz, orthoclase or microcline, and mica, used in monuments and for building.
Greenstone	Any of various altered basic igneous rocks coloured green by chlorite, hornblende, or

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Term	Definition
	epidote.
Hanging Wall	The overlying side of a fault, mineralised zone or stope.
Hedging	Hedging is a strategy designed to minimize exposure to an unwanted business risk, while still allowing the business to profit from an investment activity.
Highwall	The unexcavated face of exposed overburden and mineralised rock in an opencast mine.
Homogenous	Uniform in structure or composition throughout.
Inferred Mineral Resource	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
In situ	In place, i.e. within unbroken rock.
Indicated Mineral Resource	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Interburden	A layer of rock that lies in-between two layers of mineralised rock.
Kriging	A weighted-moving-average interpolation method where the set of weights assigned to samples minimizes the estimation variance, which is computed as a function of the variogram model and locations of the samples relative to each other, and to the point or block being estimated.
Kurtosis	A measure of the 'peakedness' of the probability distribution of a real-valued random variable.
Latitude	The angular distance north or south of the earth's equator, measured in degrees along a meridian, as on a map or globe.
Lava	Molten rock that reaches the earth's surface through a volcano or fissure.
Lenticular	Resembling in shape, the cross-section of a lens.
Level	The workings or tunnels of an underground mine which are on the same horizontal plane.
Lithology	The general compositional characteristics of sedimentary rocks.
Logging	Method of obtaining a continuous record of the lithology, stratigraphy and structure of the core obtained from a diamond-drill hole.
Lognormal Distribution	A probability distribution in which the log of the random variable is normally distributed, meaning it conforms to a bell curve.
Longitude	The angular distance north or south of the earth's equator, measured in degrees along a meridian, as on a map or globe.
Mass Pull	The amount (flow rate) of solids reporting to the concentrate.
Mean	Average.
Measured Resource	A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
Metamorphic Rock	Rocks that result from partial or complete recrystallization in the solid state of pre-existing rocks under conditions of temperature and pressure.
Metaquartzite	A quartzite formed by metamorphic recrystallization.
Mineral Resource	'A Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Mineralisation	The presence of a target mineral in a mass of host rock.
Mineralised Area	Any mass of host rock in which minerals of potential commercial value occur.
National Instrument 43 101	The Canadian Code for reporting of Mineral Resources and Ore Reserves.
Ordinary Kriging	A variety of kriging which assumes that local means are not necessarily closely related to the population mean, and which therefore uses only the samples in the local neighbourhood for the estimate. Ordinary kriging is the most commonly used method for environmental situations.
Opencast	Opencast mining is a type of surface excavation which often takes the shape of an

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Term	Definition
	inverted cone; the shape of the mine opening varies with the shape of the mineral deposit.
Ore	A mixture of valuable and worthless minerals from which at least one of the minerals can be mined and processed at an economic profit.
Ore Reserve	A 'Ore Reserve' is the economically extractable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Outcrop	The area over which a particular rock unit occurs at the Earth's surface.
Palaeochannel	An ancient trough or channel-like feature that was formed by river or similar stream current action during deposition of sediment at some period of geological time.
Pay limit	The breakeven grade at which the mineralised zone can be mined without profit or loss and is calculated using the gold price, the working cost and recovery factors.
Placer	A sedimentary deposit containing economic quantities of valuable minerals mainly formed in alluvial and eluvial environments.
Production	The day-to-day activities directed to obtaining saleable product from the mineral resource on a commercial scale. It includes extraction and other processing prior to sale.
Pyconometer	A standard vessel used in measuring the density or specific gravity of materials.
Pyrite	A common yellow sulphide mineral (FeS ₂).
Quartzite	A metamorphic rock consisting primarily of quartz grains, formed by the recrystallization of sandstone by thermal or regional metamorphism.
Reef	A gold-bearing placer, normally a conglomerate, which may contain economic concentrates of gold and uranium.
Refining	The final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.
Rehabilitation	The process of restoring mined land to a condition approximating to a greater or lesser degree its original state. Reclamation standards are determined by the South African Department of Mineral and Energy Affairs and address ground and surface water, topsoil, final slope gradients, waste handling and re-vegetation issues.
Relative Density	Relative density (also known as specific gravity) is a measure of the density of a material. It is dimensionless, equal to the density of the material divided by some reference density (most often the density of water, but sometimes the air when comparing to gases).
Reverse Fault	A dip-slip fault marked by a hanging wall that has moved upward relative to the footwall.
Roasting	A process in metallurgy in which a sulfide-bearing material is heated in air. The process may convert a metal sulfide to a metal oxide or to a free metal.
Royalty	A payment made for a concession of commercial value.
Sampling	Taking small pieces of rock at intervals along exposed mineralisation for assay (to determine the mineral content).
Sandstone	A sedimentary rock formed by the consolidation and compaction of sand and held together by a natural cement, such as silica.
Sedimentary	Formed by the deposition of solid fragmental material that originates from weathering of rocks and is transported from a source to a site of deposition.
Shaft	Vertical or inclined passageway to access the underground mining areas.
Shale	A fine grained sedimentary rock formed by the compaction of silt, clay or sand that accumulates in deltas and on lake and ocean bottoms.
Simple Kriging	A variety of kriging, which assumes that local means are relatively constant and equal to the population mean, which is well known. The population mean is used as a factor in each local estimate, along with the samples in the local neighbourhood. This is not usually the most appropriate method for environmental situations.
Skewness	A measure of the asymmetry of the probability distribution of a real-valued random variable.
Specific Gravity	The ratio of the weight of a given volume of a substance to the weight of an equal volume of water (also referred to as relative density).
Stratigraphic	A term describing the chronological sequence in which bedded rocks occur that can usually be correlated between different localities.
Strike	The direction taken by a structural surface such as a fault or bedding plane as it intersects the horizontal.
Subcrop	A sub-surface outcrop.
Tabular	Having two dimensions much greater than the third.
Telkom	South African telecommunications company.
Tonnage	Quantities where the tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of gold-bearing material and waste

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Term	Definition
	material mined, transported or milled.
Trench	A surface excavation to intersect the mineralised zone, which is generally longer than it is wide.
Unconformity	.A surface within a package of sedimentary rocks which may be parallel to or at an angle with overlying or underlying rocks, and which represents a period of erosion or non-deposition, or both.
Variance	A measure of a random variables statistical dispersion indicating how its possible values are spread around the expected value.
Variogram	It describes the spatial or temporal correlation of observations.
Waste rock	Rock with an insufficient gold content to justify processing.

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Abbreviation	Definition
~	Approximately
2D	Two Dimensional.
3D	Three Dimensional.
AIDS	Acquired Immunodeficiency Syndrome
AIM	Alternative Investment Market
Al	Aluminium
Au	Gold
Ausimm	Australian Institute of Mining and Metallurgy
BEE	Black Economic Empowerment
BH's	Bore holes (Proposed bore holes or drill holes)
BRQF	Black Reef Quartzite Formation
CAPM	Capital Asset Pricing Model
CCIC	Caracle Creek International Consulting Inc
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIP	Carbon in Pulp
COG	Cut-off Grade
COO	Chief Operating Officer
CPIX	Consumer Price Index excluding the effects of mortgage rate changes
CPR	Competent Persons Report
CRG	Central Rand Group
CW	Channel Width
DCF	Discounted Cash Flow
DMR	Department of Mineral Resources
DD	Diamond Drill hole
DTM	Digital Terrain Model
DWAF	Department of Water Affairs and Forestry
EAGC	EAGC Ventures corp.
ECSA	Engineering Council of South Africa
EMP	Environmental Management Programme
EMPR	Environmental Management Programme Report
ERB	East Rand Basin
Fe	Iron
FW	Footwall
GCS	Groundwater Consulting Services (Pty) Ltd
GDP	Gross Domestic Product
GFGC	Gold Fields Geological Centre
GFM&D	Gold Fields Mining and Development (Pty) Ltd
GSSA	Geological Society of South Africa
HDS	High Density Sludge
HDSA	Historically Disadvantaged South Africans
HIV	Human immunodeficiency virus
HMI	Human Machine Interface
HW	Hanging Wall
ICP-OES	Inductively Coupled Plasma Atomic Emission Spectroscopy
IRR	Internal Rate of Return
ISO	International Standards Organisation
JSE	JSE Securities Exchange
LOM	Life of Mine
M&A	Mergers and Acquisitions
Max	Maximum
Min	Minimum
Mn	Manganese
MOU	Memorandum of Understanding
MPRDA	Mineral and Petroleum Resources Development Act
MVR	Middelvie Reef
MWP	Mining works programme
NIR	Not in Resource (but included in the LOM plan)
NPV	Net Present Value

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Abbreviation	Definition
NYSE	New York Stock Exchange
ORM	Ore Reserve Manager
PC	Percussion (Drill hole)
PLC	Programmable logic controllers
PPP	Purchasing Power Parity
Pr.Sci.Nat	Practicing Natural Scientist
PRF	Plant Recovery Factor
Ptn	Portion
PV	Present Value
RC	Reverse Circulation (Drill hole)
Re	Remaining Extent
REL	Randfontein Estates Limited
RD	Relative Density
ROM	Run of Mine
S&LP	Social and Labour Plan
SAG	Semi-autogenous Grind (mill)
SANAS	South African National Accreditation System
SAIMM	South African Institute of Mining and Metallurgy
SCADA	Supervisory Control and Data Acquisition
SCF	Shaft Call Factor
SEC	Securities and Exchange Commission
SHE	Safety, Health and the Environment
SMU	Smallest Mining Unit
SPV	Special Purpose Vehicle
STC	Secondary Tax on Companies
TSX	Toronto Stock Exchange
UG	Underground
VAT	Value Added Tax
VCR	Ventersdorp Contact Reef

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Unit	Definition
%	Percentage
bcm	Bank cubic meter
cm	Centimetre
cmg/t	Centimetre grams per tonne
cmkg/t	Centimetre kilograms per tonne
g	Grams
g/t	Grams per tonne
Ha	Hectare
kg	Kilogram
kg/t	Kilogram per tonne
kt	kiloton
lb	Pound
Ma	One million years
M	Million
m	Meter
mbs	Meters below surface
Mg/l	Milligrams per litre
MI	Megalitres
MIb	Million pounds
mm	Millimetre
t	Tonne
t/hour	Tonnes per hour
t/year	Tonnes per year
tpm	Tonnes per month
u	Micro
USD	United States Dollar
USD/oz	United States Dollar per ounce
USD/t	United States Dollar per tonne
ZAR	South African Rand
ZAR/t	Rands per tonne

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9. INDEPENDENT GEOLOGIST'S REPORT – AUSTRALIA

RME RANGOTT MINERAL EXPLORATION PTY. LTD.

GEOLOGICAL & EXPLORATION CONSULTANTS
(A.B.N. 36 002 536 825)

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3 BARRETT STREET
(P.O. BOX 1141)
ORANGE, NSW. 2800

26th June, 2012.

The Directors,
Meridien Resources Limited.,
Level 2,
139 Frome Street,
Adelaide, SA, 5000.

Dear Sirs,

INDEPENDENT GEOLOGIST'S REPORT ON MERIDIEN RESOURCES' NSW EXPLORATION PROJECTS

In response to a request by Meridien Resources Limited, this company ("RME") has undertaken a technical assessment of the geological setting, prior exploration and current prospectivity of Meridien Resources' Lucky Draw, Mount David, Springfield and Weelah project areas, which are located in eastern and central New South Wales. The results of the assessment are presented in the following report, for inclusion in a Prospectus to be issued in the near future by your Company and to be lodged with the Australian Securities and Investment Commission. The Prospectus is for the raising of \$7.0M through an Initial Public Offering of 35.0M fully paid Ordinary Shares in Meridien Resources at 20 cents par value, under terms outlined elsewhere in this Prospectus. The Shares are to be listed on the Australian Stock Exchange.

RME and its directors and employees do not have, and have never had, any equity or commercial interest in the NSW properties held by Meridien Resources. This report was prepared on a fee-for-service basis only, and was prepared to provide technical information and guidance to persons who are considering participating in the Initial Public Offering, and should not be used for any other purpose. Although each of the properties are considered to be prospective for precious and base metals, and small gold resources have been defined within the Springfield and Lucky Draw project areas, Mount David, Springfield and Weelah are all essentially in the earlier stages of exploration, and will require substantial additional exploration work in an effort to discover and prove up economically viable deposits of such metals.

The author of this report, Maxel Franz Rangott, is a graduate of the University of Sydney, and has 40 years experience in exploration for base and precious metals and industrial minerals deposits, and management of small open cut mines, in New South Wales, Victoria, South Australia and Tasmania. Seventeen of those years were spent with two listed Australian companies and in a senior position with one large multinational company. Since early 1987, he has been an independent contract and consulting geologist, working through RME, of which he is a director. He is a Fellow of the Australian Institute of Mining and Metallurgy, a Member of the Mineral Industry Consultants Association, the Australian Institute of Geoscientists and of the Society of Economic Geologists.

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No site visits were carried out by the author in connection with the preparation of this report. However, during the past twenty five years he has supervised two drilling programmes at the Lucky Draw tailings dam; and has carried out reconnaissance work in the general area of the original Mount David project area, and several periods of detailed geological work in the Burruga district a short distance south of the project area. During that time he has also made several geological assessment visits to the Springfield Project area. Other RME geologists have also worked on exploration of the Springfield project area in recent years, for previous titleholders International Mining Corporation N.L. and Mrs. M. Phillips. He also supervised some earlier exploration programmes in the Wealden exploration licence area.

The regional geological overviews and general descriptions and interpretations given in this report, are based on an extensive prior exploration database held by RME, on reports and plans provided to the author by Herald Resources Ltd., Jaguar Minerals Ltd., Augur Resources Ltd. and Mendien Resources Ltd., and on a wide variety of published government and non-government reports and reviews, and technical papers released by individuals and companies, with some interpretation by the author. Where possible, the information in these sources has been checked for veracity, but it is pointed out that most geological and exploration models in Australia are subject to constant updating and review as new information is gained and concepts evolved.

RME makes no warranty as to the validity of likely continued tenures of Mendien Resources' NSW title; those matters are addressed by another consultant in the Prospectus.

Yours faithfully,

M.F. RANDOTT
DIRECTOR

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1. THE LUCKY DRAW TAILINGS PROJECT

The Lucky Draw Tailings Project is located 55 kilometres south of Bathurst in eastern New South Wales (see Figures 1 and 2) and 24 kilometres south of and 7 kilometres northeast of the old mining villages of Rockley and Burruga respectively.

The dam is the repository of treated ore tailings from the Lucky Draw Gold Mine (Figure 3) which was operated by Renison Goldfields Consolidated Limited ("RGC") between mid 1988 and August, 1991. Monthly production reconciliation records kept by RGC indicate that a total of 1.44 million dry tonnes of tailings with a weighted mean grade of 0.66g/t gold were placed in the dam.

The majority of the area of the dam is covered by Meridien Resources Ltd's Exploration Licence no. 6810, with the southwestern corner of the dam lying just within the adjoining Exploration Licence no. 6463 which is held by Burruga Copper Pty. Ltd. It is estimated that at least 90% of the volume of tailings lies within EL 6810.

The Lucky Draw orebody was an unusual skarnoid body with relatively high gold grades (3.53g/t Au) but it had a very low sulphide content. Densities of the ore were relatively high due to the abundance of iron-rich gedrite and garnets in the rock. From mid 1988 to May 1989, the mill treated mainly oxidised ore, and after that fresh (unweathered) ore. As a result, the tailings in the dam are stratified, with the lower, more westerly part of the deposit comprised dominantly of 'oxide tailings', and the upper 4-7 metres comprised of 'fresh' tailings. The two tailings types are distinguishable by colour, although mixing of the two types occurred locally during filling of the dam.

The dam was very well engineered and is in sound condition. A clay and topsoil cap 0.3-1.0 metres thick covers most of the dam, and that has been successfully revegetated with native grasses, scrub and scattered small trees. The southeastern margin of the dam is located approximately 60 metres from the sealed Campbell's River Road, which links Burruga and the town of Oberon. Mains power is available at the southern margin of the dam, and when the mine operated, process water was drawn from the public Burruga Water Supply Dam (Figure 2) via a purpose-built underground steel pipeline which is in place today.

Drill Testing of the Tailings

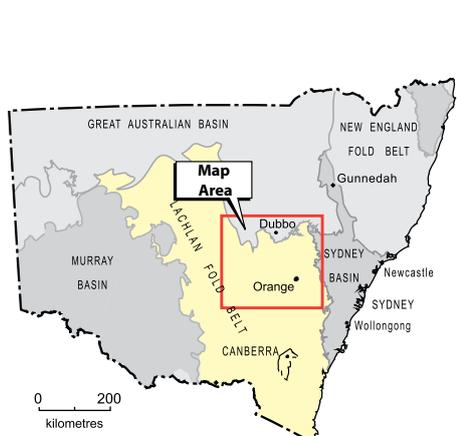
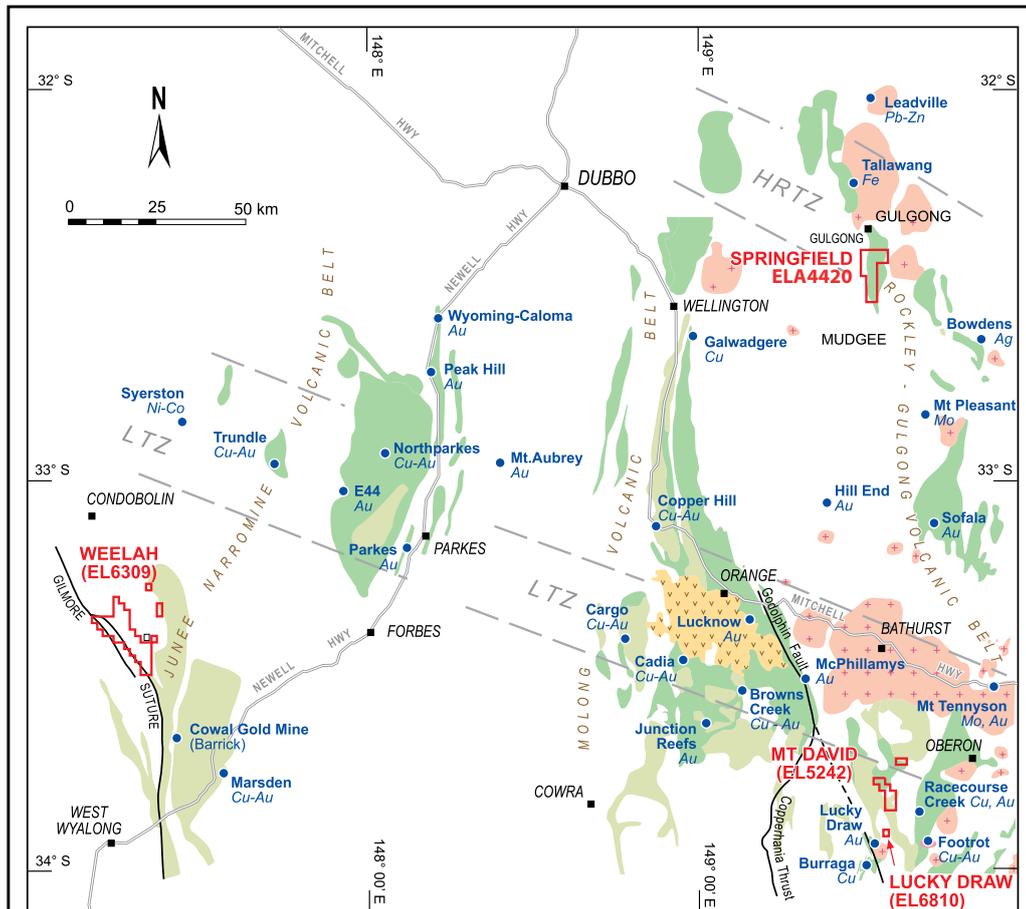
Four campaigns of drilling have been carried out through the tailings (see Figure 4), which provided progressively closer coverage and more detailed information:-

In 1996, Alphadale Pty. Ltd. for **Werrie Gold Ltd.** drilled 17 holes (total 187 metres) using a modified push-tube system. They were unable to sample the easternmost part of the dam (where a thin layer of fresh tailings predominates) due to water inundation there. The drill returns were sampled at one metre intervals. The samples were analysed for gold by 50g charge fire assay, by Australian Assay Laboratories Pty. Ltd's ("AAL's") Orange laboratory, and gold values ranged from 0.08 to 1.66/1.41ppm.

Werrie state that their calculated gold grades for the oxidised and fresh tailings were lower than those indicated by RGC's input grades. Check fire assaying of duplicate samples from 19 one metre intervals by Amdel Ltd. (prior to conducting metallurgical tests) gave an average gold value 10% higher than the average of AAL's values for those intervals.

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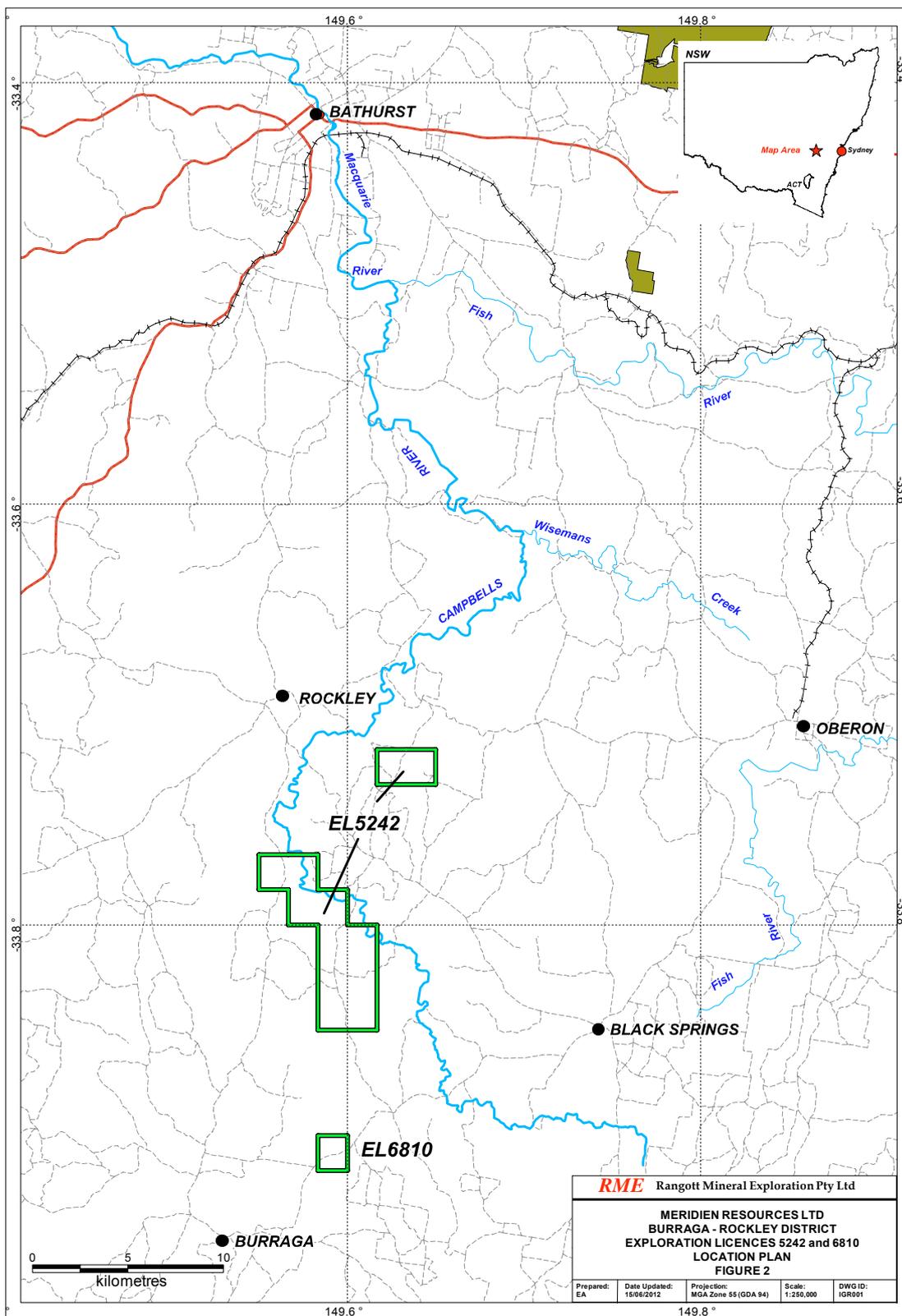


- Tertiary volcanic rocks
- Carboniferous granites
- Late Ordovician volcanics
- Mid Ordovician volcanics
- LTZ Lachlan Transverse Zone
- HRTZ Hunter river Transverse Zone
- Selected deposits

MERIDIEN RESOURCES
NSW Ordovician Projects

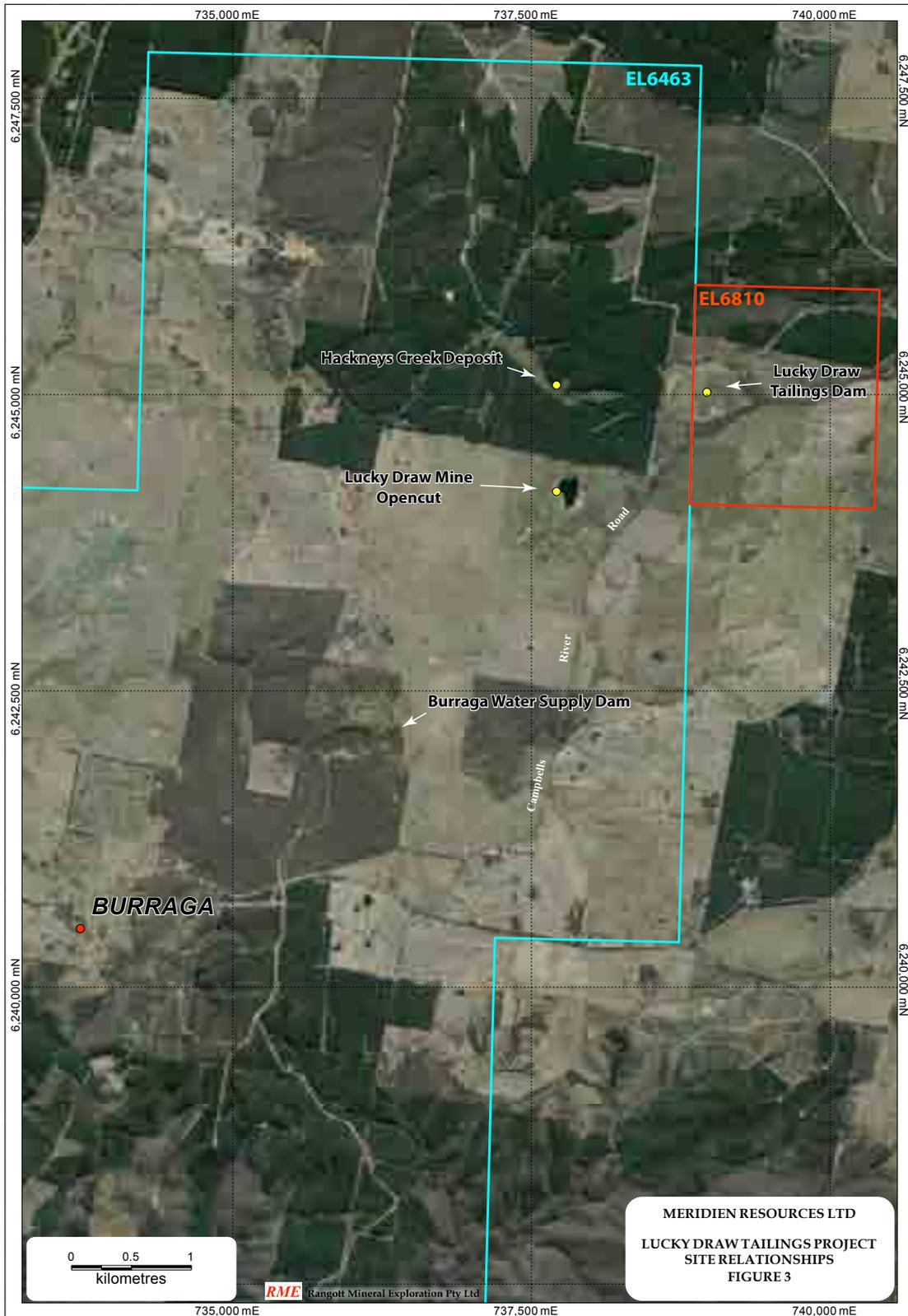
Figure 1

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Werrie Gold considered that with the prevailing gold price, the oxide gold tailings would not be worthwhile treating. They stated that a resource figure of 676,384 tonnes of fresh tailings at 0.88g/t gold would be present in the dam, but these figures were apparently derived from RGC's input records.

Amdel Ltd. carried out agitation cyanide leach tests on samples from two shallow (2 metres) hand auger holes drilled in to the upper levels of the dam by Alphadale in 1995. The samples from each hole were composited to one sample per hole for the testwork, and the agitation cyanide leach tests achieved a recovery of 74% of the gold within two hours, with no further gold recovered during the remainder of the 48 hour test period.

In 1996 Amdel carried out further metallurgical testwork, on samples from three of Werrie's drillholes. This work indicated that with a cyanide leach period of up to six hours, 67% of the gold could be recovered. Re-grinding of the tailings and longer residence times did not improve the recoveries.

Amdel commented that the testwork results indicated that a proportion of the gold in the hand auger samples had been dissolved out of the rock grains (by residual cyanide) and re-precipitated as a surface coating on grains during the four years it had been in the dam, and that similarly a proportion of the gold in the deeper drill samples used in their 1996 testwork, had been present in solution in the tailings.

In 2009, under Exploration Licence no. 6810, **Warrinen Pty. Ltd.** drilled 35 holes in a grid pattern across the dam, using a modified aircore system on a Landcruiser-mounted drilling rig. The hole positions were designed to generally infill between Werrie's drillsites and extend to the east beyond their coverage, although five holes were positioned to (as closely as possible) twin selected Werrie holes.

The one-metre samples were analysed for gold only by 50g charge fire assay. Sample weights were variable, with many weighing less than 1kg. Gold values ranged from 0.08 to 1.30g/t. The average gold grade for all samples (fresh and oxidised) was 0.512g/t, compared to the average of 0.528g/t for all of Werrie Gold's samples.

The average gold grade for the oxide tailings was 0.26g/t, whilst the average for interpreted fresh rock tailings was 0.646g/t. When Werrie's fresh tailings samples are included, the average increased to 0.653g/t. The average gold grades for comparable intervals within the twinned holes were calculated, and the Warrinen grades came out at 68%, 77%, 93%, 119% and 129% of the Werrie grades. The twinned holes were believed to be separated by one to three metres.

Although fire assay gold values are typically quoted within a $\pm 10\%$ envelope, several of the comparative average grades exceed the 20% range. The mean difference in grades weighted by sample interval is 91%. Possible factors causing these differences are:-

- (i) difficulty precisely registering the locations of Werrie's 1996 holes, and probable wide variation in gold distribution and grain size in the tail particles (the "nugget effect"),
- (ii) different assay laboratories and slightly different preparation and analytical techniques used for the two sets of samples,
- (iii) the different drilling / sampling techniques used in the two programmes,
- (iv) the different ages of the tailings when they were sampled - the tailings had been in the dam for 18 years when Warrinen's drilling was carried out, and the ongoing leaching and re-precipitation processes alluded to by Amdel may have had a significant effect.

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In mid 2010, **Meridien Resources Ltd.** drilled an additional 30 holes (total 289 metres) using a sophisticated track-mounted push-tube drilling rig. The 47mm diameter core samples were collected over 1.2 metre intervals in a plastic inner tube and pulled to the surface with a wireline device. This is a superior technique for sampling unconsolidated and frequently wet fine-grained materials as it provides a continuous, consistent sample of the material for each run, even though the conditions of the material may vary; there is no risk of sample 'contamination' as the rods remain in place in the hole when the sample tube is pulled to the surface; the depths of changes in tailings type can be accurately determined (except where they are gradational); and the precise volumes of the samples allow reliable calculations of in-situ densities, which are essential for reliable tonnage and grade calculations.

The 30 holes were positioned on east-west traverses roughly mid-way between the earlier Werrie Gold and Warrinen traverses, resulting in an approximately 25 metre traverse spacing and 40 to 100 metre separation along the traverses, for holes drilled in the three programmes (Figure 3). Unlike previous programmes, most holes were drilled right through the 1 metre thick basal sand curtain in to weathered bedrock. Maximum hole depth was 18.3 metres. The majority of the samples (those 1kg or more in weight) were split, to provide sets of assay and metallurgical samples.

Three holes (L1, M1 and N1) were drilled within Burrage Copper's EL 6463.

The 286 samples (which varied in length due to changes in the materials sampled) were analysed for gold by a 50g charge fire assay technique and for arsenic and bismuth by an ICP-AES technique. Gold values ranged from 0.065g/t to 2.26g/t over 1.2m (oxide material) and up to 2.97g/t over 0.46m in fresh material. Arsenic values were very low (maximum 7ppm) but bismuth ranged from 166 to 539ppm in the tailings.

Strongly anomalous gold values (up to 0.538g/t) were noted in many of the underlying basal sand curtain and weathered bedrock intersections. Although some of the values may be due to mixing of the tailings at the base of the dam during filling, it is likely that most is due to dissolution of gold during and after the filling of the dam, migration downwards as the tailings partly drained, and re-precipitation in the basal layers.

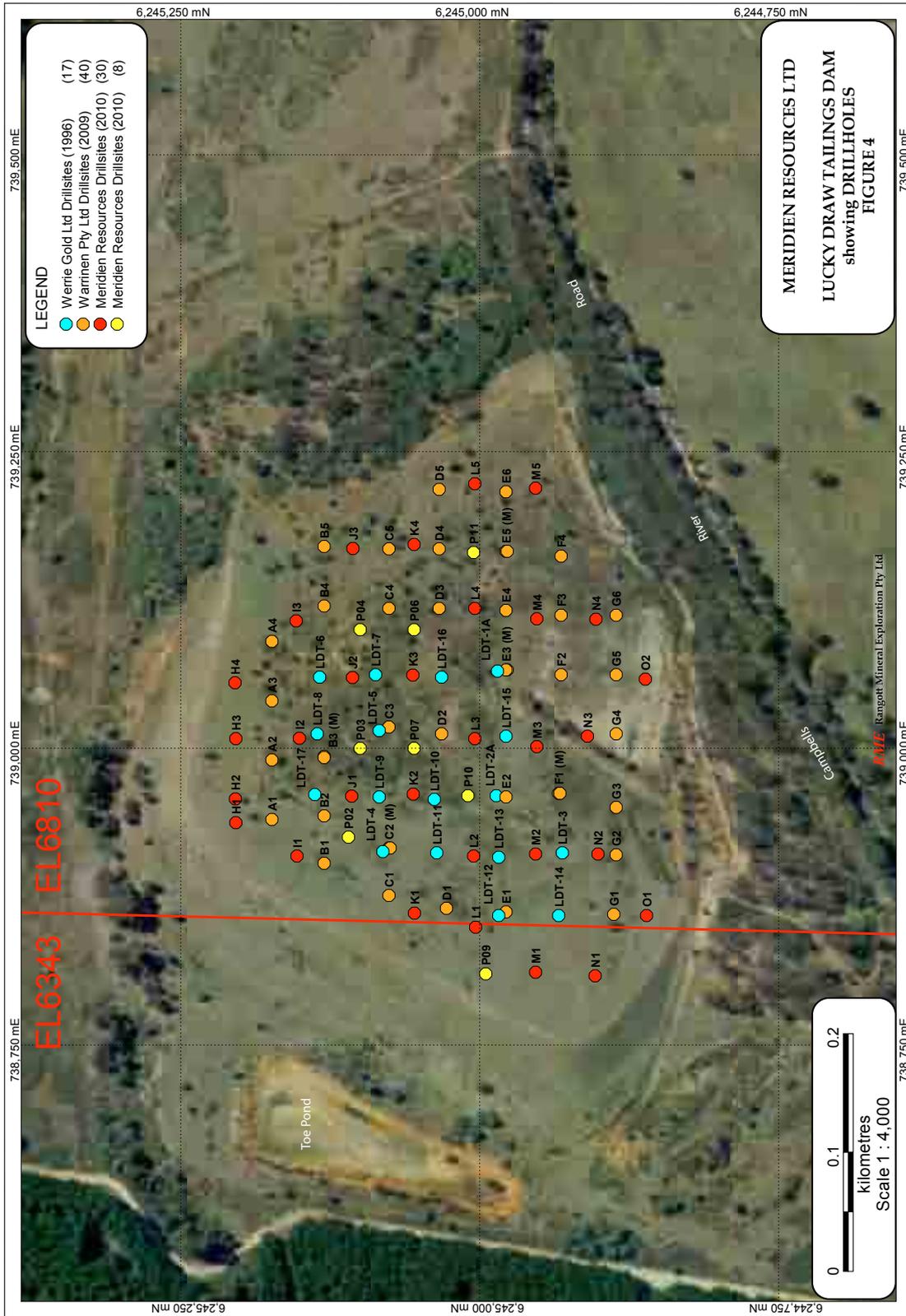
An additional eight holes were subsequently drilled using a conventional Landcruiser-mounted hydraulic auger rig which drilled 89mm diameter holes to a maximum depth of 12 metres. These holes were requested by the resource consultant to provide infill data. There were some issues with sample quality in the deeper, wetter areas of the tailings.

Eighty two 0.5 and 1.0 metre samples were analysed as for the push-tube samples, but with the additional of molybdenum. Gold values ranged up to 0.969g/t, arsenic to 9ppm, bismuth to 344ppm and molybdenum to 5ppm.

For the 2010 programmes, with a few notable exceptions, gold values in the oxide tailings were in the range 0.10 to 0.25g/t, whereas those in the fresh tailings were mostly in the range 0.10 to 0.80g/t. However, 27 sample intervals (9%) reported more than 1.0g/t.

Density Determinations

Prior to splitting of the push-tube samples, they were carefully weighed and dried, then reweighed, to obtain wet and dry sample weights for each individual sample length. Using the 47mm diameter of the push-tube inlet (the "drill bit"), precise volumes were calculated for each sample interval. From the weights and volumes, wet and dry densities were then calculated for each sample interval, the dry densities being required for resource calculations.



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There were significant differences between the calculated densities for the oxide tailings and the fresh tailings. The dry densities for the fresh tailings generally ranged from 1.1 to 1.6g/cc (most were in the lower half of that range), whereas those for the oxide tailings generally ranged from 1.3 to 1.8g/cc.

Tailings Resources

Using the data derived from the drilling programmes, consulting resource geologist Robin Rankin conducted a detailed resource evaluation, and his report is presented elsewhere in this prospectus. The total of inferred, indicated and measured resources was calculated to be 1,561,300 tonnes at a weighted mean grade of 0.48g/t gold. This grade figure is significantly lower than previously calculated grades, but the reason for this is not clear. However, it is likely that the lower grades were strongly influenced by the results of the 2010 push-tube drilling, and that as discussed earlier, the age of the tailings and the local climate (frequent precipitation) may have reduced the grade.

Nearby Gold Resources

Small hardrock gold resources are located close to the tailings, and those could favourably affect the economics of a mill if they could be purchased for mill feed, and mined efficiently. These include the small undeveloped Hackneys Creek gold deposit located about one kilometre west of the tailings dam, and remnant ore in the walls of the Lucky Draw open cut, located 1.3 kilometres to the southwest (Figure 2).

Proposed Extraction Trials

Meridien have recently entered in to a 50:50 joint venture agreement with Developed Resources Pty. Ltd. to extract gold from the tailings. Developed Resources plan to use simple technology to in-situ leach the gold from the tailings using an essentially non-toxic solvent. Plans for conducting a series of leaching trials in mid-2012 are well advanced.

Proposed Budget

Meridien have allocated a budget of \$10,000 per annum to monitor the joint venture with Developed Resources and to satisfy the DTIRIS' technical reporting requirements, and it is considered that these amounts will be adequate for those purposes.

2. MT. DAVID EXPLORATION LICENCE 5242

The Mt. David Exploration Licence no. 5242, comprised of two separate blocks, is situated 40 kilometres south of Bathurst in eastern New South Wales (see Figures 1 and 2) in a structurally complex setting towards the eastern margin of the Hill End Trough. The licence area and its surroundings are prospective for orogenic/mesothermal gold deposits, disseminated porphyry-style copper-gold deposits and intrusion-related gold (IRGS type) deposits including the unusual Lucky Draw skarnoid style of mineralisation.

The recent discovery of substantial gold mineralisation at McPhillamys Hill between Blayney and Bathurst has altered the perspective of key structural controls on gold mineralisation and the prospectivity of sections of the Lachlan Fold Belt. The McPhillamys deposit (at least 2.96 million ounces of gold) lies within strongly deformed sediments and acid volcanics (the

Anson Formation) of the Late Silurian Mumbil Group on the southwestern margin of the Hill End Trough, separated from the Late Ordovician volcanics, sediments and intrusives of the Blayney Volcanics a short distance to the west, by the major basin bounding structure known as the Godolphin Fault.

Conventional wisdom is that to the south of Blayney, the continuation of the Godolphin Fault is the Copperhanna Thrust, but there are indications from geophysical and geological plans that the Godolphin Fault, at least during part of its active history, extended well to the south-southeast (see Figure 1) beyond the old copper-mining village of Burraga. In that area, the Lucky Draw gold deposit, 1.48 million tonnes at 3.53g/t, was mined by Renison Goldfields Consolidated Ltd. during the period 1988-1991.

The Lucky Draw deposit, one of several similar ones in the Burraga district, occurred in metasomatised Ordovician sediments and mafic volcanics of the Triangle Formation and Adaminaby Group, very close to their contact with the intruded Carboniferous age Burraga Granite. The skarn-like ore displayed a gold-bismuth-tellurium association (an intrusion-related gold signature) but had a very low content of sulphide minerals.

To the southwest of the Lucky Draw deposit, the Burraga copper deposits were mined mainly during the late 19th century. The largest producer was the Lloyds Copper Mine which produced 19,443 tonnes of copper (470,000 tonnes of ore at 3.6% Cu), from a complex quartz-carbonate-sulphide vein system located within a significant shear zone in probable Campbell's Formation rocks. The Burraga deposits are now considered to be part of a large carbonate-base metals (deep epithermal) mineralised system.

Geological Setting and Mineralisation

Bedrock within the area covered by EL 5242 is dominated by mid and late Ordovician mafic to ultramafic volcanics, volcanoclastics and metasediments which are frequently overlain by Silurian sediments and volcanics, and Tertiary river gravels and lavas. Remapping of the area by the Australian Geological Survey Organisation a number of years ago has produced the summary geology depicted in Figure 5.

Along the western and southwestern margin of the licence area, the **Triangle Formation (θkt)** of the Middle Ordovician Kenilworth Group is exposed. This formation is comprised of mafic volcanoclastic sandstone, metabasalt, slate, phyllite, schist, siliceous carbonaceous slate, chert, quartzite and sandstone. It was the host to the 170,000oz Lucky Draw gold deposit, located 7 kilometres south of the EL boundary.

A very small area in the extreme southwestern corner of the EL 5242 area is underlain by the Middle Ordovician **Adaminaby Formation (θac)**, which outcrops over very large areas further to the south of the exploration licence area. It is comprised mainly of variably deformed quartz sandstone and carbonaceous slate.

A significant portion of the licence area is underlain by the **Rockley Volcanics**, a formation of the Late Ordovician age Cabonne Group. Regionally, the Rockley Volcanics conformably overlie the Triangle Formation, although along the western side of EL 5242, the two formations are in faulted contact. Within the licence area, two units of the Rockley Volcanics are present:-

Unit θcru is the basal unit of the broad structure known as the Rockley Syncline; the southern closure of which is located several kilometres to the northwest of EL 5242, and is comprised of ultramafic to mafic lavas, agglomerates and (?)tuffs. These rocks are now variably altered and were mapped as serpentinised peridotite, tremolite-chlorite rock, talc schist, and talc-chlorite-carbonate schist. The unit is strongly magnetic (except where it has been altered), giving an intense high signature on aeromagnetic images.

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Unit θcrs generally comprises the upper (younger) sections of the Rockley Volcanics, and consists of volcanic sandstone and siltstone and mafic schist (originally both proximal primary volcanics and more distal pyroclastics), and is mostly shoshonitic in composition. However, strong foliation and metamorphism usually make it very difficult to distinguish proximal volcanics from distal ones in the field. These rocks are usually only weakly to moderately magnetic.

The Rockley Volcanics are unconformably overlain by the Middle to Late Silurian **Campbell's Formation (Smc)** of the Mumbil Group, and the two formations are locally in faulted contact. Typically, the formation comprises siltstones overlain by interbedded slate and fine to coarse grained feldspathic metasandstone. Along the south-eastern margin of the licence area, the formation forms the lowermost unit of the Native Dog Syncline. An exposure of a carbonate-rich part of the formation, known as the **Kildrummie Limestone Member (Smck)**, bright blue on Figure 5) is comprised of fossiliferous limestone and marl (impure limestone). Aeromagnetic image data suggests that this member is underlain by the Rockley Volcanics θcru unit at relatively shallow depth.

A sequence of acid volcanics (rhyolite to dacite tuffs, lavas and volcanoclastics) is exposed on the eastern side of the Mt. David Thrust Zone at the Mt. David Mine (no. 122). These volcanics are not shown on Figure 5 but are believed to be the Bells Creek Volcanics, a unit of the Campbells Formation. The Campbells Formation is broadly correlatable with the Anson Formation in the Blayney-Orange district to the northwest.

East of the licence area, the Native Dog Syncline is occupied by the Early Devonian Crudine Group, specifically the **Dunchurch Formation (Dcd)**, feldspathic quartz sandstone with minor slate, ashstone and dacite), the **Buckburruga Slate (Dcu)**, laminated silty slate), and the **Adderly Formation (Dca)**, pebbly volcanic sandstone, rhyolitic agglomerate, minor slate). The Crudine Group conformably overlies the Campbells Formation.

A major erosional break in the sequence then took place, until the deposition of fluvial gravels and lavas during late Tertiary times (15-22 million years ago). The lavas (**Tb**) are mainly basalts and basanites, and are believed to have originally covered much of the area of EL 5242, but subsequent erosion may have removed part, leaving the thicker accumulations in valleys in the Tertiary land surface.

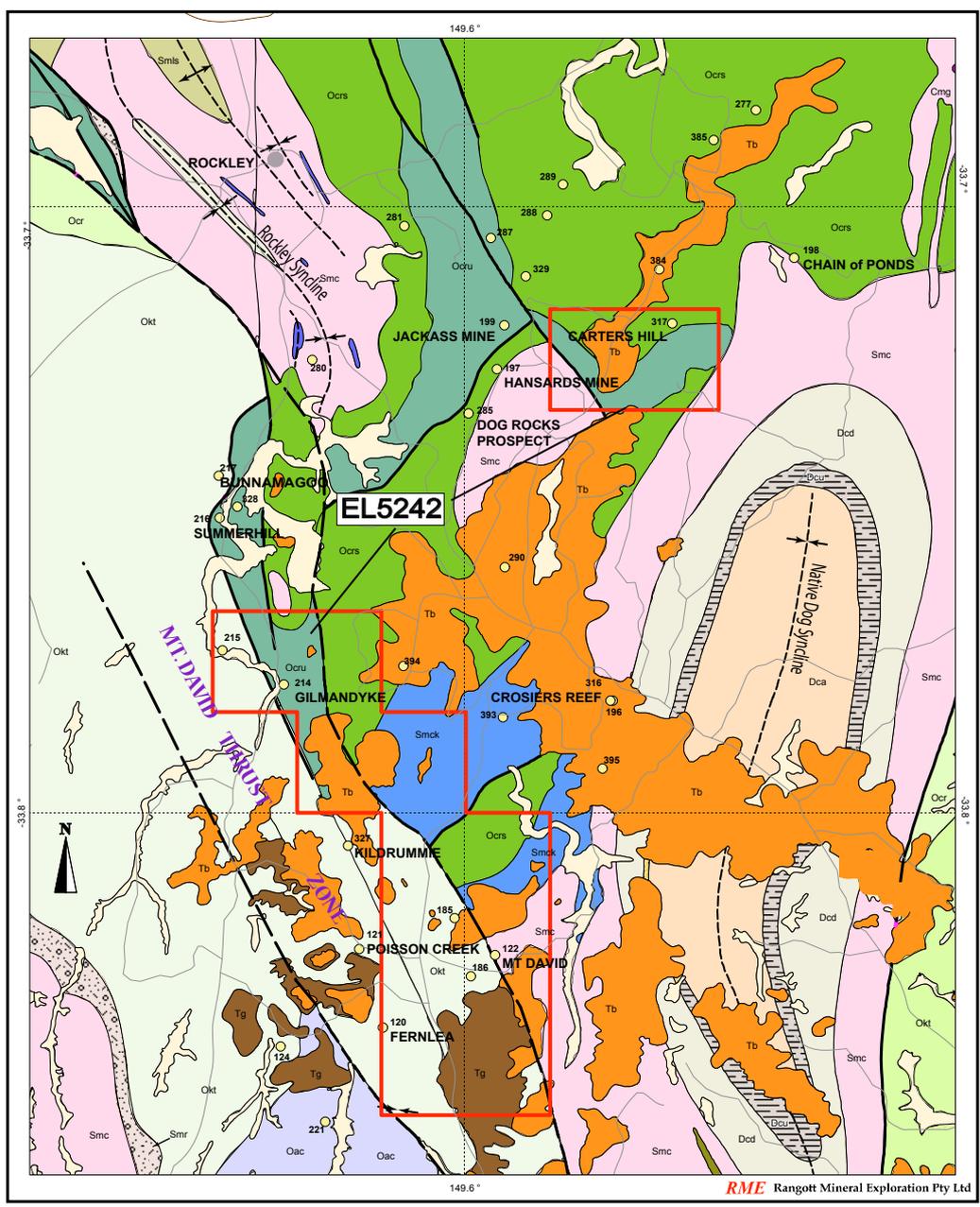
The gravels (**Tg**) were deposited in valley terraces across the landscape prior to the extrusion of the lavas, which covered and protected them until they became exposed by erosion in recent times. The gravels are mostly composed of rounded pebbles of white vein quartz and grey quartzite, with minor fine gravel, sand and clay.

Trending north-northwesterly through the southern block of the licence area, a complex zone of faulting and strong deformation of the rock sequence has been interpreted from regional geological mapping and aeromagnetic data. This imbricate zone has been termed the "Mt. David Thrust Zone" and it appears to be a significant structural corridor which may have had a controlling influence on gold and base-metal mineralisation in the district. It trends parallel to the interpreted Godolphin Fault extension six kilometres to the southwest (Figure 1), and may continue a considerable distance to the southeast.

Mineralisation and Historic Prospects

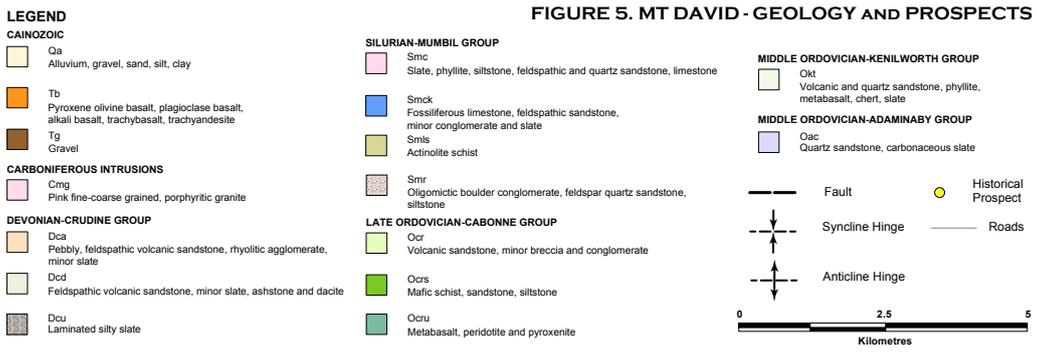
Within and immediately adjacent to the licence area, a large number of mineral deposits or occurrences are known, and most have been subjected to small-scale exploitation in the past. Approximately two thirds of these are hosted by Ordovician rocks (see Figure 5).

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FIGURE 5. MT DAVID - GEOLOGY AND PROSPECTS



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Within the Triangle Formation, old gold workings are situated on narrow quartz veins within talc-chlorite-carbonate altered clastic sediments in the southern extremity of the licence area at the Fernlea Prospect (no. 120), and narrow quartz veins in a similar geological setting are exposed nearby at the Poisson Creek workings (no. 121). At deposit no. 185, minor workings opened up a quartz vein for gold and at no. 186, one pit was developed on a north-northwest trending quartz vein. Seven kilometres to the northwest, an old shaft opened up copper showings in siltstones, tuff and andesitic lava at the Lucky Hit Mine (no. 215). Three kilometres further north, more substantial workings at the old Bunnamagoo Mine (no. 217) exposed siliceous, pyritic copper mineralisation in metasediments (with "intrusive diorite") in what may be VHMS-style mineralisation. Immediately west of the licence area, the Kildrummie Gold Mine (no. 327) is described as a vein-style gold deposit, with associated base-metal mineralisation.

The **θcru** mafic/ultramafic unit of the Rockley Volcanics also hosts a number of copper and gold workings. At the Jackass Mine (no. 199), a high-grade vein of copper sulphides and carbonates produced a small amount of copper. The Gilmandyke Gold Mine (no. 214) produced over 1,000 ounces of gold between 1985 and 1990, from what was described as a "disseminated" deposit. Three kilometres to the north-northwest, the Summerhill Copper Mine (no. 216) produced 55 tonnes of copper from several shafts developed on veins in "altered andesite", between 1847 and 1901. The veins were aligned oblique to the strike of the andesites, indicating that they were deposited after the formation of the rocks, with a structural control.

Within the **θcrs** unit of the Rockley Volcanics, at deposit no. 197 (Hansard's Mine), shafts were developed on veins in andesite and serpentinite for a minor production of gold, and at no. 198 (the Chain of Ponds Mine) copper was produced from "several parallel lodes" in intermediate volcanics. At no. 277, gold and copper were reported in old workings, whilst in the general area of no. 281, small quartz veins in volcanics and metasediments carried copper and zinc (the Rockley Farm Prospect and Rangers Mine).

At no. 285, the Dogs Rocks occurrence, a deposit of "residual iron oxide" minerals developed over serpentinised ultramafics and metasediments, reportedly carried copper and gold. At Carters Hill Gold Mine (no. 317), 232 ounces of gold was produced from quartz-base metal sulphide veins in sheared intermediate volcanics and metasediments. At deposit no. 329, the (?)Black Mountain Mine, copper, silver and base metals were found in silicified metasediments and volcaniclastics, and a very small production was recorded in 1899. At no. 385, gold mineralisation was recorded in old reports, but no details are available.

Four deposits are recorded in Campbells Formation (**Smc**) rocks. No. 122, the Mt. David Gold Mine, was the largest producer within the licence area. Recorded production was 27,091 ounces of gold from 62,000 tonnes of ore (sulphidic felsic tuff with anomalous arsenic and antimony), with workings developed over a 366 metres northwesterly strike length and to a depth of 176 metres. The prospect is situated close to the northwest-trending faulted contact between the Triangle Formation and the Campbell's Formation. This faulted contact position may be significant with respect to controls on gold mineralisation. At no. 316 (Crosier's Reef), quartz veins in altered siltstones (exposed in a window in Tertiary basalt cover) were exploited for a small production of gold.

One deposit, no. 393, is recorded from the Kildrummie Member (**Smck**) of the Campbells Formation. This is a residual manganese and iron oxide deposit, developed over "calcareous slates". No other information is available, but the style and location of the deposit (in a limestone belt) is intriguing, and further investigation is warranted.

Deposits shown in Tertiary basalt (**Tb**) covered areas (nos. 196, 290, 384, 394 and 395) all exploited alluvial gold hosted in Tertiary age gravels occurring under basalt lava flows. Recorded production figures for most of these (if they can be relied upon) were mostly low; however, the Swallows Nest Mine (no. 290) and the Main Ridge Mines (no. 384) were

credited with 783 and 501 ounces of gold respectively. No production figures are available for the other deposits.

Alluvial gold deposits nos. 288 and 289 are sited in contemporary drainageways, and so could be of Recent age, but possibly reworked from Tertiary alluvium.

Prior Exploration

Exploration within the licence area has been carried out by a number of companies, and included several drill programmes, but almost all holes were only drilled to relatively shallow depths. The most significant exploration programmes were carried out by Gold Fields Exploration Pty. Ltd. ("GFEL"), Billiton Australia/Dominion Mining Ltd., North Ltd., and Paradigm Gold Ltd.

After the discovery of the Lucky Draw gold deposit in 1985, GFEL carried out detailed exploration including stream sediment sampling, geological mapping, rock chip sampling, airborne geophysical surveys, and trenching and drilling at a number of prospects. GFEL focused their follow-up efforts on the Mt. David Gold Mine area, where they excavated trenches and drilled ten shallow percussion holes and five diamond cored holes. They encountered numerous problems with the drilling, commonly with poor sample recovery. Their best intersections were 16.0 metres at 0.81g/t gold and 1.57 metres at 2.68g/t gold.

At Crosier's Reef (no. 316), five reverse-circulation percussion holes gave a best intersection of 4 metres @ 3.45g/t gold, and this was not followed up. At the Carters Hill Gold Mine (no. 317), GFEL obtained spotty gold values up to 15g/t from rock chip samples, and the quartz-calcite-siderite-base metal sulphide veins seen there have strong similarities to those in the very high-grade Lucknow deposits near Orange. However, they did not carry out any drilling at the prospect.

Billiton Australia drilled ten shallow RAB and percussion holes at the Mt. David Mine, but encountered similar sampling problems to GFEL. Within the imbricate structural zone, their surface geochemical sampling obtained some weakly anomalous arsenic values at the Burrows Prospect (no. 221, part of the Fernlea Prospect) and two reverse circulation percussion holes drilled in to weathered Triangle Formation rocks gave a best intersection of 2 metres at 0.18g/t gold. At the Bushy Park prospect (no. 124), their soil sampling over an aeromagnetic low gave anomalous gold (to 0.58ppm) and arsenic (to 161ppm), but they concluded that the gold values were probably derived from Tertiary age alluvial gravels mapped in the area.

Dominion Mining farmed in to Billiton's exploration licence and carried out stream sediment and soil sampling programmes in the search for Lucky Draw style mineralisation. At three prospects; Fernlea, Poisson Creek and the Gilmandyke Mine area, they carried out soil sampling and obtained local anomalous gold values, some with elevated arsenic and antimony values. The most interesting of these were obtained over Triangle Formation rocks (100ppb gold at the Fernlea prospect) and Rockley Volcanics (Gilmandyke prospect; maximum 57ppb gold with elevated arsenic and antimony).

North Ltd. carried out several programmes of aircore geochemical drilling on a number of targets within Michelago's original exploration licence no. 5242 including the Jackass, Hansards, Dog Rocks, Bunnamagoo, Gilmandyke and Fernlea/Bushy Park prospects. Approximately 250 metres east of the Fernlea prospect, North outlined a minimum 700 metres x 200 metres zone of weakly anomalous gold (up to 341ppb), arsenic (to 1820ppm) and lead (to 1570ppm) in weathered bedrock, which was not closed off to the north. No further work was carried out.

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Herald Resources Ltd. farmed in to Michelago's EL 5242 and within the current licence area, they carried out detailed grid-based soil sampling in several areas including the Fernlea prospect and adjacent to the Mt David prospect. Elevated gold ± copper values with coincident anomalous arsenic values were obtained in the vicinity of the Mt David Mine, Fernlea Prospect and Gilmandyke area (see Figure 6). Herald subsequently moved to 100% ownership of the licence.

In 2004, Herald floated off their NSW titles, including EL 5242, in a subsidiary company, Jaguar Minerals Ltd. Jaguar carried out preliminary geological mapping, then entered in to a joint venture arrangement with the ASX-listed Paradigm Gold Ltd. Paradigm undertook soil and power auger geochemical sampling around the Mt. David Gold Mine and Induced Polarisation ("IP") ground geophysical surveys over the Dog Rocks Prospect (a significant magnetic high anomaly with a blind source), at the Mt. David Gold Mine and in the Mt. Lawson area just south of the Summerhill Mine. Strong chargeability anomalies were obtained over the Dog Rocks magnetic anomaly and in the Mt. David Mine area.

Paradigm drilled nine reverse circulation percussion holes including one hole with a diamond core tail to test targets at Dog Rocks and Mt. David (shown on Figure 7): four holes (MTD001-004) to test IP and magnetic anomalies at Dog Rocks, and five holes (MTD005-009) to test the mineralised fault structure at Mt David. MTD004, targeted on a prominent magnetic high, failed to penetrate below the Tertiary basalt cover, so did not reach the target. Holes MTD001, 002 and 003 passed through the Silurian sedimentary sequence and in to underlying Ordovician mafic and ultramafic rocks, cut by rare acid dykes. Hole MTD003 included a cored tail, which was terminated at 216.2 metres depth in magnetite-bearing ultramafic rocks.

In all three holes, disseminated fine-grained sulphides (mainly pyrrhotite, with some chalcopyrite and sphalerite), were intersected in both the Silurian and Ordovician sequences. As the percentage of sulphides is quite low, it is not certain that the source of the IP anomaly was identified. The source of the magnetic anomaly is likely to be ultramafic rocks intersected in the underlying Ordovician sequence, but no definitive magnetic susceptibility data is available to validate this conclusion. Importantly, however, detailed petrographic work by Dr. Doug Mason confirmed that strong potassic and local propylitic alteration has affected both sequences. These alteration assemblages are typical of mineralised porphyry systems, although only very low grade base-metal values were obtained. The alteration system would be younger than the upper (Silurian) host rocks, and it is considered likely that it is associated with an underlying body of Carboniferous age granite.

Holes MTD005-009, drilled just to the north of the Mt. David Mine, tested the Mt. David fault, a 12 metres+ wide zone of strongly sericite-altered acid volcanic and sediments, with quartz-carbonate ± pyrite veins. Epithermal textures were noted in some veins.

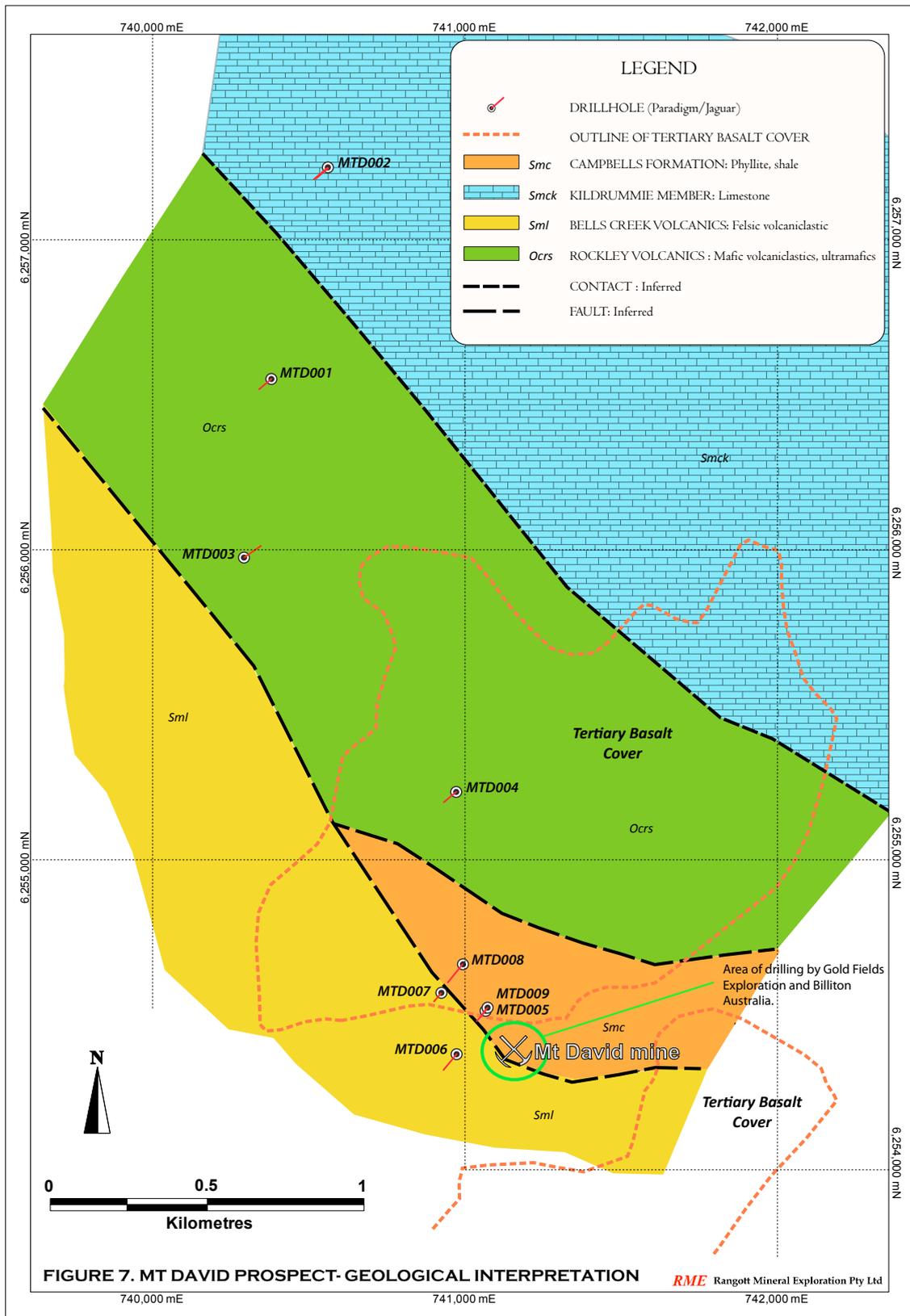
Three holes (MTD006, 007 and 008) did not test the mineralised zone due to lack of structural information and drilling problems, and two holes (MTD005 & 006) passed through old mine workings with strongly anomalous gold values obtained in the wall-rocks on each side of the mined-out lode. The best intersections were obtained in hole MTD005, which were 2 metres at 2.3g/t gold and 2 metres at 1.7g/t gold, on each side of an old stope.

Subsequent work by Jaguar Minerals included a structural interpretation from government geological and geophysical data, a review of geochemical data generated by previous explorers and successful completion of an arbitration process with a landowner to the north of the Mt. David Mine, for access to his property.

The structural review resulted in a pattern of northwest-trending "structural breaks" (faults) associated with the Mt. David imbricate zone (which Jaguar interpret as a thrust fault system) and east-northeast trending transverse faults. These interpreted structures are shown on Figure 6.

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The geochemical review focused on Herald Resources' soil geochemical data, and highlighted a number of gold, arsenic and copper anomalies (see Figure 6). The gold geochemical anomalies and many of the anomalous copper zones lie within the imbricate zone, or at and close to the intersection of the imbricate zone and the substantial transverse structure to the north of the licence area.

The Herald soil sampling was wide-spaced (at 40 metre intervals on traverses spaced 200 metres apart) and extensive infill sampling is warranted to delineate coherent and more strongly anomalous zones.

Prospectivity and Recommended Exploration

Potential exists for high grade gold mineralisation to occur to the immediate northwest of the **Mt David Gold Mine** down-dip of old mining stopes intersected by Paradigm drillholes MTD005 and MTD009. Deeper drilling is recommended to test the lode position beneath hole MTD009. Further to the northwest, the prospective faulted contact position should be tested by deepening Paradigm drillhole MTD008 that was terminated before reaching target depth. Approximately 800 metres northwest of the Mt David Mine, Paradigm hole MTD004, which was abandoned in Tertiary basalt cover, should be deepened by core drilling to test a previously-defined IP chargeability anomaly and discrete magnetic 'low' that may be associated with magnetite-destructive alteration.

Geological mapping and drilling by Paradigm at the Mt. David prospect showed that the prospective mineralised fault system extends at least 1200 metres to the northwest, however, the existence of thick Tertiary Basalt cover (with local sticky interflow peat beds) over parts of this prospective fault position would make locating and testing the structure in that direction difficult and expensive. Very limited exploration has been carried out along the structure to the southeast of the old mine. Historic stream sediment sampling has identified some low-order gold-arsenic-antimony anomalies from streams draining this contact position. It is recommended that, initially, geological assessment and limited soil and rock chip sampling be carried out in that direction. Shallow power auger or RAB drilling may be required to test areas where the contact is obscured by Tertiary gravels and thin basalt cover.

At the **Dog Rocks Prospect**, Paradigm's drilling showed that a large and locally intense porphyry-style alteration system is present, but only low metal values were obtained. The prospect warrants drilling to greater depths, but this would be a project for a larger company. However, it is likely that the buried intrusive was the driver of the (?)epithermal gold mineralisation at the Mt. David Gold Mine, and other occurrences in the vicinity.

Previous exploration at the **Fernlea Prospect** has identified anomalous gold-arsenic \pm base metal geochemistry partly in association with old workings. Historic rock chip sampling has returned assays up to 40.7g/t gold. Wide spaced (250m x 100m) vertical aircore drilling by North Limited has identified anomalous zones of gold-arsenic-antimony-lead geochemistry to the east of the Fernlea prospect; however there has been essentially no drill testing of the main areas of workings or previously-defined soil/rock chip geochemical anomalies. Furthermore, the wide-spaced vertical drilling by North would not have been an appropriate test of relatively narrow and steeply-dipping mineralisation. Potential exists for structurally-controlled gold mineralisation associated with silica-carbonate (listwaenite) alteration zones and further assessment of this area is required including systematic angled aircore/RAB drilling across zones of interest.

A NNW-trending fault-bounded zone of Rockley Volcanics ultramafic and talc-chlorite schist occurs over a four kilometre strike within the licence area extending from just north of the Kildrummie gold workings to 1500 metres northwest of the Gilmandyke workings. Based on

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aeromagnetic data and regional mapping, a significant portion of these Rockley Volcanics have been serpentinised with strong development of magnetite. However, the aeromagnetic data indicates that some of the Rockley Volcanics adjacent to mapped regional structures; particularly on the western margin of this belt where the Rockley Volcanics are in fault contact with Ordovician Triangle Group rocks, have a reduced magnetite content with mapping indicating that these areas are underlain by carbonate-altered talc-chlorite schists. A number of historic mines and prospects are located on or adjacent to these structural positions including the **Gilmandyke Gold Mine**. The Gilmandyke Gold Mine was a modest historic gold producer, however, the mineralisation was reported to be disseminated, offering some potential for more extensive low-grade mineralisation. Regional soil sampling by Herald Resources has identified a broad area of semi-coincident gold (+20ppb)-arsenic (+50ppm)-copper (+100ppm) extending from the Gilmandyke Gold Mine to the northern boundary of the licence area. While some of the geochemical anomalies are directly associated with known workings and mineralisation, many of the anomalies have no obvious source. Some of the stronger soil geochemical responses are located on or immediately adjacent to regional faults. Potential exists for structurally-controlled gold mineralisation similar to that found at Lucknow and also silica-carbonate (listwaenite) associated gold mineralisation and it is recommended that the area be re-assessed using these mineralisation models. The association of elevated levels of arsenic and antimony with the known mineralisation provides further support for this model of mineralisation. Infill soil sampling over zones of elevated gold-arsenic geochemistry and geologic assessment including rock chip sampling is recommended.

Garnet occurrences have been reported immediately north of the Gilmandyke Gold Mine. While it is more likely that these inferred garnet occurrences are mis-identified carbonate alteration, the locations should be inspected for possible skarn-related mineralisation.

At the **Carters Hill Mine**, gold mineralisation is associated with quartz-calcite-siderite veins hosted within sericite and carbonate-altered volcanics/volcaniclastics and talc-chlorite schists. Previous rock chip sampling has returned gold values up to 14.8g/t with associated anomalous arsenic values. The prospect is located adjacent to an inferred ENE-trending fault that juxtaposes serpentinised Rockley Volcanics and volcaniclastic sediments. Potential exists for structurally-controlled Lucknow and/or listwaenite-associated styles of mineralisation. Stream sediment sampling has identified anomalous gold, arsenic, antimony and mercury values from streams draining the Carters Hill mine area and adjacent Tommys Gully workings; some 900 metres to the southwest. Potential exists for additional mineralisation in the area between the Carters Hill Mine and Tommys Gully workings. Infill stream sediment sampling, soil sampling, geological reconnaissance and rock chip sampling is recommended.

Proposed Budget

It is considered that the budgets of \$120,000 allocated by Meridien for year 1 and \$150,000 for year 2 will be appropriate and adequate for this work.

3. SPRINGFIELD EXPLORATION LICENCE APPLICATION No. 4420

The Springfield project area is held under Exploration Licence Application no. 4420, which is centred 12 kilometres south-southeast of the historic mining town of Gulgong (see Figure 1), and 14 kilometres north-northwest of the regional centre of Mudgee. The application area is comprised of 24 graticular units (approximately 70 kilometres), and it covers the same area as the former Exploration Licence no. 5991 which was held by Jaguar Minerals Ltd. and was subject to a farmin agreement with Meridien.

Geological Setting and Mineralisation

Bedrock within the boundaries of ELA 4420 is dominated by late Ordovician mafic volcanics, volcaniclastics, sediments and intrusives, and Silurian acid volcanics and sediments, with subordinate Devonian sediments and intrusives, Permian cover sediments, and Tertiary to Recent alluvium.

The Ordovician rocks are part of the north-easternmost exposure of the Macquarie Volcanic Arc, "MVA" (see Figure 8), whereas the Silurian sequences include parts of both the Capertee High (a platform sequence of shallow marine to shoreline sediments and volcanics draped on the MVA) and the Hill End Trough rift zone (marine sediments and volcanics). The Devonian rocks are interpreted as marginal platform sediments. The Permian sediments are associated with the initial opening of the Sydney Basin.

Bedrock in the application area was subjected to a major deformation event during the early Devonian, resulting in development of a set of stacked, west-dipping thrust slices and linking faults, such that the area now occupied by ELA 4420 has been termed the Cooyal Thrust Sheet.

The MVA within the application area is represented by the Burranah Formation (**θch**) of the late Ordovician Cabonne Group. The formation is comprised mainly of mafic volcaniclastics, with local primary mafic volcanics and lavas, intrusives, and minor distal (fine-grained) sediments and downslope-transported pods of limestone. Most of the rocks are strongly potassic, and they are regarded as typical Cabonne Group shoshonites.

Medium to coarse-grained intrusions of monzodiorite and monzonite to syenite (**θchd**) are relatively common within the Burranah Formation. The intrusive bodies range up to 3 kilometres in length by 600 to 700 metres wide, and are elongate parallel to the strike of the country rock. They are compositionally similar to the volcanics and are interpreted to be comagmatic.

To the east and west of the Burranah Formation, the late Silurian Dungeree Volcanics (**Std**) of the Tannabutta Group are the remnants of a former platform sequence which was developed over the MVA. These are comprised of rhyolite to dacite lavas, rare latite to trachyte lavas, sandstones, shale and limestones.

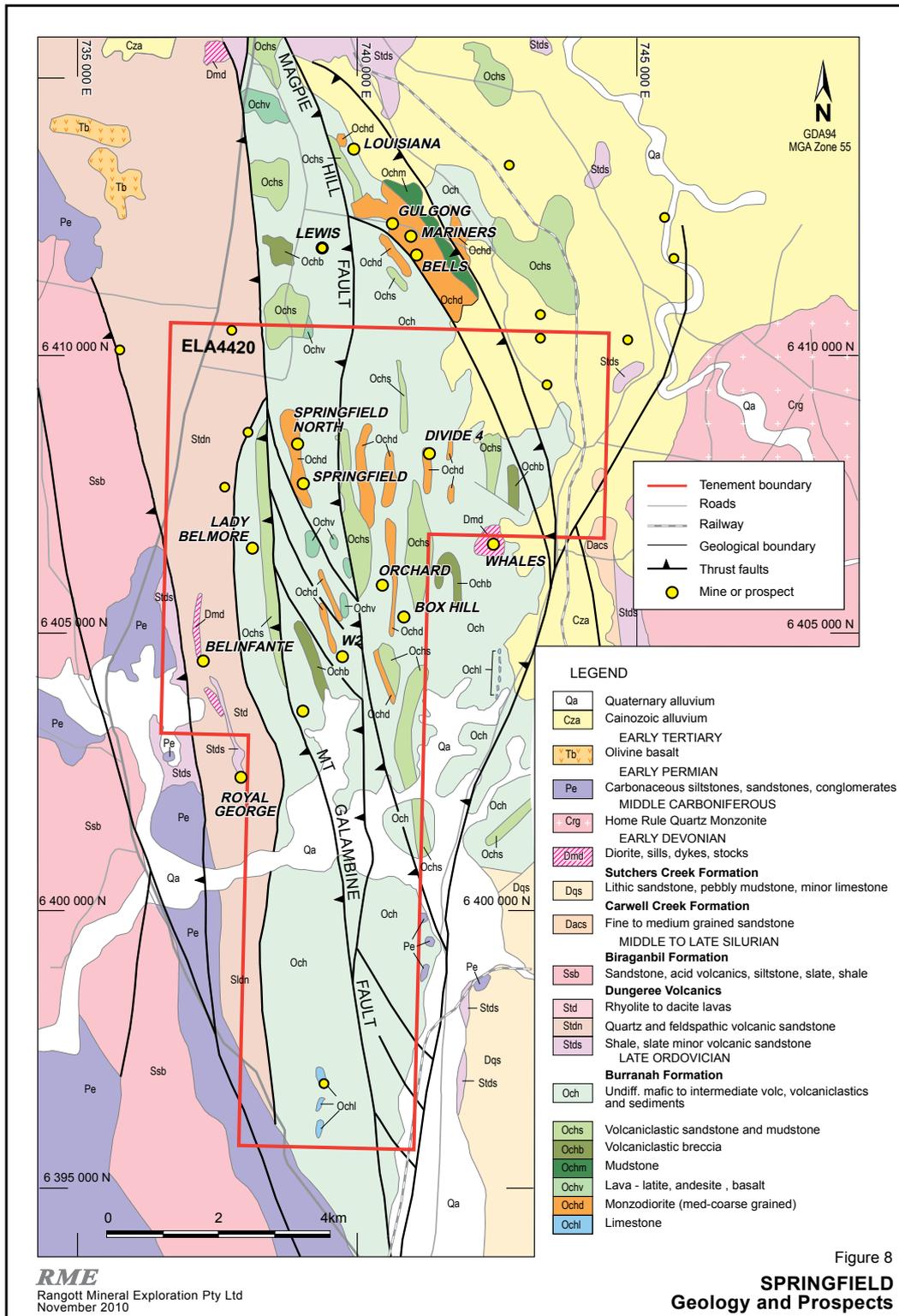
During the early Carboniferous, a major phase of deformation (associated with the subduction of the New England Plate to the northeast) took place, with some metamorphism of the rocks, and the resultant conversion of this part of the Lachlan Fold Belt into a stable craton. This event is known as the Kanimblan Orogeny, and it caused most of the strong folding and faulting now evident in the Capertee High, the Hill End Trough and the Cooyal Thrust Sheet. Most of the structurally-controlled gold deposits in the Hill End-Sofala and Mudgee-Gulgong areas are believed to have been formed during this event.

The Middle Carboniferous saw the intrusion of three granitic plutons, the Gulgong Granite, the Ulan Granite and the Home Rule Granite (**Crg**), a quartz monzonite. All three granites are discordant, unfoliated, post-deformation I-type, biotite granites which were intruded at high crustal levels.

During the early Tertiary period (66 - 35 million years ago), the eastern Lachlan Fold Belt was subjected to some uplifting, and the coincident onset of a very wet climate resulted in the extensive deposits of valley fill gravels, sands and lacustrine clays in the previously eroded valley systems. In the Springfield area, these include numerous alluvial 'deep lead' gold deposits in Tertiary palaeochannels.

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The early Tertiary leads carried significant gold, and as many of the leads have their headwaters in the Burranah Formation terrain (see Figure 4), it is probable that most of the alluvial gold was derived from concentrations in the late Ordovician rocks.

Between 1870 and 1927 the Gulgong Gold Field produced an estimated 1 million ounces of gold (the official recorded production was 555,000 ounces). It was the alluvial deep lead deposits that supplied most of the gold production. A total of fourteen significant primary (bedrock-hosted) gold occurrences are known in the Mudgee-Gulgong district, however, very little production information is available for these. Nine of these occurrences lie in the Burranah Formation, two within the Dungereee Volcanics and three within Early Devonian diorite intrusions.

Within the area of ELA 4420, known mineral deposits include alluvial gold leads and hardrock (reef and disseminated) gold ± copper deposits. The locations of the various deposits are shown on Figure 8.

A number of the gold-productive alluvial leads lie partly with the licence area, and the known heads of most of them also fall within the ELA 4420 boundaries. These include the Magpie, Springfield Gully, Rapps Gully and Fords Creek Leads in the northwestern sector of the area, and the Canadian group of leads in the northeastern sector.

The Canadian group was collectively one of the major producers of the Gulgong Gold Field. The upper sections of this group of leads lie within an broad embayment or depression in the pre-Tertiary and present day land surfaces, which has been in-filled with early Tertiary to Recent sediments.

The genesis of this embayment is not clear, but it may have significant implications for the future search for the source of the alluvial gold mined from the leads in the embayment. The embayment may have developed by preferential erosion of hydrothermally altered bedrock.

Possible hardrock gold sources can be identified for the gold in a number of the leads within the licence area - the Springfield gold prospect for the Springfield Lead, an area of altered Burranah Formation rocks at Springfield North as one source for the Magpie Lead, and the Belmore Reef for the Rapps Gully Lead. No obvious sources have been identified for the Fords Creek and Canadian groups of Leads. A number of old mining and geological reports state that limestone bedrock is widespread beneath the Canadian group and other leads to the north. A large amount of alluvial gold appears to have been derived from the vicinity of the Canadian Lead, and given the presence of the Home Rule Granite only 2-3 kilometres to the southeast, low-temperature hydrothermal replacement of carbonate horizons, or epithermal or mesothermal veining within the limestone, are possible sources of the gold.

The most significant known hardrock gold deposit in the Gulgong region is the Springfield deposit.

The deposit lies within the Burranah Formation, and is located about 10 kilometres south of Gulgong, adjacent to the upper reaches of the historic Springfield deep lead. There are no production records available for the deposit, but like most of the primary deposits in the district, production was probably from a small tonnage of ore with high grades.

At the surface, the Springfield deposit is expressed as a series of collapsed shafts located on two north-northwesterly trending parallel quartz veins about 50 metres apart. The quartz veins have a thickness of about 30cm and are located within a north-south elongate monzonite-syenite intrusive (dyke), which varies from 75 to at least 105 metres wide. The monzodiorite intrudes crystal lithic tuffs and volcanoclastic siltstones. Brecciation and shearing are locally developed along the western contact. The eastern contact of the intrusive is obscured by alluvium.

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Alteration is variable throughout the deposit but is generally propylitic (chlorite, albite, epidote and carbonate) to phyllic (sericite) and mostly confined to the monzodiorite (see photograph below). Arsenopyrite and pyrite are the dominant sulphides with minor chalcopyrite and sphalerite. Near-surface alteration in the eastern or footwall side of the intrusive is more intense than in the western or hangingwall side which is largely unaltered. The density of quartz veining also increases towards the east and becomes a stockwork system on the footwall side.

Fine gold occurs as coatings on arsenopyrite which, in many cases, surrounds the pyrite. Gold also occurs in solid solution or as free gold within the pyrite or arsenopyrite. The sulphides and gold occur in stockwork veinlets and disseminations in the altered monzonite / syenite.

Drilling of the deposit by Newcrest Mining Ltd. and Millie Phillips indicates that the intrusive body is west-dipping (see Figure 9).

To date, 144 holes have been drilled in to the Springfield and Springfield North prospects by Endeavour Resources, IMC, Sabminco, Newcrest and Millie Phillips, for a total of 5,759 metres (average depth = 40 metres per hole). The deepest hole (DDH MPS-1A) was 249.1 metres in length.

The Springfield deposit is located within a zone of higher strain between the Mount Galambine Fault and the Magpie Hill Fault. These faults bound a north-south trending zone up to 1.5 kilometres wide that has been subjected to dextral strike-slip deformation.

The character of the mineralisation of the Springfield deposit is consistent with mesothermal vein-style mineralisation controlled by brittle deformation of a structurally competent body, i.e. the monzonite-syenite intrusive.

A resource estimate for the Springfield deposit was prepared by Herald Resources in 2003. At a 1.0g/t Au lower cut off, the calculated Inferred Resource was 1.05 million tonnes at 1.4g/t Au for 47,000 ounces of gold, whilst at a 0.5g/t Au cut off, the calculated Inferred Resource was 2.636 million tonnes at 1.00g/t Au for 85,000 ounces of gold.

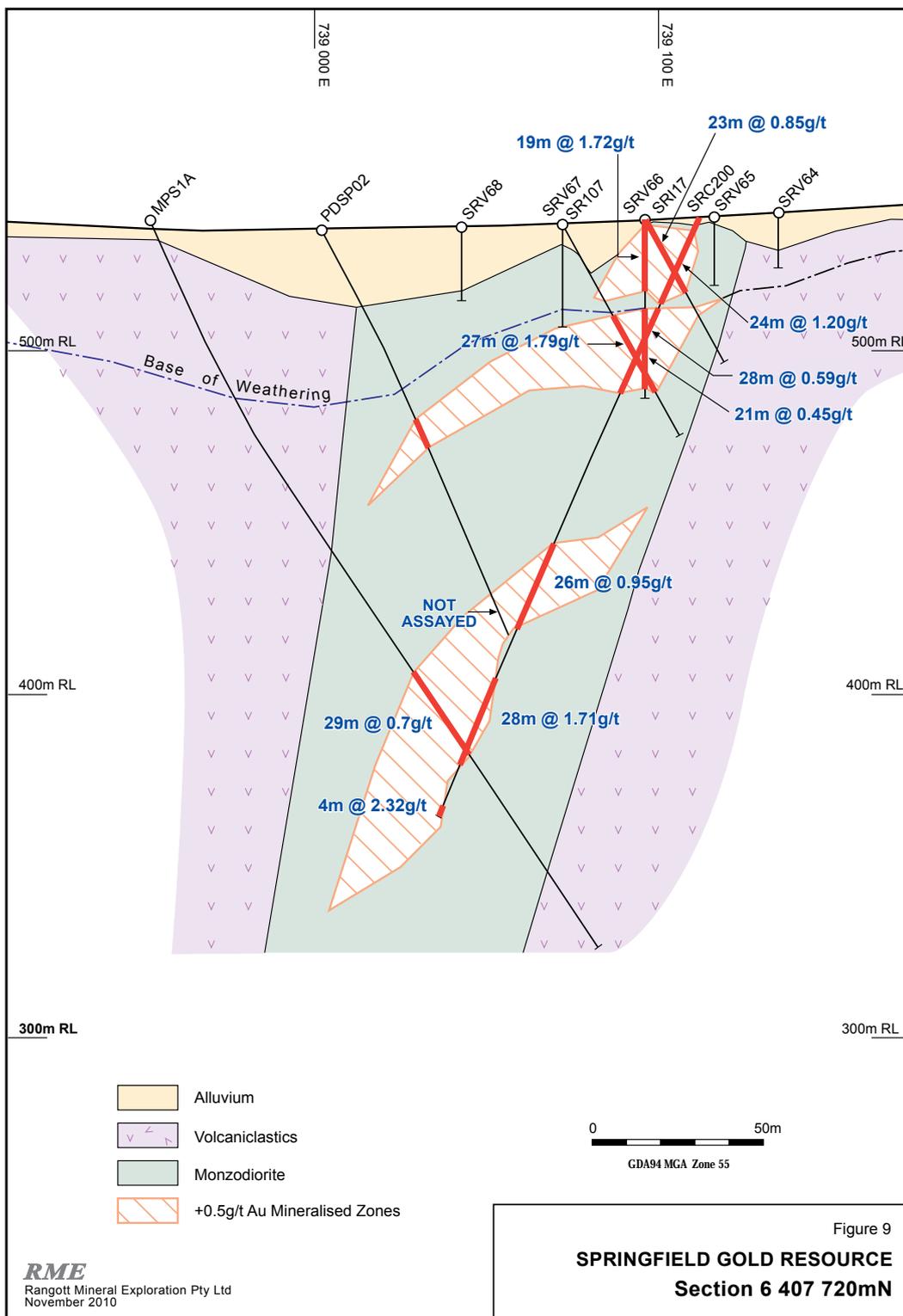
Herald noted that the deposit was not closed off at its northern and southern ends, providing scope to increase the resource tonnage, and that many of the shallow intersections are incomplete (i.e. ended in mineralisation), giving scope to increase the overall grade through using a more powerful drilling rig to provide complete intersections.

Prior Exploration

Prior to the granting of EL 5991, exploration was carried out on eleven exploration licences which covered the same general area as EL 5991. The most significant programmes were carried out by Base Mines / Endeavour Resources (ELs 1391 and 1435), International Mining Corporation / Sabminco / Newcrest (EL 2893) and Mrs Millie Phillips (EL 5272).

Endeavour's work targeted volcanogenic base metal deposits, and they carried out IP surveying at the Orchard prospect, and drilling at the Springfield, Orchard and Whales prospects. At Springfield they obtained best intersections of 4 metres at 2.25g/t gold in one cored hole, and 1.5 metres at 4.78g/t gold in the second cored hole drilled in to the dyke. They also carried out extensive petrographic work during their geological mapping, which identified probable epithermal veining at the Orchard and Whales prospects.

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SPRINGFIELD PROSPECT - view to southwest of rig drilling DDH MPS-1A, January, 1999. Old mullock dump at shaft to right. The monzodiorite dyke lies beneath the centre of the valley, trending from left to right..



DDH MPS-1A - 194.8m strongly silicified, bleached and mineralised syenite (with arsenopyrite flecks) and veins of coarsely crystalline pyrite. From an interval which assayed 2.20ppm Au.

In 1988, International Mining Corporation ('IMC'), controlled by Mrs Millie Phillips, commenced exploration work then entered in to a joint venture with Sabminco N.L. to explore the licence area. Sabminco undertook a regional programme including stream sediment sampling which identified a number of anomalous (gold \pm base metal) drainage cells. They then carried out followup exploration in seven of the anomalous cells, generally obtaining poor results, and limited shallow RAB drilling over the Springfield prospect, which also gave low gold values.

IMC recognised significant potential at the Springfield prospect, and drilled 59 percussion holes and one core hole at the prospect, outlining a small but sub-economic resource. To further evaluate the prospect and the surrounding areas, IMC farmed the licence out to Newcrest Mining Ltd.

Newcrest carried out ground magnetic surveying over the Springfield prospect and drilled seven deep reverse-circulation percussion holes beneath the resource and fourteen open RAB holes to check for northerly extensions. Although the mineralised intrusive was shown to continue to the north beneath alluvial cover, they considered that the gold grades obtained were too low to justify further exploration of that body.

Newcrest then carried out more regional exploration of the licence area, by flying a detailed aeromagnetic/radiometric survey over it, and undertaking 1:10,000 scale geological mapping of the western part of the licence area. They also carried out detailed mapping and soil sampling of a number of prospect areas, and drilling at several prospects. This included shallow aircore drilling at Springfield North (from 200 to 1,000 metres north along strike from Springfield) which delineated extensions to the altered intrusive (bottom-hole samples, however, generally gave low gold values); at the Belinfante prospect where aircore drilling gave low gold values; at the Divide 4 prospect where aircore drilling gave a best intersection of 30 metres at 0.32ppm gold; and an open percussion hole at the Box Hill prospect; which reported only 10 metres at 0.35ppm gold.

Newcrest concluded that the licence area was unlikely to host the size deposit they were seeking, and withdrew from the joint venture in 1991.

IMC's title to the area subsequently lapsed, but in 1997, Exploration Licence no. 5272 was granted to Millie Phillips. Initially, she carried out re-interpretation of the voluminous available exploration data, and shallow drilling at a number of prospects, with generally poor results.

At the Springfield prospect, Newcrest had earlier drilled a 190 metres angled RC percussion hole (no. SRC-200) collared near the old main shaft, from east to west across the intrusive body. Chip samples from most of the hole returned anomalous gold, with a peak value of 5.12ppm from 162 to 164 metres depth.

Mrs. Phillips drilled a 250 metre, angled, pre-collared core hole DDH MPS-1A) on the same section (see Figure 9) but from west to east, to give a scissor-section of the deeper part of the deposit. Fire assays of split core samples gave a mean of 0.65ppm gold from 135 to 182 metres down hole (a 47 metres intersection), with a peak value of 3.66ppm gold over 1.08 metres. Neutron Activation check analyses of a small number of sample pulps gave on average 7% higher gold values.

The drill section for the two holes suggests that the better grade mineralisation (at around 150 metres depth) is located close to the centre or just east of the centre of the intrusive body, in contrast to observations (surface and near-surface) that the main mineralised zone is focussed along the eastern margin of the intrusive. It is possible that there are a number of en-echelon mineralised zones within the body, with limited depth extents.

In terms of host rock, alteration assemblages, and vein mineralogy and style, with Springfield deposit is similar to Alkane Exploration's Wyoming-Caloma deposits near Tomingley, which

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are also hosted within and adjacent to narrow intrusive bodies. Alkane have defined a geological resource of 11.41 million tonnes at 2.29g/t gold (838,700 ounces), at a 0.75g/t cut off, at these deposits.

At Wyoming, a boost to the gold inventory is given by several high grade mineralised structures, which crosscut the main mineralised porphyry intrusive. These structures are quite narrow (2-10 metres wide) and difficult to detect under alluvial cover, and initially to target for drilling.

As cross-cutting structures have been interpreted in the various intrusive bodies within the EL 5991 licence area, future drilling should test for possible cross-cutting high grade zones at the Springfield and Springfield North prospects.

EL 5272 was subsequently reduced in size, then allowed to lapse, in favour of an application by Herald Resources Ltd., which was granted as EL 5991. EL 5991 was vended in to the ASX float of Jaguar Minerals Ltd in 2004.

Jaguar initially undertook a GIS compilation of prior exploration data, and trial soil sampling over the Springfield resource area. The analytical results suggested that gold mineralisation extended to the south of the Springfield mineralised resource. This work was followed by more detailed soil sampling and line geological mapping of an area to 1,400 metres south of the centre of the Springfield resource by Geoplan Services Pty. Ltd. Strongly anomalous gold values were obtained to about 400 metres south of the centre of the resource, and strong arsenic values to 600 metres to the south.

In 2008, Jaguar granted an option over EL 5991 to Rimfire Australia Pty. Ltd, to further explore the licence area. Rimfire carried out a dipole-dipole IP survey over an area stretching from Springfield North to south of the Box Hill prospect and covering the Orchard prospect (approximately 3.2 x 1.6 kilometres) with the spacing of the east-west oriented survey traverses ranging from 250 to 400 metres. Concurrent with the IP survey, they collected soil samples at a spacing of 200 metres along each of the IP traverses. The samples were analysed for gold by fire assay and for 51 supporting elements by the ICP technique. Rock chip samples were also collected in areas where alteration or mineralisation were noted, and analysed by the same techniques.

The IP survey did not give a strong chargeability anomaly (response to sulphide mineralisation in bedrock) over the Springfield deposit (see Figure 10), but a pair of chargeability highs was detected several hundred metres to the southwest of the deposit ("Springfield West") which are centred on a resistivity high. A band of chargeability highs also trends about 1.2 kilometres towards the south-southeast from the eastern of the pair, and may be related to a fault structure controlling the Springfield mineralisation. A strong negative chargeability feature coincides with the northern part of the Springfield resource and trends away to the southeast; this may reflect a thick cover of damp near-surface alluvium which is known to be present in the area.

Rimfire commented that due to the resolution of the survey (100 metre dipoles) and the effects of the negative chargeability readings, the survey was unable to detect depth extensions to the mineralisation at the Springfield deposit.

The survey also detected a discrete chargeability high in the vicinity of the Magpie Hill Fault, 600 metres east of the Springfield prospect ("Magpie Hill Fault North area"), and a major linear high extends south from that area for approximately 1.9 kilometres, to an area to the southwest of the Orchard Prospect. A second (Magpie Hill Fault South area) 800 metres long linear high is situated to the west of the Orchard Prospect, and a third linear high (the Tower Road South anomaly) lies in the southwestern corner of the surveyed area (which coincides with a mapped fence, and could be a response to that cultural feature).

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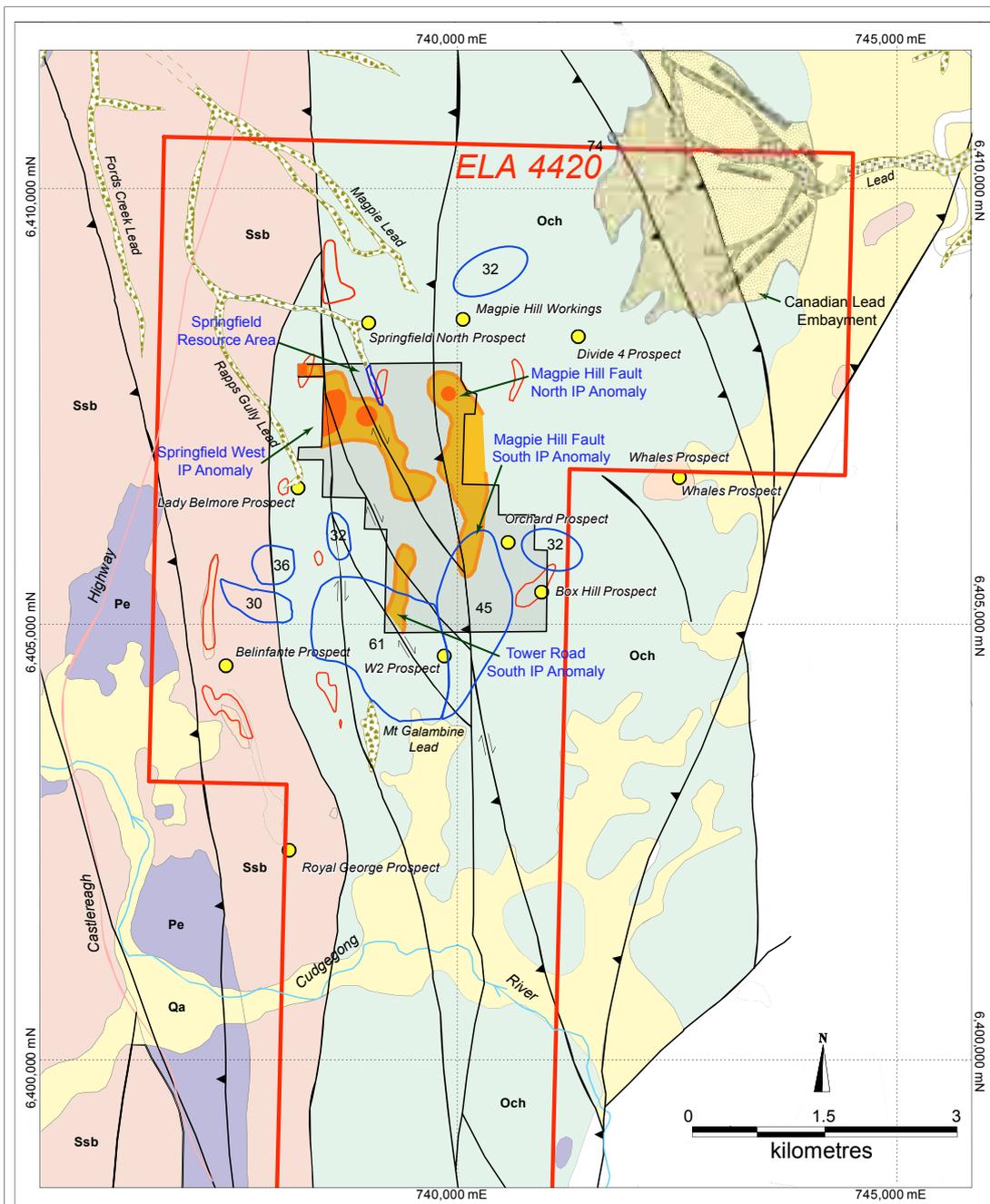
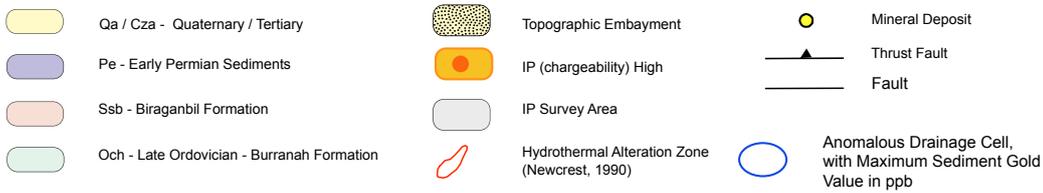


FIGURE 10 - SPRINGFIELD EL5991 - EXPLORATION SUMMARY



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The soil and rock chip sampling gave scattered anomalous gold and arsenic values:-

At the Springfield West chargeability high, strongly anomalous arsenic values were obtained in a number of soil samples.

At the Magpie Hill Fault North area, a weakly anomalous gold value was obtained in a soil sample. At the Magpie Hill Fault South area old workings at the Orchard prospect are situated 250 metres east of the chargeability high, and a major monzonite dyke has been mapped 250 metres to the east. At the Orchard Prospect, only scattered weakly anomalous gold, arsenic and copper values were obtained from the soil sampling, but a float (rock) sample of copper-stained altered volcanic sandstone gave 330ppb gold, 1,905ppm arsenic, 2% copper, 70ppm molybdenum, 0.22% lead, 399ppm antimony and 0.16% zinc; and a grab (rock) sample of sulphidic monzonite gave 11.9ppm gold, 65ppm silver, 2,900ppm arsenic, 21.5% copper, 134ppm molybdenum, 7.4% lead, and 0.59% zinc. Mineralisation at the Orchard Prospect appears to be narrow and fracture-related, but often associated with a monzonitic intrusive phase. Only one shallow percussion hole has been drilled at the prospect.

At the linear chargeability high in the southwestern corner of the survey area (the "Tower Road South area"), a number of weak gold, copper and arsenic values were reported from the soil samples.

A number of other metal-in-soil anomalies were also obtained from the IP survey area. Both gold and arsenic were strongly anomalous across the Springfield Prospect itself (as determined by earlier explorers). The highest gold value (772ppb), occurs in the northeastern corner of the surveyed area, partly coincident with anomalous copper and arsenic values. Detailed followup work is warranted in this area.

Rimfire subsequently terminated the farmin agreement with Jaguar, and later in 2010, Meridien Resources entered in to a farmin agreement with Jaguar Minerals over the licence area.

In 2011 Meridien arranged for Centric Minerals Management to digitally compile a range of prior exploration data and to model drillhole data from the Springfield and Divide 4 prospects. They also calculated gold resource figures for the Springfield prospect at a range of lower cutoff grades, and compared their figures with those of Herald Resources. They recommended drilling programmes at four of the prospects.

These data sets will be useful for planning further exploration.

Prospectivity and Proposed Exploration

At this stage it is clear that detailed exploration work, targeting structurally-controlled mesothermal gold, sediment-hosted (Carlin-style) gold, and intrusion-related gold mineralisation is warranted at a number of prospects (see Figure 10):

- **Springfield and Springfield North Prospects**
 - detailed ground magnetic surveying over an approximately 2.0 x 0.8 kilometre area to detect possible mineralised cross-structures.
 - reverse circulation percussion and core drilling to test areas within the host monzodiorite intrusive where there is potential to outline extensions to mineralised zones in the Springfield Resource area, to test for possible mineralisation to the north and south of the resource area, and to test any interpreted cross-cutting structures. The initial holes should be limited to 160 metres vertical depth.

- drilling of several deep RC percussion holes to test the monzodiorite body at depth beneath alluvial cover at Springfield North.
- **Springfield West IP Anomalies**
 - infill soil sampling, and geological mapping, rock chip sampling and petrographic studies to outline alteration zones and mineralisation.
 - initial deep RC percussion drilling to test the IP anomaly.
- **Orchard Prospect**
 - compile prior data on to one plan.
 - detailed ground magnetic surveying to delineate structures.
 - more detailed soil sampling to infill prior data.
- **Magpie Hill Fault North Area**
 - the IP chargeability anomaly (and an associated resistivity low) may be sourced in a thick band of black shales in the footwall of the interpreted Magpie Hill Thrust Fault require more detailed mapping and rock chip sampling, and localised detailed soil sampling.
 - the location of the IP anomaly in a shale unit beneath the fault plane, and the presence of old prospecting pits, highlights this area as having potential for Carlin-style gold mineralisation.
 - shallow percussion drilling may be warranted dependent on the results of the initial work.
- **Magpie Hill Fault South Area**
 - the chargeability anomaly (with coincident resistivity high) lies under 50 metres of conductive cover rock, and may represent a mineralised intrusive porphyry body at depth, from which mineralised solutions escaped and were deposited in fractures at the nearby Orchard Prospect workings. The metal assemblage in rock samples collected at the old workings by Sabminco and Rimfire (gold-copper-lead-zinc-silver-molybdenum-arsenic-antimony) is typical of a porphyry mineralised system in contrast to the gold-arsenic association seen elsewhere in the ELA area.
 - to define and test the postulated target, a programme of infill soil sampling and RC percussion drilling is warranted.
- **Tower Road South Area**
 - in this area, a 1,000 x 50 metres north-south oriented moderate chargeability high and resistivity low is coincident with mapped sedimentary rocks (including possible black shales) with flanking monzonite dykes. There are a number of gold and copper soil and stream sediment anomalies in this area. Infill soil sampling, with analysis for a range of elements, and geological mapping and rock chip sampling to define a target for RC percussion drilling, is warranted.
- **Canadian Lead Embayment**
 - a programme of aircore drilling on a pseudo grid pattern is recommended to test the bedrock beneath the embayment for alteration and mineralisation.

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Negotiation of access to a number of properties will be necessary before field work can commence at some of the prospects.

Proposed Budget

The proposed \$120,000 and \$250,000 budgets allocated to this project for Years 1 and 2 respectively should adequately allow testing of most of the exploration targets.

4. WEELAH EXPLORATION LICENCE No. 6309

The Weelah exploration licence is centred 35 kilometres south-southeast of Condobolin and 57 kilometres north of West Wyalong in central New South Wales (see Figure 1).

The licence area straddles the Gilmore Fault Zone, and the main Gilmore Suture structure lies beneath the southwestern margin of the licence area, essentially separating the flysch metasediments of the Ordovician Wagga Group to the west, from the middle to late Ordovician Junee-Narromine Volcanic Belt (part of the Macquarie Volcanic Arc) to the east. In broader terms, the suture separates the Western Lachlan Fold Belt from the Central and Eastern Lachlan Fold Belt and has had a major localising control on gold, copper-gold and base metals-silver-gold deposits over a substantial strike length, from Kiandra in the south to north of Canbelego, a distance of approximately 550 kilometres.

Deposit styles associated with the fault zone include porphyry copper-gold and high sulphidation gold in the Ordovician Gidginbung Volcanics between Temora and West Wyalong, porphyry copper and copper-gold and base-metal carbonate gold deposits in the Ordovician Lake Cowal Volcanic Complex; low sulphidation epithermal gold ± base metals in the Wagga Group metasediments just north of Condobolin and at Canbelego east of Cobar, and gold-silver-base metal vein deposits and low-sulphidation epithermal gold-silver deposits in Devonian acid volcanics and porphyry gold in Ordovician volcanics at Mineral Hill, Yellow Mountain and Bobadah.

Based on regional aeromagnetic data, basement beneath EL 6309 is believed to be dominantly volcanics, sediments and intrusives of the Lake Cowal Igneous Complex that are capped by younger Siluro-Devonian sediments and Cainozoic cover sequences. The Lake Cowal Igneous Complex hosts Barrick Gold Corporation's Cowal Gold Mine (63.5 million tonnes at 1.22g/t gold, a carbonate-base metal epithermal deposit) 32 kilometres to the southeast and Newcrest Mining's Marsden deposit 47 kilometres to the southeast (which has an inferred resource of 76.7 million tonnes at 0.5% copper and 0.3g/t gold - a porphyry stockwork deposit hosted in quartz diorite and monzodiorite).

Regional Geology and Mineralisation

Figure 11 is a Total Magnetic Intensity image covering EL 6309 and its surroundings; the image is derived from a 1993 airborne survey carried out by the Australian Geological Survey Organisation. Basement rocks which have been inferred by some workers to be part of or associated with the Lake Cowal Igneous Complex are clearly outlined as areas of high magnetic intensity (hot colours). Other workers have suggested that the strong linear magnetic responses may be associated with mantle-derived mafic to ultramafic ophiolite emplaced by thrust faulting. Also evident is the major sinuous flexure (to the west-northwest) in the Gilmore Suture in contrast to its more usual north to north-northwesterly trend. This flexure or 'jog' in the suture has resulted in considerable structural complexity in the

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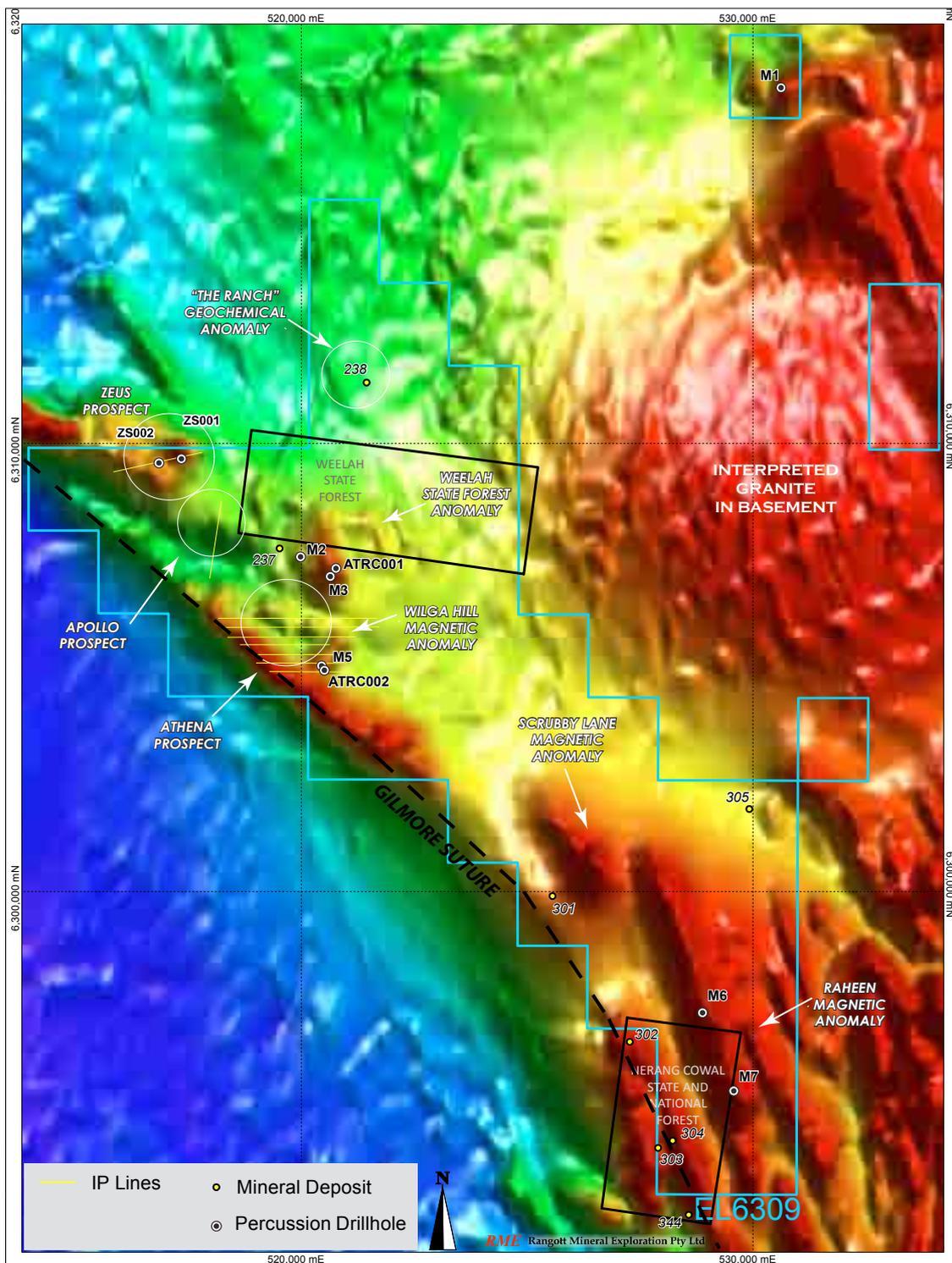


FIGURE 11 - WEELAH EL6309 - TOTAL MAGNETIC INTENSITY (RTP) IMAGE, TARGETS AND PERCUSSION DRILLHOLES

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basement rocks, which is believed to have created conditions conducive to repeated intrusive activity and dilation zones, and that in turn may have created opportunities for repeated hydrothermal and mineralisation events.

Figure 12 shows outcrop and subcrop geology as mapped by the Geological Survey of NSW in 1998. The geology is dominated by Tertiary (**Czr** and **Cza**) and Quaternary age (**Qr**, **Qa**, **Qaw**) sediments (relatively recent cover material) with subordinate 'kernels' of subcropping and outcropping Siluro-Devonian rocks (which are also essentially cover rocks over the basement). Elements of the Gilmore Fault Zone are shown on this map, as dashed black lines. The only Ordovician rocks mapped at the surface are exposures of the Girilambone Group metasediments (**Og**) in the extreme south of the licence area, and a minute exposure of ultramafic rocks on the Gilmore Suture, six kilometres northwest of EL 6309, which is not shown on the map.

Within the licence area, a few small surface exposures of the early Silurian Ina Volcanics (**Sn**, rhyolite crystal-rich ignimbrite and felsic volcanic breccia) have been mapped, which unconformably overlay the Ordovician rocks.

Siluro-Devonian rocks of the Ootha Group (older to younger) include the Manna Conglomerate (**S-Doa**) - polymict conglomerate and quartz/lithic sandstones which generally rest unconformably on the Ordovician basement; conformably overlain by the mudstones and sandstones of the Mulguthrie Group (**S-Dom**) with scattered lenticular bodies of rhyolitic tuff and volcanoclastic sandstone of the Yarnel Volcanics (**S-Doy**).

The Silurian and Siluro-Devonian rocks are usually cleaved, in particular on or adjacent to interpreted major fault structures, where high-angle shearing is commonly developed.

Recorded mineral occurrences exposed at the surface within the licence area (see Figure 11) include two small old workings (one for copper) within the Girilambone Group in the southwestern corner of the licence area (occurrences 303 and 304) close to an outcrop of Ina Volcanics. Just outside the boundary of EL 6309, low-grade pyrrhotite-bearing lead-zinc mineralisation occurs in Mulguthrie Formation or Ina Volcanics at the Olafs Prospect (no. 302) while low-grade zinc ± copper-lead with narrow zones of high grade gold occurs within Ina Volcanics/Girilambone Group rocks at the Nerang Cowal Prospect (No. 344). Two small manganese ± gold occurrences (old workings, nos. 237 and 238) are located in probable Mulguthrie Formation. At site no. 237, rhodonite (primary manganese silicate) was recorded.

A number of other small old workings are also recorded within the licence area, but the metal(s) sought at those sites are not known.

Prior Exploration

Exploration programmes have been undertaken over all or parts of the area of EL 6309 by a large number of companies (Central Pacific Minerals, Samedan / Getty Oil, Peko-Wallsend, Gold Fields Exploration, Shell Metals, Seltrust / Paragon, BP Australia, North Mining, Newcrest Mining Ltd. and Tresmonay. However, very limited definitive drilling was carried out within the present licence area by those companies.

At the Olafs Prospect, four cored holes were drilled, obtaining a best intercept of 11.3 metres at 2% combined lead and zinc. At the Wilga Hill Prospect (see Figure 11) North Mining drilled two aircore holes, obtaining weakly anomalous gold, zinc and copper values.

Regional (roadside) aircore drilling was carried out by Newcrest Mining, but very few holes were drilled within the current area of EL 6309, and no significant results were obtained from those few.

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Shell Metals identified a number of magnetic anomalies in the northwest and southern portions of EL 6309; however, no follow-up work was undertaken on these targets.

Exploration Carried out by Augur Resources

EL 6309 was originally granted to Champion Resources Ltd. in September, 2004, and the name of the company was changed to Augur Resources Ltd. shortly afterwards. Geos Mining Minerals Consultants carried out a summary review of prior exploration data, obtained landholder agreements for key properties, had a Native Title search carried out on the two State Forest blocks within the licence area, completed imaging and interpretation of airborne geophysical data, and selected geophysical targets for shallow geochemical drilling. They also made reconnaissance geological visits to selected prospective sites where rock chip samples were collected for analysis. The samples gave anomalous copper values (522ppm) near "The Ranch" homestead and anomalous lead (505ppm), arsenic (to 112ppm) and weakly anomalous silver (to 0.8ppm) from the centre of an annular aeromagnetic low which straddles the southern boundary of the Weelah State Forest (see Figure 11).

They then drilled twelve very shallow Rotary Air Blast geochemical holes in to several targets in Mulguthrie Formation sediments within the licence area: Holes WD01 to 08 were drilled along a public road south of the Weelah State Forest (in the vicinity of deposit no. 237), obtaining weakly anomalous copper, arsenic and zinc values, and four holes in to the linear, northeast-trending magnetic anomaly at "Wilga Hill", obtaining anomalous copper (to 594ppm), arsenic (to 59ppm) and zinc (to 497ppm).

Further interpretation of geophysical data followed. During late 2007 and early 2008, shallow reverse circulation percussion geochemical drilling (six holes) was carried out in to magnetic anomalies (see Figures 11 and 13 for locations). Hole M1 tested Ordovician basement beneath the Manna Conglomerate and hole M2 possible Siluro-Devonian or Ordovician basement beneath alluvium; both gave low metal values. The magnetic anomaly tested by hole M2 appears to be sourced by the magnetic mineral maghaemite in alluvial cover.

Hole M3 was drilled in to a magnetic high, passing through 33 metres of Quaternary or Tertiary alluvium then in to variably weathered slate. The source of the magnetic high is believed to have been maghaemite in the alluvium, but anomalous gold (up to 318ppb), copper (to 513ppm), arsenic (to 49ppm), manganese (to 4,670ppm) and iron (to 7.59%) values were obtained over one metre intervals from the slate, and petrographic work showed the presence of pyrite and carbonate ± quartz veinlets, warranting further investigation.

Hole M5 was drilled vertically in to the Wilga Hill magnetic anomaly to 68 metres depth, intersecting a variably weathered, locally strongly altered quartz diorite to quartz monzonite porphyritic intrusive rock, believed to be a phase of the Lake Cowal Igneous Complex. Maximum metal values were 380ppm copper, 7.08% iron, 2,070ppm manganese, 1,930ppm arsenic and 154ppb gold over one metre intervals.

Hole M6 was drilled vertically in to the peak of a major northwest-trending magnetic high, passing through a variably altered, non-magnetic acid crystal tuff to 60 metres depth. The tuff is believed to be part of the Silurian Ina Volcanics, and the hole did not reach the magnetic source in the basement. Hole M7 was drilled in to the same magnetic high 2 kilometres further south. The hole passed through 22 metres of alluvium, then Mulguthrie Formation to 53 metres, then trachytic and latitic flow and intrusive rocks to 63 metres which gave elevated magnetic susceptibilities. The volcanics are believed to be a unit of the Lake Cowal Volcanics, and gave slightly elevated copper (to 315ppm), zinc (to 222ppm) arsenic (to 10ppm) and manganese (to 1,160ppm).

Four shallow aircore geochemical holes (M10-1 to 4) were also drilled in the centre of an inferred annular aeromagnetic low south of the Weelah State Forest, obtaining weakly

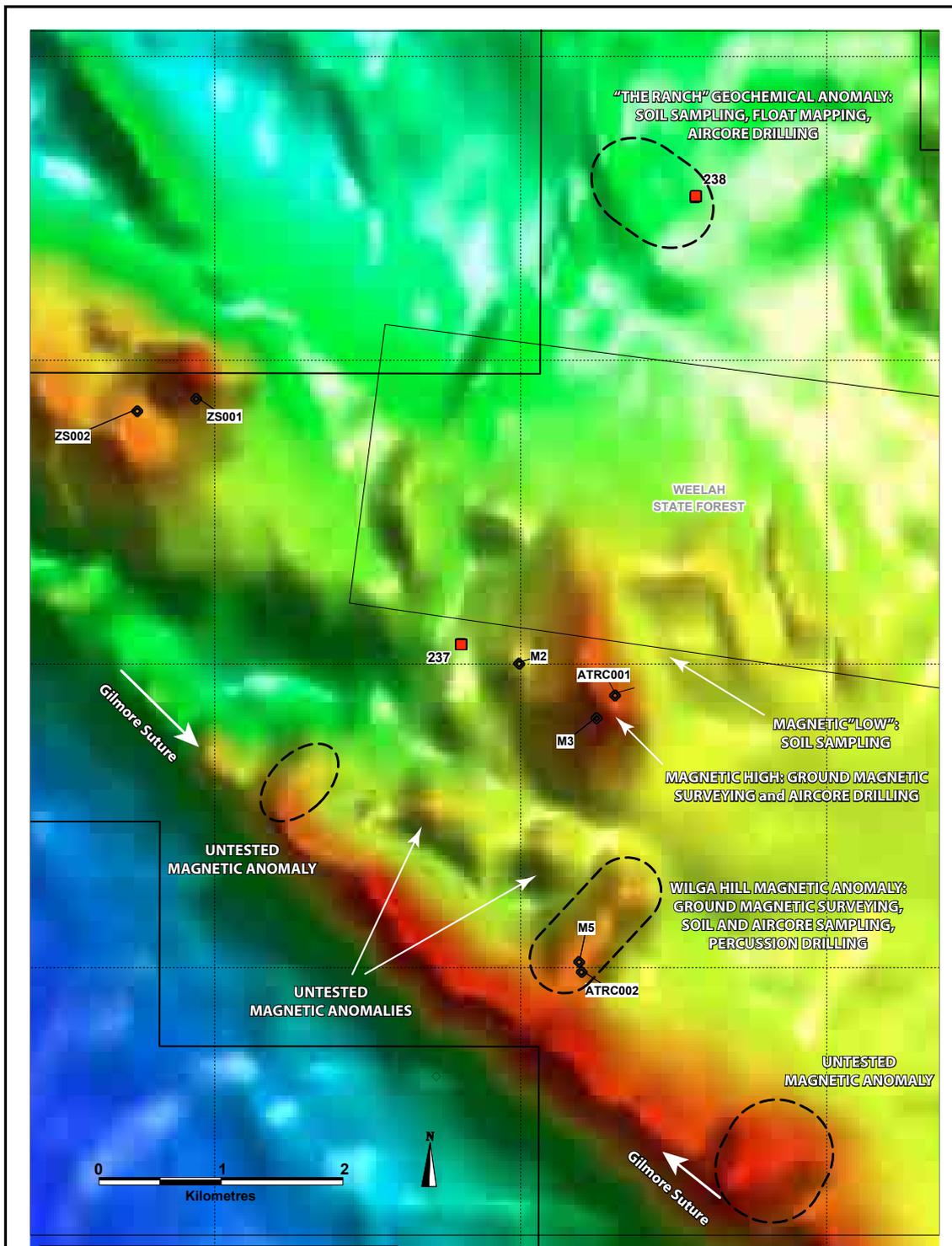


FIGURE 13 - WEELAH EL6309 - GILMORE SUTURE TARGETS

- ◆ Drillhole
- Mineral Deposit

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anomalous maxima of 67ppm copper, 239ppm zinc, 35ppm lead and 23ppm arsenic in siltstones of the Mulgutherie Formation. The magnetic low is associated with outcropping Mulgutherie Formation sediments adjacent to magnetic maghaemite-bearing alluvial cover.

Twelve aircore holes (M11-1 to 4, M12-1 to 4 and M13-1 to 4) were drilled to the east and northeast of "The Ranch" homestead, in the general vicinity of deposit no. 238, to follow up slightly elevated base metal - arsenic ± gold rock chip values. Most holes penetrated siltstones of the Mulgutherie Formation with weakly anomalous copper, lead, zinc and arsenic values. However, holes M13-2, 3 and 4 intersected a moderately to intensely altered doleritic intrusive rock, with a variety of small fracture-fill veinlets. The dolerite is possibly a dyke associated with a northeast-trending structure. Metal values were only weakly anomalous (with maxima of 147ppm copper, 12ppb gold, 36ppm arsenic and 233ppm zinc), however, manganese was strongly anomalous (to 9,250ppm). Petrographic work suggests that a strong hydrothermal system was developed in the intrusion, and more systematic aircore drilling is warranted at the M13 site.

In 2009, Augur carried out dipole-dipole IP surveying in several areas in the northwestern part of the licence area. One line was surveyed at the Zeus Prospect (see Figure 11) in the northwestern extremity of the licence area, partially covering a number of circular magnetic highs and west-northwest trending structures. Additional planned IP lines at the Zeus Prospect were not surveyed due to problems with current penetration. One north-south oriented line was surveyed over a circular magnetic low on the eastern extension of one of the east-west structures evident in the magnetic image, termed the Apollo Prospect. A grid of seven 200 metre-spaced lines was surveyed from the Gilmore Suture to the east, and was termed the Athena Prospect. However, coverage of the intrusive body at Wilga Hill, indicated by the north-northeast trending magnetic high, was minimal due to the presence of wheat crops in that area.

The survey data from the Zeus Prospect was negated by extreme current channelling in to apparent highly conductive overburden, and the Apollo data was similarly affected over its northern half. It is probable that at least some of the circular magnetic anomalies at the Zeus prospect are sourced by magnetic maghaemite in shallowly-buried alluvial channels. At the Athena Prospect, weak chargeability responses, possibly indicative of buried disseminated sulphides, were obtained on the three northernmost lines, but the data needs to be checked and interpreted by an experienced geophysicist.

Petrographic work on two specimens of float of very weathered rock from the Zeus grid described them as probably derived from an underlying ultrabasic igneous rock.

In 2010, two reverse circulation percussion holes were drilled at the Zeus Prospect and two at Athena, targeting magnetic anomalies.

The two angled holes drilled at Zeus (ZS-001 and ZS-002) intersected what is believed to be a mafic to ultramafic rock which was partly lateritised, suggested by strongly anomalous manganese values. Gold and silver values were very low, but copper, cobalt and zinc values were elevated and nickel slightly elevated. Surprisingly, some weakly anomalous molybdenum values (maximum 3.4ppm) were reported in hole ZS 002, suggestive of an intermediate to acid intrusive association.

At Athena, hole ATRC-001 angled to the southwest to test the magnetic high on the western side of the annular anomaly was terminated at only 62 metres so is unlikely to have tested the magnetic target. Clay and "gravel" returns were logged through most of the hole, with sandstone from 58 to 62 metres. High iron (4.06 - 7.05%) and manganese (288 - 4,790ppm) values throughout the hole suggest that some laterite was developed in the saprolitic clay. Gold values were only locally slightly elevated, but copper values ranged up to 515ppm, arsenic to 43ppm, and silver to 2ppm. Magnetic susceptibility values were only weakly

anomalous. As fresh rock was not reached, it is not clear if the bedrock is mineralised or if the elevated metals are solely due to scavenging in a lateritic environment.

Hole ATRC-002, angled to the west, was drilled to 102 metres through clay / saprolite in to a mafic intrusive rock which was variably altered and quartz-carbonate veined. In the fresher rock, magnetic susceptibility values were strongly anomalous, confirming the source of the magnetic anomaly. Iron and manganese values were strongly anomalous in the weathered (?lateritised) bedrock, along with anomalous arsenic, copper and zinc, and weakly anomalous gold (maximum 22ppb). In the final two metres of the hole, elevated sulphur (0.65%) indicates that fresh rock (with sulphides) had just been reached. This interval also reported the highest copper (441ppm) and iron (8.15%) values, and weakly elevated gold (14ppb) and arsenic (17ppm). Magnetite was logged in this interval, and the sulphur levels suggest that pyrite and possibly chalcopyrite were also present.

Prospectivity and Proposed Exploration

The Weelah exploration licence covers a tectonic belt which is very prospective for epithermal and porphyry-style gold-silver-base metal deposits. Although outcrop is poor and there is almost no exposure of the target Ordovician host rocks, the public aeromagnetic data has been very useful for delineating structures and interpreting buried intrusive bodies and possible alteration zones beneath surficial cover. Limited sampling of surface float over the Wilga Hill magnetic anomaly by Augur Resources obtained weak copper values, indicating that soil sampling may be able to successfully detect mineralised zones in the area. In addition, potential exists for structurally-controlled base metal \pm gold mineralisation within Siluro-Devonian stratigraphy; possibly similar to deposits found in the Cobar district.

Drilling to date to test various targets has only been to shallow depths and has only achieved very limited tests of the targets.

At least six exploration targets within the licence area warrant systematic followup exploration:

- **the Wilga Hill Magnetic Anomaly** (on the eastern margin of the Athena Prospect) - very restricted drilling to date detected a sulphide-mineralised zone in a mafic to intermediate porphyritic intrusive rock, with anomalous copper, arsenic, manganese and gold values. The mineralised zone is magnetite-depleted - this should be detectable as a zone of low values in detailed ground magnetic data. The target is gold-mineralised alteration zones within the intrusive.

Work on this prospect should include detailed ground magnetic surveying with follow-up magnetic modelling, soil sampling, traverses of aircore geochemical drilling across anomalous zones and deeper drilling of outlined mineralised zones.

- **untested magnetic anomalies** - a number of these are situated just to the northeast of the Gilmore Suture (see Figure 13) and they could be cheaply ranked against the Wilga Hill Magnetic Anomaly by a programme of ground magnetic surveying with modelling of magnetic anomalies to determine if the source is surficial (ie maghaemite in alluvium) or from deeper bedrock. Bedrock anomalies should be tested by soil sampling and limited aircore geochemical sampling.
- **Weelah State Forest Anomaly** - very shallow aircore holes drilled in the central magnetic low obtained weakly anomalous base metals and arsenic values in siltstones of the Mulguthrie Formation cover rocks.

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Holes M3 and ATRC-001 were drilled at the prominent magnetic high and intersected slate and sandstone, with locally anomalous base metals, arsenic and gold. Drilling data indicates that at least part of the magnetic anomaly may be sourced by shallow maghaemite deposits. Geological interpretation was hampered by deep weathering, but as geochemical encouragement was generated by the only two holes drilled at this anomaly, systematic followup exploration work is warranted. This should include ground magnetic surveying with follow-up magnetic modelling. Should the magnetic data indicate that a bedrock source is responsible for the prominent magnetic high, soil sampling and aircore drilling is recommended. Soil Sampling should be carried out over the central magnetically flat area. Geochemical data from prior soil auger sampling completed by Geopeko Ltd in the vicinity of the Weelah State Forest should be collated.

- **“The Ranch” Geochemical Anomaly** - this is the general site of a 1950s manganese-gold prospect (deposit no. 238), which is no longer recognisable on the surface. Reconnaissance rock chip sampling of surface float by Geos Mining for Augur Resources gave weakly anomalous arsenic, antimony, copper and gold values, and subsequent shallow aircore drilling (12 holes) was carried out for Augur at various sites. Three of the holes intersected an altered and veined doleritic intrusive rock, reporting strongly anomalous manganese, and weakly anomalous copper, zinc, arsenic and gold. These are associated with what appears to be a strong hydrothermal (?epithermal) system which affected the dolerite.

Recommend work here includes soil sampling, geological mapping of rock float, and followup aircore drilling.

- **the Raheen Magnetic Anomaly** - this is an elongate north-northwest trending magnetic ridge within the Gilmore Fault Zone. One of Augur Resources' drillholes reached interpreted Ordovician bedrock of shoshonitic intermediate volcanics. This basement rock is believed to be a unit of the Lake Cowal Igneous Complex, and some chips of possible intrusive rock were identified petrographically in the drill chips. Analysis of composite samples gave slightly elevated copper, zinc, arsenic and manganese values.

Parallel magnetic highs lie 1.5 kilometres to the southwest and 800 metres to the northeast of the main magnetic ridge. Initial followup work on all three structures should include local detailed ground magnetic surveying, magnetic modelling and short traverses of deep close-spaced geochemical aircore / percussion drillholes.

- **the Scrubby Lane Magnetic Anomaly** - this is a similar feature to the Raheen Magnetic Anomaly, but with a different orientation (northwesterly), shorter strike length (2.5 kilometres) and greater structural complexity. It constitutes a stand-alone exploration target in an area where no sub-surface exploration work has been carried out. It is recommended that detailed ground magnetic surveying be undertaken across the anomaly followed by magnetic modelling and by drilling of a number of strategically-placed aircore / percussion geochemical holes.

Proposed Budget

The proposed budget of \$150,000 in Year 1 and \$150,000 in Year 2 is considered to be adequate to further advance most of the exploration targets. **Annual expenditure commitment (50 units) is \$80,000**

5. SUMMARY OF PROPOSED EXPENDITURE ON NSW PROJECTS

Project	Year 1	Year 2
Lucky Draw	\$10,000	\$10,000
Mt. David	\$120,000	\$150,000
Springfield	\$120,000	\$250,000
Weelah	\$150,000	\$150,000
TOTALS	\$400,000	\$560,000

REFERENCES

- Kirkpatrick, BL- "Springfield Project EL 5991 Mineral Resources Estimation", interval report for Herald Resources Ltd., October, 2003.

10. MINING TITLE REPORT – SOUTH AFRICA

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18 September 2012

Meridian Resources Limited
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Attention: The Board of Directors



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Dear Sirs

South African Mining Title Report

1 Introduction

1.1 Meridian Resources Limited (ACN 131 769 177) (**Meridian**) proposes making an offer of 16,000,000 shares at an issue price of \$0.20 per share to raise \$3,000,000. Over-subscriptions for up to a further 35,000,000 shares at an issue price of \$0.20 per share to raise up to a further \$7,000,000 may be accepted by way of a prospectus under section 710 of the Corporations Act 2001 (Cth) (**Prospectus**). The offer is also being made to give effect to a change in the nature and scale of Meridian's activities, commencing with the acquisition of Stonewall Mining Proprietary Limited (**Stonewall**) (**Proposed Transaction**). This legal report on mining tenements (**Report**) has been prepared by Norton Rose South Africa (incorporated as Daniels Reid Inc.) for inclusion in the Prospectus.

1.2 Stonewall holds:

- (i) a 74% shareholding in Transvest Gold Mining Estates Limited (**TGME**) and Sabie Mines Proprietary Limited (**Sabie**); and
 - (ii) an 84% shareholding in Bosveld Mines Proprietary Limited (**Bosveld**). We understand that it is in the process of transferring a portion of the shareholding to black economic empowerment entities, after which it will hold a 74% interest in Bosveld.
- 1.3 TGME, Sabie and Bosveld all carry out gold mining operations in South Africa. We have been asked to provide a report on the mineral rights held by TGME, Sabie and Bosveld (collectively, the **Stonewall Mining Companies**).
- 1.4 This Report has been prepared for Meridian on the basis of the assumptions and qualifications stated in paragraphs 2 and 3.

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2 Assumptions

- 2.1 We have assumed the genuineness of all signatures, the authenticity of all documents submitted as originals and the completeness and conformity to authentic original documents of all documents submitted to us as certified, confirmed, photostat or facsimile copies of such original documents.
- 2.2 We have assumed the relevant companies have the requisite corporate powers to enter into arrangements detailed in this Report.
- 2.3 We have assumed that all signatures, dates, stamps, seals and other markings on all titles, licenses, approvals and other documents are authentic and all signatories to all agreements and other documents were authorised to sign them. Furthermore, we have assumed that the Department of Mineral Resources (DMR) has acted correctly in issuing and granting the various claims, licenses and rights referred to in this Report.
- 2.4 Notwithstanding anything to the contrary in this Report, we do not undertake to advise on any facts, matters or circumstances arising after the date of this Report and we disclaim any responsibility to advise of any changes in law or fact following the date of this Report which may affect our opinions or confirmations contained in this Report.
- 2.5 We have assumed that the geographic areas described by the various rights, authorisations and plans correspond with the operational prospecting and mining areas concerned.
- 2.6 We have prepared this Report exclusively on documentation and information provided to us by Stonewall and have not carried out any independent verification of the information provided to us.
- 2.7 We have assumed that all facts stated in documents, responses to requests for further information and other material upon which we have relied in producing this Report, are and continue to be correct and that no relevant matter has been misstated or withheld from us (whether deliberately or inadvertently).
- 2.8 We have assumed that all relevant legislation, regulations, codes and by-laws are constitutionally valid, legal and have been effectively passed, introduced and implemented.
- 2.9 We have assumed that there were no other documents or materials other than those which were disclosed to us and which we were instructed to review by Meridian relating to the matters which we examined.
- 2.10 Unless qualified as being an approximate figure, all references to figures in this Report have been rounded up to the nearest 0.1 of a decimal place.

3 Qualifications

- 3.1 We are qualified to practice law in South Africa and do not express any opinions in this Report concerning any laws other than the laws of South Africa. This Report must also be construed and interpreted in accordance with South African law. Any reference to a statute or regulation constitutes a reference to such statute or regulation as at the date of this Report.
- 3.2 The holding of the mining rights and prospecting rights is subject to compliance with the terms and conditions of the Mineral and Petroleum Resources Development Act, No. 28 of 2002 (South Africa) (MPRDA).
- 3.3 With respect to any application for the grant of a mineral right, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed.
- 3.4 Where Ministerial consent to any agreement or dealing is being sought or will be sought in the future, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we have no reason to believe that any application for consent will be refused.

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- 3.5 It is essential to recognise that the accuracy and utility of this Report depends substantially on the quality of the material provided to us by Stonewall as well as numerous outside sources. Only to a limited extent can information be verified by searches of the public registers or other independent sources.
- 3.6 We were instructed on legal aspects only of the report on the mineral rights of the Stonewall Mining Companies. We specifically disclaim any skills or expertise in any other capacity, whether financial, statistical, accounting, geological, operational or otherwise.
- 3.7 The opinions and confirmations expressed in this Report are rendered for the benefit of the addressee of this letter only in connection with fund raising and its initial public offering on the Australian Securities Exchange. This opinion may therefore not be disclosed or transmitted to, or relied upon by any other party or for any other purpose without our express prior written consent.

4 Background

4.1 The Legislative Environment

- (1) The MPRDA came into effect on 1 May 2004. The MPRDA is the key legislation governing prospecting and mining activities within South Africa. The MPRDA substantially repealed the former Minerals Act, No. 50 of 1991 (South Africa) (Minerals Act), which had until such time, governed the creation, issue and administration of mineral rights.
- (2) Prior to 1 May 2004, mineral rights in South Africa were held privately and exchanged without State intervention. With the enactment of the MPRDA, all mineral rights were to be held by the State acting as custodian of such mineral right, and State consent was now required to transfer title, and in certain circumstances, to effect a change in the control of an entity holding a mineral right.
- (3) The State, acting through the DMR is the exclusive authority empowered to issue licenses to prospect or mine for minerals or issue requisite consents on change of ownership of mineral rights or control of entities holding mineral rights.
- (4) In order to bridge the substantial changes to the regulation of mineral rights occasioned by the MPRDA, 'Transitional Provisions' were introduced on enactment of the MPRDA.
- (5) The Transitional Provisions allow mining companies to convert certain of their qualifying and existing 'Old Order' Rights (largely acquired, issued and held pursuant to the Minerals Act) to 'New Order' Rights (i.e. the rights to mine and prospect as are recognised and governed pursuant to the provision of the MPRDA).
- (6) The transitional provisions contemplate three categories of Old Order Rights:
 - (a) unused old order rights, which are mineral rights in respect of which no prospecting permit or mining authorisation had been issued under the former Minerals Act or, where such an issue has occurred, no prospecting or mining activities had taken place as of 1 May 2004. These rights were largely forfeit to the custodianship of the State in terms of the MPRDA and this category of Old Order Rights is accordingly not relevant to the further provisions of this Prospectus.
 - (b) old order prospecting rights, which are rights to prospect in respect of which a prospecting permit had been issued under the Minerals Act and prospecting had taken place immediately prior to 1 May 2004; and
 - (c) old order mining rights, which are rights to mine in respect of which mining authorisation had been issued under the Minerals Act and mining had taken place immediately prior to 1 May 2004.

- 4.2 To qualify as holder of the Old Order Right, the following requirements must be satisfied:

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- (1) The entity must have held the right to mine or prospect immediately prior to the effective date of the MPRDA.
- (2) Whether a holder of a right enjoys the right to conduct mining or prospecting activity is determined in accordance with its rights under the legislation that applied immediately prior to the coming into force of the MPRDA (i.e. under the previous mineral rights regime being the Minerals Act and the body of common law applicable to mineral law). Accordingly, the applying entity must have been permitted to prospect or have been in receipt of a mining licence issued in accordance with Section 9 of the Minerals Act which was valid as at the day prior to the effective date of the MPRDA (i.e. 1 May 2004).
- (3) Additionally, as regards mining rights, the entity in question must also be a holder of an authorised environmental management programme.
- (4) Finally, the entity must have been actively engaged in mining or prospecting operations on the relevant property immediately prior to the effective date of the MPRDA. This element is largely proven through affidavit.
- (5) Details of the Stonewall Mining Companies' compliance with each of these requirements are set out in paragraphs 5 to 7 respectively.

4.3 In order to distinguish between the various mineral rights held by the Stonewall Mining Companies, it is useful to briefly set out the key differences and rights attaching to the two principle rights granted pursuant to the provisions of the MPRDA:

- (1) a Prospecting Right
 - (a) permits to the holder, the right to physically enter the property to which it relates (for prospecting purposes) and subordinates the land owner's (otherwise known as the surface rights holder's) rights in favour of the Prospecting Right holder (in so far as prospecting, and reasonable and ancillary activity, is concerned);
 - (b) permits to the holder, the right to prospect for the minerals referred to in the Prospecting Right;
 - (c) can be renewed only once and then only for a period of up to 5 years; and
 - (d) critically, qualifies the holder as the sole and exclusive, competent applicant to apply to convert the Prospecting Right into a Mining Right should the holder, broadly, have complied with the provisions of the Prospecting Right and prove an economically justifiable recovery of the relevant mineral(s).
- (2) a Mining Right accords to the holder the right to:
 - (a) access the property to which it relates (for mining purposes);
 - (b) mine the minerals referred to in the Mining Right (gold in the present case) for its own account and to become the (common law) owner of the product extracted thereby; and
 - (c) renew the Mining Right in appropriate circumstances.

4.4 Conversion of Mining Rights

- (1) In order to effect a conversion of Old Order mining rights into New Order mining rights, and have such a conversion process recognised by the DMR (acting in terms of the MPRDA), the Stonewall Mining Companies are required to submit such information as is set out in Item 7 of the Transitional Provisions (read with the regulations). The requirements of Item 7 are:

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- (a) the submission of the such evidence as to demonstrate the applicant is in fact holder of an Old Order Right;
- (b) the submission of an affidavit deposing to the fact that the relevant Stonewall Mining Company was conducting mining operations on the area to which the conversion relates immediately prior to the effective date of the MPRDA;
- (c) the submission of a mining work programme, which must:
 - (i) identify salient geographical and geological information about the minerals;
 - (ii) give details of the market for and pricing in respect of the mineral;
 - (iii) give details as regards key milestones and timetables as regards the significant steps in the proposed mining operation, and an estimate of the period required to mine the minerals in question;
 - (iv) give details as regards the cost of extraction and the relevant Stonewall Mining Company's technical expertise and financial capacity to undertake such a programme;
 - (v) include a statement indicating how the applicant will give effect to the objects referred to in Section 2(d) and 2(f) of the MPRDA. These objects are what are commonly known as the BEE and Social Upliftment Requirements (which are discussed in more detail in paragraph 4.5 below); and
 - (vi) detail a suitable social and labour plan.

4.5 Black Economic Empowerment (BEE)

- (1) In accordance with the provisions of the MPRDA, the latest version of the Mining Charter was published on 13 September 2010 by the South African Minister of Mineral Resources (Minister).
- (2) The Mining Charter evaluates the conduct of the entity against a variety of criteria. It is the achievement of various of these criterion which will ensure the prospecting and mining rights applications and conversion applications are favourably considered.
- (3) The Mining Charter requires the following by 2014:
 - (a) a minimum of 26% meaningful economic participation by the historically disadvantaged South Africans i.e. black South Africans (HDSA);
 - (b) that a minimum of 40% of capital goods, 70% of services and 50% of consumer goods are procured from BEE entities being entities of which 25% plus one vote is directly owned by HDSA;
 - (c) 40% of board, senior management, middle management and junior management position be populated by HDSA; and
 - (d) that at least 5% of annual payroll is spent on essential skills development. Compliance with the requirements of the Mining Charter may increase the costs of the Company's operations and affect profitability.
- (4) These criteria include issues such as human resources development, employment equity, procurement, community and rural development and ownership of mining assets by HDSAs.

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- (6) The Mining Charter envisages that transactions directed at achieving the required HDSA status for the entity in question will be conducted in a transparent manner and at a fair market value.
- (8) On 29 April 2009, the DMR published Codes of Good Practice for the minerals industry in South Africa in terms of section 100(1)(b) of the MPRDA. The purpose of such Codes is to set out administrative principles in order to facilitate effective implementations of the minerals and mining legislation and enhance the implementation of the Mining Charter. These Codes introduce general principles for measuring each of the 9 elements to which the Mining Charter relates and sets out compliance targets. Although published and theoretically in force, the DMR has yet to implement these Codes. When implemented the principles contained in the Codes may affect the Company's compliance with the Mining Charter and effectively increase the BEE requirements.
- (7) Applications for the conversion of Old Order Mining Rights are also assessed in terms of a "score card" promulgated by the DMR. The score card covers human resources development, employment equity, migrant labour, mine community, rural development, housing and living conditions, ownership, joint ventures, beneficiation and reporting. The score card does not assign a weight to each of these objectives, nor does it indicate what activity constitutes satisfactory conduct, with the exception of HDSA ownership percentages as set out above.
- (8) Stonewall has in respect of TGME and Salsie implemented a BEE structure to comply with the requirements of the Mining Charter (BEE Structure) and is in the process of restructuring its shareholding in Boeveld to ensure compliance with the Mining Charter.

4.6 Section 11 Consent – Change of Control

- (1) Section 11(1) of the MPRDA provides that:

"A prospecting right or mining right or an interest in any such right, or a controlling interest in a company or close corporation, may not be ceded, transferred, let, sublet, assigned, alienated or otherwise disposed of without the written consent of the Minister, except in the case of change of controlling interest in listed companies."

- (2) As part of the Proposed Transaction, the majority shareholders in Stonewall wish to sell their shares to Meridian in exchange for the majority shareholding in Meridian. There will on our understanding of the Proposed Transaction therefore be no change in the "controlling interest" in Stonewall and the shares will merely be held by the same persons via another entity with the introduction of another minority shareholder (i.e. the current shareholders of Meridian).
- (3) Since the purpose of Section 11 is to ensure that the acquirer of the mining or prospecting rights is vetted, the Minister need not consider the transaction contemplated in this instance and has no interest therein. The "controlling interest" in Stonewall will ultimately remain in the same hands.
- (4) Accordingly, we are of the opinion that the Minister's consent in terms of section 11 of the MPRDA would not be required in respect of the Proposed Transaction.

II TGME Mining Report

5.1 Introduction

TGME has five approved mining rights:

- (1) The Greater TGME Mining Right (No. 53MR), which requires notarial execution; to expand the current mining activities.

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- (2) The Elandsdrift Mining Right (No. 198MR), for which an extension application has been submitted in January 2009, and is still being processed by the DMR.
- (3) The Hermansburg Mining Right (No. 340MR).
- (4) The Pilgrims Trend Deposits Mining Right (No. 341MR).
- (5) The Rietfontein Mining Right (No. 358MR).

TGME has made application for six New Order Mining Rights and one application for a renewal of a New Order Mining Right. We have also reviewed TGME's Prospecting Rights. We have numbered the applications as follows for purposes of this Report:

- (a) Application No. 1: Elandsdrift Mining Right No. 188MR (renewal application);
- (b) Application No. 2: Pilgrims Trend Deposits Mining Right No. 341MR (new application);
- (c) Application No. 3: Glyn's Lydenburg Tailings Dam No. 433MR (new application);
- (d) Application No. 4: Rietfontein Mining Right No. 358MR (new application);
- (e) Application No. 5: Hermansburg Mining Right No. 340MR (new application);
- (f) Application No. 6: Beta Mining Right No. 330MR (new application); and
- (g) Application No. 7: Greater TGME Mining Right No. 83MR (new application).

5.2 Application No. 1: Elandsdrift Mining Right No. 188MR (Application for renewal of New Order Mining Right)

(1) Overview

As mentioned above, TGME holds a mining right for Elandsdrift (No. 198MR). This mining right was granted on 18 March 2008 and expired on 17 March 2009. An extension application has been submitted in January 2009, and is currently being processed by the DMR.

The operations regarding this mining right have been terminated as from 30 April 2010. TGME is awaiting the finalisation of the mining and environmental permitting so as to ensure that the mining operations can be continued in a sustainable manner.

In terms of Section 43 (3)(b) and 43(4) of the MPRDA, TGME submitted a notification of a care and maintenance plan being instituted for TGME.

(2) Conclusion

On submission of the information relating to the BEE Structure to the DMR there is no reason for the renewal application as regards this right to be refused.

5.3 Application No. 2: Pilgrims Trend Deposits Mining Right No. 341MR (Application for Mining Right)

(1) Overview

TGME applied for new mining right No. 341MR on 31 July 2008.

This mining right was granted by the DMR on 24 July 2012, the material provisions of the grant being that TGME make financial provision in the amount of approximately R16 million for rehabilitation liability on closure and submitting: (i) a duly executed shareholders

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5.8 Application No. 7: The Greater TGME Mines and Amendment (Part 1 No. 83 MR) (Application for Mining Right)

(1) Issues

The above mining right was granted to the applicant on 20 February 2006, to mine for all minerals on various farms. The letter of grant from the DMR advised the applicant to attend to the notarial execution of the mining right.

The operations regarding this mining right has been terminated as from 30 April 2010. The reason for the termination of mining operations is that TGME is awaiting the finalisation of the mining and environmental permitting so as to ensure that the mining operations can be continued in a sustainable manner.

(2) Conclusion

We have not seen the evidence showing that the above right was executed notarially by the DMR on 18 March 2006. Despite request from the DMR advising the applicant of the grant of their mining right application we have been advised that the execution of this right is still required.

5.9 TGME Prospecting rights

We reviewed the following prospecting rights held by TGME:

- (1) Hermansburg Prospecting Right No. 403PR (effective 14 November 2006);
- (2) Buffelsfontein Prospecting Right No. 1189PR (effective 30 January 2007);
- (3) Blackhill Prospecting Right No. 404PR (effective 14 November 2006);
- (4) Elandsdrift Prospecting Right No. 406PR (effective 15 June 2006);
- (5) Prospecting Right No. 10005PR (new application made on 6 July 2011);

The prospecting rights are valid for five years and accordingly should be extended. We have been informed that TGME has applied for the extension of these rights and that all the applications were submitted in November 2011.

6 Sabie Mining Report

6.1 We reviewed the following prospecting rights for Sabie:

- (1) 275 PR in respect of Verbroccing, this was granted on 14 November 2006.
- (2) 800 PR in respect of Rietfontein. The prospecting right was granted on 15 July 2006.

6.2 Prospecting rights are only valid for five years unless extended. Accordingly, these rights should be extended. We have been informed that application has been made for the extension of these rights and that all the applications were submitted in November 2011.

7 Bosveld Mining Report

7.1 Bosveld has one Old Order Mining Right under Mining Licence 1841098 which it is in the process of converting into a New Order Mining Right. The Mining Licence was granted on 24 April 1998 and was to expire on 28 February 2013, and granted Bosveld the right to mine for gold and associated

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interests, on certain farms namely Kipwal No. 49 and Korbek No. 50, in the magisterial district of Pongola.

7.2 On 28 April 2009, Bosveld lodged an application for a conversion of the Old Order Mining Right. The conversion application was in respect of the farms Simdlangetsha No. 18956 (previously known as Kipwal No.49) and Korbek No. 50 HU, to mine for gold ore, in the magisterial district of Pongola.

7.3 The DMR confirmed receipt of the application on 26 May 2009 and it is currently being processed. The requirements in terms of the MPRDA have been met and all outstanding information required by the DMR has been submitted. Bosveld will need to comply with the BEE requirements in the Mining Charter before the application is granted. We understand Stonewall is currently attending to restructuring its shareholding in Bosveld to ensure compliance with the BEE requirements as stated in the Mining Charter.

7.4 Conclusion

Other than the BEE information which is outstanding, we can't see any reason why the application should be refused. As previously mentioned, Stonewall is in the process of amending the BEE shareholding of Bosveld.

8 Consents

Norton Rose South Africa (Incorporated as Denys's Retz) Inc.) has given its consent, and has not before the release of this Report withdrawn its consent, to the issuing of this Report in the form and content in which it appears only.

9 Limitation of Liability

This Report is given on the basis that all and any claims whatsoever arising from the reliance on the information set out in this Report shall only be capable of being brought and/or instituted (and may only and exclusively be brought and/or instituted) against Norton Rose South Africa and (as a stipulation for the benefit of the directors and/or shareholders from time to time of Norton Rose South Africa) not against any or all of the directors and/or shareholders from time to time of Norton Rose South Africa.

Signed by

Name: John Gilmer

Director

Norton Rose South Africa

Name: Werner de Vries

Director

Norton Rose South Africa

11. INDEPENDENT EXPLORATION TENEMENTS REPORT – AUSTRALIA



MERIDIEN RESOURCES LTD

INDEPENDENT EXPLORATION TENEMENTS REPORT

1. INTRODUCTION

1.1 Scope of Instructions

The following report has been prepared independently and in compliance with the VALMIN Code.

Hetherington Exploration & Mining Title Services Pty Ltd (“HEMTS”) has been instructed by Meridien Resources Ltd (“Meridien”) to conduct searches of and outline the rights conferred by the exploration tenements in which Meridien instructs it has an interest in New South Wales, as set out in the Schedule (“the Schedule”).

1.2 Qualifications

Russell Hetherington has approximately 33 years experience in exploration and mining tenement management across Australia. Russell Hetherington is a member of the Australian Mining and Petroleum Law Association and a member of the Business Law Section of the Law Council of Australia.

1.3 Independence

HEMTS is independent from the Company within the meaning of the VALMIN Code. HEMTS’s costs of preparing this report have been calculated at its normal charge out rate.

2. COMMENTARY ON THE TENEMENTS

2.1 General

Unless otherwise stated, the following information has been obtained from the New South Wales Department of Trade and Investment, Regional Infrastructure and Services (“the Department”), the National Native Title Tribunal (“NNTT”), the Office of Environment and Heritage (“OEH”) and the New South Wales State Heritage Register.

Much of the information obtained from the Department has been obtained from the Department’s Tenement Administration System (“TAS”). This report is subject to the proviso that TAS may contain errors and is not always reliable. Where possible, the information obtained from TAS has been verified against other available information, such as Exploration Licence instruments, electronic maps, etc.

The exploration tenements are comprised of Exploration Licences No’s 5242 (1992) (“EL 5242”), 5991 (1992) (“EL 5991”), 6309 (1992) (“EL 6309”), 6810 (1992) (“EL 6810”) and Exploration Licence Application No 4420 (“ELA 4420”) (together referred to as “the Tenements”).

The Exploration Licences are subject to the provisions of the Mining Act 1992 (NSW) (“Mining Act”) and the Mining Regulation 2010 (“the Mining Regulation”).

Basic details of the Tenements are set out in the Schedule.

SYDNEY	MELBOURNE	PERTH
Hetherington Exploration & Mining Title Services Pty Ltd Level 4/100 Pitt Street Sydney NSW 2000 Australia Tel: (61) 2 9252 4211 Fax: (61) 2 9252 4211 Email: info@hetherington.com.au	Hetherington Exploration & Mining Title Services Pty Ltd Level 4/100 Pitt Street Sydney NSW 2000 Australia Tel: (61) 2 9252 4211 Fax: (61) 2 9252 4211 Email: info@hetherington.com.au	Hetherington Exploration & Mining Title Services Pty Ltd Level 4/100 Pitt Street Sydney NSW 2000 Australia Tel: (61) 2 9252 4211 Fax: (61) 2 9252 4211 Email: info@hetherington.com.au

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Jaguar Minerals Limited (“Jaguar”) is the registered holder of EL 5242 and EL 5991. Augur Resources Ltd (“Augur”) is the registered holder of EL 6309 and Meridien is the registered holder of EL 6810 and ELA 4420.

The Tenements apply to Group 1 minerals, which are metallic minerals such as gold, silver, copper, iron minerals etc.

The conditions of EL 5242, EL 5991 and EL 6309 allow exploration by all methods (although certain methods require additional approval by the Environmental Sustainability Unit of the Department, or other Government instrumentalities).

The conditions of EL 6810 allow exploration by low-impact methods. A low-impact Exploration Licence is excluded from the “Right to Negotiate” process of the Native Title Act 1993 (“the NTA”) and authorises only a limited range of prospecting operations (see Section 2.12 below).

The current term of EL 5991 expired on 11 September 2011, but EL 5991 continues in force pending the determination of the application for renewal (Section 117(1), Mining Act). An application for renewal has been lodged over all 24 units the licence was previously subject to, for a further term of two years. Details of special circumstances to support the renewal of EL 5991 without reduction should have been lodged with the Department as required by Section 114(6) of the Mining Act.

The validity of the renewal application for EL 5991 is questionable. The renewal application was lodged on Monday 12 September 2011, the next business day after expiry on Sunday 11 September 2011. However, the Department has considered such “next business day” renewal applications previously.

Exploration Licence 5991 is also pending transfer from Jaguar, to Meridien and Jaguar as joint holders, with Meridien nominated as the main holder.

The current term of EL 6309 expired on 26 September 2010, but EL 6309 continues in force pending the determination of the application for renewal (Section 117(1), Mining Act). An application for renewal has been lodged over all 50 units the licence was previously subject to, for a further term of two years. Details of special circumstances to support the renewal of EL 6309 without reduction should have been lodged with the Department as required by Section 114(6) of the Mining Act.

Exploration Licence 6309 is pending transfer from Augur, to Meridien and Augur as joint holders, with Meridien nominated as the main holder. The transfer was approved by the Department on 26 September 2011. Application for registration of the transfer was received by the Department on 14 November 2011, however the transfer has yet to be registered by the Department. The transfer of a tenement is not effective until registered by the Department.

In the event that the Department does not support the special circumstances submitted with an application for renewal, the application for renewal may be refused or more than likely, the holder will be required to nominate a reduced area, usually 50% reduced, over which the renewal might proceed (see Section 2.9 below).

The area subject to ELA 4420 comprises of twenty-four (24) units, all of which overlap EL 5991 (see Section 2.3 below).

2.2 Exclusions

The terms of the Exploration Licence instruments exclude land vested in the Commonwealth of Australia and any land subject to a National Park, regional park, historic site, nature reserve, karst conservation reserve or Aboriginal area which existed at the date of grant.

11. INDEPENDENT EXPLORATION TENEMENTS REPORT – AUSTRALIA

Time does not permit an investigation into whether there is any land vested in the Commonwealth of Australia, historic site, nature reserve, regional reserve, karst conservation reserve or Aboriginal area, although it is considered unlikely that there are large areas of such land within the Tenements.

There are no areas of National Park affecting the Tenements.

There are no Mining Reserves affecting the Tenements.

2.3 Other Titles and Applications

Mining Act

EL 5991 & ELA 4420

The land subject to EL 5991 is wholly overlapped by ELA 4420 lodged by Meridien. As EL 5991 and ELA 4420 are both for group 1 minerals, ELA 4420 cannot be granted without written consent from the holder of EL 5991, being Jaguar, in accordance with Section 19 of the Mining Act. Should EL 5991 be transferred prior to the offer of grant for ELA 4420, consent will be required from Meridien and Jaguar.

Petroleum (Onshore) Act 1991 (NSW) ("the Petroleum Act")

EL 5991 & ELA 4420

The land subject to EL 5991 and ELA 4420 partially co-exists with Petroleum Exploration Licence No 456 (1991) ("PEL 456"), which is held by Macquarie Energy Pty Ltd (main holder) and Santos QNT Pty Ltd.

The remaining land subject to EL 5991 and ELA 4420 which does not co-exist with PEL 456, co-exists with Petroleum Special Prospecting Authority Application 57 (1991), which is held by New South Wales Aboriginal Land Council.

EL 5242

The land subject to EL 5242 wholly co-exists with Petroleum Special Prospecting Authority Application 60 (1991), which is held by New South Wales Aboriginal Land Council.

EL 6309

The land subject to EL 6309 partially co-exists with Petroleum Special Prospecting Authority Application 57 (1991), which is held by New South Wales Aboriginal Land Council.

EL 6810

The land subject to EL 6810 wholly co-exists with Petroleum Special Prospecting Authority Application 60 (1991), which is held by New South Wales Aboriginal Land Council.

In the event of any operational conflict between the tenements, any party to the dispute may apply to the Land and Environment Court for a determination of the matter (Section 73 Petroleum Act).

2.4 Depth Restrictions and Surface Exclusions

The Tenements are not subject to any depth or surface restrictions.

2.5 Encumbrances

Meridien has lodged applications for registration of an equitable interest in respect to EL 5991, EL 5242 and EL 6309 pursuant to Section 161(2) of the Mining Act. The Director-General may, if satisfied that the applicant holds the interest concerned, register the document by which the legal or equitable interest is evidenced pursuant to Section 161(4) of the Mining Act.

The equitable interest claimed in respect to EL 5991 is pursuant to a Heads of Agreement dated 3 June 2010, which was registered by the Department on 2 June 2011. The equitable interest claimed in respect to EL 5242 is pursuant to an Agreement dated 3 June 2010, which was registered by the Department on 12 January 2011. The equitable interest claimed in respect to EL 6309 is pursuant to a Heads of Agreement dated 3 December 2010, which was registered by the Department on 12 January 2011.

2.6 Exempted Areas

Exempted areas under the Mining Act are lands set aside for a public purpose, including travelling stock reserves, road reserves, water supply reserves, State Forests and public reserves and permanent commons. Section 30 of the Mining Act requires an Exploration Licence holder to obtain prior written consent from the Minister of Resources and Energy before commencing prospecting operations in an exempted area.

2.7 State Forests and State Conservation Areas

State Forests are not excluded from Exploration Licences, but exploration activities within State Forests are subject to specific requirements.

Approximately 11.9 per cent of the EL 5242 area is subject to the Dog Rocks State Forest and Mount David State Forest.

Approximately 16.6 per cent of the EL 6309 area is subject to the Weelah State Forest, Manna State Forest and Nerang Cowal State Forest.

Approximately 29.7 per cent of the EL 6810 area is subject to the Mount David State Forest.

Forests NSW is a public trading enterprise within the New South Wales Department of Primary Industry, and is a "landholder" for the purposes of the Mining Act. It is therefore necessary to enter into an access agreement with Forests NSW before commencing prospecting in a State Forest (Section 140 Mining Act).

State Forests are exempted areas for the purposes of Section 30 of the Mining Act. This provision requires the consent of the Minister for Resources and Energy before carrying out exploration activities within exempted areas. Such consent would entail environmental assessment by the Department of the proposed exploration. It would also be expected that such consent would be granted only in consultation with Forests NSW and subject to the terms of an access agreement reached with Forests NSW.

State Conservation Areas are also exempted areas under the Mining Act. Pursuant to the requirements of Section 30 of the Mining Act and Section 47J(7) of the National Parks and Wildlife Act 1974 ("NPW Act"), the licence holder may not exercise rights pursuant to the licence within State Conservation Areas except with the consent of the Minister for Resources and Energy, given with the approval of the Minister for the Environment (see also Section 2.8 below). A Review of Environmental Factors must be prepared, submitted and approved by the Department prior to the commencement of any prospecting operations.

Dealing No 5 of EL 6309 refers to the grant on 5 September 2006 of a Section 30 consent to Augur by the Minister for Mineral Resources to allow the drilling of 33 rotary airblast drillholes, 16 within Weelah State Forest and 17 within Nerang Cowal State Forest. Dealing No 15 of EL 6309 refers to the grant on 19 August 2009 of a Section 30 consent to Augur by the Minister for Mineral Resources to allow an IP survey in the Nerang Cowal State Forest.

11. INDEPENDENT EXPLORATION TENEMENTS REPORT – AUSTRALIA

2.8 Exploration Licence Conditions

The conditions attached to the Exploration Licence instruments relate to environmental management of exploration, drilling requirements, reporting requirements, expenditure commitments, clearing of vegetation, rehabilitation of disturbed land and lodgement of security deposits.

EL 6309

The grant of EL 6309 is subject to the Exploration Licence Conditions 2008 (“2008 Conditions”).

The 2008 Conditions attached to EL 6309 appear to be standard and there does not appear to be any noteworthy conditions.

EL 5991

The grant of EL 5991 is subject to the Exploration Licence Conditions 2009 (“2009 Conditions”). Conditions to be noted include:

Condition 23 of the 2009 Conditions requires that at least 28 days prior to commencement of drilling operations other than Category 1 drilling, the Exploration Licence holder must notify the relevant Department of Water and Energy regional hydrologist of the intention to drill exploratory holes, and provide information on the nature and location of the proposed holes.

Condition 28(a) of the 2009 Conditions requires an Environmental and Rehabilitation Report to be submitted to the Department in accordance with Departmental Guidelines within one month of expiry or early termination of the Exploration Licence or whenever part of the Exploration Licence ceases to have effect. Condition 28(b) requires that an Incident and Complaints Report is to be submitted within 24 hours of confirmation of any serious environmental incident, a breach of Conditions 1 to 27 of those conditions included in the Exploration Licence, a breach of other environmental regulations or a serious complaint from landholders or the public.

Condition 37(a) of the 2009 Conditions requires that the Exploration Licence holder must supply notifications and particulars and preserve any cores and samples as required by the Mine Health and Safety Act 2004. In addition, Condition 37(b) requires that the Exploration Licence holder must not dispose of any core obtained during the act of drilling in the Exploration Licence area without first offering it to the Department for archival storage.

The Exploration Licence instrument for EL 5991 contains a condition relating to Native Title (see Section 2.12 below).

The grant of EL 6309 and EL 5991 occurred prior to the commencement of the Mining Regulation and Exploration Licence Conditions 2010 (“2010 Conditions”). As such, the Exploration Licence documents contain Condition 43(b) which creates an obligation to lodge interim reports or six-monthly reports. Notwithstanding, recent amendments at Section 163C of the Mining Act and Clause 57 of the Mining Regulation, these reports are no longer required to be lodged with the Department

EL 5242

The grant of EL 5242 is subject to the Exploration Licence Conditions 2010, which have amended the 2009 Conditions.

The 2010 Conditions now include Condition 22 which requires the lodgement of an Environmental Management Report (“EMR”) as part of any application for renewal of an Exploration Licence, or within 30 days of the expiry or cancellation of an Exploration Licence. There is no reference to an EMR in the Mining Act, the Mining Regulation or the prescribed forms. Furthermore, Condition 22 requires that an EMR be prepared according to any relevant Departmental Guidelines. As yet, no relevant guidelines have been released.

Condition 33 of the 2010 Conditions requires the Exploration Licence holder to make every reasonable attempt, and be able to demonstrate attempts, to enter into a co-operation agreement with the holder/s of any overlapping authorities.

Condition 34 of the 2010 Conditions requires the Exploration Licence holder, prior to the commencement of any prospecting operations, to establish a Community and Landholder Liaison Program that can effectively address enquiries from landholders and community members within the area of the Exploration Licence.

Condition 35(a) of the 2010 Conditions imposes a requirement of prior written Ministerial consent should there be a change in control of the Exploration Licence (“change in control condition”).

Condition 35(b) sets out what constitutes a “change in effective control”, being when a person is appointed with a minimum of 50 percent control over the directors of the board of the holder company, greater than 50 percent control over votes at a general meeting or more than 50 percent of issued share capital.

In the case of foreign persons or corporations as set out in Condition 35(c), “foreign acquisition of substantial control” occurs when foreign persons gain a minimum of 15 percent control over the directors of the board of the holder company, greater than 15 percent control over votes at a general meeting or more than 15 percent of issued share capital.

In addition to the above, Condition No 36 of EL 5242 provides that the licence holder must rehabilitate to the satisfaction of the Department any areas disturbed by operations carried out under former Exploration Licence No 4810 (1992) (“EL 4810”) and must lodge any reports required in connection with that licence. Michelago Resources NL was a previous holder of EL 5242 and EL 4810. Whilst EL 5242 has been granted over former EL 4810, the inclusion of Condition No 36 in EL 5242 would suggest that the Department included Condition No 36 in the EL 5242 licence instrument to ensure any outstanding rehabilitation work in respect to exploration activities previously conducted upon EL 4810 would be completed as part of the obligations attached to EL 5242.

EL 6810

Low-impact Exploration Licences are excluded from the “Right to Negotiate” process of the NTA but authorise only a limited range of prospecting operations (see Section 2.12 below).

The conditions attached to the EL 6810 licence instrument relate to authorised prospecting methods, environmental management of exploration activities, access, drilling and core sampling requirements, rehabilitation of disturbed land, safety requirements, interference with infrastructure and utilities, clearing of trees and vegetation, prevention of erosion and pollution, coastal wetlands, water use, preservation of aboriginal objects or places, expenditure and reporting requirements, maintenance of security and exercise of rights within State Conservation Areas.

Condition 31 of EL 6810 relates to the change in control condition, noted above.

2.9 Expenditure and Reporting Requirements

Compliance with the expenditure and reporting requirements of an Exploration Licence is important because these matters are considered by the Department at the time of renewal.

11. INDEPENDENT EXPLORATION TENEMENTS REPORT – AUSTRALIA

Compliance or non-compliance with Exploration Licence Conditions can determine whether the area of an Exploration Licence is renewed in full, or whether a 50 percent reduction is required.

Expenditure on Exploration Licences

The annual expenditure requirements have not been met for EL 5242 for the past three reporting years,

The annual expenditure requirements for EL 5991 have not been met for the past two reporting years, but were met in the reporting year 2009.

The annual expenditure requirements for EL 6309 were not met for the reporting years 2011 and 2009, but were met in the reporting years 2010 and 2008.

The annual expenditure requirements for EL 6810 have been met for all reporting years since grant.

Reporting

Reporting for EL 5242 is up to date with the next annual report due 27 July 2012.

The last two annual reports for EL 5991 were assessed as unsatisfactory. The previous three annual reports were assessed as satisfactory. The next annual report is due 11 October 2012.

The last annual report for EL 6309 was assessed as unsatisfactory. The previous three annual reports were assessed as satisfactory. The next annual report is due 26 October 2012.

Reporting for EL 6810 is up to date with the next annual report due 18 July 2012.

2.10 Securities

Upon the grant of an Exploration Licence, a condition may be imposed that requires the holder to provide and maintain a security deposit that secures funding for the fulfilment of Department requirements, and environmental and rehabilitation obligations in respect to the Tenements (Section 261B, Mining Act).

A security deposit can be provided in the form of a bank guarantee, cash, bond or, if considered appropriate, an insurance policy (Section 261D, Mining Act).

Currently EL 5242, EL 5991 and EL 6309 require individual security deposits of \$10,000 and EL 6810 requires an individual security deposit of \$4,000. The security deposits currently lodged with the Department in respect to the Tenements are cash amounts deposited with the Department.

2.11 Access and Compensation

It is necessary for the holder of a granted Exploration Licence to enter into a written access arrangement with any landholders prior to carrying out exploration on land which is owned or occupied (Section 140, Mining Act). Any landholder is entitled to compensation for all compensable loss caused to such land by exploration (Section 263, Mining Act). In the event that an agreement over the amount of compensation payable cannot be reached with any landholder, the matter can be referred to arbitration, and if not resolved, to the Land and Environment Court for determination (Section 155, Mining Act).

Pursuant to Section 31 of the Mining Act, it is necessary for the holder of an Exploration Licence to obtain the prior written consent of the owner of any dwelling house which is the principal place of residence, garden or improvement before carrying out exploration within 200 metres of the dwelling house, and within 50 metres of the relevant garden, or on land subject to a significant improvement. "Significant improvement" has been defined by the Mining Act as any substantial building, dam,

reservoir, contour bank, graded bank, levee, water disposal area, soil conservation work or other valuable work or structure.

In addition to the above, the holder of EL 6810, which is a low-impact Exploration Licence, is not authorised to carry out prospecting operations on land where Native Title has not been extinguished, otherwise than in accordance with an access arrangement with any registered Native Title body corporate or registered Native Title Claimants (see Section 2.12 below).

2.12 Native Title

The total area of EL 5991 and ELA 4420 is subject to the Wellington Valley Wiradjuri Native Title Claim NC09/4.

The total area of EL 5242 and the total area of EL 6810 are subject to the Gundungurra Tribal Council Aboriginal Corporation 6 Native Title Claim NC97/7.

The land subject to EL 6309 is not affected by any Native Title Claim.

The issue of whether or not a Native Title Claim applies to the land subject to the Tenements is irrelevant to the requirement to comply with the Native Title processes prescribed by the NTA if the relevant land is land where Native Title exists or may exist ("Native Title land"). The threshold question when considering Native Title issues is therefore whether or not the relevant land is Native Title land or, in other words, whether or not Native Title has been extinguished. If Native Title has been extinguished, then it is not necessary to consider whether or not there is a Native Title Claim in respect to the relevant land before carrying out exploration.

If Native Title has not been extinguished, then it will (except in very specific circumstances) be necessary to comply with Native Title processes before carrying out exploration on the Tenements. The presence of a registered Native Title Claim simply means that it will be necessary to reach an agreement with the Native Title Claimants before proceeding with the relevant exploration activity. This may not be the case where there is currently no registered Native Title Claim, although in that case it is still necessary to undergo the "Right to Negotiate" process prescribed by the NTA or other Native Title processes for any exploration on Native Title land that may exist within an exploration licence.

As a general statement, it can be said that Native Title has been extinguished in much of New South Wales. Nonetheless, it is likely that the Tenements may contain at least some Native Title land. Native Title is less likely to have been extinguished on land held by the Crown. There are a number of portions of Crown Land within the Tenements. The status of any Native Title in land cannot be determined with certainty until a thorough search of each parcel of land is carried out. Such searches are beyond the scope of this report.

Currently EL 5991 contains the "Minister's consent" condition. This means that before carrying out exploration on Native Title land, the "Minister's consent" must be obtained. The Minister will not grant that consent until the "Right to Negotiate" process prescribed by the NTA has been undergone. EL 5242, EL 6810 and EL 6309 do not contain the "Minister's consent" condition.

EL 6309

The "Right to Negotiate" process prescribed by the NTA has been completed in respect to EL 6309. As a result, no Native Title Claims were registered and therefore EL 6309 does not contain the "Minister's consent" condition.

EL 5242

The "Right to Negotiate" process prescribed by the NTA has been completed in respect to EL 5242. In accordance with Section 31 of the NTA, a Deed was signed by the Native Title party, the holder of EL

11. INDEPENDENT EXPLORATION TENEMENTS REPORT – AUSTRALIA

5242 at that time and the Minister on behalf of the Government on 23 October 2001. As a result, the Department granted consent to prospect on Native Title Land on 10 April 2002.

HEMTS has undertaken investigations to determine whether a Project Consent Deed dated 28 August 2001 between the then holder of EL 5242, Herald Resources Limited and the Native Title claimant was assigned to Jaguar pursuant to the terms of that Deed, thereby giving consent to prospecting activities to occur upon Native Title land within EL 5242. Investigations returned no information to confirm that a Deed of Assignment or similar transferring agreement was entered into between Jaguar and the Native Title party. As a result, a Deed of Assignment or similar, or consent of the Native Title party, will need to be obtained before prospecting operations can occur upon any areas of Native Title land within EL 5242.

EL 6810

As a low-impact Exploration Licence, EL 6810 is excluded from the “Right to Negotiate” process prescribed by the NTA. This means that subject to obtaining an access arrangement with any registered Native Title body corporate or registered Native Title claimants, prospecting operations authorised by the low-impact Exploration Licence may be conducted on land where Native Title has not been extinguished.

The access arrangement must address matters specified in Section 26A(7) of the NTA. These matters include the protection and avoidance of any area or site on the land or waters to which Native Title rights and interests relate, access to the land or waters to which Native Title rights and interests relate and the way in which any act that affects Native Title rights and interests is done.

Prospecting operations authorised by a low-impact Exploration Licence include aerial surveys, geological and surveying field work that does not involve clearing, sampling by hand methods, ground-based geophysical surveys that do not involve clearing, drilling and activities associated with drilling and the establishment of a drill site, that do not involve clearing or excavation, other than the minimum necessary to establish a drill site and environmental field work that does not involve clearing.

The holder of EL 6810 may apply for a variation of the prospecting operations authorised under the Exploration Licence to allow for other kinds of prospecting operations. Any variation would apply to the whole of the licence area and if approved, the Exploration Licence would cease to be a low-impact Exploration Licence. The “Right to Negotiate” process prescribed by the NTA would apply to any proposed variation of EL 6810.

2.13 Aboriginal Places and Objects

An Aboriginal object is any material evidence relating to Aboriginal habitation of an area. An Aboriginal place is a place declared as such by the Minister administering the NPW Act, and is a place deemed to have special significance to Aboriginal culture. An Aboriginal place may or may not contain Aboriginal objects.

Aboriginal places and objects are registered on the Aboriginal Heritage Information Management System (“AHIMS”) administered by the OEH. A search of AHIMS on 20 June 2012 indicates that there are a total of eleven Aboriginal heritage sites located within or in close proximity to the Tenements.

Pursuant to Section 86(2) and (4) of the NPW Act, it is a strict liability offence to harm an Aboriginal object, or harm or desecrate an Aboriginal place. It is also an offence to harm or desecrate an Aboriginal object that the person knows is an Aboriginal object pursuant to Section 86(1) of the NPW Act. It may be necessary to apply for an Aboriginal Heritage Impact Permit in accordance with Section 90 of the NPW Act if the activities contemplated in exercising rights under the Tenements are likely to cause damage to Aboriginal objects or places. The application process for an Aboriginal Heritage Impact Permit is prescribed by Section 90A of the NPW Act and Sections 80C and 80D of the National Park and Wildlife Regulation 2009 (“NPW Regulation”). The prohibitions contained in Section 86(1), (2) and (4) of the NPW Act apply whether or not the Aboriginal place or Aboriginal object has been registered on AHIMS.

A defence is available to a person charged with a strict liability offence pursuant to Section 86(2) of the NPW Act. The defendant must show that the defendant exercised due diligence to determine whether the act or omission constituting the alleged offence would harm an Aboriginal object, and reasonably determined that no Aboriginal object would be harmed (Section 87(2), NPW Act).

A defence is also available to a person charged with an offence pursuant to Section 86(2) of the NPW Act, if the offence is prescribed by the NPW Regulation as a low impact act or omission. If harm or desecration of an Aboriginal object or place is authorised by an Aboriginal Heritage Impact Permit, and the conditions of that Permit are not contravened, a defence to prosecution under Section 86(1), (2) or (4) of the NPW Act is also provided by Section 87(1) of the NPW Act.

It should be emphasised that the issue of Aboriginal places and objects is entirely separate to that of Native Title.

2.14 Heritage Sites

The State Heritage Inventory Register indicates that there are a number of registered heritage sites listed in respect to the Lachlan, Mid-Western, and Oberon Local Government Areas in which the Tenements are located.

Whilst the geographical location of some entries on the State Heritage Inventory Register is unclear, normal caution must be exercised when carrying out exploration. If the holder of the Tenements encounters a potential heritage item in the course of exploration, it should be verified with the local Shire Council and/or the New South Wales Heritage Council.

2.15 Future Obligations

The holder of an Exploration Licence has an ongoing obligation to comply with the terms and Conditions of grant, including satisfaction of the expenditure conditions, unless otherwise varied by the Department.

It will be necessary to rehabilitate any current and future disturbances within the Tenements pursuant to the conditions attached to the Tenements, as well as any conditions of any additional consent that might be issued in accordance with the requirements of law or those conditions.

The activities conducted under the authority of the Tenements are likely to result in the creation of environmental liabilities for the holders. The environmental liabilities will commence when exploration causes on-site ground disturbance. When any disturbed area has been satisfactorily rehabilitated, the environmental liability in respect to that area will cease.

If exploration is conducted on Native Title land, additional costs in respect to making an application for the "Minister's consent" to conduct activities on Native Title land, the "Right to Negotiate", Native Title consultation, negotiation and compensation payments and cultural heritage site clearances should be anticipated.

The holder of the Tenements may apply to renew the Tenements for further terms. Pursuant to Section 113 (2)(a) of the Mining Act, Applications for Renewal of the Tenements can be lodged with the Department two months before and up until the relevant expiry date.

The Mining Act requires the holder of an Exploration Licence to periodically reduce by half the area of that Exploration Licence. Pursuant to Section 114(6) of the Mining Act, the holder may make an application to the Department to vary this reduction requirement. The holder of an Exploration Licence will need to demonstrate that special circumstances exist, to justify renewal over an area that is greater than half the current area of that licence.

From 1 July 2012, an Annual Rental Fee ("ARF") and an Annual Administrative Levy ("AAL") will be payable to the Department for all tenements held within New South Wales.

11. INDEPENDENT EXPLORATION TENEMENTS REPORT
– AUSTRALIA

The ARF is calculated on the basis of the area of land covered by the tenement, with a minimum ARF of \$100 pa. The liability for the ARF arises on the grant of the tenement and on each "grant anniversary date" that occurs during the term of the tenement. Please note that the "grant anniversary date" is not necessarily the current anniversary of each tenement.

The AAL is calculated as 1% of the security deposit amount, at the date when the liability arises. The AAL is an annual liability which also arises on the grant of the authorisation and on every "grant anniversary date". The minimum AAL is \$100 pa and where there is a joint security, the AAL will be a percentage of the "relevant proportion" of the joint security.

The "relevant proportion" is the proportion that one bears to the number of tenements for which the joint security is required to be provided and maintained. For example, if the joint security is \$100,000 and there are four tenements subject to the joint security, the AAL for each tenant will be 1% of \$25,000, notwithstanding the size or level of disturbance that may be on any particular tenement.



RUSSELL HETHERINGTON
Hetherington Exploration & Mining Title Services Pty Ltd
Sydney Office
4 July 2012

Addendum: Since the completion of the report, the Department has registered the transfer of EL 6309 from Augur, to Meridien and Augur, with Meridien nominated as the main holder.

SCHEDULE

TENEMENT	ACT YEAR	TENEMENT TYPE	REGISTERED HOLDER/APPLICANT	GRANT/ APPLICATION DATE	EXPIRY DATE	STATUS	AREA (UNITS)	SECURITY		INDIVIDUAL EXPENDITURE COMMITMENT (PA)	ENCUMBRANCES	MINERALS	ANNUAL RENTAL FEE	ANNUAL ADMINISTRATIVE LEVY
								REQUIRED	HELD					
EL 5242 (1992)	1992	Exploration Licence	Jaguar Minerals Limited	25-02-1997	27-06-2013	Granted	12	\$10,000	\$10,000 (Cash)	\$42,000	(1)	Group 1	\$720	\$100
EL 5991 (1992)	1992	Exploration Licence	Jaguar Minerals Limited	12-09-2002	11-09-2011	Renewal Pending	24	\$10,000	\$10,000 (Cash)	\$54,000	(1), (2)	Group 1	\$1,440	\$100
EL 6309 (1992)	1992	Exploration Licence	Augur Resources Ltd	27-09-2004	26-09-2010	Renewal Pending	50	\$10,000	\$10,000 (Cash)	\$80,000	(1), (3)	Group 1	\$3,000	\$100
EL 6810 (1992)	1992	Exploration Licence	Meridien Resources Ltd	19-06-2007	19-06-2013	Granted	1	\$4,000	\$4,000 (Cash)	\$5,000	Nil	Group 1	\$100	\$100
ELA 4420 (1992)	1992	Exploration Licence Application	Meridien Resources Ltd	04-11-2011	N/A	Grant Pending	24	N/A	N/A	N/A	Nil	Group 1	N/A	N/A

(1) Meridien has lodged an application for registration of an equitable interest pursuant to Section 161(2) of the Mining Act.

(2) The tenement is pending transfer from Jaguar Minerals Limited, to Meridien Resources Ltd and Jaguar Minerals Limited, with Meridien Resources Ltd nominated as the main holder.

(3) The tenement is pending transfer from Augur Resources Ltd, to Meridien Resources Ltd and Augur Resources Ltd, with Meridien Resources Ltd nominated as the main holder.

12. RISK FACTORS

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment in the Company.

Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many are outside the control of the Company and cannot be mitigated.

This Section describes certain risks associated with an investment in the Company. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Prospectus.

12.1 Risk factors relating to the Stonewall Acquisition

A. Shareholder approval

The Offer is subject to all resolutions put to Shareholders being passed at the General Meeting to be held on 2 October 2012. If all resolutions are not passed at the General Meeting the Offer will not proceed and all Applications Monies (without interest) will be repaid to Applicants.

B. Re-quotations of shares on ASX

The acquisition of Stonewall constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. If the Company does not re-comply with Chapters 1 and 2, the Offer will not proceed and any Application Monies will be returned to investors (without interest).

C. Conditions of the Share Sale Agreement

Pursuant to the Share Sale Agreement (summarised in Section 13.2) the Company has agreed to initially acquire an interest of approximately 80% in Stonewall subject to the fulfilment of certain conditions. If the conditions precedent contained in the Share Sale Agreement are not met, the Stonewall Acquisition will not complete and the Company will not acquire an interest in Stonewall.

D. Initially acquiring less than 100% of Stonewall

Pursuant to the Share Sale Agreement, the Company has agreed to initially acquire an interest of approximately 80% in Stonewall. The remaining shares are proposed to be acquired pursuant to the Option Agreement. While the Company will have control of Stonewall prior to the exercise of the put or call option during this period the Company will have the added complexity of dealing with minority shareholders. The Company has sought to mitigate the issues of dealing with minority shareholders by entering into a shareholders agreement with those minority shareholders until the time that the put or call option is exercised pursuant to the Option Agreement. This agreement is summarised in Section 13.5(a).

E. Restricted securities

A significant number of the Shares of the Company are likely to be required to be held in escrow as a result of the acquisition of shares in Stonewall and associated transactions. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

F. Options risk

As set out above, the South African Stonewall Shareholders may exercise a put option in respect of part or all of their Stonewall shares, and the Company may exercise a call option, provided the acquisition of Shares in the Company by the South African Stonewall Shareholders is compliant with South African exchange control legislation.

There is a risk that the acquisition of Shares in the Company by the South African Stonewall Shareholders will not be compliant with South African exchange control legislation. While the Board considers this to be unlikely, if this occurs, the Company will be unable to acquire the remaining shares in Stonewall.

12.2 Risks relating to the Company's operations

A. Resource and Reserve estimates

There is a risk that the Mineral Resources and Ore Reserves of the Company, which are estimated and published on a regular basis by the Company in accordance with ASX Listing Rules and the JORC Code, are incorrect. If those estimates are materially in excess of the recoverable mineral content of the tenements, the production and financial performance of the Company would be adversely affected.

B. Discovery risk

Any discovery by the Company may not be commercially viable or recoverable. That is no resources within the meaning of the JORC Code may be able to be established and it may be that consequently no reserves can be established.

C. Exploration risk

Mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of current tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

D. Operating risk

The nature of exploration, mining and mineral processing involves hazards which could result in the Company incurring uninsured losses and liabilities to third parties, for example arising from pollution, environmental damage or other damage, injury or death. These could include rock falls, flooding, unfavourable ground conditions or seismic activity, ore grades being lower than expected and the physical or metallurgical characteristics of the ore being less amenable to mining or treatment than expected.

E. Black Economic Empowerment

As mentioned in Section 10, Stonewall, and its subsidiaries, must comply and remain compliant with certain black economic empowerment requirements in order to retain their prospecting and mining rights. Any failure by Stonewall, and its subsidiaries to satisfy and to continue to satisfy the black economic empowerment requirements could jeopardise the prospecting and mining rights in which the Company will hold an interest, following completion of the Stonewall Acquisition, and impede the Company's ability to acquire, develop or maintain any additional mining or prospecting rights.

F. Failure to fund future capital requirements

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the Company will be able to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion there can be no assurances that the Company will have sufficient capital resources, or that it will be able to obtain fundraising on terms acceptable to the Company or at all. Any equity financing may be dilutive to Shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

G. Reliance on Key Personnel and employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

H. Exploring and mining risks

The future viability and profitability of the Company will be affected by a number of factors, including, but not limited to the risks associated with:

- < Prospecting or Mining Rights being adversely affected by political disputes;
- < environmental management issues and the Company's obligations to comply with requirements that may change over time and result in additional costs and delays;
- < poor weather conditions over a prolonged period which might adversely affect exploration activities;
- < the cost of maintaining exploration and mining properties, which depends on the Company having access to sufficient working capital; and
- < the financial failure of, or default by, a participant in any of the joint ventures or other contractual relationships which the Company is, or may become a party.

I. Environmental risks

The Company's projects are subject to various environmental laws. Many of the activities and operations of the Company cannot be carried out without prior approval from and compliance with all relevant authorities. Resource activities can be environmentally sensitive and give rise to substantial costs for environmental rehabilitation, damage control and losses.

The Company may be:

- < subject to potential liability related to the exploration, mining and extraction of metals; or
- < prevented from exploration and mining due to the environmental impact of its activities on an area.

Any such developments might impact adversely on the Company's share price.

12. RISK FACTORS

J. Regulatory risk

Operations by the Company may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that all requisite approvals will not be forthcoming and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained, investors should be aware that the Company cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Company to develop or operate any project, or possibly acquire any project, may be limited or restricted either in part or absolutely.

The regulatory environment for the Company's operations could change in ways that substantially increase the Company's liabilities, tax liability or costs of compliance. This could materially and adversely affect the Company's financial position.

K. Sovereign risk

The Company's exploration activities are carried out in Australia and South Africa. As a result, the Company will be subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases in those countries. The Directors believe that the Governments of South Africa and Australia support the development of natural resources by foreign investors. However there are no assurances that political and economic conditions will not result in Governments adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital all of which may affect the Company's ability to develop its business.

Potential risk to the Company's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Company's interests in South Africa or Australia. This may also include changes in exchange control systems, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

L. Tenement conditions

The Company's projects will be subject to various tenement conditions (including, without limitation, minimum work requirements). Failure to comply with such conditions may lead to forfeiture. The tenements will also be subject to renewal. If any of the tenements are not renewed for any reason the Company could suffer damage through loss of opportunity to explore and develop those tenements. The Directors are not aware of any reason why renewal of the tenements will not occur.

M. Complex metallurgy

Reefs throughout the Sabie-Pilgrims Rest Goldfields are characterised by a variety of highly irregular gold mineralisation styles. While significant progress has been made in recent years in terms of gold recoveries of refractory gold-bearing materials, processing of the gold-bearing material remains problematic. As a result, expected gold recoveries can be irregular.

N. Flooding

The average rainfall in the TGME Project area is more than 1200 mm per annum. Most of the rain occurs between October and April and, while underground and surface mining operations can continue throughout the year, water ingress remains an issue and needs to be closely monitored and managed to avoid the risk of underground mines flooding.

O. Labour risk

The Company's operations may be adversely affected by labour disputes or changes in South African and Australian labour laws. In South Africa and Australia a number of trade unions have close links to various political parties and have significant influences as vehicles for social and political reform and in the collective bargaining process. South Africa and Australia have enacted various labour laws that enhance the rights of employees which may impose costs on the Company. Significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could disrupt operations and affect the profitability of the prospecting rights and any future mining and exploration activities undertaken by the Company.

P. HIV/AIDS and tuberculosis

The HIV/AIDS pandemic remains a significant challenge to companies operating in South Africa. In addition, the occurrence of tuberculosis is increasing amongst the South African workforce. Any significant increase in the incidence of HIV/AIDS infection, HIV/AIDS-related diseases or tuberculosis in the workforce could adversely affect the Company's business, operations and financial condition of the businesses in the industry in which the Company operates. In addition, any significant changes in legislation relating to HIV/AIDS or tuberculosis in the workforce could have a cost implication on the Company, in relation to providing (for example) antiretroviral medication, sick leave and carer leave.

Q. Failure of basic infrastructure

Infrastructure in South Africa for utilities such as electricity and water supply is continually under strain. The Company depends on the reliable and continuous delivery of adequate power to its mining operations. A serious failure in the provision of these utilities to the Company's mining operations could adversely affect the production at the Company's mining operations in South Africa.

R. Joint ventures

The Company may wish to develop its projects or its future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants (including the Company).

S. Counterparty and contractual risk

The Company, Stonewall and its subsidiaries are a party to a number of agreements that will affect the Company post-settlement of the Stonewall Acquisition. The ability of the Company to achieve its stated objectives will depend on the performance of counterparties to each agreement, of their respective obligations under these agreements. If Stonewall or any other counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy.

Legal action instituted in Australia or overseas can be costly. Further, certain of the contracts referred to above to which either the Company, Stonewall or its subsidiaries is a party are governed by laws or jurisdictions outside Australia. There is a risk that the Company may not be able to seek the legal redress that it could expect under Australian law and generally there can be no guarantee that a legal remedy will ultimately be granted on the appropriate terms.

T. Tenure risk

The TGME Project is currently held by TGME and Sabie. The Bosveld Project is currently held by Bosveld. Stonewall has a 74% stake in the TGME and Sabie and an 84% stake in Bosveld, and, following completion of the Stonewall Acquisition, the Company will have acquired an indirect 74% stake in the TGME Project and an 84% stake in the Bosveld Project via its acquisition of Stonewall (together, the Projects).

Whilst the Company has a controlling interest in TGME, Sabie and Bosveld, who hold the Projects, it is not the holder of the Projects and therefore does not retain complete control over the Projects. This means the Company is reliant on TGME, Sabie and Bosveld to fulfil the obligations of the MPRDA attaching to the Projects. In the event that TGME, Sabie and Bosveld do not fulfil their obligations under the MPRDA, the Company may lose tenure of the Projects.

U. Government permits and licences

Stonewall's current and planned operations require permits and licences from various South African and Australian governmental authorities. If the Company is unable to obtain and maintain such requisite permits, licences and approvals, its business operations and ability to become profitable may be adversely affected. Such permits and licences are subject to change in regulations and in various operating circumstances. The Company cannot give any assurances that it will be able to obtain or maintain all necessary permits and licences that may be required to conduct exploration or commence construction or operate mining facilities at economically justifiable costs.

Further, some of Stonewall's Mineral Rights and Prospecting Rights are still subject to government approvals. These approvals are subject to the discretion of the South African government and its officials. No assurance can be given that these approvals can be obtained and maintained and failure to do so could materially and adversely affect the Company's operations and ability to become profitable.

V. Potential for delays in the transition from explorer to producer due to laws governing Mining Rights

Stonewall's transition from explorer to producer exposes the Company to laws that may affect development and construction of new processing plants. These include, mining works and environment management programs, water users licences and social labour plans. Stonewall has been granted approval in terms of its existing Mining Rights and Prospecting Rights, however, deviations to process flows may require amendments which could impact time frames.

12. RISK FACTORS

W. Equipment, material and consumables risk

The operations of the Company could be adversely affected if essential equipment failed or materials and consumables were not available, which could result in the Company incurring additional expenses and delays in its operations.

X. Commodity price volatility and foreign exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in South African and Australian currencies, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar and the South African rand as determined in international markets.

Y. Dilution risk

Shareholders will be diluted if they do not participate in this Offer or any future fundraising offers by the Company.

12.3 General risk factors

A. Payments to South African owner occupiers

The Company may be required to pay compensation to local owners or occupiers of land in the event of disturbance to the land. It is not possible for the Company to predict what such compensation, if any, will be. However the Board consider the payment of such compensation to be highly unlikely.

B. Share investment

Shareholders should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.



C. Economic risk and external market factors

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation, have an impact on operating costs, commodity prices, the parameters in which the Company may operate and stock market prices. Factors that may be beyond the control of the Company include:

- < general economic conditions in Australia and South Africa, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- < financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become, a party;
- < insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- < industrial and landholder disputes.

These as well as other conditions can affect the Company's future possible revenues and price of its securities.

D. Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

E. War and terrorist attacks

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Company.

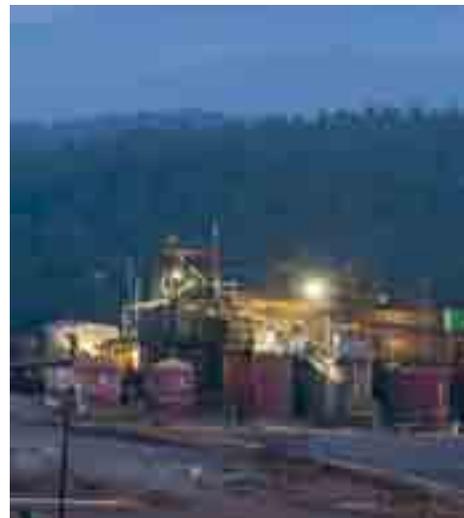
F. Legislative changes, government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the relevant mining legislation may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

12.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.



13. MATERIAL CONTRACTS

13.1 Overview

Set out below is a brief summary of certain contracts which have been entered into by the Company and which have been identified as material and relevant to potential investors. To fully understand all rights and obligations of a material contract it would be necessary to review each contract in full and these summaries should be read in that light.

13.2 Acquisition agreements

A. Share Sale Agreement

Under a share sale agreement (**Share Sale Agreement**) dated 6 July 2012, the Company agreed to purchase approximately 80% of the issued share capital in Stonewall from the non-South African shareholders of Stonewall.

Consideration

The consideration to be paid to the Non-South African shareholders of Stonewall is up to \$73,695,952, which will be satisfied through:

- i. the issue by the Company of 310,000,000 Consideration Shares at a deemed issue price of \$0.20 each on completion of the Share Sale Agreement; and
- ii. the issue by the Company of a further 58,479,760 Consideration Shares and 20,005,010 Consideration Options at a deemed issue price of \$0.20 each if the JORC compliant resource of TGME and Sabie increases by 300,000 ounces of gold (i.e. to 2,800,000 ounces) within the 12 month period following completion of the Share Sale Agreement.

Conditions Precedent

The Share Sale Agreement does not become effective unless each of the following conditions precedent are satisfied:

- i. the Company procuring an independent valuation of the JORC compliant resource of TGME and Sabie showing the combined valuation of those tenements is equal to or greater than \$50 million;
- ii. for the purposes of ASX Listing Rule 7.1, 10.11 (if required) and 11.1.2 (if required) and sections 157(1), 208 (if required) and 611 (Item 7) of the Corporations Act and for all other purposes, the Company receives the approval of the Company's Shareholders at the General Meeting;
- iii. the Company obtaining the following waivers from the ASX:
 - a. ASX Listing Rule 7.3.2 for the issue of the:
 1. Deferred Consideration; and

2. purchase price (as defined in the Option Agreement) under the Agreement,

more than 3 months after the General Meeting; and

- b. ASX Listing Rule 10.13.3 for the issue of the Deferred Consideration more than 1 month after the General Meeting (if required).
- iv. the Company commissioning an independent expert's report to form part of the notice of meeting concluding that the transactions contemplated by the Share Sale Agreement are either:
 - a. fair and reasonable to Shareholders; or
 - b. not fair but reasonable to Shareholders;
 - v. the Company meeting the requirements in Chapters 1 and 2 of the ASX Listing Rules in respect of the transactions contemplated by the Share Sale Agreement;
 - vi. if required by the conditions of issue of the tenements of the Company, written approval from the Minister of Energy and Resources in the State to the transactions contemplated by the Share Sale Agreement;
 - vii. all other regulatory or other approvals that the parties mutually agree are necessary in connection with the transactions contemplated by the Share Sale Agreement are obtained;
 - viii. the execution of the Option Agreement;
 - ix. each shareholder of Stonewall has provided consent in respect of its pre-emptive rights under the current shareholders agreement to the transactions contemplated by the Share Sale Agreement;
 - x. the execution of a new shareholders agreement between Stonewall and the South African shareholders of Stonewall in a form agreed to by the Company (acting reasonably);
 - xi. completion occurring pursuant to the TGME Share Sale Agreement; and
 - xii. Stonewall issuing 2,507 further shares in the capital of Stonewall to Khan International Limited for an aggregate consideration of US\$10,000,000.

Conditions (i), (iv), (vi), (viii), (ix), (xi) and (xii) above have been satisfied as at the date of this Prospectus.

Warranties

The Share Sale Agreement contains standard warranties for an agreement of this nature.

B. Put and Call Option Agreement

Under a put and call option agreement (**Option Agreement**) dated 28 June 2012, the Company agreed to purchase the remaining issued share capital in Stonewall from the South African shareholders of Stonewall.

Condition to exercise

The South African shareholders of Stonewall or the Company may exercise the put or call option (respectively) at any time within the 5 year period following 28 June 2012 provided the acquisition of Consideration Shares by the South African shareholders of Stonewall is compliant with South African exchange control legislation.

Consideration

The consideration to be paid to the South African shareholders of Stonewall is to be satisfied through:

- i. the issue by the Company of 64,918,611 Consideration Shares at a deemed issue price of \$0.20 each on exercise of the put or call option; and
- ii. the issue by the Company of a further 14,601,629 Consideration Shares and 4,994,990 Consideration Options at a deemed issue price of \$0.20 each if the JORC compliant resource of TGME and Sabie increases by 300,000 ounces of gold (i.e. to 2,800,000 ounces) within the 12 month period following completion of the Share Sale Agreement.

Conditions Precedent

The Option Agreement does not become effective unless each of the following conditions precedent are satisfied:

- i. the Share Sale Agreement being executed and becoming unconditional (save for any provision in such agreement which requires the Option Agreement to become unconditional);
- ii. the transactions contemplated by the Option Agreement being approved by the Shareholders of the Company for the purposes of the ASX Listing Rules, the Corporations Act and all other necessary purposes; and
- iii. all other regulatory or other approvals that are necessary in connection with the transactions contemplated by the Option Agreement being obtained.

None of the conditions above have been satisfied as at the date of this Prospectus.

Warranties

The Option Agreement contains standard warranties for an agreement of this nature.

13.3 Khan International Subscription Agreement

Stonewall has entered into a subscription agreement (**Khan Subscription Agreement**) dated 6 July 2012, with Khan International Limited (**Khan**) pursuant to which Khan agreed to subscribe for 2,507 ordinary shares in the issued share capital of Stonewall for an aggregate consideration of US\$10,000,000 (**Khan Shares**).

All of the conditions precedent to the Khan Subscription Agreement have been satisfied, the subscription has been made and the Khan Shares have been issued to Khan.

The subscription monies are subject to an escrow arrangement and are available to be released upon certain milestones being reached, the last of which is the re-admission of the Company to ASX.

Khan is a party to the Share Sale Agreement mentioned in Section 13.2(a) above and the Khan Shares will be sold to the Company under the Share Sale Agreement.

13.4 TGME and Sabie Sale Agreements

The following agreements have been entered into as part of the implementation of the black economic empowerment arrangements described in Section 10.

A. TGME Sale Agreement

Stonewall entered into a share sale agreement with TGME Empowerment Company Proprietary Limited (**TGME SPV**) dated 11 June 2012 in terms of which it sold 330 234 shares in TGME (26% of the shares) to the TGME SPV for a nominal amount. The sale is subject to the resolutive condition that the parties enter into a shareholders agreement and subscribe for an additional share (as set out in Section 13.5(b) below) by 30 October 2012.

B. Sabie Sale Agreement

Stonewall entered into a share sale agreement with African Sun Empowerment Company Proprietary Limited (**Sabie SPV**) dated 11 June 2012 in terms of which it sold 40,299 shares in Sabie (26% of the shares) to the Sabie SPV for a nominal amount. The sale is subject to the resolutive condition that the parties enter into a shareholders agreement and subscribe for an additional share (as set out in Section 13.5(c) below) by 30 October 2012.

13. MATERIAL CONTRACTS

13.5 Shareholder Agreements

A. Stonewall

The Company has entered into a shareholders agreement dated 11 September 2012 (**Stonewall Shareholders Agreement**) with the South African Stonewall Shareholders to govern their relationship with respect to Stonewall. The Stonewall Shareholders Agreement is subject to the conditions precedent in the Share Sale Agreement being fulfilled.

Under the Stonewall Shareholders Agreement, the shares will be subject to restrictions on transfer (namely, preemptive rights in favour of the other shareholders). The Stonewall Shareholders Agreement will entitle the Company to drag along rights in respect of the shares held by the South African Stonewall Shareholders.

B. TGME

Stonewall owns 74% of the shares in TGME. A special purpose vehicle company, TGME Empowerment Company Proprietary Limited (**TGME SPV**), holds the remaining 26% of the shares in TGME. The shares in the TGME SPV are held by a community trust, a land claimants trust, an employee trust and a black owned private company (**Distant Sunset Investments 27 Proprietary Limited**) (collectively, the **TGME Empowerment Shareholders**). The beneficiaries of the community trusts are black persons from designated communities in the vicinity of the areas where the mining operations will take place. The beneficiaries of the employee trust will be black employees of TGME who have been permanently employed for at least 6 months.

In terms of a shareholders and subscription agreement entered into between Stonewall, TGME SPV and TGME (**TGME Shareholders Agreement**) the TGME SPV will subscribe for one ordinary share in TGME for an aggregate consideration of ZAR 104,422,500 (**TGME Subscription Price**).

The TGME Subscription Price will be paid off over a period of time using a portion of the dividends declared by TGME. 80% of all dividends declared and to be distributed by TGME to the TGME SPV will be used to settle the outstanding TGME Subscription Price. The remaining 20% of the dividends will be paid to the TGME SPV and will be distributed to the TGME Empowerment Shareholders.

All unpaid shares issued by TGME to the TGME SPV will be held in trust in terms of section 40(5) of the South African Companies Act, 2008 until fully paid off through the dividend distributions described in the paragraph above.

The TGME Shareholders Agreement will govern the relationship of the shareholders of TGME, namely Stonewall and the TGME SPV. In terms of the TGME Shareholders

Agreement, Stonewall will be able to freely transfer its shares. The shares held by TGME SPV will however be subject to restrictions on transfer to ensure compliance with black economic empowerment legislation. The TGME Shareholders Agreement will entitle Stonewall to drag along rights in respect of the shares held by the TGME SPV.

A consortium agreement entered into by each of the TGME Empowerment shareholders and the TGME SPV to govern the relationship of the shareholders in the TGME SPV (**TGME Consortium Agreement**). The TGME Consortium Agreement will restrict the TGME Empowerment Shareholders from transferring their shares without the express written consent of Stonewall. In addition, TGME Empowerment Shareholders will be required in terms of the TGME Consortium Agreement to provide suretyships for the obligations of TGME SPV to Stonewall and as security for such suretyships they might cede and pledge their shares in TGME SPV to Stonewall and TGME.

C. Sabie

Stonewall owns 74% of the shares in Sabie. A special purpose vehicle company, African Sun Empowerment Company Proprietary Limited (**Sabie SPV**) holds the remaining 26% of the shares in Sabie. The shares in the Sabie SPV are held by a community trust, an employee trust and a black owned private company (**Distant Sunset Investments 27 Proprietary Limited**) (collectively, the **Sabie Empowerment Shareholders**). The beneficiaries of the community trust are black persons from designated communities in the vicinity of the areas where the mining operations will take place. The beneficiaries of the employee trust will be black employees of Sabie who have been permanently employed for at least 6 months.

In terms of a shareholders and subscription agreement entered into between Stonewall, the Sabie SPV and Sabie (**Sabie Shareholders Agreement**) the Sabie SPV will subscribe for one ordinary share in Sabie for an aggregate consideration of ZAR44,752,500 (**Sabie Subscription Price**).

The terms and conditions of the Sabie Shareholders Agreement are substantially similar to those contained in the TGME Shareholders Agreement. A consortium agreement entered into by each of the Sabie Empowerment shareholders and the Sabie SPV to govern the relationship of the shareholders in the Sabie SPV (**Sabie Consortium Agreement**). The terms and conditions of the Sabie Consortium Agreement will be substantially similar to those contained in the TGME Consortium Agreement.

D. Bosveld

Stonewall owns 84% of the shares in Bosveld, the remaining 16% shareholding is owned by the Bosveld Community Trust (8%) (**Bosveld Community Trust 1**) and the Bosveld

Employees Trust (8%) (**Bosveld ESOP**). A further 10% of the shares in Bosveld have been earmarked for black empowerment parties. The current shareholding of Bosveld will as a consequence need to be restructured. As part of the restructure two new empowerment shareholders will be introduced, namely, an additional community trust (**Bosveld Community Trust 2**) and a black owned private company.

In terms of a Subscription and Share Sale Agreement to be entered into between, Stonewall, Bosveld, the Bosveld ESOP, The Bosveld Community Trust 1, the Bosveld Community Trust 2 and a black owned private company:

- i. the Bosveld ESOP will sell 4% of its shares in Bosveld to a black owned private company. The purchase price of ZAR688,000 for this acquisition will be funded by Stonewall;
- ii. the Bosveld Community Trust 1 will purchase an additional 1% of ordinary shares in Bosveld from Stonewall for the purchase consideration of ZAR167,000. The acquisition by the Bosveld Community Trust 1 will be financed by way of a loan made by Stonewall; and
- iii. the Bosveld Community Trust 2 will acquire 9% of the shares in Bosveld from Stonewall for the purchase consideration of ZAR1,503,000. This acquisition will be funded by Stonewall.

A shareholders agreement will be entered into to govern the relationship of the shareholders of Bosveld (**Bosveld Shareholders Agreement**). In terms of the Bosveld Shareholders Agreement, Stonewall will be able to freely transfer its shares. The shares held by the black economic empowerment parties will be subject to restrictions on transfer to provide for its shareholding in terms of the black economic empowerment legislation. The Bosveld Shareholders Agreement will entitle Stonewall to drag along rights in respect of the shares held by the black empowerment shareholders.

13.6 Exploration Programme Agreement (TGME Project)

Stonewall entered into an agreement with Agere Project Management (Pty) Ltd on 24 June 2012 for the management of an exploration programme in the Pilgrims Rest and Sabie regions of the TGME Project (**Exploration Programme Agreement**).

The Exploration Programme Agreement is on usual terms and conditions for a contract of its nature.

13.7 Agreement (Lucky Draw Project)

The Company and Developed Resources Pty Ltd have entered into an agreement dated 19 December 2011

(Lucky Draw Agreement) to evaluate and progress a small scale production at the Lucky Draw Project. The Lucky Draw Agreement is of a joint venture nature as it provides for each party to provide resources and to share profits.

The other terms and conditions of the Lucky Draw Agreement are usual for an agreement of its nature.

13.8 Key employment agreements

Messrs Birrell, Todd, Venn, Jacobs and Ruygrok have entered into employment agreements with Stonewall or its subsidiaries as Chief Executive Officer, Financial Manager, General Manager of Sabie, General Manager of TGME and Group Geologist respectively. Messrs Birrell, Todd, Venn, Jacobs and Ruygrok's remuneration packages are ZAR2,292,084, ZAR1,643,688, ZAR2,413,044, ZAR1,454,498 and ZAR1,310,405 respectively. Each employee's employment can be terminated by either Stonewall or the employee on three months notice.

13.9 Quatreforte consultancy agreement

Stonewall has entered into a consultancy agreement with Mr Trevor Fourie as trustee for The Quatreforte Investment Trust dated 1 May 2011 (**Business Consultant**). As Mr Fourie is a Director, he and the The Quatreforte Investment Trust are related parties of the Company.

The Business Consultant provides a range of services to Stonewall under the consultancy agreement for a monthly remuneration of ZAR250,000.

Either party may terminate the consultancy agreement on three month's notice. The consultancy agreement is otherwise on terms which are usual for an agreement of its nature.

13.10 Directors deeds of indemnity

Each Director has entered into a Deed of Access, Indemnity and Insurance with the Company. This entitles each officer to access board papers, be indemnified from liability, and to have the Company take out directors and officers insurance to the extent the Company is able to obtain it. The Company may also make a payment in relation to legal costs incurred by these persons in defending an action for a liability, or resisting or responding to actions taken by a government agency or a liquidator. Each such deed applies to the extent permitted by law and is on a conventional basis.

The Company has effected and maintains Directors' and Officers' Liability insurance.

14. ADDITIONAL INFORMATION

14.1 Rights attaching to Shares

The Shares to be issued under this Prospectus will rank equally with the existing fully paid ordinary shares in the Company.

The rights attaching to shares are set out in the Company's constitution, and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law. The constitution of the Company may be inspected during normal business hours at the registered office of the Company at Level 2, 139 Frome Street, Adelaide 5000 in South Australia.

The following is a summary of the principal rights of the holders of ordinary shares of the Company. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

A. General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's constitution, the Corporations Act or the Listing Rules.

B. Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

C. Issues of further shares

The Board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides. However, the Board must act in accordance with the restrictions imposed by the Company's constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

D. Variation of rights

At present, the Company has on issue one class of shares only, namely ordinary shares.

Subject to the Corporations Act, if the Company issues different classes of shares or divides issued shares into different classes, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

E. Transfer of shares

Subject to the Company's constitution, the Corporations Act and the ASX Listing Rules, ordinary shares are freely transferable.

The shares may be transferred by any computerised or electronic system of transferring or dealing with shares established or recognised by the Corporations Act, the ASX Listing Rules or the Operating Rules and as otherwise permitted by the Corporations Act or by a document, the usual form of which is permitted by law.

The Board may refuse to register a transfer of shares only if that refusal would not contravene the ASX Listing Rules or the Operating Rules. If the Board refuses to register a transfer, the Company must give the lodging party written notice of the refusal and the reasons for it in accordance with the ASX Listing Rules. The Board must not register a transfer of shares if the Corporations Act, the ASX Listing Rules or the Operating Rules forbid registration.

F. Dividends

Subject to the Company's constitution and the Corporations Act, the Board may resolve to pay any dividend it thinks appropriate and fix the time for payment.

G. Winding up

Subject to the terms of issue of the shares, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid up on their shares.

H. Dividend reinvestment and share plans

The Board may adopt and implement dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

I. Directors

The Company's constitution states that the minimum number of Directors is 3 and at least 2 of them must ordinarily reside in Australia.

J. Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Company's constitution, the Board has power to manage the business of the Company and may exercise every right, power or capacity of the Company to the exclusion of the members (except to sell or dispose of the main undertaking of the Company).

14.2 Directors' interests

The table below shows the interest of each Director (whether held directly or indirectly) in securities of the Company as at the date of this Prospectus:

Director	Shareholder	Shares	Options
Trevor Fourie	Not applicable	0	0
David Murray	Not applicable	0	0
Sunil Dhupelia	Not applicable	0	0
Nathan Taylor	Therese-Marie Taylor	676,665	0

Notes:

- Following completion of the Stonewall Acquisition, Mr Fourie and his related parties will have a beneficial interest in 18,942,886 Shares and 1,189,880 Options. Mr Fourie and/or his related parties may also subscribe for up to 10,000,000 Shares under the Offer.
- Following completion of the Stonewall Acquisition Mr Murray and his related parties will have a beneficial interest in 48,892,585 Shares and 3,071,142 Options. Mr Murray and/or his related parties may also subscribe for up to 10,000,000 Shares under the Offer.
- At the General Meeting a resolution will be put to Shareholders to allow the Directors to issue 250,000 Shares to Mr Taylor or his nominee and 1,000,000 Shares to Mr Dhupelia or his nominee within one month of the General Meeting in consideration of services provided to the Company in relation to the Stonewall Acquisition.

Directors may hold the relevant interests in shares shown above directly, or through holdings by companies, trusts or other persons with whom they are associated.

14.3 Directors' remuneration

The non-executive Directors will be paid for their services as Directors the remuneration, not exceeding in aggregate for any financial year the maximum fixed sum, which is determined from time to time by the Company in general meeting.

Remuneration payable by the Company to non-executive Directors is not to be by commission on, or percentage of, profits or operating revenue.

The remuneration of the executive Directors will be fixed by the Board and may consist of salary, bonuses or any other elements, but must not be a commission on, or percentage of, profits or operating revenue.

The remuneration of Messrs Dhupelia and Taylor is currently \$3,333 (plus GST) each per month.

As Mr Dhupelia will be stepping down upon completion of the Stonewall Acquisition he will not receive ongoing remuneration.

Mr Murray and Mr Fourie currently receive directors fees of ZAR50,000 each per month as directors of Stonewall.

The Board intends to review and consider the ongoing remuneration of Directors after the completion of the Stonewall Acquisition in accordance with the Company's Corporate Governance Charter and market practices.

14.4 Fees and benefits

Other than as set out below or elsewhere in this Prospectus, no:

- < Director of the Company;
 - < person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; and
 - < promoter of the Company or stockbroker to the Offer;
- holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:
- < the formation or promotion of the Company;
 - < any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer, or
 - < the Offer,

and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Offer.

- < Mills Oakley Lawyers has acted as the Australia solicitors to the Company in relation to this Prospectus and has been involved in due diligence enquiries on Australian legal matters. The Company estimates it will pay Mills Oakley Lawyers \$150,000 for these services up to the date of lodgement of this Prospectus with ASIC. Subsequently, fees will be charged in accordance with normal charge out rates. Mills Oakley has also provided other legal services in relation to ongoing legal work which is charged in accordance with normal charge out rates.

14. ADDITIONAL INFORMATION

- < Norton Rose South Africa has acted as the South African solicitors to the Company in relation to this Prospectus, has been involved in due diligence enquiries on South African legal matters and has prepared the Mining Title Report (South Africa) in Section 10. The Company estimates it will pay Norton Rose South Africa ZAR300,000 for these services up to the date of lodgement of this Prospectus with ASIC. Subsequently, fees will be charged in accordance with normal charge out rates.
- < In accordance with their terms of engagement, as the Investigating Accountants, the Company estimates it will pay Deloitte Touche Tohmatsu a total amount of \$140,000 (excluding GST and VAT) for the South African domiciled work and Australian work in relation to the preparation of the Investigating Accountant's Report in Section 7 and participation as a member of the due diligence committee.
- < Minxcon Proprietary Limited, as the South African Independent Competent Person, has been paid ZAR1,088,643 in relation to the preparation of the Independent Competent Persons' Report (South Africa) in Section 8.
- < Rangott Mineral Exploration Proprietary Limited, as the Australian Independent Geologist, will be paid \$8,000 plus GST in relation to the provision of the Independent Geologist's Report (Australia) in Section 9.
- < Hetherington Exploration & Mining Title Services Proprietary Limited will be paid up to \$7,000 plus GST in relation to the provision of the Independent Exploration Tenements Report (Australia) in Section 11.

14.5 Related party transactions

At the date of this Prospectus, no material transactions with related parties and directors interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

14.6 Expenses of the Offer

It is estimated that approximately \$780,000 (based on the Minimum Subscription) and approximately \$1,200,000 (based on the Maximum Subscription) will be payable by the Company in respect of legal, accounting, experts' fees, commissions, printing, ASIC and ASX fees and other costs arising from this Prospectus and the Offer.

14.7 Consents

Minxcon Proprietary Limited has given its written consent to being named as the South African Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Competent Persons' Report (South Africa) in Section 8 in the form and context in which the report is included. Minxcon Proprietary Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Rangott Mineral Exploration Proprietary Limited has given its written consent to being named as the Australian Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Geologist's Report (Australia) in Section 9 in the form and context in which the report is included. Rangott Mineral Exploration Proprietary Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Deloitte Touche Tohmatsu has given their written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 7 in the form and context in which the report is included. Deloitte Touche Tohmatsu has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Norton Rose South Africa has acted as the South African attorneys to the Company in relation to this Prospectus and has been involved in due diligence enquiries on South African legal matters. In addition, Norton Rose South Africa has prepared the Mining Title Report (South Africa) in Section 10 and have given their written consent to it being included in the form and context in which it is included and consents to its inclusion in this Prospectus. Norton Rose South Africa has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Hetherington Exploration & Mining Title Services Proprietary Limited has given their written consent to the inclusion of the Independent Exploration Tenements Report (Australia) in Section 11 in the form and context in which the report is included. Hetherington Exploration & Mining Title Services Proprietary Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Charles Muller has given his written consent to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears and has not withdrawn his consent prior to the lodgement of this Prospectus with ASIC.

Each of the following has consented to being named in this Prospectus in the capacity as noted below and have not withdrawn such consent prior to lodgement of this Prospectus with ASIC:

- < Mills Oakley Lawyers as Australian legal advisors to the Company;
- < Boardroom Proprietary Limited as the Company's share registry; and
- < RSM Bird Cameron as auditor of the Company,

but, except as expressly noted in this Prospectus, each of the above parties:

- < has not authorised or caused the issue of this Prospectus;
- < does not make, or purport to make, any statement in this Prospectus other than as specified in this Section;
- < has not made any statement on which a statement in this Prospectus is based, other than as specified in this Section; and
- < to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus other than the reference to its name and the statement (if any) included in this Prospectus with the consent of that party as specified in this Section.

14.8 Legal proceedings

The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect the business of the Company.

14.9 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual circumstances of each investor. All potential investors in the Company are urged to obtain independent professional financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. It is the sole responsibility of potential Applicants to inform themselves of their taxation position resulting from participation in the Offer.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding taxation matters and consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of all the possible taxation positions of potential Applicants.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to any taxation consequences to investors of subscribing for Shares under this Prospectus.

14.10 Electronic Prospectus

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

14.11 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- < this Prospectus;
- < the Company's constitution; and
- < the consents referred to in Section 14.7 of this Prospectus.

15. DIRECTORS' AUTHORISATION

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that, in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that persons making the statement or statements were competent to make such statements. Those persons have given their consent to the statements being included in this Prospectus, in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC or, to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board.

Dated 21 September 2012



Nathan Taylor
Chairman



16. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ or A\$	Australian dollars.
AEST	Australian Eastern Standard Time in Melbourne, Victoria.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.
ASX Listing Rules or Listing Rules	The official listing rules of ASX.
Applicant	A person who submits an Application Form.
Application Form	The application form which accompanies this Prospectus (and includes a copy of the application form printed from the website at which Electronic Prospectus is located) relating to the Offer.
Application Money	Money received from an Applicant in respect of an Application Form.
Board or Board of Directors	The board of directors of the Company.
Bosveld	Bosveld Mines Proprietary Limited (Registration No. 1971/03013/07).
Bosveld Project	The Bosveld gold project in the KwaZulu-Natal Province in South Africa held by Bosveld.
Business Day	A week day when trading banks are ordinarily open for business in Melbourne, Victoria.
CHES	Clearing House Electronic Sub register System.
Closing Date	The closing date of the Offer as set out in Section 3.5.
Company	Meridien Resources Limited (ACN 131 758 177) to be renamed "Stonewall Resources Limited".
Competent Person	Charles Muller, who is a director of Minxcon
CPR	Competent Persons Report dated 29 April 2012.
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Directors	The directors of the Company.
Electronic Prospectus	The electronic copy of this Prospectus located at the Company's website at http://www.meridienresources.com.au/ .
General Meeting	The general meeting of Shareholders of the Company to be held on 2 October 2012.
G/T or g/t	Grams per tonne.
JORC	Joint Ore Reserves Committee.
JORC Code	2004 Edition of the 'Australasian Code for Reporting of Exploration, Mineral Resources and Ore Reserves'.
Maximum Subscription	This maximum subscription under the Offer being 50,000,000 Shares to raise \$10,000,000.
Mineral Resource	Mineral resource as that term is defined in accordance with the JORC Code.
Minimum Subscription	The minimum subscription under the Offer being 15,000,000 Shares to raise \$3,000,000.
Mining Right	A right to mine granted in terms of section 23(1) of the MPRDA.
Minxcon	Minxcon (Pty) Ltd.
MPRDA	Minerals and Petroleum Resources Development Act (2002).
m/t	Million tonnes.
Offer	The offer of 15,000,000 Shares together with the capacity to accept oversubscriptions of a further 35,000,000 Shares under this Prospectus.
Official List	The official list of ASX.

For personal use only

16. GLOSSARY

Operating Rules	The business rules of the securities clearing house issued by ASX Settlement and Transfer Corporation Proprietary Limited.
Option Agreement	The put and call option agreement between the Company and the South African shareholders of Stonewall to acquire the remaining 17.75% of the issued share capital in Stonewall dated 28 June 2012.
Oz or oz	Ounces.
Prospecting Right	A right to prospect granted in terms of section 17(1) of the MPRDA.
Prospectus	This prospectus.
Quotation	Quotation of the Shares on the Official List.
Sabie	Sabie Mines Proprietary Limited (Registration No. 1937/009104/07).
Shareholder	A holder of Shares.
Share Registry	Boardroom Proprietary Limited.
Share Sale Agreement	The share sale agreement between the Company and the non-South African shareholders of Stonewall Mining Proprietary Limited dated 6 July 2012 to acquire 82.25% of the issued share capital of Stonewall.
Shares	Ordinary shares in the capital of the Company offered for subscription under this Prospectus.
Stonewall	Stonewall Mining Proprietary Limited (Registration No. 2010/004367/07).
Stonewall Acquisition	The completion of the Share Sale Agreement and the Options Agreement in order to affect the reverse acquisition of the Company by Stonewall.
Stonewall Mining Group	Stonewall and its subsidiaries.
TGME	Transvaal Gold Mining Estates Limited (Registration No. 1895/000997/06).
TGME Project	The TGME gold project located around the towns of Pilgrims Rest and Sabie in the Mpumalanga Province in South Africa held by TGME and Sabie.
TGME Share Sale Agreement	The share sale agreement between Stonewall, Simmer and Jack Mines Limited (Registration no. 1924/007778/06) and TGME dated 31 August 2010.
ZAR	South African rands.
US\$	United States dollars.

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Correct forms of registrable title

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Lodgement

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Meridien Resources Limited to be renamed Stonewall Resources Limited

ACN 131 758 177

Application form

Broker Reference – Stamp Only

Fill out this Application form if you wish to apply for Shares in Meridien Resources Limited (to be renamed Stonewall Resources Limited)

- Please read the Prospectus dated 21 September 2012.
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

Broker Code	Advisor Code
<input type="text"/>	<input type="text"/>

A Number of shares you are applying for

<input type="text"/>

x \$0.20 per Share =

B Total amount payable

<input type="text"/>

Minimum of **10,000** Shares to be applied for, and thereafter in multiples of **1,000** Shares.

C Write the name(s) you wish to register the Shares in (*see reverse for instructions*)

Applicant 1

<input type="text"/>

Name of Applicant 2 or < Account Designation >

<input type="text"/>

Name of Applicant 3 or < Account Designation >

<input type="text"/>

D Write your postal address here

Number / Street

<input type="text"/>

Suburb/Town

<input type="text"/>

State

<input type="text"/>

Postcode

<input type="text"/>

E CHESS participant – Holder Identification Number (HIN)

<input type="checkbox"/>	<input type="text"/>
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Important: please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

<input type="text"/>

Applicant #2

<input type="text"/>

Applicant #3

<input type="text"/>

G Cheque payment details –  PIN CHEQUE(S) HERE

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A\$
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

H Contact telephone number (daytime/work/mobile)

<input type="text"/>	<input type="text"/>
----------------------	----------------------

I Email address

<input type="text"/>

By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Meridien Resources Limited, to be renamed Stonewall Resources Limited (the Company). I/We was/were given access to the Prospectus together with the Application form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

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CORPORATE DIRECTORY

Company

Meridien Resources Limited
(to be renamed "Stonewall Resources Limited")

ACN 131 758 177

Proposed ASX Code: SWJ

Directors

Mr Trevor Fourie
(Non-Executive Director)

Mr David Murray
(Non-Executive Director)

Mr Sunil Dhupelia
(Non-Executive Director)

Mr Nathan Taylor
(Non-Executive Director)

Registered Office

Level 2, 139 Frome Street
Adelaide SA 5000
T +61 8 7421 1400
F +61 8 7421 1499

Investigating Accountant

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000

Australian Independent Geologist

Rangott Mineral Exploration Pty Ltd
3 Barrett Street
Orange NSW 2800

South African Independent Geologist

Minxcon (Pty) Ltd
Coldstream Office Park, Suite 6
Cnr Hendrik Potgieter & Van Staden Roads
Little Falls, Roodepoort SOUTH AFRICA

Share Registry*

Boardroom Proprietary Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Australian Solicitors to the Company

Mills Oakley Lawyers
Level 6, 530 Collins Street
Melbourne VIC 3000

South African Attorneys to the Company

Norton Rose South Africa
10th Floor, Norton Rose House
8 Riebeeck Street
Cape Town 8001 SOUTH AFRICA

Auditor*

RSM Bird Cameron Partners
Level 12, 60 Castlereagh St
Sydney NSW 2000

Australian Tenements Report

**Hetherington Exploration &
Mining Title Services Pty Ltd**
503 Willoughby Road, 1st Floor
Willoughby NSW 2068

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.



STONEWALL
RESOURCES

Meridien Resources Limited (to be renamed
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T +61 8 7421 1400 F +61 8 7421 1499

For personal use only