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If you have sold or transferred your Existing Ordinary Shares, First Loan Stock and/or Second Loan Stock in the Company you should send this document along with the Forms of Proxy at once to the purchaser or transferee or the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document constitutes an admission document in accordance with the AIM Rules for Companies. This document is not an approved prospectus for the purposes of Sections 85 and 87 of FSMA. This document has not been approved as a financial promotion in the United Kingdom for the purposes of Section 21 of FSMA.

The Company, the Directors and the Proposed Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority ("UKLA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules for Companies are less demanding than the rules of the Official List. It is emphasised that no application is being made for admission of the securities to the Official List. Further, neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two of the AIM Rules for Nominated Advisers.

Application has been made for the New Ordinary Shares arising from the Capital Reorganisation to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares arising from the Capital Reorganisation will commence on AIM on 1 March 2013.

This document is not an offer or invitation to the public to subscribe for any of the New Ordinary Shares and has been prepared in connection with admission to trading on AIM only. This document is not, and should not be construed as an inducement or encouragement to buy or sell any of the New Ordinary Shares. None of the New Ordinary Shares have been offered or marketed to the public in the UK or elsewhere in connection with the transactions outlined within this document.

The whole text of this document should be read. The attention of investors is drawn in particular to the risk factors set out in Part II of this document.

GMA Resources plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 4674237)
(ISIN GB0032875873)

Proposed acquisition of Joint Venture Kazakh-Russian Mining Company LLP, Proposed conversion of Loan Stock, Proposed Capital Reorganisation, Proposed change of name, Notice of General Meeting, Notices of Class Meetings of Loan Stock Holders and Admission to trading on AIM

NOMINATED ADVISER AND BROKER Merchant Securities Limited



Merchant Securities

Share Capital on Admission

	Issued and fully paid	
	Number	Amount
New Ordinary Shares of 1p each	1,236,006	£12,360.06
Deferred Shares of 499p each	1,236,006	£6,167,669.94
B Shares of 1p each	148,320,720	£1,483,207.20

Merchant Securities, which is authorised and regulated by the Financial Services Authority of the United Kingdom, is acting as nominated adviser and broker to the Company in connection with the arrangements set out in this document and is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Merchant Securities or for providing advice in relation to the contents of this document and the admission of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. In particular, Merchant Securities, as nominated adviser to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or the Proposed Directors or to any other person in respect of his or her decision to acquire New Ordinary Shares in reliance on any part of this document. Merchant Securities accepts no liability for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document, for which the Company and its Directors and Proposed Directors are solely responsible.

This document contains forward looking statements. These statements relate to the Company's future prospects, developments and business strategy. Forward looking statements are identified by their use of terms and phrases, including without limitation, statements containing the words "believe", "anticipated", "expected", "could", "envisage", "estimate", "may" or the negative of those, variations or similar expressions including references to assumptions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors" set out in Part II of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. The Company disclaims any obligations to update any such forward looking statements in this document to reflect events or developments.

This document does not constitute an offer to sell, or a solicitation to buy, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan. This document should not be copied or distributed by recipients and, in particular, should not be distributed by any means, including electronic transmission, to persons with addresses in Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa or the United States of America, its possessions or territories or to any citizens thereof, or to any corporation, partnership or other entity created or organised under the laws thereof. None of the New Ordinary Shares have been or will be registered under the United States Securities Act of 1933 as amended nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the New Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan. The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company, by the holders of the New Ordinary Shares or by Merchant Securities that would permit a public offer of New Ordinary Shares or possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Notice convening a class meeting of holders of First Loan Stock to be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL on 28 February 2013 at 10.00 a.m. is set out at the end of this document. A blue A Form of Proxy accompanies this document. To be valid, the blue A Forms of Proxy for use at the meeting must be completed and returned so as to be received at the offices of the Company's registrars, Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.00 a.m. on 26 February 2013. The completion and depositing of a blue A Form of Proxy will not preclude holders of First Loan Stock from attending in person at the First Loan Stock Meeting should they wish to do so.

Notice convening a class meeting of holders of Second Loan Stock to be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL on 28 February 2013 at 10.05 a.m. (or at such later time as the First Loan Stock Meeting convened for the same day shall have concluded or been adjourned) is set out at the end of this document. A green B Form of Proxy accompanies this document. To be valid, the green B Forms of Proxy for use at the meeting must be completed and returned so as to be received at the offices of the Company's registrars, Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.05 a.m. on 26 February 2013. The completion and depositing of a green B Form of Proxy will not preclude holders of Second Loan Stock from attending in person at the Second Loan Stock Meeting should they wish to do so.

Notice convening a General Meeting of the Company to be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL on 28 February 2013 at 10.10 a.m. (or at such later time as the Second Loan Stock Meeting convened for the same day shall have concluded or been adjourned) is set out at the end of this document. A white C Form of Proxy accompanies this document. To be valid, the white C Forms of Proxy for use at the meeting must be completed and returned so as to be received at the offices of the Company's registrars, Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.10 a.m. on 26 February 2013. The completion and depositing of a white C Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

Copies of this document will be available free of charge at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2PX during normal business hours on weekdays (excluding Saturday, Sunday and public holidays) for a period of at least one month from the date of Admission. Copies will also be available for download from the Company's website at www.gmaresources.plc.uk.

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Directors, Proposed Directors, Secretary and Advisers

Directors	Ralph Thomas Browning (<i>Non-Executive Chairman and Proposed Non-Executive Director</i>) Kenneth Ronald Crichton (<i>Non-Executive Director</i>) all of whose address for business is at the Company's registered office:
Registered Office	One America Square Crosswall London EC3N 2SG
Proposed Directors	William James Trew (<i>Proposed Non-Executive Chairman</i>) Sanzhar Assaubayev (<i>Proposed Chief Executive Officer</i>)
Company Secretary	John Michael Bottomley One America Square Crosswall London EC3N 2SG
Nominated Adviser and Broker	Merchant Securities Limited 51-55 Gresham Street London EC2V 7EL
Solicitors to the Company as to English law	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA
Solicitors to the Company as to Kazakhstan law	Colibri Law 150 Bogenbay Batyr str. 709, Almaty, 050012 Kazakhstan
Solicitors to the Nominated Adviser and Broker	SNR Denton UK LLP 1 Fleet Place London EC4M 7RA
Competent Person	Wardell Armstrong International Limited Sutherland House 5-6 Argyll Street London W1F 7TE
Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU (Member firm of the Institute of Chartered Accountants in England and Wales)
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Definitions

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

“A Form of Proxy”	the blue form of proxy marked “A” for use at the First Loan Stock Meeting
“Acquisition”	the proposed acquisition by the Company of 90 per cent. of the participatory interests in KRMC pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 4 February 2013 between the Vendor and the Company, further details of which are set out in paragraph 13.1 of Part VI of this document
“Accounts”	the Company’s annual audited report and accounts for the year ended 31 December 2011
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time
“Amended Articles”	the articles of association of the Company as amended following the passing of Resolution 7 at the General Meeting, further details of which are set out in paragraph 5.3 of Part VI of this document
“Amrita”	Amrita Investments Limited, a company incorporated in the British Virgin Islands with BVI company number 1665055
“Articles”	the Existing Articles or the Amended Articles, as the context requires
“Audit Committee”	the audit committee of the New Board
“B Form of Proxy”	the green form of proxy marked “B” for use at the Second Loan Stock Meeting
“B Shares”	the new B shares of 1p each in the capital of the Company to be constituted at the General Meeting and having the rights set out in the Amended Articles, further details of which are set out in paragraph 5.3.2 of Part VI of this document
“Bergfolk”	Bergfolk Corporation, a corporation incorporated and registered in the Republic of Panama (public registry number 215921)
“C Form of Proxy”	the white form of proxy marked “C” for use at the General Meeting
“Capita Registrars”	Capita Registrars Limited, the registrars to the Company

Definitions (continued)

“Capital Reorganisation”	the proposed consolidation, sub-division and re-designation of the Existing Ordinary Shares, further details of which are set out in the paragraph entitled “Background to and reasons for the Capital Reorganisation” set out in Part I of this document
“Capital Reorganisation Record Date”	5.00 p.m. on 28 February 2013 (or such later time and date as the Board may determine)
“City Code”	the City Code on Takeovers and Mergers (as amended)
“Companies Act”	the Companies Act 2006 (as amended)
“Company” or “GMA”	GMA Resources plc, a company incorporated in England and Wales under the Companies Act 1985 with registered number 4674237
“Completion”	completion of the Acquisition in accordance with the Acquisition Agreement
“Consideration Shares”	the 148,320,720 B Shares to be issued to Bergfolk, Strathland and Hanson pursuant to the Acquisition which, conditional on the Contract Reinstatement, will convert into 148,320,720 New Ordinary Shares
“Contract Reinstatement”	receipt by KRMC of written confirmation from the MINT that it has reinstated or renewed both of the Subsoil Use Contracts pursuant to Article 73 of the Subsoil Use Law with the exploration period for each such contract ending on 31 December 2016 (but otherwise on materially the same terms as originally granted) and the requisite documentation to effect such reinstatement having been duly executed
“CREST”	the computer-based system established under the CREST Regulations which enables title to units of relevant securities (as defined in the CREST Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Deferred Shares”	the new deferred shares of 499p each in the capital of the Company arising from the Capital Reorganisation and having the rights set out in the Amended Articles
“Directors” or “the Board”	the existing directors of the Company as set out on page 3 of this document

Definitions (continued)

“Disclosure and Transparency Rules”	the Disclosure and Transparency Rules (in accordance with section 73A(3) of FSMA) being the rules published by the Financial Services Authority from time-to-time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made
“Drozhilovskoye Subsoil Use Contract”	means Contract No. 1606 dated 7 December 2004 for Exploration and Production of Molybdenum and Wolfram on Drozhilovskoye Field in Kostani Region of Kazakhstan entered into between KRMC and the Ministry of Energy and Mineral Resources of Kazakhstan (as amended), further details of which are summarised in paragraph 13.10 of Part VI of this document
“Enlarged Group”	GMA and its subsidiaries following Completion
“Enlarged Issued Ordinary Share Capital”	the issued ordinary share capital of the Company following the conversion of the B Shares and the issue of the Loan Stock Shares, being 152,028,737 New Ordinary Shares
“ENOR”	Enterprise d’Exploitation des Mines d’Or Spa, a company incorporated in Algeria and the operator of the Amesmessa Gold Mine within the Tirek Amesmessa Concession in Algeria
“Existing Articles”	the articles of association of the Company as at the date of this document
“Existing Issued Share Capital”	the 618,002,894 Existing Ordinary Shares in issue at the date of this document
“Existing Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company at the date of this document
“First Loan Stock”	the 10 per cent. convertible unsecured loan stock 2012 constituted by the First Loan Stock Instrument
“First Loan Stock Instrument”	the deed poll executed by the Company dated 25 May 2007 (as amended by extraordinary resolutions on 22 January 2009, 26 July 2010 and 7 December 2012) which constitutes the First Loan Stock
“First Loan Stock Meeting”	the class meeting of the holders of the First Loan Stock convened for 10.00 a.m. on 28 February 2013, notice of which is set out at the end of this document
“Forms of Proxy”	the forms of proxy accompanying this document for use in connection with the GM, the First Loan Stock Meeting and the Second Loan Stock Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)

Definitions (continued)

“GMA Australia”	Gold Mines of Algeria Pty Ltd, a wholly owned subsidiary of the Company, incorporated in Australia
“GKZ”	the Russian State Commission on Mineral Reserves
“GM” or “General Meeting”	the General Meeting of the Company convened for 10.10 a.m. on 28 February 2013 (or, if later, immediately following the Second Loan Stock Meeting convened for the same day), notice of which is set out at the end of this document
“Group”	the Company and its subsidiaries at the date of this document
“Hanson”	Hanson Central European Fund LP, an investment fund where investments focus principally on companies operating in the natural resources sector in central and eastern Europe
“Historical Financial Information”	the audited financial statements of the Company for the three years ended 31 December 2011
“Irrevocable Undertakings”	the agreement by Kenneth Crichton, Sahara Gold Limited and certain Loan Stock Holders to vote in favour of the Resolutions, as summarised in Part I of this document
“Kazakhstan”	the Republic of Kazakhstan
“KRMC”	Joint Venture Kazakh-Russian Mining Company LLP a legal entity established in accordance with the laws of Kazakhstan with business identification number 011240005785
“KZT”	the lawful currency of Kazakhstan
“Loan Stock”	the First Loan Stock and/or the Second Loan Stock
“Loan Stock Holders”	holders of Loan Stock
“Loan Stock Meetings”	the First Loan Stock Meeting and the Second Loan Stock Meeting
“Loan Stock Shares”	the 2,472,011 New Ordinary Shares to be issued by the Company following the proposed conversion of the Loan Stock
“London Stock Exchange”	London Stock Exchange plc
“Lock-in Agreements”	the agreements between the Company, Merchant and each of the Directors, the Proposed Directors and Bergfolk pursuant to which such persons have undertaken to restrict their dealings in shares in the Company for a specified period, details of which are set out at paragraph 13.8 of Part VI of this document

Definitions (continued)

“MEMR”	the Ministry of Energy and Mineral Resources of the Kazakhstan Republic (the precursor of the MINT)
“Merchant Securities”	Merchant Securities Limited, the Company’s Nominated Adviser and Broker
“MINT”	the Ministry of Industry and New Technologies of Kazakhstan
“New Board”	the Directors and the Proposed Directors
“New Ordinary Shares”	the new ordinary shares of 1p each in the capital of the Company arising from the Capital Reorganisation
“Notices”	the notices convening the GM, the First Loan Stock Meeting and the Second Loan Stock Meeting, which are set out at the end of this document
“Official List”	the official list of the UKLA
“Panel”	the Panel on Takeovers and Mergers
“Proposals”	the Acquisition, the conversion of Loan Stock, the Capital Reorganisation, the change of name of the Company and Admission
“Proposed Directors”	Sanzhar Assaubayev and William Trew
“QCA Code”	the QCA’s Corporate Governance Guidelines for Smaller Quoted Companies
“Re-introduction Agreement”	the conditional agreement dated 4 February 2013 and made between the Company, the Directors, the Proposed Directors, Ashar Qureshi and Merchant Securities, further details of which are set out in paragraph 13.5 of Part VI of this document
“Remuneration Committee”	the remuneration committee of the New Board
“Resolutions”	the resolutions to be proposed at the First Loan Stock Meeting, Second Loan Stock Meeting and General Meeting as set out in the Notices
“Second Loan Stock”	the 15 per cent. convertible unsecured loan stock 2012 constituted by the Second Loan Stock Instrument
“Second Loan Stock Instrument”	the deed poll executed by the Company dated 29 December 2008 (as amended by extraordinary resolutions on 26 July 2010 and 7 December 2012) which constitutes the Second Loan Stock
“Second Loan Stock Meeting”	the class meeting of the holders of the Second Loan Stock convened for 10.05 a.m. on 28 February 2013 (or, if later, immediately following the First Loan Stock Meeting convened for the same day), notice of which is set out at the end of this document

Definitions (continued)

“Shareholders”	holder(s) of Existing Ordinary Shares or New Ordinary Shares, as the context requires
“Smirnovskoe Subsoil Use Contract”	means Contract No. 1605 dated 7 December 2004 for Exploration and Production of Molybdenum, Wolfram and Copper on Smirnorskoe field in Kostani Region of Kazakhstan between KRMC and the Ministry of Energy and Mineral Resources of Kazakhstan, further details of which are summarised in paragraph 13.10 of Part VI of this document
“Sonatrach”	La Holding Sonatrach Raffinage et Chimie, an Algerian company registered with company number 98 B 000 50 29 having its registered office at Djenane-El-Malik, Hydra – Algiers (16035), Algeria
“Sterling” or “£”	the lawful currency of the United Kingdom
“Strathland”	Strathland Enterprises Investments Limited
“subsidiary undertaking”	has the meaning given to that term in the Companies Act
“Subsoil Use Contracts”	the Smirnovskoe Subsoil Use Contract and the Drozhilovskoye Subsoil Use Contract
“Subsoil Use Law”	the Law of Kazakhstan “On Subsoil and Subsoil Use” dated 24 June 2010, as amended
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority acting in its capacity as the United Kingdom Listing Authority, the competent authority for the purposes Part V of FSMA
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US Dollar” or “US\$” or “\$”	the lawful currency of the United States of America
“Vendor”	Lother Enterprises Limited, a company incorporated in England and Wales with company number 07207538, being a subsidiary of Bergfolk
“Wardell Armstrong”	Wardell Armstrong International Limited
“Working Capital Facility”	the working capital facility of up to £7 million to be made available to the Company under the terms of the Working Capital Facility Agreement
“Working Capital Facility Agreement”	the conditional agreement dated 4 February 2013 between Amrita and the Company, further details of which are set out in paragraph 13.11 of Part VI of this document

Expected timetable of events

2013

Publication and despatch of this document	4 February
Latest time and date for receipt of completed A Forms of Proxy to be valid at the First Loan Stock Meeting	10.00 a.m. on 26 February
Latest time and date for receipt of completed B Forms of Proxy to be valid at the Second Loan Stock Meeting	10.05 a.m. on 26 February
Latest time and date for receipt of completed C Forms of Proxy to be valid at the General Meeting	10.10 a.m. on 26 February
First Loan Stock Meeting	10.00 a.m. on 28 February
Second Loan Stock Meeting	10.05 a.m. on 28 February
General Meeting	10.10 a.m. on 28 February
Capital Reorganisation Record Date	5.00 p.m. on 28 February (or such later time and date as the Board may determine)
Completion of the Acquisition, issue of Consideration Shares, Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 1 March
CREST accounts expected to be credited (where applicable) with New Ordinary Shares arising from the Capital Reorganisation	1 March
Share certificates in respect of New Ordinary Shares arising from the Capital Reorganisation to be despatched by	13 March
Commencement of dealings in the Loan Stock Shares and the New Ordinary Shares arising from the conversion of the Consideration Shares is expected to be on the day following Contract Reinstatement. CREST accounts are expected to be credited (where applicable) with such shares on the same date. Share certificates in respect of such New Ordinary Shares are expected to be dispatched within seven days of such date	
Longstop date for Contract Reinstatement	31 May

Note: If the above dates change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service

Share capital statistics

Existing Issued Share Capital	618,002,894
Existing Ordinary Shares to be issued in connection with Capital Reorganisation	106
Number of Existing Ordinary Shares in issue immediately prior to Capital Reorganisation	618,003,000
Number of New Ordinary Shares in issue at Admission (following the Capital Reorganisation but before the issue of the Loan Stock Shares and the conversion of the Consideration Shares)	1,236,006
Number of B Shares in issue at Admission	148,320,720
Number of Loan Stock Shares to be issued ⁽¹⁾	2,472,011
Number of New Ordinary Shares to be issued on conversion of B Shares ⁽¹⁾	148,320,720
Number of New Ordinary Shares in issue following the Contract Reinstatement and the issue of the Loan Stock Shares and the conversion of the Consideration Shares	152,028,737
New Ordinary Shares held by Bergfolk following conversion of the Consideration Shares as a percentage of the Enlarged Issued Ordinary Share Capital	87.56 per cent.
TIDM/AIM Symbol at Admission	KEM
ISIN number at Admission	GB00B8T2QJ39

⁽¹⁾ The issue of the Loan Stock Shares and the conversion of the Consideration Shares into New Ordinary Shares are conditional on the Contract Reinstatement becoming effective on or before 31 May 2013.

Following Completion, Bergfolk, Strathland and Hanson will each be issued B Shares which carry voting but no economic rights. One of two things may happen with these B Shares:

1. if the Contract Reinstatement occurs on or before 31 May 2013 the B Shares will automatically convert to New Ordinary Shares, resulting in Bergfolk, Strathland and Hanson together holding approximately 97 per cent. of the voting and economic interests in the Company; or
2. if the Contract Reinstatement does not occur on or before 31 May 2013, the B Shares will automatically convert to Deferred Shares, which carry no voting or economic rights, and the Acquisition will effectively be reversed for a nominal sum. If this occurs, to the extent that New Ordinary Shares are required to be issued to deal with fractions of Deferred Shares to be issued on conversion of the B Shares, Bergfolk, Strathland and Hanson will only retain limited voting or economic interests in the Company.

PART I

Letter from the Chairman of GMA Resources plc

GMA Resources plc

(Registered in England and Wales No. 4674237)

Directors:

Ralph Thomas Browning (*Non-Executive Chairman and
proposed Non-Executive Director*)
Kenneth Ronald Crichton (*Non-Executive Director*)

Registered Office:

One America Square
Crosswall
London EC3N 2SG

Proposed Directors:

William James Trew (*Proposed Non-Executive Chairman*)
Sanzhar Assaubayev (*Proposed Chief Executive Officer*)

4 February 2013

To the holders of Existing Ordinary Shares and Loan Stock Holders

Dear Shareholder/Loan Stock Holder

Proposed acquisition of 90 per cent. interest in Joint Venture Kazakh-Russian Mining Company LLP, Proposed Capital Reorganisation, change of name, Notice of General Meeting, Notices of Class Meetings of Loan Stock Holders and Admission to trading on AIM

Introduction and background

It was announced earlier today that GMA had entered into a conditional agreement to acquire 90 per cent. of the participatory interests in the charter capital of Joint Venture Kazakh-Russian Mining Company LLP. KRMC is party to two subsoil use contracts in respect of two molybdenum and tungsten deposits in northern Kazakhstan. The consideration of £40 million will be satisfied through the issue of the Consideration Shares by the Company to Bergfolk, Strathland and Hanson at the Vendor's request.

The Acquisition will result in a fundamental change in the business of the Company and will constitute a reverse takeover under the AIM Rules. As a consequence, the Directors are seeking Shareholder approval for the Acquisition at the General Meeting, notice of which is set out at the end of this document. Irrevocable Undertakings to vote in favour of the Resolutions to be proposed at the GM and the Loan Stock Meetings have been obtained from certain Shareholders and certain holders of Loan Stock, details of which are set out in this Part I.

As Shareholders will be aware, GMA was first admitted to trading on AIM in May 2003 and since then had been engaged in mineral exploration via its 52 per cent. interest in ENOR, the operator of the Amesmessa Gold Mine within the Tirek Amesmessa Concession in Algeria. On 7 December 2011, the Company announced that it was in discussions regarding the sale of its interest in ENOR to its then partner, Sonatrach (an Algerian government-owned company), for a nominal consideration.

The Company announced on 17 April 2012 that it had completed the sale of its interest in ENOR to Sonatrach. In accordance with Rule 15 of the AIM Rules, the Company was then classified as an investing company and was obliged to make an acquisition which constitutes a reverse takeover or otherwise to have substantially implemented its investing policy within 12 months from the date of the disposal, being 17 April 2013.

Resolutions will be proposed at the General Meeting to approve the Acquisition and effect several other matters, including the Capital Reorganisation and the change of name of the Company to Kemin Resources plc. In addition, class meetings of the Loan Stock Holders have also been convened where Resolutions will be put to Loan Stock Holders to approve the conversion of the First Loan Stock and Second Loan Stock into New Ordinary Shares.

As a consequence of the Acquisition constituting a reverse takeover, the Company is required to apply for re-admission of the Enlarged Group to trading on AIM. It is expected that such Admission will take place on 1 March 2013.

Information on KRMC

History and background

KRMC was established and registered in December 2001 as a limited liability partnership in accordance with the laws of Kazakhstan. In October 2006, Lothar Enterprises Limited (“Lothar BVI”), a legal entity incorporated in the British Virgin Islands, acquired a 90 per cent. participatory interest in KRMC. This interest was subsequently transferred to the Vendor, a company under the same beneficial ownership as Lothar BVI, on 30 May 2010. GMA has conditionally agreed to acquire this interest pursuant to the Acquisition Agreement.

In December 2004, subsoil use contracts were entered into by KRMC and the MEMR in respect of the Drozhilovskoye molybdenum-tungsten deposit in Denisovski rayon of Kostanai oblast and the Smirnovskoe molybdenum-tungsten-copper deposit in Karabalyksky rayon, also of the Kostanai oblast. The Drozhilovskoye Subsoil Use Contract has an initial term of 30 years while the Smirnovskoe Subsoil Use Contract has an initial term of 36 years. The exploration period under each contract may be extended twice for two further years each upon agreement between KRMC and the MINT if KRMC applies not later than six months prior to the expiry date of the exploration term.

The rights conferred by the Subsoil Use Contracts are more fully described in paragraph 13.10 of Part VI of this document.



Figure 1 – Location of Drozhilovskoye and Smirnovskoe, Northern Kazakhstan

Drozhilovskoye deposit (Source: CPR – Summary)

The Drozhilovskoye molybdenum-tungsten deposit is located in Denisovski rayon of Kostanayskaya oblast, 55km northeast of Zhitigara and 31km northwest from the rayon center, Denisovka. The small settlement of Okrainka lies some 4km from the deposit. The deposit area covers approximately 6.6km². In addition to the main valuable ore components of molybdenum (Mo) and tungsten (W) the deposit is also thought to contain amounts of bismuth, beryl, lithium, rubidium, cesium, copper, gold and silver.

Since the deposit was discovered in 1964 considerable exploration work has taken place culminating in the most recent resource statement undertaken in 2005 (using the former Soviet Union resource and reserve classification system common in Central Asia), which provided a GKZ approved Category C₁ and C₂ resource estimate for the northern stockwork, using a 0.05 per cent. Mo (equiv.) cut-off, of 37.2Mt at 0.107 per cent. Mo and 0.086 per cent. WO₃. Importantly, the first resource estimate undertaken in 1974 defined a GKZ approved estimate for the whole deposit at C₂ of approximately 140Mt at 0.188 per cent. Mo.

The most recent exploration work on the project was a drilling programme in 2006/2007 which broadly substantiated previous work and provided further detail to both the geology and resource base. However, there remains substantial upside to increase the deposits tonnage from 37.2Mt based on the 1974 resource estimate.

Smirnovskoe deposit (Source: CPR – Summary)

The Smirnovskoe molybdenum-tungsten-copper deposit is located in Karabalyksky rayon, 156km northwest of Kostanai oblast and some 41km north of Karabalyk, the district centre in northern Kazakhstan. The village of Smirnovka is in the immediate vicinity of the deposit. The deposit area covers approximately 13.7km².

The deposit has been divided into a larger northern and smaller southern zone, within both zones the principal ore mineral is molybdenite which is associated with chalcopyrite and pyrite. Other minerals are rare.

The deposit has been studied in much less detail than Drozhilovskoye, although a 1996, GKZ approved, resource estimate produced a combined Category C₁ and C₂ resource for both the larger northern and smaller southern zones of approximately 109Mt at 0.1378 per cent. Mo (equiv.) using a 0.05 per cent. Mo equivalent cut-off grade. A further estimate was provided in 2007 which gave an estimate of 108Mt at 0.1056 per cent. Mo using the same cut-off grade.

Current status of Subsoil Use Contracts

In September 2010, the MINT by its order purported to terminate the Smirnovskoe Subsoil Use Contract, citing non-compliance with the work programme. KRMC contested the order and the purported termination in the specialised interdistrict economic court of Astana and, by its decision dated 5 December 2011, the court ruled in favour of KRMC citing, among other things, that there had been no material violation of the Smirnovskoe Subsoil Use Contract by KRMC. The court annulled the order made by the MINT and the purported termination. The MINT appealed and, on 27 February 2012, the court of appeals ruled in favour of the MINT. KRMC further appealed this decision to the court of cassation and on 17 April 2012 the court ruled in favour of KRMC, upholding the decision of the specialised interdistrict economic court of Astana.

Similarly, in March 2011, the MINT purported to terminate the Drozhilovskoye Subsoil Use Contract citing expiration of the exploration period and rejection of KRMC's application to extend its term. KRMC contested the order and the purported termination in the specialised interdistrict economic court of Astana and, by its decision dated 19 July 2011, the court ruled in favour of KRMC, concluding that there were no grounds for the refusal to extend the exploration period. When the MINT appealed to the Supreme Court of Kazakhstan, the court also ruled in favour of KRMC by its decision dated 1 December 2011.

On 4 December 2012, the MINT confirmed, in a non-binding letter to KRMC, that KRMC is now permitted to apply for reinstatement of the Subsoil Use Contracts and that the period during which

KRMC was unable to carry out subsoil use due to the termination of the Subsoil Use Contracts by the MINT would be deemed a suspension period under such contracts.

Following completion of the Acquisition, KRMC will apply to the MINT for the reinstatement of the Subsoil Use Contracts on materially the same terms as originally granted except that the exploration period for both contracts shall be extended to 31 December 2016. It is expected that it could take up to six weeks after Admission before the Subsoil Use Contracts are reinstated. Shareholders should note that it is not a condition to completion of the Acquisition that the Subsoil Use Contracts are reinstated. However, the B Shares will only be converted into New Ordinary Shares upon the Subsoil Use Contracts being reinstated on or before 31 May 2013. The Directors believe that the application to the MINT will be successful.

Overview of the Kazakhstan mining industry – (Source: Engineering and Mining Journal)

Kazakhstan is located in Central Asia, bordering Russia to the north and China to the east and is the world's ninth largest country, covering 2,717,300 km². The extent of Kazakhstan's portfolio of mineral resources is not yet fully understood but potential resource figures are substantial, as can be seen in Table 1 below.

Table 1 – Kazakhstan's major mineral resources (1,000 metric tons)

Reserves	Quantity	World ranking
Chromite	350,000	1
Copper	40,000	4
Manganese	600,000	3
Gold	2	9
Iron ore	17,000,000	7
Lead	4,800	1
Uranium	900	2
Zinc	34,000	1

Source USGS 2006

After oil and gas, the mining industry in Kazakhstan is the second largest economic sector when evaluated in terms of dollar revenues. In 2009, mining represented 19.6 per cent. of Kazakhstan's national GDP and US\$21.3 billion worth of economic output. Although the mining sector's growth trajectory has shared a similar pattern of turbulence to that of the global economy during the recent financial crisis, growth in the mining sector is expected to recover strongly. Given that mining is typically a capital intensive industry, employment numbers in the industry are proportionally low relative to dollar output at just 2.4 per cent. of Kazakhstan's workforce. Employment is spread throughout the industry's value chain ranging from logistics and equipment suppliers to exploration geologists.

Molybdenum

Molybdenum properties

Molybdenum has one of the highest melting temperatures of all the elements, yet unlike most other high-melting point elements, its density is only 25 per cent. greater than that of iron. Its coefficient of thermal energy expansion is the lowest of the engineering materials, while its thermal conductivity exceeds all but a handful of elements.

When added to steel and cast iron, molybdenum enhances strength, hardenability, weldability, toughness, elevated temperature strength and corrosion resistance. In nickel-base alloys, it improves resistance to both corrosion and high-temperature creep deformation.

Molybdenum-based alloys have a unique combination of properties, including high strength at elevated temperatures, high thermal and electrical conductivity and low thermal expansion. Molybdenum metal and its alloys are often the first choice in many demanding specialised applications.

Molybdenum production

United States Geological Survey data estimated that worldwide in 2010 242,000t of Mo was mined. World reserves were estimated at 10Mt in 2011.

In 2011 it was estimated that North America and Mexico would mine 84,300t, South America 56,000t, China 94,000t and the rest of the world 16,000t, of which Kazakhstan would produce 360t. World reserves are dominated by China 4.30Mt, North America and Mexico 3.05Mt, South America 1.65Mt and the rest of the world 1.00Mt.

Mining molybdenum

Molybdenum is contained in various minerals, but only molybdenite (MoS_2) is suitable for the industrial production of marketable molybdenum products. Molybdenite can occur as the sole mineralisation in an ore body, but is often associated with the sulphide minerals of other metals, notably copper. Typically, the Mo content of viable ore bodies ranges between 0.01 per cent. and 0.25 per cent.

Depending upon the minerals contained in the ore body and their quality, molybdenum mines are grouped in three classes:

- Primary mines, where the recovery of molybdenite is the sole objective;
- By-product mines, where the recovery of copper-bearing ores is the primary objective, and molybdenite recovery provides additional economic value; and
- Co-product mines, where the commercial viability of the mine requires that both molybdenite and copper-bearing minerals be recovered.

If the ore lies close to the surface, open cast pit technology is employed. Here the overburden is excavated to reveal the ore body for easy extraction. If the ore lies deep underground, the underground block caving technique is employed. Here large blocks of ore are undercut and allowed to collapse under their own weight. The resulting rock is removed to the surface for processing.

Processing molybdenum

The processing of molybdenum can be summarised as follows:

<i>Crushing and grinding</i>	Ball or rod mills crush and grind the mined ore to fine particles that may be only microns (10-3 mm) in diameter, releasing molybdenite from the gangue (worthless rock).
<i>Flotation</i>	The milled ore/gangue powder is mixed with a liquid and aerated in the flotation step. The less dense ore rises in the froth to be collected, while the gangue sinks to be discarded. The resulting MoS_2 concentrate contains between 85 per cent. and 92 per cent. MoS_2 .
<i>Leaching</i>	Further treatment by acid leaching can be used to dissolve impurities like copper and lead if necessary.
<i>Roasting</i>	Roasting in air at temperatures between 500 and 650°C converts MoS_2 concentrate into roasted molybdenite (MoO_3) concentrate (also known as technical Mo oxide, or tech oxide). The resulting roasted molybdenite concentrate typically contains a minimum of 57 per cent. molybdenum and less than 0.1 per cent. sulphur.

Molybdenum products

Many products flow from the mining and processing of ores containing molybdenite (MoS_2), including:

Chemical Molybdenum products

Used in catalysts, polymer compounding, corrosion inhibitors, and high-performance lubricant formulations, these include pure molybdic oxide and molybdates, and lubricant grade MoS_2 .

Meltstock products

Used as alloy additions to iron, steel, nickel and titanium alloys, these include technical Mo oxide, ferromolybdenum and Mo metal pellets.

Molybdenum metal products

These include powder, Mo metal and Mo-base alloy mill products and products fabricated from them.

Strategy

The Directors believe that the deposits at both Drozhilovskoye and Smirnovskoe have the potential to become significant molybdenum concentrate producers in the future either as two separate mining and processing facilities or collectively as two mining operations sharing a single processing facility.

Kazakhstan is located in a region of increasing steel demand and production, bordered by China and Russia. Molybdenum is a critical component of high grade, corrosion resistant steel. The geographic location of the two molybdenum deposits supports a compelling case for the development of these two molybdenum deposits.

Upon re-admission to trading on AIM and following the Contract Reinstatement, the Company intends, subject to financing, to commence a four stage process aimed at developing the Drozhilovskoye and Smirnovskoe deposits. Whether these deposits are developed together or individually will be determined by their respective exploration and feasibility studies. Success with either or both deposits is expected to be followed over the following two to three years by the completion of a bankable feasibility study (BFS) for a large-scale mining operation producing molybdenum and tungsten concentrates plus potential other by-products. On completion of the BFS, the Company will review its strategic options: whether to finance and build an operating mine or to sell one or more deposits to another mine developer. The Company's existing financial resources are not sufficient to enable the Company to fulfil its strategy outlined below. The Company will be seeking additional financing. The Assaubayev family intends to support the Company in achieving its strategic aims.

The deposits are currently viewed as early stage exploration projects. However, since their discovery a number of exploration programmes have been undertaken with complementary and limited, but encouraging, metallurgical test work.

Phase 1 – Verification of Existing Data

The Drozhilovskoye deposit has been the subject of 71,561m of drilling completed between 1964 and 2007 over nine successive drilling campaigns. Extensive drilling has also been completed on the Smirnovskoe deposit and, although there is limited existing core available, there is a full record of the duplicates of drill core pulps previously sent for assay for much of this drilling.

In 2005 metallurgical test work was completed on 12 samples from Drozhilovskoye and Smirnovskoe. These preliminary results indicated for the Drozhilovskoye samples that molybdenum recovery was approximately 93 per cent. and the concentrate varied from 50-54 per cent.

The objective of Phase 1, over a four month period, is to conduct a full review of the existing data relating to both the Drozhilovskoye and Smirnovskoe deposits to verify and validate the existing data through a process of:

- Re-logging of existing drill hole core data;
- Assaying existing drill hole core data not yet assayed;
- Re-assaying selected drill hole core and duplicates to validate existing drill hole assay data;
- Establishing confidence of drill hole locations;
- Reviewing and conducting some initial metallurgical testing to validate previous work; and
- Developing an exploration programme combining geophysics, soil geochemistry and drilling related exploration techniques to confirm the existing resource and expand the resource potential.

The deliverables of Phase 1 are the development of a geological database and geological model that provides the confidence in the data within the geological model. This geological model will drive the Phase 2 exploration programme.

Phase 2 – Exploration Programme targeting a JORC or equivalent Compliant Resource Statement and Preliminary Economic Assessment

During Phase 2 the intention will be to gain confidence in the previously stated mineral resource potential. This will be done through a series of infill drill holes as identified ‘gaps’ from the geological model from Phase 1. The exploration programme will apply appropriate geophysics and geochemistry methods to expand the resource potential. The expansion of the resource will be completed by the drilling of new holes in the most prospective areas highlighted by the geophysics and geochemistry.

Detailed metallurgical testing of drill core samples from existing drill hole data and newly drilled core will also be ongoing.

In parallel, a preliminary economic assessment will be undertaken that will focus on confirming the availability and requirements for the development of the two deposits including power, water, environment, metallurgy, logistics and end user requirements for the molybdenum concentrate. It will also include a detailed assessment of the demand/supply balance of molybdenum and future forecast pricing.

A JORC (or equivalent standard, as defined by the AIM Rules) compliant resource statement will be completed and used as part of the preliminary economic assessment as the first step of determining the potential financial attractiveness of the project.

The outcome of Phase 2 will determine the potential of one or both deposits, when in production, to achieve the economic hurdles justifying a pre-feasibility study (PFS).

Phase 3 – Pre-Feasibility Study

The completion of Phase 2 will also define the objectives for the PFS. The PFS will consider all the mine development options and determine the most appropriate option to pursue in the BFS.

In Phase 2, all the environmental and social impact studies to fulfil the requirements to advance the Drozhilovskoye and Smirnovskoe deposits from exploration to mining will commence. These studies and subsequent management plans are intended to fulfil the Government’s licensing requirements, which will enable the Company to apply to the Kazakh government for the issue of the related licences and permits to build and operate a mine.

Drilling should continue to upgrade the deposits from inferred resources to an appropriate level of measured, indicated and inferred resources, with a portion being upgraded into proven and probable mining reserves.

The PFS will specifically address issues related to the management of power, water, logistics, product sales, human resources, health, safety, environment, community, permits to operate, tax, royalties and other government related obligations.

At the completion of the PFS, it is intended that the financial outcomes of a single development plan will have been articulated on the basis of applicable assumptions and the remaining requirements to complete a BFS will have been identified. In addition, the JORC (or equivalent standard, as defined by the AIM Rules) compliant reserve and resource statement will be updated and supported by a revised geological model.

Phase 4 – Bankable Feasibility Study

During the preparation of the BFS, the objective will be to provide investors and financiers with the confidence to fund the development through to production using both equity and debt financing. The BFS will be prepared taking account of the Equator Principles used by the financial community as a bench mark to provide financing for mining developments in developing nations.

During this phase, work should progress sufficiently with design, engineering and contracts so that, upon funding being obtained, the construction phase can commence quickly and contracts be entered into with contractors.

A mine development plan used for the BFS will be based on the updated reserve and resource statement and supporting geological model.

In addition, it is intended that, prior to the completion of the BFS, all regulatory approvals, permits and licences will be secured.

Licence regulation – Kazakhstan’s subsoil regulatory framework

General

The constitution of Kazakhstan and Edict of the President of 1996 denotes that all subsoil mineral resources are owned by the Kazakh state. In 2010 responsibility for subsoil mining related commodities was assumed by the newly created MINT.

The principal statute governing Kazakhstan’s mining industry is the Subsoil Use Law. This law regulates relations arising in the sphere of subsoil use and is intended to protect the interests of Kazakhstan, as well as facilitating the rational and comprehensive study and use of subsoil within the country.

Acquisition of subsoil use rights

According to the Subsoil Use Law, persons may obtain subsoil usage rights in three particular ways: either (i) directly from the state; (ii) through purchase or transfer from another entitled subsoil user; or (iii) through legal succession from the reorganisation of entities already possessing subsoil use rights. The process for acquiring subsoil use rights is either through direct negotiation or an open tender depending upon market conditions, government participation, as well as vendor and purchaser circumstances. The MINT grants exploration and production rights by means of subsoil use contracts. Subsoil use rights are granted for a specified period, but they may be extended before the expiration of the contract.

Termination of subsoil use rights

Subsoil use contracts may be terminated by the MINT if the subsoil user does not satisfy its contractual obligations and such non-compliance is not remedied within the timing established by the MINT. Such obligations include, but are not limited to, periodic payment of royalties and taxes to the government and the satisfaction of mining, environmental, safety and health requirements. Under the Subsoil Use Law, if a subsoil user fails to fulfil the terms and conditions of its subsoil use contract more than twice, the MINT may make a demand in writing for rectification of the non-compliance. There are no materiality thresholds connected with the non-compliance. The MINT may only unilaterally terminate a subsoil use contract if the subsoil user fails to rectify two breaches within the time specified.

Strategic deposits

The Subsoil Use Law contains a concept of “fields of strategic importance”. This concept aims to protect Kazakhstan’s national interests in the sphere of subsoil use. In October 2011, the Kazakh government prescribed certain fields as being of strategic importance. The Smirnovskoe and Drozhilovskoye deposits are not currently included in this list.

The MINT has the following rights in respect of fields of strategic importance:

- (i) the right to demand amendments and/or additions to a subsoil use contract if the actions of the relevant subsoil user, operating what is deemed to be a strategic subsoil field, results in unfavourable changes to Kazakhstan’s economic interests which may adversely affect national security;
- (ii) the right to unilaterally terminate the relevant subsoil use contract if within a certain period of time (in total not more than 12 months) the subsoil user does not agree to enact such amendments; and
- (iii) the right to repudiate the applicable subsoil use contract unilaterally on two months’ notice if it determines that the subsoil use operations result in a material adverse change in the economic interests of Kazakhstan, which creates a threat to national security.

Kazakh government's pre-emptive right and the consent of the MINT

Another key provision of the Subsoil Use Law is that the Kazakh government has pre-emptive/first refusal rights to purchase, on terms no worse than those proposed to other buyers, any subsoil use rights and equity interests in any entity holding subsoil use rights or other legal entity which may directly or indirectly determine decisions and/or exert influence on the decisions of an entity holding subsoil use rights. The MINT has the right to terminate a subsoil use contract if a transaction takes place in breach of the pre-emptive/first refusal right, which applies to transactions done in Kazakhstan and overseas.

In addition to the pre-emptive/first refusal rights of the Kazakh government, the Subsoil Use Law provides that any transfer of subsoil use rights (and/or any equity interests in an entity holding subsoil use rights or other legal entity which may directly or indirectly determine decisions and/or exert influence on the decisions of an entity holding sub soil use rights) to any third party, in whole or in part, may only be made with the prior consent of MINT.

Principal terms of the Acquisition

Under the terms of the Acquisition Agreement, the Company has agreed to acquire 90 per cent. of the participatory interests in KRMC for a consideration of £40 million to be satisfied by the issue of 148,320,720 B Shares to Bergfolk, Strathland and Hanson at the Vendor's request. Pursuant to their terms, the B Shares shall convert into 148,320,720 New Ordinary Shares if the Contract Reinstatement becomes effective on or before 31 May 2013.

Completion of the Acquisition will be conditional, *inter alia*, on:

- (a) the passing of the Resolutions;
- (b) the waiver or expiry of certain rights of pre-emption by the remaining holders of participatory interests in KRMC; and
- (c) Admission.

The Acquisition Agreement has a long stop date of 30 April 2013 after which it will automatically terminate unless GMA and the Vendor agree to extend the period. Subject to the conditions being satisfied (or where possible, waived), Completion will take place on the date of Admission.

The Acquisition Agreement contains certain warranties and undertakings given to the Company by the Vendor (and guaranteed by Amrita, the provider of the Working Capital Facility) in favour of the Company and given by the Company to the Vendor in favour of the Vendor, Bergfolk, Strathland and Hanson.

In the event that the Contract Reinstatement does not become effective on or before 31 May 2013, the Consideration Shares shall automatically convert into Deferred Shares on the basis of one Deferred Share for every 499 B Shares held. Where a fraction of a Deferred Share would fail to be issued, the B Shares will instead convert into New Ordinary Shares on a one for one basis. In addition, in such event, pursuant to the Acquisition Agreement, the Company will transfer its participatory interests in KRMC back to the Vendor for £1, subject to any applicable legal and regulatory requirements.

In the event that the Contract Reinstatement does not become effective on or before 31 May 2013, then dealings in the New Ordinary Shares on AIM will be suspended on 3 June 2013, the Company will revert to being an investing company under Rule 15 of the AIM Rules and dealings in the New Ordinary Shares on AIM will be cancelled six months thereafter if the Company has not implemented its investing policy by that date.

Further details of the Acquisition Agreement are set out in paragraph 13.1 of Part VI of this document.

You are reminded that the City Code does not currently apply to the Company. Consequently, Shareholders should be aware that they will not be afforded the protections offered by the City Code. Should the Company become subject to the City Code before Admission, the Panel may seek to impose additional requirements on the Vendor and/or the Company in relation to the Acquisition (including requiring amendments to the agreed terms).

Background to and reasons for the Capital Reorganisation

The current market value of the Existing Ordinary Shares is below their nominal value. As a company cannot issue shares at a price below their nominal value, this impacts the Company's ability to raise new money. Additionally, the number of Existing Ordinary Shares that would be required to be issued pursuant to both the conversion of the Loan Stock and on conversion of the Consideration Shares would, in the Directors' opinion, result in an excessive number of shares in issue.

The Directors therefore propose to carry out the Capital Reorganisation, whereby:

- (i) the Existing Ordinary Shares are consolidated so as to become ordinary shares of 500 pence each on the basis of one ordinary share of 500 pence for every 500 Existing Ordinary Shares; and
- (ii) each of the resulting ordinary shares of 500 pence is subdivided and reclassified as one New Ordinary Share and one Deferred Share.

Accordingly, the effect of the Capital Reorganisation will be to convert every 500 Existing Ordinary Shares into one New Ordinary Share and one Deferred Share.

Holders of fewer than 500 Existing Ordinary Shares will not be entitled to receive a New Ordinary Share following the Capital Reorganisation. Shareholders with a holding in excess of 500 Existing Ordinary Shares, but which is not exactly divisible by 500, will have their holding of New Ordinary Shares rounded down to the nearest whole number of New Ordinary Shares following the Capital Reorganisation. Fractional entitlements, whether arising from holdings of fewer or more than 500 Existing Ordinary Shares, will be sold in the market and the proceeds will be retained for the benefit of the Company.

As the Existing Issued Share Capital is not divisible by 500, the Company must issue an additional 106 Existing Ordinary Shares prior to the Capital Reorganisation record date. It is intended that these shares will be issued for 1p per Existing Ordinary Share prior to the General Meeting.

The Existing Ordinary Shares have been admitted to CREST. Application will be made for the New Ordinary Shares, including those arising from the Capital Reorganisation, to be admitted to CREST, all of which may then be held and transferred by means of CREST. It is expected that the New Ordinary Shares arising as a result of the Capital Reorganisation in respect of Existing Ordinary Shares held in uncertificated form, i.e. in CREST, will be credited to the relevant CREST accounts on 1 March 2013 and that definitive share certificates in respect of the New Ordinary Shares arising as a result of the Capital Reorganisation from Existing Ordinary Shares held in certificated form will be dispatched to relevant Shareholders by 13 March 2013. No temporary documents of title will be issued. Share certificates in respect of Existing Ordinary Shares will cease to be valid on 1 March 2013 and, pending delivery of share certificates in respect of New Ordinary Shares will be certified against the register. The record date of the Capital Reorganisation is 5.00 p.m. on 28 February 2013.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

The Deferred Shares will have no, or very limited, rights and for all practical purposes, be valueless and it is the Board's intention, at an appropriate time, to have the Deferred Shares cancelled. No certificates will be issued in respect of the Deferred Shares. The rights attaching to the various classes of shares in the Company and the proposed amendments to the Existing Articles are set out in paragraphs 5.2 and 5.3 in Part VI of this document.

Background to and reasons for the changes to the Loan Stock

It is a condition of the Acquisition Agreement that the terms of the Loan Stock are amended such that all of the outstanding principal and accrued interest of the Loan Stock outstanding at 31 January 2013 is automatically converted, subject to the Contract Reinstatement becoming effective, into the Loan Stock Shares, to be apportioned between the Loan Stock Holders in proportion to their relevant holdings of Loan Stock. In the event that the Contract Reinstatement becomes effective, no interest will accrue on the Loan Stock from 1 February 2013 until the date of the Contract Reinstatement.

The proposed changes to the First Loan Stock Instrument and Second Loan Stock Instrument are set out in full in the notices convening the relevant Loan Stock Meetings at the end of this document. For such changes to be effective, the resolution to be proposed at the First Loan Stock Meeting requires the unanimous approval of the holders of the First Loan Stock either present or represented at the meeting and the resolution to be proposed at the Second Loan Stock Meeting requires the approval of three quarters of the holders of the Second Loan Stock either present or represented at the meeting.

The effect of the change, is that holders of the First Loan Stock will receive approximately 413 New Ordinary Shares for every £1,000 nominal of the First Loan Stock and holders of the Second Loan Stock will receive approximately 462 New Ordinary Shares for every £1,000 nominal of Second Loan Stock held.

Copies of the First Loan Stock Instrument and the Second Loan Stock Instrument, together with blacklined comparison documents showing all the proposed changes are available for inspection during normal business hours at the registered office of the Company until the date of the Loan Stock Meetings and General Meeting. Copies will also be available at the Loan Stock Meetings and the General Meeting.

Directors and Proposed Directors

Details of the Directors and Proposed Directors of the Company are set out below. With effect from Admission, William Trew and Sanzhar Assaubayev will be appointed to the New Board.

Directors

Ralph Browning (*Non-Executive Chairman and following Admission, Non-Executive Director*), aged 49, having graduated from The London School of Economics and Political Science in 1985 started his career at Imperial Chemical Industries (“ICI”) managing a base and precious metals portfolio for use as catalysts by ICI in its petrochemical and other businesses. Mr Browning has since been involved in the establishment and growth of numerous other successful businesses on behalf of Citibank, Natwest and Deutsche Bank as well as other providers of risk capital. He has also been a Senior Vice President of Mastercard International in New York, a co-founder of Deutsche Bank’s Islamic finance capital markets business and Executive Chairman of Orosur Mining Inc., a South American gold explorer and producer which is quoted in London and Toronto (AIM: OMI, TSX: OMI).

Kenneth Crichton (*Non-Executive Director*), aged 50, is a mining engineer having graduated from the University of New South Wales, Australia in 1985 with 27 years’ experience in the mining industry. Since graduating, more than half of his career has been working in developing countries and a considerable part in active mine production roles. Currently he is employed as the Chief Executive Officer of ASCOM Precious Metals and Mining (“APM”), an Egyptian based minerals exploration company focusing in North and East Africa. Currently he is focusing APM’s resources on advancing its gold discovery in Ethiopia. Mr Crichton worked for 15 years with BHP Billiton in both Australia and Indonesia, including as the President Director of PT Billiton Indonesia, a BHP Billiton subsidiary. For four and a half years, he worked with the Leighton Holdings Group of Companies, a leading construction and mining contractor in Papua New Guinea, Indonesia and Australia. In these roles Mr Crichton was involved in the management of a number of large mining contracts with clients such as Lihir Gold, Macarthur Coal and BHP Billiton. In addition, he was the General Manager of the Roche Eltin Joint Venture, responsible for the mining contract at that time for the Century Zinc Mine in Queensland, Australia. Kenneth Crichton is an Australian citizen.

Proposed Directors

William Trew (*Proposed Non-Executive Chairman*), aged 54, graduated from the University of Wales in 1979 with a degree in engineering and achieved a Master’s degree in engineering at Randse Africase University in Johannesburg in 1984, while working at the Chamber of Mines. Since then he has gained over 32 years’ experience in the mining and engineering industry as both a project manager and senior engineer for some of the world’s most significant gold mining companies, including Gold Fields Limited and Bateman Engineering. In 1986 he founded MAED Limited, a

specialist project management and engineering design company specialising in the gold mining industry. He is a registered professional engineer with the Engineering Council of South Africa. He was appointed Chief Executive Officer of Oxus Gold plc in November 2002, and later left the Company in December 2007. He was also the chairman of Marakand Minerals plc, which was listed on AIM between 2004 and 2008, and was a non-executive director of KazakhGold Group Limited between 2004 and 2009. He holds directorships in a number of private companies and is currently chairman of the MAED group of companies and a director of Gold Mines of Uganda and Chairman of Paracale Gold Limited.

Sanzhar Assaubayev (*Proposed Chief Executive Officer*), aged 26, is the Chief Financial Officer of the AltynGroup Kazakhstan LLP. Formerly he was the director of international affairs of JSC MMC Kazakhaltyn and an Executive Director of the KazakhGold Group Limited, the gold mining corporation. He is also a member of the board of directors of Altyn Group PLC and Nectar Capital Limited. He was educated at the Leysin American School in Switzerland, where he specialised in management, and the American University in the United Kingdom and holds a Bachelor degree in Business Administration. Mr. Assaubayev is fluent in Russian and English, as well as Kazakh (his native tongue).

Historical financial information on GMA and KRMC

During the year ended 31 December 2011 GMA incurred a loss before tax of £701,000. As at 31 December 2011, KRMC had net liabilities of approximately US\$988,000.

Your attention is drawn to the Company's audited report and accounts for the years ended 31 December 2011, 2010 and 2009 and the unaudited results for the six months ended 30 June 2012 (together the "Accounts"). The Accounts are incorporated by reference and are available to download from the Company's website www.gmaresources.plc.uk. The financial information on the Company is included in the Company's financial statements and the notes to them.

Shareholders may request a hard copy of the Accounts from the Company's registered office at One America Square, Crosswall, London EC3N 2SG or alternatively by telephone on +44 (0)20 7264 4444. Hard copies of the Accounts will be despatched as soon as possible and, in any event, within two business days of the receipt of a request. Shareholders who do not make a request will not be sent hard copies of the Accounts.

The financial information for KRMC for the three years ended 31 December 2011 and the six months ended 30 June 2012 is set out in Part IV of this document.

Current trading and prospects

Since April 2012 the Company has been classified as an investing company in accordance with Rule 15 of the AIM Rules, having disposed of all revenue generating assets. Accordingly, the Company has earned no revenues in the current financial year. The Directors believe that the acquisition of the 90 per cent. stake in KRMC represents the best option available to protect and enhance the Loan Stock Holders' and Shareholders' interests. The Enlarged Group will be an early stage exploration Company. The Enlarged Group's prospects are dependent on its ability to secure additional financing in order to implement its strategy.

Dealing restrictions

On Admission, Kenneth Crichton will be interested in 16,000 New Ordinary Shares, representing approximately 1.29 per cent. of the New Ordinary Shares in issue at Admission and approximately 0.01 per cent. of the voting rights of the Company at Admission. Details of this interest is set out in paragraph 8.1 of Part VI of this document.

On Admission, Bergfolk will be interested in 133,117,846 B Shares, representing approximately 89.01 per cent. of the voting rights of the Company's issued share capital at Admission. Following the conversion of the B Shares into New Ordinary Shares after the Contract Reinstatement, Bergfolk will

be interested in 133,117,846 New Ordinary Shares representing approximately 87.56 per cent. of the Enlarged Issued Share Capital.

The Directors and the Proposed Directors, on behalf of themselves, their families and other persons deemed to be connected with them and Bergfolk on behalf of itself and other persons deemed to be connected with it, have undertaken pursuant to the Lock-in Agreements to Merchant Securities and the Company not to dispose of such interests (subject to certain limited exceptions) until 12 months after Admission. The Directors have undertaken for a further period of 12 months that they will only dispose of an interest in the Company's shares through Merchant Securities, except in certain limited circumstances. The Proposed Directors and Bergfolk have further undertaken that for a further period of 12 months they will only deal or otherwise dispose of any such interests where the price paid and the size of the interests being dealt with or disposed of is within certain pre-determined parameters and provided that such dealing or disposal is notified to Merchant Securities.

On Admission, Strathland and Hanson will be interested in 10,642,012 and 4,560,862 B Shares, respectively, representing approximately 7.12 and 3.05 per cent. of the voting rights of the Company's issued share capital at Admission.

Strathland and Hanson on behalf of themselves and other persons deemed to be connected with them, have undertaken that for a period of one year after Admission, they will only deal or otherwise dispose of any such interests where the price paid and the size of the interests being dealt with or disposed of is within certain pre-determined parameters and provided that such dealing or disposal is notified to Merchant.

Further details of these arrangements are set out in paragraphs 13.8 and 13.9 of Part VI of this document.

Share Options

The Company currently has no formal share option scheme in place. The Directors currently hold options to subscribe for shares which they have conditionally agreed to surrender as part of the Proposals. The New Board believes that it is important that directors, employees and consultants of the Enlarged Group are appropriately and properly incentivised. To this end, the New Board will consider adopting a share option scheme when they deem it appropriate, having taken into account the development of the Company and its business.

Taxation

Details of certain taxation implications which may be relevant to holding or dealing in New Ordinary Shares are set out in paragraph 18 of Part VI of this document. If you are in any doubt of your tax position you should consult your own tax adviser.

CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations.

The New Ordinary Shares are eligible for CREST settlement. Accordingly, settlement of transactions in the New Ordinary Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

Dividend policy

The New Board's objective is to grow the Enlarged Group's business. The Company will not be generating income for some considerable time. In view of this, the New Board will not be recommending a dividend for the foreseeable future. However, the New Board intends that the Company will recommend or declare dividends at some future date once they consider it commercially prudent for the Company to do so, bearing in mind its financial position and the capital resources required for its development.

Corporate governance

The Directors and Proposed Directors recognise the importance of sound corporate governance and with that aim, the Company has voluntarily adopted substantially all of the recommendations of the QCA Code as are appropriate to the Company's size at this time. To the extent that it is not compliant with the QCA Code it is intended that it will become so as the Company and its business mature.

The New Board intends to meet bi-monthly (or more often if required) to review key operational issues, strategic development and the financial performance of the Company. All matters of a significant nature are discussed in the forum of board meetings. The New Board will continue to be responsible for internal controls to minimise the risk of financial or operational loss or material misstatement. These controls have been designed to meet the particular needs of the Company having regard to the nature of its business.

The Company has an audit and a remuneration committee with formally delegated duties and responsibilities. Both the Audit Committee and the Remuneration Committee currently consist of Kenneth Crichton (Chairman) and Ralph Browning. It is intended that following Admission, the Audit Committee will comprise of Ralph Browning (Chairman), Kenneth Crichton and William Trew, the Remuneration Committee will comprise of William Trew (Chairman), Ralph Browning and Kenneth Crichton.

The Audit Committee determines the terms of engagement of the Company's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee receives and reviews reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee has unrestricted access to the Company's auditors.

The Remuneration Committee reviews the scale and structure of the executive directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors are set by the entire Board.

Following Admission, the New Board will be responsible for monitoring the Company's risks and implementing other systems which are deemed necessary. In particular, the Company will carry out a review of its operations following Admission with a view to preparing and adopting a formal policy on anti-bribery measures to ensure compliance with the UK Bribery Act 2010.

The Company will ensure, in accordance with Rule 21 of the AIM Rules, that the Directors, the Proposed Directors and applicable employees do not deal in any New Ordinary Shares during a close period (as defined in the AIM Rules). In addition, the Company has adopted a code on dealings in the Company's securities.

The Directors and Proposed Directors believe that they have sufficient experience in accounting systems and controls which will provide a reasonable basis for them to make proper judgements as to the financial position and prospects of the Company.

First Loan Stock Holders Meeting

You will find at the end of this document a notice convening the First Loan Stock Meeting which is to be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL on 28 February 2013 at 10.00 a.m. to consider and, if thought fit, pass a Resolution to approve the variation of the terms of the First Loan Stock Instrument. The Resolution will be proposed as an extraordinary resolution and will require the unanimous approval of the First Loan Stockholders present or represented at the First Loan Stock Meeting.

Second Loan Stock Holders Meeting

You will find at the end of this document a notice convening the Second Loan Stock Meeting which is to be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL on 28 February 2013 at 10.05 a.m. (or, if later, immediately following the First Loan Stock Meeting) to consider and, if thought fit, pass a Resolution to approve the variation of the terms of the Second Loan Stock Instrument. The Resolution will be proposed as an extraordinary resolution and will require the approval of three quarters of the Second Loan Stockholders present or represented at the Second Loan Stock Meeting.

General Meeting

You will find at the end of this document a notice convening the General Meeting to be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL on 28 February 2013 at 10.10 a.m. (or, if later, immediately following the Second Loan Stock Meeting) to consider and, if thought fit, pass Resolutions to:

- (a) approve the Acquisition;
- (b) approve the appointment of the Proposed Directors;
- (c) approve the Capital Reorganisation;
- (d) authorise the Directors to allot shares or grant rights to subscribe for shares in the Company in connection with the Acquisition and the conversion of the Loan Stock pursuant to section 551 of the Companies Act;
- (e) authorise the Directors to allot equity securities in connection with the Acquisition and the conversion of the Loan Stock pursuant to section 570 of the Companies Act for cash as if section 561(1) of the Companies Act did not apply;
- (f) amend the Existing Articles; and
- (g) approve the change of name of the Company.

The Resolutions set out at (a) to (d) above will be proposed as ordinary resolutions (and will therefore require the approval of a majority of Shareholders voting in person or by proxy at the General Meeting). The Resolutions set out at (e) to (g) above will be proposed as special resolutions (and will therefore require the approval of not less than 75 per cent. of Shareholders voting in person or by proxy).

Admission to AIM

Application will be made to the London Stock Exchange for the New Ordinary Shares arising from the Capital Reorganisation to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares arising from the Capital Reorganisation on 1 March 2013.

Upon receipt of the Contract Reinstatement the Company will issue the Loan Stock Shares and the B Shares will convert into New Ordinary Shares on a one-for-one basis. It is expected that dealings in the shares will commence on the next business day following the Contract Reinstatement.

In the event that the Contract Reinstatement does not become effective on or before 31 May 2013, the Loan Stock Shares will not be issued and the B Shares will be converted into Deferred Shares. Furthermore, dealings in the New Ordinary Shares will be suspended on 3 June 2013, the Company will revert to being an investing company under Rule 15 of the AIM Rules and dealings in the New Ordinary Shares on AIM will be cancelled six months thereafter if the Company has not implemented its investing policy by that date.

Further information

Your attention is drawn to the remaining parts of this document which contain further information on GMA, KRMC and the Proposals. In particular, your attention is drawn to the Risk Factors set out in Part II of this document.

Action to be taken in respect of the Loan Stock Meetings

A blue A Form of Proxy is enclosed with this document for use at the First Loan Stock Meeting.

A green B Form of Proxy is enclosed with this document for use at the Second Loan Stock Meeting.

Whether or not you propose to attend the relevant Loan Stock Meeting in person, you are requested to complete the appropriate Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be returned by post to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 48 hours before the time appointed for holding the relevant Loan Stock Meeting or any adjournment thereof.

If you complete and return a blue A Form of Proxy or a green B Form of Proxy, you may still attend at the relevant Loan Stock Meeting in person should you decide to do so.

Action to be taken in respect of the General Meeting

A white C Form of Proxy is enclosed with this document for use at the General Meeting.

Whether or not you propose to attend the General Meeting in person, you are requested to complete the enclosed white C Form of Proxy in accordance with the instructions printed thereon. To be valid, completed C Forms of Proxy must be returned by post to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 48 hours before the time appointed for holding the General Meeting or any adjournment thereof.

If you complete and return a white C Form of Proxy, you may still attend and vote at the General Meeting in person should you decide to do so.

Irrevocable Undertakings relating to the Resolutions

It is a condition to completion of the Acquisition that the Resolutions are approved.

Kenneth Crichton has irrevocably undertaken to vote in favour of the General Meeting Resolutions in respect of his own shareholding, which amounts to 1.29 per cent. of the Existing Issued Share Capital.

In addition to these undertakings, a number of the Company's other Shareholders have also given Irrevocable Undertakings to vote in favour of the General Meeting Resolutions. In aggregate the undertakings held by the Company as at the date of this document (including the undertaking received from Kenneth Crichton referred to above) amount to 27.6 per cent. of the Existing Issued Share Capital.

The Company has received Irrevocable Undertakings to vote in favour of the Resolutions to be voted on at the First Loan Stock Meeting from a number of the holders of the First Loan Stock. In aggregate the undertakings held by the Company as at the date of this document amount to 83.9 per cent. of the outstanding principal amount of the First Loan Stock.

The Company has received Irrevocable Undertakings to vote in favour of the Resolutions to be voted on at the Second Loan Stock Meeting from a number of holders of the Second Loan Stock. In aggregate the undertakings held by the Company as at the date of this document amount to 96.6 per cent. of the outstanding amount of the Second Loan Stock.

Recommendation

The Directors believe that the Proposals will promote the success of the Company for the benefit of its members as a whole and accordingly they unanimously recommend that you vote in favour of the Resolutions, as they have undertaken to do in respect of their aggregate holding of 8,000,000 Existing Ordinary Shares, representing 1.29 per cent. of the Existing Issued Share Capital.

Shareholders and Loan Stockholders are reminded that the Proposals are conditional, *inter alia*, on the passing of all of the Resolutions to be proposed at the Loan Stock Meetings and the General Meeting. Should any of the Resolutions not be passed, the Proposals will not proceed.

If the Contract Reinstatement does not become effective on or before 31 May 2013 dealings in the New Ordinary Shares on AIM will be suspended on 3 June 2013, the Company will revert to being an investing Company under Rule 15 of the AIM Rules and its admission to trading will be cancelled six months thereafter if the Company has not implemented its investing policy by that date.

Yours faithfully,

Ralph Browning
Non-Executive Chairman

PART II

Risk Factors

Any of the following risks, individually or together, could adversely affect the Enlarged Group's business, results of operations, financial condition and prospects, in which case the trading price of its shares could decline and all or part of any investment may be lost. The Company has described the risks and uncertainties that the Company believes are material, but these risks and uncertainties may not be the only ones the Enlarged Group faces. Additional risks and uncertainties of which the Company is currently not aware of or which the Company currently deems immaterial may also have an adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects. The value of the Company's shares and any income from them may go down as well as up. The Company and its subsidiaries operate in various different jurisdictions and the risks outlined below relate to the Enlarged Group.

RISKS RELATING TO THE ACQUISITION

Conditionality of the Acquisition

Completion of the Acquisition is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including, *inter alia*:

- (a) the passing of the Resolutions;
- (b) the waiver of certain rights of pre-emption by the remaining holders of participatory interests in KRMC; and
- (c) Admission

There is no guarantee that the conditions will be satisfied (or waived, if applicable), in which case the Acquisition will not complete.

Limited recourse under Acquisition Agreement

Under the terms of the Acquisition Agreement, the Company is receiving warranties in relation to certain matters from the Vendor. While the Company has been provided with a guarantee of the Vendor's obligations under the Acquisition Agreement, the Vendor itself has no assets and therefore the Company may have limited recourse for breaches of warranty and other breaches of the Acquisition Agreement. In addition, there are customary limitations on the ability of the Company to bring claims for breach of warranty both as to the time period during which claims may be brought and the quantum that may be recovered. Further details of the terms of the Acquisition Agreement are set out in paragraph 13.1 of Part VI of this document.

The Subsoil Use Contracts may not be reinstated

As summarised in Part I of this document, the Subsoil Use Contracts have been the subject of ongoing litigation with the MINT. KRMC has received court rulings in its favour in respect of all litigation concerning the Subsoil Use Contracts. These rulings have annulled the purported terminations of the Subsoil Use Contracts by the MINT. However, not all time periods for appeal by the MINT of certain judgments have expired. Due to the protracted nature of the litigation there was uncertainty regarding the current status of the Subsoil Use Contracts. Accordingly, KRMC sought clarification from the MINT. As noted in Part I of this document, on 4 December 2012 the MINT confirmed, in a non-binding letter to KRMC, that KRMC is now permitted to apply for reinstatement of the Subsoil Contracts and that the period during which KRMC was unable to carry out subsoil use due to the termination of the Subsoil Contracts by the MINT would be deemed a suspension period under such contracts. The MINT also confirmed that completion of the Acquisition prior to the Contract Reinstatement would not trigger the requirement for consent from the MINT or the waiver of pre-emption rights under the Subsoil Use Law. It should be noted however that this confirmation by the MINT does not have the force of law and it is not required to be subsequently bound by the representations in its letter. If the MINT subsequently

took a different view on the application of the Subsoil Use Law to the Acquisition it could have certain adverse consequences for the Enlarged Group including invalidation of the Acquisition or termination of the Subsoil Use Contracts.

Following completion of the Acquisition KRMC will apply to the MINT for Contract Reinstatement. While the Company and the Directors are confident that Contract Reinstatement will be confirmed by the MINT within the statutory time period (being one month from the receipt of the application from KRMC) there can be no guarantee that Contract Reinstatement will become effective. The Company has sought to address this risk by satisfying the consideration under the Acquisition Agreement by the issue of B Shares. According to their terms, if the Contract Reinstatement does not become effective on or before 31 May 2013, the B Shares shall automatically convert into Deferred Shares. In addition, the Company has undertaken in such circumstances to transfer its interests in KRMC back to the Vendors for £1.00, subject to any applicable legal and regulatory requirements. This disposal would constitute a fundamental disposal under the AIM Rules and the Company would once again become an investing company.

Kazakh regulatory approvals

The Subsoil Use Law and the legislation preceding it established regulatory formalities and requirements which had to be obtained when selling and purchasing subsoil use rights and/or selling shares in companies owning or controlling subsoil use rights in Kazakhstan. These include, in certain circumstances, obtaining the consent of the MINT and the waiver of the state's statutory pre-emption right. As noted above, the Company has received confirmation from the MINT that the Acquisition does not require its consent or the waiver of the state's pre-emption right under the Subsoil Use Law. However, there is a possibility that transfers of participatory interests in KRMC in the past, for which waivers and consents have not been obtained, may be deemed to have required such waivers or consents.

The Company does not believe that any other Kazakh regulatory approvals are required in connection with the Acquisition due to both the value of the Enlarged Group and the commonality of ownership of KRMC both before and after the Acquisition. The Acquisition Agreement is not conditional upon obtaining any such approvals.

The Company considers the risk to the Enlarged Group that previous transfers of participatory interests in KRMC would be challenged on the basis of non-compliance with applicable Kazakh laws or that approvals are required from regulators in Kazakhstan to complete the Acquisition to be low. However, if the Company is incorrect in its view, it could have adverse consequences for the Enlarged Group including invalidation of the Acquisition and/or termination of the Subsoil Use Contracts.

City Code becoming applicable

The City Code does not currently apply to the Company. Should the Company become subject to the City Code before Admission, the Panel may seek to impose additional requirements on the Vendor and/or the Company in relation to the Acquisition (including requiring amendments to the agreed terms).

RISKS RELATING TO THE ENLARGED GROUP'S BUSINESS

The Enlarged Group's mining licences and contracts

The Enlarged Group's exploration, mining and processing activities (if and when they occur) are dependent upon the Contract Reinstatement and the grant, renewal or continuance in force of appropriate subsurface use, contracts, licences, permits and regulatory approvals and consents which may be valid only for a defined time period, may be subject to limitations and may provide for withdrawal in certain circumstances. There can be no assurance that Contract Reinstatement will become effective or that such other subsurface use, contracts, licences, permits and regulatory approvals and consents would be granted, renewed or continue in force, or, if so, on what terms.

The process of entering into new subsurface use contracts or extending existing subsurface use contracts in Kazakhstan is time consuming and is complicated by the fact that several Kazakhstan government

ministries are involved in contract review and approval. The relevant laws and regulations are often unclear and sometimes are not consistently applied by the authorities.

To the extent that the Enlarged Group has controlled the process through which its subsidiaries obtained licences and/or entered into subsurface use contracts, it has attempted to comply with all rules it considered applicable.

To the extent the Enlarged Group has acquired subsidiaries with existing licences or which have already entered into subsurface use contracts, the process of the initial granting of such licences or entering into subsurface use contracts was beyond its control, and the Enlarged Group cannot be certain about the occurrence of any previous violations that could cause the relevant Kazakhstan government ministry or a third party to challenge the validity of any of these licences or contracts.

As disclosed in Part I of this document, while the Subsoil Use Contracts have been subject to such challenge, KRMC believes that it has a good working relationship with the MINT, the entity that plays the most significant role in the subsurface use contract approval process.

If reinstated, the Subsoil Use Contracts and related working programmes contain a range of obligations on the Enlarged Group, and there may be adverse consequences of breach of these obligations, ranging from penalties to suspension or termination of the Subsoil Use Contracts. If it were necessary for the Enlarged Group to vary its obligations under its Subsoil Use Contracts or related working programmes, the Enlarged Group would need to enter into discussions and negotiations with the relevant regulators and agree amendments to the relevant terms of the Subsoil Use Contracts or related working programmes concerned. It cannot be guaranteed that the Kazakhstan regulators responsible for monitoring the Enlarged Group's compliance with the terms of its Subsoil Use Contracts and related working programmes will be receptive in respect of any future negotiations in relation to varying the Enlarged Group's obligations under the terms of its existing Subsoil Use Contracts or related working programmes and that the Enlarged Group will be able to avoid any adverse consequences if it were held to be in breach of the obligations under its Subsoil Use Contracts or related working programmes in the future.

Withdrawal of licences, termination of the Subsoil Use Contracts or failure to secure requisite licences or subsurface use contracts in respect of any of the Enlarged Group's operations may have a material adverse impact on the Enlarged Group's business, operating results and financial condition.

Future funding requirements

Whilst the Directors and Proposed Directors believe that the Enlarged Group has sufficient working capital for its present requirements, significant additional capital investment will be required to achieve the Enlarged Group's strategy as detailed in Part I of this document and to achieve commercial production from the project. The Enlarged Group may need to raise additional capital by way of the issue of further shares and/or by way of debt financing, or through other means in order to finance its anticipated future operations, its future working capital or capital expenditure requirements or to make acquisitions and finance its growth through future stages of its development.

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

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

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

- limit the Group's flexibility in planning for, or reacting to, changes in its business and its industries.

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

Amounts owed to creditors

The activities of KRMC have previously been funded by a number of loan and financing agreements with various third parties. The original repayment dates for a number of these financing arrangements have now passed. KRMC has subsequently entered into a number of settlement agreements with a majority, but not all, of these creditors so that the repayment of these outstanding debts is deferred until 25 December 2014. Under Kazakh law, any creditor who has an outstanding debt of over 1000 MCI (being the statutory stipulated monthly calculation index) (equating to, approximately, US\$11,000) may file for the debtor's bankruptcy at court provided that the debtor was unable to pay its debts from the date that they fell due. The Working Capital Facility therefore permits the Company to draw down sufficient funds to meet such debts should they become due and payable.

RISKS RELATING TO THE MOLYBDENUM AND TUNGSTEN MINING INDUSTRIES

Exploration, development and operating risks

The exploration for and development of mineral deposits is speculative and involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Once metal ore is discovered it can take several years to determine whether reserves exist. During this time the economic viability of production may change. Substantial expenditure may be required to locate and establish mineral resources or reserves through drilling, metallurgical and other testing techniques, to develop metallurgical processes to extract metal from the ore and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programmes planned by the Enlarged Group will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: (i) the particular attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) metal prices, which are subject to fluctuation; and (iii) government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Resource estimates

The reported mineral resources for the Enlarged Group's deposits are only estimates. Mineral resource estimates are based on limited sampling and consequently are uncertain because the samples may not be representative. There are numerous uncertainties inherent in estimating mineral resources, including factors beyond the control of the Enlarged Group. The estimation of mineral resources is a subjective process and the accuracy of any such estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing, production, evaluation of mine plans and exploration activities subsequent to the date of any estimate may justify revision (up or down) of such estimates. There is no assurance that mineral resources can be economically mined. Mineral resources that are not mineral reserves do not have demonstrated economic viability. A mineral resource is not the equivalent of a commercially mineable ore body or a mineral reserve. The Company and the Directors cannot give any assurance that the estimated mineral

resources will be recovered if the Enlarged Group proceeds to production or that they will be recovered at the volume, grade and rates estimated.

Dependence on key personnel

The success of the Enlarged Group, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of its directors and senior management. The loss of any key personnel could harm the business or cause delay in the plans of the Enlarged Group whilst management time is directed at finding suitable replacements. The future success of the Enlarged Group is in part dependent upon its ability to identify, attract, motivate and retain staff with the requisite expertise and experience. The Enlarged Group cannot guarantee the retention of such key personnel. Should key personnel leave, the Enlarged Group's business, prospects, financial condition or results of operations may be materially adversely affected.

Reliance on third parties

The Enlarged Group will be reliant on third party service providers and suppliers to provide equipment, infrastructure and raw materials required for the Enlarged Group's business and operations and there can be no assurance that such parties will be able to provide such services in the time scale and at the cost anticipated by the Company.

Mining

The business of mining and chemical processing involves a number of risks and hazards, including industrial accidents, labour disputes, unusual or unexpected geological conditions, equipment failure, changes in the regulatory environment, environmental hazards, and weather and other natural phenomena such as earthquakes and floods. The Enlarged Group may experience material mine or plant shutdowns or periods of reduced production as a result of any of the above factors. Such occurrences could result in material damage to, or the destruction of, mineral properties or production facilities, human exposure to pollution, personal injury or death, environmental and natural resource damage, delays in mining, monetary losses and possible legal liability, any of which could materially adversely affect the Enlarged Group's results of operations.

Commodity pricing

The profitability of the Enlarged Group's operations will be dependent upon the market price of tungsten, molybdenum, gold and other mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Enlarged Group. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, reserve estimates and feasibility studies using significant lower commodity prices could result in material write-downs of the Enlarged Group's investment in its assets and increased amortisation, reclamation and closure charges.

In addition to adversely affecting the Enlarged Group's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Infrastructure

Mining, processing, development and exploration activities depend, to a significant degree, on adequate infrastructure. In the course of developing potential mines the Enlarged Group may need to construct

and support the construction of infrastructure, which includes permanent water supplies, power, rail and maintenance facilities and logistics services and access roads. Reliable rail facilities, roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs.

Unusual or infrequent weather phenomena, sabotage, Government or other interference in the maintenance or provision of such infrastructure could materially adversely affect the Enlarged Group's operations, financial condition and results of operations. Any such issues arising in respect of the supporting infrastructure or on the Enlarged Group's site could materially adversely affect the Enlarged Group's results of operations or financial condition. Furthermore, any failure or unavailability of the Enlarged Group's operational infrastructure (for example, through equipment failure or disruption to its transportation arrangements) could materially adversely affect the production output from its mines or impact its exploration activities or development of a mine or project.

Project development risks

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

RISKS RELATING TO KAZAKHSTAN

General risks relating to emerging markets

Investors in companies whose assets are located in emerging markets, such as Kazakhstan, should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, regulatory, economic and political risks. Investors should also note that emerging economies, such as Kazakhstan's, are in various stages of development or structural reform and some are subject to rapid fluctuations in their foreign exchange rates, gross domestic product, consumer prices and interest rates. The Enlarged Group's operations may be subject to the risk of sudden changes in regulatory and taxation regimes, political or labour unrest, acts of terrorism or other violence, corruption, inflation or recession. In addition, financial instability in other markets adjacent to Kazakhstan, such as other Central Asian countries, may adversely affect the markets in which the Enlarged Group operates. All of these factors may affect the economic and trading conditions in which the Enlarged Group operates, including the ability of subscribers to pay for its services. These factors could also increase the costs of operating in Kazakhstan. Any of the foregoing could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations and the information set out in this document may become outdated relatively quickly.

Financial instability in any emerging market could cause the price of the Company's shares to fluctuate significantly

Financial instability in any emerging market tends to adversely affect prices in stock markets in other emerging markets as investors move their money to more developed markets that they perceive to be more stable. As has been the case in the past, financial instability or an increase in the perceived risks associated with investing in emerging markets could constrain foreign investment in Kazakhstan and adversely affect its economy. In addition, during periods of financial instability, companies operating in emerging markets may face liquidity constraints if foreign funding sources are withdrawn. Thus, even if the fundamentals of the Kazakhstan economy remain relatively sound, financial instability in other emerging markets could materially adversely affect the Company's business and/or the price of the Company's shares.

Following Contract Reinstatement, all of the Enlarged Group's operations will be conducted, and substantially all of its assets will be located, in Kazakhstan. Accordingly, the Enlarged Group would be affected to a significant degree by legal, economic and political conditions prevailing in Kazakhstan.

The Subsoil Use Contracts relate to assets located in Kazakhstan. Accordingly, following Contract Reinstatement the Enlarged Group will be substantially dependent on the economic and political conditions prevailing in Kazakhstan.

Kazakhstan's existence as an independent sovereign state resulted from the dissolution of the Soviet Union in 1991. Since then, Kazakhstan has undergone significant changes as it has emerged from a single party political system and a centrally controlled command economy to a market-oriented economy. The transition was initially marked by political uncertainty and tension, a recessionary economy accompanied by high inflation, instability of the local currency and rapid, but incomplete, changes in the legal environment. Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free-market economy through privatisation of state enterprises. However, as with any transition economy, there can be no assurance that these reforms will continue or that they will achieve any or all of their intended aims.

Kazakhstan's financial sector as a whole continues to experience instability and remains under stress. It is not clear what impact this will have on Kazakhstan's telecommunications market. Small and medium-sized enterprises have been particularly affected while larger companies and state-owned entities have generally continued to have access to offshore funding albeit on a more limited basis and on less favourable terms.

Any liquidity problems in Kazakhstan's economy could adversely affect its economic development, which could in turn materially and adversely affect the Company's prospects, business, financial condition and results of operations

The laws and regulations of Kazakhstan relating to foreign investment, subsoil use, licensing, companies, tax, customs, currency, banking and competition are still developing and uncertainties in the law could have a material adverse effect on the Enlarged Group's operations

The laws and regulations of Kazakhstan relating to foreign investment, subsoil use, licensing, companies, tax, customs, currency, capital markets, pensions, insurance, banking and competition are still developing. Many such laws provide regulators and officials with substantial discretion in their application, interpretation and enforcement. Furthermore, the judicial system in Kazakhstan may not be fully independent of social, economic and political forces. Court decisions can be difficult to predict and enforce and the Enlarged Group's best efforts to comply with applicable law may not always result in compliance. Furthermore, as the statutes on subsoil use do not define the course of action available to the government by reference to the gravity of a breach, a minor breach could conceivably lead to harsh consequences, such as suspension or termination of the subsoil user rights. Due to the relative newness of the subsoil use legislation, there are few precedents that would make the consequences of a breach more predictable.

The Kazakhstan government has stated that it believes in continued reform of the corporate governance processes and will ensure discipline and transparency in the corporate sector. However, there can be no assurance that the Kazakhstan government will continue such policy.

Given Kazakhstan's short legislative, judicial and administrative history, it is not possible to predict the effect of current and future legislation on the Enlarged Group's business. The ongoing rights of the Enlarged Group under its subsoil use contracts, licences and other agreements may be susceptible to revision or cancellation, and legal redress in relation to such revocation or cancellation may be uncertain.

The taxation system in Kazakhstan is at an early stage of development and experience. The interpretation and application of tax laws and regulations are evolving, which significantly increases the risks with respect to the Enlarged Group's operations and investment in Kazakhstan

As tax legislation in Kazakhstan has been in force for only a relatively short time, tax risks in Kazakhstan are substantially greater than typically found in countries with more developed tax systems. Tax legislation is evolving and is subject to different and changing interpretations, as well as inconsistent enforcement. The Enlarged Group may be required to pay subsoil users' and other taxes, including royalties, commercial discovery bonuses, corporate income tax, VAT, excise, security tax, land tax, vehicle tax, property tax and customs duties. It expects to be required to make contributions to various social and governmental funds. Tax regulation and compliance is subject to review and investigation by the authorities who may impose extremely severe fines, penalties and interest charges.

Kazakhstan's tax laws are not always clearly determinable and have not always been applied in a consistent manner. In addition, the tax laws continue to evolve. The uncertainty of application and the evolution of tax laws create a risk of additional and substantial payments of tax by the Enlarged Group, which could have a material adverse effect on the Enlarged Group's financial position and results of operations. The tax authorities are able to raise additional tax assessments for taxes for five years after the end of the relevant tax period, and the calendar years 2000 to 2004 remain open. For all taxes, the fact that the tax authorities have conducted an audit of a particular period does not prevent them from revisiting that period and raising an additional assessment. In addition, Kazakhstan's tax system does not have the concept of the tax authorities giving legally binding rulings on tax issues that are put to them.

The Kazakh state may be entitled to exercise pre-emptive rights over assets acquired by the Enlarged Group

The Subsoil Use Law provides the Kazakh state with a pre-emptive right to acquire subsurface use rights and equity interests in any entity holding subsurface use rights and in any entity which may directly and/or indirectly determine and/or exert influence on decisions made by a subsurface user, if the main activity of such entity is related to subsurface use in Kazakhstan, when such person wishes to transfer such rights or interests. This pre-emptive right permits the Kazakh state to purchase any such subsurface use rights and/or equity interests being offered for transfer on terms no less favourable than those offered by other purchasers.

The relevant government authority has the right to terminate a subsoil use contract if a transaction takes place in breach of this law. These provisions apply both to Kazakh and overseas entities. The exact scope of the law is uncertain and there is no precedent to indicate how it may be applied. It is unclear whether the right of pre-emption could be exercised in respect of transfers which have occurred without notice to the relevant authority and whether, for instance, such prior transactions could be unwound.

In the event that the Kazakh state exercised its pre-emption rights in respect of any transfer of assets or equity interests within or to the Enlarged Group, such exercise may have a material adverse effect on the Enlarged Group's business, operating results and financial condition.

KRMC has received confirmation from the MINT that, due to the current suspension of the Subsoil Use Contracts, where the Acquisition is completed prior to the Contract Reinstatement, the Kazakh government's pre-emption right will not apply to the Acquisition, nor will it require MINT's prior consent. It should be emphasised that such confirmation is not legally binding upon the MINT and that in the future the MINT may take an alternative view. While the Company believes that the Acquisition is being conducted in accordance with the Subsoil Use Law and other applicable laws, it can not guarantee that historic transfers of participatory interests in KRMC have also been compliant with such laws. Where transfers of such interests have not been carried out in accordance with the Subsoil Use Law, the MINT may have the right to terminate the Subsoil Use Contracts.

Kazakhstan's economy depends on its relations with neighbouring countries

Kazakhstan depends on neighbouring countries to access world markets for a number of its major exports, including oil, gas, steel, copper, ferro-alloys, iron ore, aluminium, coal, lead, zinc and wheat.

Kazakhstan is thus dependent upon good relations with its neighbours to ensure its ability to export and has taken various steps to promote regional economic integration among neighbouring countries. In 2010, the Customs Union between Kazakhstan, Russia and Belarus came into existence with a single customs territory aimed at facilitating free flow of goods, services, capital and labour. From 1 January 2012, the three states introduced the single economic space. However, should access to export routes be materially impaired, this could adversely affect the economy of Kazakhstan. Moreover, adverse economic factors in the markets of other member countries may adversely affect Kazakhstan's economy.

Although Kazakhstan has in the recent past enjoyed relative political stability, it could be adversely affected by political unrest in the Central Asia region. Additionally, in common with other countries in Central Asia, Kazakhstan could be adversely affected by terrorism or by military or other action taken against sponsors of terrorism in the region.

Dependency of Kazakhstan's economy on oil exports

Countries in the Central Asia region, such as Kazakhstan, whose economies and state budgets rely in part on the export of oil, oil products and other commodities, could be adversely affected by volatility in oil and other commodity prices and by any sustained fall in prices. In addition, Kazakhstan's economy could be adversely affected by delays in any infrastructure projects related to the oil industry or by a lack of foreign investment in the oil industry. In addition, any fluctuations in the value of the U.S. dollar relative to other currencies may cause volatility in earnings from U.S. dollar denominated oil exports. An oversupply of oil or other commodities in world markets or a general downturn in the economies of any significant markets for oil or other commodities or a weakening of the U.S. dollar relative to other currencies would have a material adverse effect on the Kazakhstan economy, which could, in turn, have a material adverse effect on the business, financial condition and results of operations of the Enlarged Group.

The President of Kazakhstan, Nursultan Nazarbayev, has been in office since 1991 and should he leave office without a smooth transfer to his successor, the political and macroeconomic situation in Kazakhstan could become unstable.

Kazakhstan's president, Nursultan Nazarbayev, is 72 years old and has been in office since Kazakhstan became an independent sovereign state in 1991. Under President Nazarbayev's leadership, the foundations of a market economy have taken hold, including privatisation of state assets, liberalisation of capital controls, tax reforms and pension system development. President Nazarbayev was re-elected by a 95.5 per cent. majority for a new five year term in elections which took place in early April 2011. In May 2007, Kazakhstan's parliament voted to amend Kazakhstan's constitution to allow President Nazarbayev to run in an unlimited number of elections. While this amendment will allow President Nazarbayev to seek re-election at the end of his term, there is no guarantee that he will remain in office. Should President Nazarbayev fail to complete his current term of office for whatever reason or should a new President of Kazakhstan succeed him without a clear mandate, Kazakhstan's political situation and economy could become unstable and the investment climate in Kazakhstan could deteriorate, which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

RISKS RELATING TO THE ENLARGED GROUP'S SUBSTANTIAL SHAREHOLDER

Shareholding of Bergfolk, the Assaubayev family and its connected parties

Bergfolk and its connected parties, including the Assaubayev family, will hold approximately 87.56 per cent. of the voting rights of the Company following completion of the Acquisition and the Contract Reinstatement. While the Company has entered into the Relationship Agreement with Bergfolk to govern the relationship between them, Bergfolk and its connected parties will own a significant proportion of the shares in the Company and will control a large proportion of the voting rights in the Company. The interests of Bergfolk could conflict with the interests of other holders of shares in the Company, and Bergfolk may make decisions that could have a material adverse effect on the Enlarged Group's business, revenues, financial condition, results of operations or prospects or trading price of the Company's shares.

Subject to the restrictions contained in the Relationship Agreement, as long as Bergfolk and/or the Assaubayev family directly or indirectly own a majority of Company's shares, such a holding of shares will enable them to, among other things, propose and pass without support from independent shareholders all ordinary resolutions of the Company including, but not limited to, the election and removal of directors, proposed amendments to the Company's articles of association, which govern the rights attaching to shares in the Company, and approval of acquisitions or disposals of significant subsidiaries or assets or other significant corporate transactions required to be subject to shareholder consent. Bergfolk will also be able to control or exert significant influence on all of the Enlarged Group's policy decisions and its strategic direction. Holders of shares in the Company will not benefit from any specific minority shareholder protection other than to the extent prescribed under English law.

The influence of the Assaubayev family on the Enlarged Group could expose the Enlarged Group to certain risks

While businesses which are influenced or controlled by one family have certain advantages over their competitors, such as independent leadership or a family passion for the business's mission or survival, they could also be exposed to certain risks. There could be a conflict of interest between the family's interest and the business's interest with respect to, for instance, dividend policy, or employment policy, when the family might want to encourage family members to join the business whilst the business might want to follow an employment policy based purely on merit. There could be differences among family members, which could lead to tension within the ownership group affecting the business. Any of these disadvantages of these types of businesses, if experienced by the Enlarged Group, could have an adverse effect on its business, operating results and financial condition.

Uninsured risks

The insurance industry is not yet well developed in Kazakhstan and many forms of insurance protection that are typically used in more economically developed countries, such as business interruption insurance, are unavailable. Kazakhstan law requires mining companies to insure only against certain limited risks, and because Kazakhstan law currently prohibits foreign insurance companies from operating directly in Kazakhstan, the underdeveloped insurance market in Kazakhstan offers only limited opportunities for insuring risks associated with the Enlarged Group's business, and reinsurance with an international insurance house would substantially increase costs. The Enlarged Group, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Losses from uninsured risks may cause the Enlarged Group to incur costs that could have a material adverse effect upon the Enlarged Group's business, operating results and financial position.

RISKS RELATING TO THE NEW ORDINARY SHARES

Possible volatility of the price of the New Ordinary Shares

The market price of the New Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the New Ordinary Shares (or securities similar to them) or in response to various factors and events, including any regulatory changes affecting the operations of the Company, variations in the operating results of the Company and business developments of the Company or its competitors.

Stock markets have from time to time experienced significant price and volume fluctuations which have affected the market prices for securities which may be unrelated to the Company's operating performance or prospects. Furthermore the Company's results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares. The trading prices of the New Ordinary Shares may go down as well as up and Shareholders may, therefore, not recover their original investment costs.

There can be no assurance that the Directors, Proposed Directors or other Shareholders will not elect to sell their New Ordinary Shares when they are legally entitled so to do. The market price of New Ordinary Shares could decline as a result of any sales of such New Ordinary Shares or as a result of the perception in the market which may occur as a result of such a sale. If these or any other sales were to

occur, the Company may in the future have difficulty in offering or selling New Ordinary Shares at a time or at a price it deems appropriate.

Dividends

The dividend policy of the Company is dependent upon its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time and on the continued health of the markets in which it operates. There can be no guarantee that the Company will pay dividends in the foreseeable future.

Tax considerations

Changes in tax laws or subordinate legislation or the practice of any taxation authority could have a material adverse effect on the Company. An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult their own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

Investors should refer to the paragraph entitled “Taxation” in paragraph 18 of Part VI of this document for a summary of the possible tax consequences of owning New Ordinary Shares.

Securities traded on AIM

The New Ordinary Shares will be traded on AIM rather than on the Official List. An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List. Investors should be aware that the value of Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment especially since the market in New Ordinary Shares on AIM may have limited liquidity.

The price at which investors may dispose of their shares in the Company may be influenced by a number of factors some of which may pertain to the Company and others of which are extraneous. Investors may realise less than the original amount invested.

There is no guarantee that the Company will maintain its quotation on AIM

The Company cannot assure investors that it will always retain a quotation on AIM. Additionally, if in the future the Company decides to obtain a listing or quotation on another exchange in addition to AIM, the level of liquidity of the New Ordinary Shares traded on AIM could decline.

Suitability

Investment in the New Ordinary Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult their stockbroker, bank manager, solicitor or accountant or other independent financial adviser, being (in the case of persons resident in the United Kingdom) an organisation or firm authorised pursuant to FSMA which specialises in investments of this nature before making any investment decision.

Forward looking statements

This document contains certain forward looking statements that involve risks and uncertainties. All statements other than statements of historical fact contained in this document, including statements regarding the Company’s future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward looking statements. Generally, the forward looking statements in this document use words like “anticipate”, “believe”, “could”, “estimate”, “expect”, “future”, “intend”, “may”, “opportunity”, “plan”, “potential”, “project”, “seek”, “will” and similar terms.

The Company’s actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Company which are described in this Part II and elsewhere in this document. Investors are urged to read this entire document carefully before making an investment decision.

The forward looking statements in this document are based on the beliefs and assumptions of the Directors and Proposed Directors and information stated only as of the date of this document, and the forward looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward looking statements.

Except as required by law, the Directors and Proposed Directors undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future earnings, or otherwise.

The risks listed above do not necessarily comprise all those faced by the Company.

PART III

Competent Person's Report on the Resources

Wardell Armstrong International

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4 February 2013

The Directors
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Dear Sirs

GMA Resources plc – Competent Person's Report

Background

GMA Resources plc (“GMA”) and Merchant Securities Ltd (“Merchant”) commissioned Wardell Armstrong International Ltd (“WAI”) to prepare a Competent Person's Report (“CPR”) for inclusion in the “Admission Document”, dated 4 February 2013 in connection with the proposed admission of the ordinary shares of GMA to trading on the AIM market of the London Stock Exchange (“AIM”).

In compliance with Schedule 2 of the AIM Rules, WAI is responsible for this letter and the CPR as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this letter and the CPR is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

The principal assets in which the Enlarged Group is interested (the “Mineral Assets”) comprise the Drozhilovskoye and Smironovskoe molybdenum-tungsten projects in northern Kazakhstan, both of which are at the exploration phase and are discussed in detail in the CPR.

The Admission Document contains an appropriate summary of each of the assets, and WAI is satisfied with the integrity of the information contained in the Admission Document based on the limited validation work performed by WAI, but more importantly, reliance on the legal due diligence performed by the Group's respective lawyers in the projects' geographical locations.



Wardell Armstrong International is the trading name of Wardell Armstrong International Limited,
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Registered office: Sir Henry Doulton House, Forge Lane, Etruria, Stoke-on-Trent, ST1 5BD, United Kingdom

UK Offices: Stoke-on-Trent, Cardiff, Edinburgh, Greater Manchester, Carlisle, London,

Newcastle upon Tyne, Sheffield, Truro, Penryn, West Bromwich. International Offices: Almaty, Moscow

ENERGY AND CLIMATE CHANGE
ENVIRONMENT AND SUSTAINABILITY
INFRASTRUCTURE AND UTILITIES
LAND AND PROPERTY
MINING AND MINERAL PROCESS
QUARRYING AND MINERAL ESTATES
WASTE RESOURCE MANAGEMENT

Requirement and Structure of the CPR

WAI has prepared the CPR in accordance with the requirements of the AIM Note for Mining and Oil & Gas Companies – June 2009 (the “AIM Guidance Note”) as prepared by the London Stock Exchange.

WAI has reviewed the resources as presented by GMA and shown in the CPR and, as far as possible, has compared them with the requirements of GKZ (Republic of Kazakhstan).

The CPR has been structured on a technical discipline basis into sections typically on Geology, Mineral Resources, Mining Engineering, Mineral Processing, Infrastructure, Environmental Management, and a Financial Assessment for each of the Mineral Assets in Kazakhstan. Site visits have been made by WAI to the two Mineral Assets.

Verification, Validation and Reliance

The CPR is dependent upon technical, financial and legal input. The technical information as provided by GMA to, and taken in good faith by, WAI has not been independently verified by means of re-calculation, but all resource estimates have been substantiated by evidence from WAI’s site visits and observations, are supported by details of exploration results, analyses and other evidence and take account of all relevant information supplied by GMA. WAI has however conducted a review and assessment of all material technical issues likely to influence the future performance of the Mineral Assets, which included the following:

- Inspection visits to the Mineral Assets, undertaken in 2012, with:
 - o discussion and enquiry following access to key on-site and corporate personnel;
 - o an examination of historical information and results made available by GMA in respect of the Mineral Assets;
 - o a review of GMA’s resource estimates; and
 - o a review of GMA’s production forecasts and costs.
- Undertaken all necessary investigations to ensure compliance with the AIM Rules, the AIM Guidance Note and the requirements of GKZ (Republic of Kazakhstan) (where appropriate) in terms of the level of disclosure.

The resource estimates for both Drozhilovskoye and Smirnovskoe have been prepared using the GKZ reporting system and are based on historical data. No assurance can be given that any resources which GMA may report to an internationally recognised standard in the future will be in line with these estimates or that the tonnages and grades referred to will be achieved. Investors should therefore place no reliance on these estimates.

WAI has placed reliance on GMA that the following information provided by GMA to WAI is both valid and accurate for the purpose of compiling the CPR:

- All technical information; and
- That the legal ownership of all mineral and surface rights has been verified and, save as disclosed in the CPR or elsewhere in the Admission Document, that no significant legal issues exists which would affect the likely viability of a project and/or the Mineral Resources as reported herein.

Limitations, Declarations, Consent and Copyright

Limitations

GMA has confirmed to WAI that to its knowledge the information provided by GMA was true, accurate and complete and not incorrect, misleading or irrelevant in any aspect. WAI has no reason to believe that any facts have been withheld.

The achievability of production forecasts and costs are neither warranted nor guaranteed by WAI. The forecasts as presented and discussed herein have been proposed by GMA management and adjusted where appropriate by WAI and cannot be assured. They are necessarily based on economic assumptions,

many of which are beyond the control of GMA. In the opinion of WAI such forecasts are reasonable and have been prepared in accordance with accepted mining engineering and evaluation principles.

Resource Estimates

Unless stated otherwise, resource estimates contained in the CPR in respect of the Mineral Assets have not been prepared in accordance with an internationally recognised standard, are based on historical data and are included for information only. No assurance can be given that any resources which GMA may report to an internationally recognised standard in the future will be in line with these estimates or that the tonnages and grades referred to will be achieved. Investors should therefore place no reliance on these estimates.

Declarations

WAI will receive a fee for the preparation of the CPR in accordance with normal professional consulting practice. This fee is not contingent on the outcome of the listing or value of GMA and WAI will receive no other benefit.

WAI does not have, at the date of this letter, and has not had within the previous two years, any shareholding in or other relationship with GMA or the principal current assets in which GMA is interested which comprise the Drozhilovskoye and Smirnovskoe molybdenum-tungsten assets in northern Kazakhstan, and consequently considers itself to be independent of GMA.

In the CPR, WAI provides assurances to the Directors of GMA that certain Technical and Economic data including production profiles, operating expenditures and capital expenditures, of the Mineral Assets as provided to WAI by GMA and reviewed and where appropriate modified by WAI are reasonable, given the information currently available.

The CPR includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, WAI does not consider these to be material.

Furthermore, WAI is responsible for this letter and the CPR as part of the Admission Document and declares that it has taken all reasonable care to ensure that the information contained in this letter and the CPR is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Copyright

Neither the whole nor any part of this letter and the CPR nor any reference thereto may be included in any other document without the prior written consent of WAI regarding the form and context in which it appears.

Copyright of all text and other matter in this document, including the manner of presentation, is the exclusive property of WAI. It is an offence to publish this document or any part of the document under a different cover, or to reproduce and or use, without written consent, any technical procedure and or technique contained in this letter and the CPR. The intellectual property reflected in the contents resides with WAI and shall not be used for any activity that does not involve WAI, without the written consent of WAI.

Responsibility for the CPR and No Material Change

WAI accepts responsibility for the CPR for the purposes of a competent person's report under the AIM Guidance Note. The CPR is complete up to and including 4 February 2013. Having taken all reasonable care to ensure that such is the case, WAI confirms that, to the best of its knowledge, the information contained in the CPR is in accordance with the facts, contains no omission likely to affect its import, and no material change has occurred from 4 February 2013 to the date hereof that would require any amendment to the CPR.

Qualification of Consultants

WAI comprises over 80 staff, offering expertise in a wide range of resource and engineering disciplines. WAI's independence is ensured by the fact that it holds no equity in any project. This permits WAI to provide its clients with conflict-free and objective recommendations on crucial judgment issues. WAI has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, MERs and CPRs, and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide.

The CPR has been prepared based on a technical and economic review by Dr Phil Newall, Managing Director of WAI, assisted by other WAI consultants, over a three month period. These consultants are specialists in the fields of geology, resource and reserve estimation and classification, open pit mining, rock engineering, processing, hydrogeology and hydrology, tailings management, infrastructure, environmental management and mineral economics.

The principal consultant involved in the preparation of the CPR has extensive experience in the mining industry and is a member in good standing of appropriate professional institutions:

- Phil Newall, MCSM, BSc, PhD, CEng, FIMMM, is Managing Director and Geologist with WAI and has practised his profession as a mine and exploration geologist for over 25 years for both base and precious metals.

Yours faithfully
for and on behalf of
Wardell Armstrong International Ltd

A handwritten signature in black ink, appearing to read 'P. Newall', with a long horizontal flourish extending to the right.

P Newall
Managing Director

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SUMMARY

The Drozhilovskoye molybdenum-tungsten deposit is located in Denisovski rayon of Kostanayskaya oblast, 55km northeast of Zhitigara and 31km northwest from the rayon center Denisovka.

The deposit is characterised by stockwork mineralisation that forms a series of quartz veins trending northeast with numerous branching veins and veinlets of variable orientation. Stockwork bodies are localised within a flat lying zone that overlies a granite body with a length of between 400 – 1,200m, width 150 – 500m, and thickness 10-190m.

The main valuable ore components are molybdenum and tungsten which overlap in the deposit. In addition, the deposit also contains substantial amounts of bismuth, beryl, lithium, rubidium, cesium, copper, gold, and silver.

The deposit was discovered in 1964 and since then, the project has seen considerable exploration activities comprising a significant drilling initiative which has culminated in the most recent resource statement (non-JORC compliant) undertaken in 2005 which provided a GKZ approved C₁ + C₂ resource estimate for the Northern Stockwork, using a 0.05% Mo (equiv.) cut-off, of 37.2Mt @ 0.107% Mo and 0.086% WO₃. However, from the original larger GKZ estimate, it is evident that significant tonnage remains to be quantified over and above the 37Mt defined in the Northern Stockwork.

The most recent exploration work on the project was a drilling programme in 2006/7 which broadly substantiated previous work and provided further detail to both the geology and resource base. Unfortunately, due to various reasons, a large number of the holes drilled during this period have remained either un-assayed, or the assays have been done, but not released by the assay laboratory. However, it is unlikely that these assays would have dramatically affected the reported resource estimate.

The project has also seen the benefit of metallurgical testwork and a mining study, completed by the JV Kazakh-Russian Mining Company LLP. This study suggests a conventional open pit drill and blast operation with a comminution-flotation flowsheet producing a molybdenum concentrate for sale.

WAI has reviewed this work and is satisfied that although somewhat conceptual at this time, intrinsically, it is based on sound, factual information, with many of the costs derived from actual quotations.

From this, WAI has prepared a Conceptual Financial Model using a Base Case Mo metal price of US\$40,000/t and using a 10% Discount Rate. This provides an **NPV for Drozhilovskoye of US\$63M**. For the Optimistic Case, based on a US\$50,000/t Mo metal price, the NPV increases to US\$144M.

The Smirnovskoe molybdenum-tungsten deposit is located in Komsomolskiy rayon, 156km northwest of Kostanai oblast, and some 41km north of Karabalyk, the district centre in northern Kazakhstan.

The deposit has been divided into a larger Northern (4.5km x 2.5km) and smaller Southern zone. Rare-metal mineralisation is represented by greisen mineralisation localised within granites, skarn mineralisation seen in the stratified hornfels, and stockwork-vein mineralisation.

Ore mineralisation in the skarns is disseminated, and forms isolated clusters in association with quartz and vesuvianite. The principal ore mineral is molybdenite which is associated with chalcopyrite and pyrite. Other minerals are rare.

Skarn zones are not more than 6-10m in thickness, but form a continuous zone which is 1.5-2.0km long and 800m wide. The highest molybdenum values appear to be related to the fold crest.

The deposit has been studied in much less detail than Drozhilovskoye, although a 1996 GKZ approved resource estimate (non-JORC compliant) produced a combined C₁ and C₂ resource for both the larger Northern and smaller Southern part of approximately 109Mt @ 0.1378% Mo_(eq) using a 0.05% Mo equivalent cut-off grade. A further estimate was provided in 2007 which gave an estimate of 108Mt @ 0.1056% Mo using the same cut-off grade.

No recent work has been undertaken on the deposit with the exception of one confirmation drillhole, undertaken in 2007, which intersected the main mineralisation in the Northern stockwork.

From preliminary works, it is likely that this project will be amenable to a conventional open pit drill and blast approach with a similar flowsheet to that proposed for Drozhilovskoye.

As the project is at a much lesser level of investigation than Drozhilovskoye, a DCF approach cannot be used for valuation. Instead, a Net In-situ value approach of the contained metal in the ground has been adopted. Therefore, using the 2007 estimate, this equates to a contained metal content of some 114,000t Mo.

From the Drozhilovskoye analysis, a US\$40,000/t of Mo metal Base Case has been used, and it is on this basis that this valuation is calculated. In addition, given the relatively moderate level of uncertainty in the resource, WAI has ascribed a 3% Discount Factor to the value. This gives a valuation for the contained metal content at Smirnovskoe is some **US\$137M**.

Thus, at the Base Case metal price, a combined valuation for the two assets is in the order of US\$200M.

It is worth noting that this report has treated the assets as separate (approximately 100km apart), although it is possible that a combined operation with a centralised plant servicing both deposits may provide an economic model for the project, although considerable work will be required to substantiate this.

In summary, the Drozhilovskoye and Smirnovskoe deposits represent significant molybdenum (and tungsten – not valued here) assets that have the potential to be developed as a major mining project following sufficient technical and economic studies.

CONSULTANTS AND INTERESTS

Wardell Armstrong International (“WAI”) is an internationally recognised, independent minerals industry consultancy. All consultants used in the preparation of this report are employed directly by WAI and have relevant professional experience.

Details of the principal consultant involved in the preparation of this document are as follows:

Phil Newall, BSc (ARSM), PhD (ACSM), CEng, FIMMM, Managing Director

Phil is a Mining Geologist with over 25 years’ experience of providing consultancy services to minerals companies throughout the world, with particular specialisation in CIS, Europe, Central and West Africa. He has developed an extensive portfolio of exploration and mining-related contracts, from project management through to technical audits of a large variety of metalliferous and industrial mineral deposits. In particular, Phil has recently managed the Glencore IPO, ARICOM’s London CPR on their Fe assets in Russia, CPR for Kazakhaltyn for their London listing, PHM’s London MER report, a large technical Due Diligence for Kazakhmys and the Feasibility Study for Oriel Resources on their Shevchenko Ni project.

Neither WAI, its directors, employees or company associates are interested in its mineral properties, hold any securities in GMA Resources plc (“GMA”), its subsidiaries or affiliates, nor have:

- Received, directly or indirectly, any securities from it within the twelve months preceding the application for admission to AIM; or
- Payment for the work is not in any way dependent on the outcome of the work or on the success or otherwise of GMA’s own business dealings; or
- Entered into contractual arrangements (not otherwise disclosed in the admission document) to receive, directly or indirectly, from it on or after admission and of the following:
 - o Fees totalling £10,000 or more;
 - o Its securities where these have a value of £10,000 or more calculated by reference to the issue price or, in the case of an introduction, the expected opening price; or
 - o Any other benefit with a value of £10,000 or more at the date of admission.

The only commercial interest WAI has in relation to GMA is the right to charge professional fees to GMA at normal commercial rates, plus normal overhead costs, for work carried out in connection with the investigations reported herein.

Disclaimer/Reliance on Experts

The observations, comments and results of technical analyses presented in this report represent the opinion of WAI as of 4 February 2013 and are based on the work as stated in the report.

While WAI is confident that the opinions presented are reasonable, a substantial amount of data has been accepted in good faith.

Although WAI has visited the assets described in this report, WAI did not conduct any verification or quality control sampling. WAI cannot therefore accept any liability, either direct or consequential, for the validity of such information accepted in good faith.

1 INTRODUCTION AND TERMS OF REFERENCE

1.1 Background

Wardell Armstrong International Ltd (“WAI”) was commissioned by GMA Resources plc (“GMA” or “Client”) to prepare a Competent Person’s Report (CPR) on the Kazakhstan molybdenum-tungsten assets of JV Kazakh-Russian Mining Company LLP (“KRMC”) at Drozhilovskoye and Smirnovskoe in northern Kazakhstan (Figure 1.1). This report follows on from a previous CPR prepared by WAI on the same assets in April 2007.

This document supports the admission of GMA to AIM (“Admission”) and complies with the reporting and disclosure requirements in the “Note for Mining and Oil & Gas Companies, June 2009” of the London Stock Exchange plc.



Figure 1.1: Location of Drozhilovskoye and Smirnovskoe, Northern Kazakhstan

KRMC was established in 2001 with a mission to explore and ultimately develop the Drozhilovskoye molybdenum-tungsten deposit in Denisovski rayon of Kostanai oblast and the Smirnovskoe molybdenum-tungsten-copper deposit in Karabalykski rayon, also of the Kostanai oblast.

To undertake the work, Dr Phil Newall, Managing Director and Senior Geologist with WAI visited Kazakhstan from 26-28 June 2012 where he visited KRMC’s offices and core stores in Rudny and Kostanai, had meetings with key personnel, and undertook a brief site visit to both properties which are effectively green field sites.

The current visit followed on from a previous visit undertaken by the author from 23-25 October 2007 which undertook a similar exercise with the production of a Competent Person’s Report.

At the present time, no exploration is taking place and the sites have reverted to agricultural use (wheat production). Thus, there is little or no surface evidence of previous exploration works, although during the 2007 visit, drill collars were viewed at Drozhilovskoye and an active hole inspected at Smirnovskoe.

1.2 Study Strategy

The basic strategy for this Competent Person's Report has been to examine and report on the existing information available on the properties held by KRMC in northern Kazakhstan, which includes geological, resources which are non-JORC compliant, mining and metallurgical data and basic economic parameters. During the visit, further information was gathered on infrastructure, equipment, costs, potential mining methods, permitting, and environmental issues.

This involved visits to the two project sites, sample storage facilities and KRMC's offices.

For the project sites, the data seen originates from both the Soviet period and works done from 2005 – 2007. Unfortunately, a serious fire at Smirnovskoe destroyed the core storage facility and as such WAI was not able to view core from this deposit (other than from the one hole drilled in 2007), although pulp duplicates do remain as these were stored in a separate facility.

A considerable volume of locally-based documentation was viewed by WAI and in addition, WAI held meetings with key project staff at the project site and in Kostanai.

1.3 No Material Change

We confirm that there has been no material change of circumstances or available information since the date of the CPR and we are not aware of any significant matters arising from our evaluation that are not covered by the CPR that might be of a material nature with respect to the proposed Admission.

2 DROZHILOVSKOYE

2.1 Location, Access and Infrastructure

2.1.1 General

The Drozhilovskoye rare-metal deposit is located in Denisovski rayon of Kostanayskaya oblast, 55km northeast of Zhitigara and 31km northwest from the rayon center Denisovka. The small settlement of Okrainka lies some 4km from the deposit. The deposit area covers some 6.6km².

At Tavrichenka, some 9km to the southeast of the deposit, KRMC has bought the abandoned school as well as two houses which will be used for dormitory accommodation and offices (Photo 2.1).



Photo 2.1: School at Tavrichenka

Access to the site is by asphalt road from Kostanai, through Rudny (major iron ore town), with a driving time of approximately 3 hours.

The region economy is based on agriculture which is predominantly wheat production and the increasing importance of the mining industry with major mines at Rudny, Varvarinskoe, Komorovskoe as well as the asbestos operations at Zhetigara.

2.1.2 Topography and Climate

The topography of the rayon is flat to very gently undulating (Photo 2.2), but with comparatively deeply incised valleys of the rivers Kamyshly-Ayat and Mukryu-Ayat. There are also a large number of small lakes and ponds, although depths do not exceed 2m. The largest lakes – Obolkol, Kotlovan and Bolshoe Kochkovatoe – usually run dry in summer.



Photo 2.2: Typical Landscape At Drozhilovskoye

There is a total lack of rock exposure in the region as unconsolidated sediments entirely cover the bedrock.

The Steppe of northern Kazakhstan exhibits a typical continental climate with typical warm summers (19°C to 40°C), cold winters (-17°C to -40°C) which last from November to March, but which are relatively snow-free, although there is a permanent shallow snow cover almost everywhere from the middle of November. As a result, annual precipitation is low at 300–330mm, with a frost-free period of 120–140 days.

2.1.3 Infrastructure

The Drozhilovskoye prospect lies on flat steppe which is currently used for crop cultivation. As a result, most of the drillhole collars have disappeared or been moved by the local farmers.

The only infrastructure present at the site is a 10kV power line which fed the small camp and drill base located adjacent to the deposit (Photo 2.3). A 110kV line is situated some 7km to the southwest.



Photo 2.3: 10kV Power Line at Exploration Camp

2.1.4 Kazakhstan

Kazakhstan is situated in Central Asia and is the second largest among the CIS states with a surface area of 2,724,900km². The country has a border with China of 1,460km, Kyrgyzstan 980km, Turkmenistan 380km, Uzbekistan 2,300km and the Russian Federation 6,467km. Steppes occupy some 26% of the territory of Kazakhstan, deserts 44% and semi-deserts 14% with forests occupying the remainder.

The climate of the country is sharply continental. Average temperature in January varies between -19°C and -4°C, whilst average July temperature fluctuates between 19°C and 26°C. The lowest temperature in winter may reach -45°C with the highest one in summer well in excess of 30°C.

Administratively Kazakhstan is comprised of 14 regions with a population of some 17.5M (July 2011) and a population density as high as 5.5 people per km². The capital city is Astana (since 10.12.1997) whose population is approximately 700,000. Kazakh is the official language, although in State institutions and local administration bodies, Russian is also an official language.

Monetary unit is Tenge which is equal to 100 Tyins. It was introduced on 15.11.1993.

Kazakhstan possesses enormous fossil fuel reserves and plentiful supplies of other minerals and metals, such as uranium, copper, and zinc. The country has a well developed mining industry, but less emphasis on regional exploration. Notwithstanding this, the developed deposits form an excellent basis for the development of hard-rock mining, coal-mining, metallurgy, oil-and-gas and chemical industries. In addition, the exploration potential for many of these commodities remains good.

The other key industry within the country is the large agricultural sector featuring livestock and grain.

Kazakhstan's economy has largely recovered from the global financial crisis of 2008. In response, Kazakhstan's government devalued the tenge (Kazakhstan's currency) to stabilise market pressures and injected around \$10 billion in economic stimulus. These measures appear to have been successful in that GDP increased 7% year-on-year in 2011. Extractive industries have been and will continue to be the engine of this growth.

Despite solid macroeconomic indicators, the government realises that its economy suffers from an overreliance on oil and extractive industries, the so-called “Dutch disease.” In response, Kazakhstan has embarked on an ambitious diversification program, aimed at developing targeted sectors like transport, pharmaceuticals, telecommunications, petrochemicals and food processing.

In 2010 Kazakhstan joined the Belarus-Kazakhstan-Russia Customs Union in an effort to boost foreign investment and improve trade relationships, whilst in the future, the government expects to join the World Trade Organization in 2012, which should also help to develop the manufacturing and service sector base.

2.1.5 Mineral Rights and Permitting

WAI has inspected the sub-soil licence agreement for Drozhilovskoye between the Ministry of Energy and Mineral Resources of Kazakhstan Republic (Competent Authority) and KRMC (Contractor) for molybdenum, tungsten and copper exploration and mining at the Drozhilovskoye Deposit in Kostanai oblast.

This agreement is dated 7 December 2004 and expires 7 December 2040 and stipulates a 5 year exploration period followed by 25 years mining. Although the 5-year exploration period has expired, WAI has been informed by KRMC that an extension to this period will be given within the overall licence terms, although WAI has been unable to formally verify this. Following the completion of the acquisition of KRMC by GMA, KRMC will seek the reinstatement of the licence with an exploration period ending on 31 December 2016. Details of the licence are given in Table 2.1 below.

Permit	Holder	Interest Status	Area (km ²)	Status	Expiry Date	Comments
Drozhilovskoye Kazakhstan	KRMC	90%	6.4	Exploration	7/12/40	Application to extend exploration period to 31/12/16

The original Northern Stockwork was enclosed within a 4.6km² license, but now the Company holds an expanded 6.4km² area.

The licence coordinates are shown in Table 2.2 below.

Corner Points	Corner Point Co-ordinates	
	North latitude	East longitude
1	52°41'18.1"	61°23'44.9"
2	52°41'19.3"	61°25'57.3"
3	52°40'20.0"	61°25'59.0"
4	52°40'18.5"	61°23'46.0"

2.2 History and Previous Work

2.2.1 General

The Drozhilovskoye molybdenum-tungsten deposit was discovered in 1964 by N.S. Preobrajenski during a 1:50,000 geological survey which utilised drilling for geological mapping purposes.

Following this, the prospect was investigated by geochemical surveys at 1:10,000, magnetic surveys at 1:5,000 and 1:10,000, gravimetric surveys at 1:25,000 to 1:10,000, as well as IP resistivity prospecting and exploration drilling.

The results of this work indicated numerous geochemical anomalies with a rare-metal mineralisation signature (molybdenum, tungsten and others). From this, prospective areas for further geological prospecting were identified.

Following this, there were several stages of estimation of the rare-metal mineralisation, with early work managed by I.I. Stepanov and L.Y. Shishkova, whilst later work by Y.I. Kosterov produced the first resource estimations according to nominally accepted cut-off grade of molybdenum and tungsten trioxide and nominally accepted quality requirements. This allowed the deposit to be classified as a major deposit under the Soviet system with average ore grade.

In 2002, G.I. Shestak re-estimated the deposit reserves according to certain quality requirements.

In 2004, KRMC completed the estimation of the Drozhilovskoye rare-metal deposit. In 2005, LLP “Gornogeologicheski dizain” (Mining Geological Design), under a contract with KRMC, completed a geologic-economic estimation of the Drozhilovskoye rare-metal deposit.

The purpose of the work was to establish the economic viability of the deposit and to prepare the deposit for test mining in order to ascertain the optimum mining and metallurgical conditions.

In 2006-7, KRMC undertook further drilling works to infill the Soviet grid of boreholes and to test the extremities of the deposit, although the majority of the results from this work are unavailable. In addition, metallurgical testwork has been undertaken on samples by Kazmekhanobr in Almaty.

Table 2.3 below summaries the exploration works undertaken on the deposit.

Exploration periods (years); Report author	Geological exploration stage	Drilling works				Scope of work	Length, m
		Number of holes	m	Exploration depth, m			
				from	to		
1964-68 Preobrajenski	Survey of scale 1:50000	382	18,274	9.1	111	–	–
1964-68* Preobrajenski	Survey of scale 1:50000	4	90.5	10	30	Boreholes drilled at the deposit	
1965-67 A.A. Alekseev	Geochemical research of scale 1:25000	359	2,535	3	24	–	–
1969-71, 1972-73 I.I. Stepanov	Prospect survey	138	17,888	12.6	363	–	–
1972-74 L.Y. Shishkova	Prospect survey	17	3,102	140	249	–	–
1972-74 N.S. Kuhar	Geological exploration search for Be	95	4,500	30	75	3 prospecting pits 41.4m	150
1976-81 Y. I. Kosterov	Prospect estimation survey	13	5,561	291	515	–	–
2004-05 S.N. Alyohin	Prospect survey with reserves of C ₁ +C ₂ +P ₁	47	9,124	119	261	–	–
2006-07 A.T. Yevlampiev	Detailed survey	54	10,487	3.0	350	Trenches 6,000m ³	–

2.2.2 2006-7 Work Programme

2.2.2.1 Drilling

The most recent exploration work undertaken at Drozhilovskoye was in 2006-7 and comprised some 52 boreholes (76mm core barrel producing 59mm core) drilled on 50 x 100m grid totaling some 10,487m. All of these works targeted the Northern Stockwork.

The holes drilled during this phase were numbered 2051 to 2105 (2 of the planned holes were not drilled). However, due to problems with funding, only a small number of assays are available for these holes, the majority of data are missing, or never assayed in the first place.

Drilling ceased in March of 2007 even though there were plans to undertake an additional 5,400m in the same year and a further 3,000m in 2008-9. Neither of these two additional phases took place, although they remain planned to be implemented when finances are available.

Figure 2.1 shows the collar positions of the historic drilling campaigns.

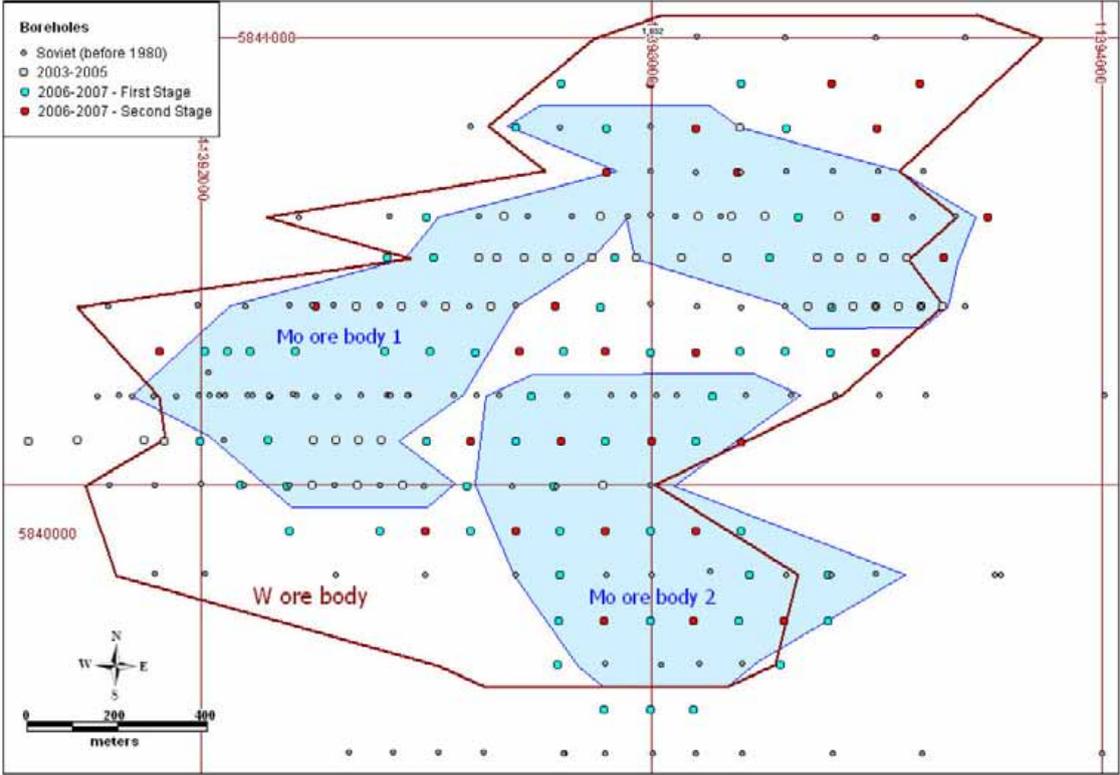


Figure 2.1: Plan of Drozhilovskoye Northern Stockwork Drilling Campaigns

As mentioned previously, during this most recent visit, all indications of previous drilling have now gone and the site has reverted to agricultural use.

However, during the 2007 site visit, WAI inspected some of the drill collars surviving from previous drill campaigns. At the Northern (Severny) Stockwork, an unmarked Soviet collar was identified as well as a hole (No. 2012) from the 2005 programme (Photo 2.4). All of these have supposedly been checked by KRMC and collar coordinates imported into the deposit database.



Photo 2.4: Hole 2012 From The 2005 Drill Campaign

The drilling from the 2006-7 campaign used a Ziff rig with “Longyear” wireline tools and removable inner barrel. This allowed core recoveries to average more than 95% (foam used where ground conditions were poor) and provided valuable information on the geological structure, morphology and quality of the deposit.

The linear drill profiles were 100m apart, with the distance between holes varying from 50-100 to 200m.

From the core collected during this phase of work, a variety of tests/analysis was undertaken:

- core sampling (sectional);
- core pit sampling from the holes drilled for study of barren stages of the project mining area;
- composite sampling;
- technological sampling;
- mineralogical sampling; and
- sampling for study of physical-mechanical characteristics of ores and rocks.

WAI Comment: *no trace of the exploration works remain at Drozhilovskoye, although in 2007, WAI was able to view a few drill collars that had remained undamaged during the continued agricultural use of the land. The omission of most of the data from the most recent drilling is a concern, and efforts should be made to recover these data and sample non-assayed core (if available).*

2.2.2.2 Twin Holes

Since the commencement of the most recent drill programme, KRMC has undertaken several twinned holes in an effort to validate previous data. The results of this work are shown in Table 2.4 below.

Hole	Year	Twin Hole ID	Depth	Mo %	WO ₃ %	Original Hole ID	Depth	Mo %	WO ₃ %	Distance Apart m
1	2004	2026	118.8	0.008	0.062	27	50	0.027	0.0054	17
2	2005	2006	200.9	0.009	0.022	514	249	0.012	0.024	25
3	2005	2505	200	0.021	0.009	505	177	0.042	0.003	coincides
4	2005	2512	225.6	0.029	0.006	512	230.2	0.031	0.0113	coincides
5	2006	2056	249.7	0.041	0.025	38	72.8	0.077	0.018	30
6	2006	2081	254.3	–	–	504	171	0.035	0.022	2
7	2007	2084	256.5	0.008	0.023	426	124	0.006	0.063	3
8	2007	2085	199.3	0.08	0.064	428	108	0.024	0.037	coincides
9	2007	2087	200.1	–	–	432	125.5	0.049	0.073	0.6
10	2007	2095	200	–	–	374	80	0.0029	0.02	33

WAI Comment: although no specific details are available on these twin holes, the results show broadly similar levels of mineralisation, although individual average assays are not coincident.

2.2.2.3 Other Technical Works

As part of this work programme, a number of geophysical investigations were undertaken utilising the drillholes:

- downhole lithological mapping;
- incidental search for radioactive ores, and control over the quality of drilling works;
- borehole monitoring and their spatial location;
- delineation of fracture zones, and
- definition to the boundaries of water-bearing formations, study of the underground water composition and the characteristics of water-bearing formations.

In addition, in compliance with the work programme, the following group of hydrogeological and geotechnical investigations and laboratory sampling of water and soil was accomplished within the deposit area:

- monitoring observations over 25 boreholes;
- PFT (pumping tests) from 15 single-boreholes, and
- cluster pumping (one borehole).

The monitoring observations showed that the amplitude of fluctuation of underground water levels was 0.4-1.5m. From this, the complexity of hydrogeological conditions for the deposit was assigned to Group III.

2.3 Sample Preparation and Analysis

2.3.1 General

As no drilling was taking place at the time of the visit, WAI is unable to comment on general drilling procedures, sample collection or handling. However, WAI was able to visit the core storage facilities in Rudny and Kostanai to see core from the 2006-07 drilling campaign.

2.3.2 Core Storage

WAI has inspected the core storage facilities and observed core to demonstrate the various styles of mineralisation present.

At Rudny (Photo 2.5), the cut core is stored which has been sampled and assayed from the 2006/7 drilling campaign. The remaining uncut core is stored at the Iskander Drilling compound on the outskirts of Kostanai (Photo 2.6).



Photo 2.5: Cut Core at Rudny



Photo 2.6: Uncut Core in Kostanai

All the core is stored under cover and is generally stacked in neat rows, ordered by hole and in sequence. Individual boxes usually contained 5m of core, although some boxes only had 4m lengths. Boxes were labelled with indelible marker pen showing hole number, box number and from and to (Photo 2.7).

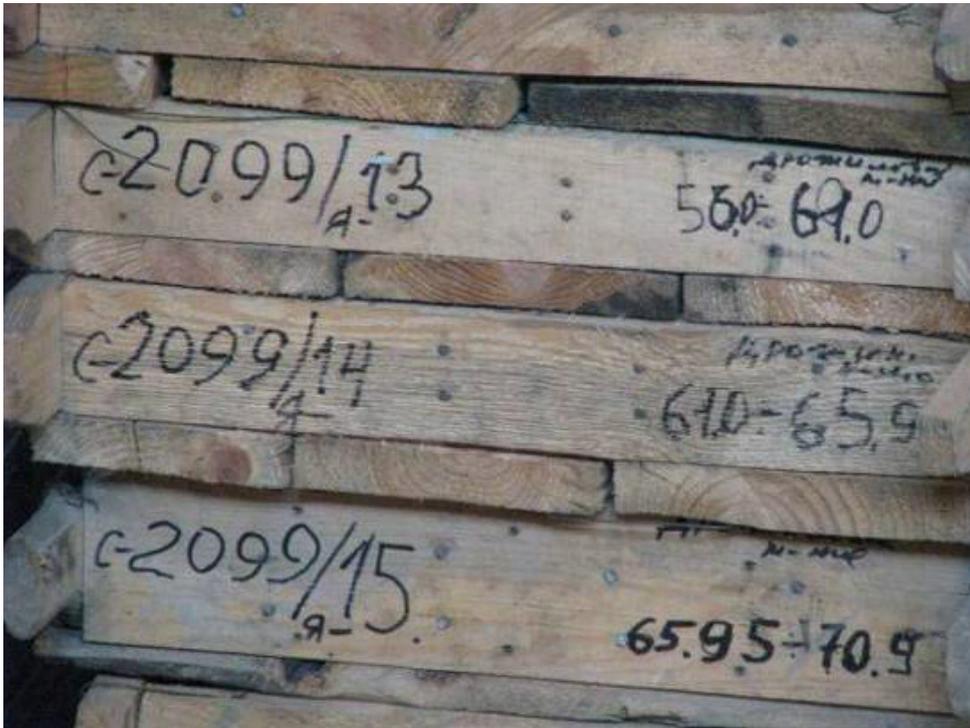


Photo 2.7: Labelled Core Boxes

2.3.3 Sample Preparation

During the 2007 visit, the sample preparation facilities were visited in Kostanai. Here, core is marked up and split by electric saw (Photo 2.8).

Once the core has been split, the core is logged and half cores are taken for assay with the remaining half left in the box. Each sample was selected with respect to the lithological type and degree of secondary alteration. The average sample length was 1.6m. For the 2006/7 drilling campaign, some 9903 sectional samples were selected for analysis.

Split core was sent to the Jaw crusher passing -12mm then to the Rolls crusher passing -3mm. The sample was then split by riffle into an assay and a technological sample (tested by flotation in the Technological laboratory for the production of bulk and selective concentrates), before being crushed again to -1mm. From here, effectively $\frac{1}{4}$ of the original core went to the pulveriser where it was ground to -0.074mm. The equipment is cleaned with compressed air.



Photo 2.8: Electric Core Splitter

WAI Comment: the sample preparation procedures and facilities appeared well run and efficient. As a comment, the number of samples going for technological tests appeared excessive. It might have been more cost effective to simply composite similar mineralogical samples and test these rather than every individual one.

2.3.4 Analysis

Routine analysis was done locally in Kostanai on a Kazakhstan-built (Delta UKA) XRF machine (Photo 2.9), which used a programme for Mo, Bi, W, Cu and Fe. The machine was capable of 12 samples per hour and operated over one 8 hour shift.

In order to establish a proper analytical methodology, all the samples were sent for spectral analysis for Sc, P, Sb, Mn, Pb, Ti, Zr, As, Ga, W, Cr, Ni, Ge, Bi, Ba, Be, Nb, Mo, Sn, V, Li, Cu, Y, Yb, Zn, Ag, Co, Sr, Ti and B. Samples with Mo, WO₃, Bi, Be or Co $\geq 0.01\%$ and Li $\geq 0.06\%$ were sent for chemical analysis with the corresponding element specification.

Mo, WO₃, Bi, Be, Li, Rb and Cs chemical analyses were completed. In addition a series of Ag, Cu, Co, Nb, Ni, Cr, Sc, Zn and Sc analyses were implemented. More than 5,000 samples were analysed over the reporting period.



Photo 2.9: XRF Machine

Composite samples were used to characterise the mineralisation. Samples were subjected to Mo, WO_3 , Bi, Be, Cu, Ag, Co, Li, Rb, Cs, Nb, Au, P, Sb and As analyses. 153 composite samples were analysed.

In addition, 83 samples were selected from different lithologies and subjected to silicate analysis.

All these analyses were completed in the laboratory of LLP “Tcentrgeolanalit” in Karaganda. In addition, 3,740 samples were subjected to Mo, WO_3 , Bi, Cu and Fe analysis using a high-sensitivity spectrometer (CPB-1B).

The quality of the chemical-analytical works was regulated with internal and external geological control, following protocols given in the “All-Union Mineral Resource Institute (ВИМС) Instructions” and GKZ RK recommendations.

Internal geological control was undertaken in the laboratory of LLP “Tcentrgeolanalit” on the samples coded by the Geological Service. 138 Mo samples and 103 W samples were internally controlled over the period of the reporting works, which equates to 8.0% and 6.3% of the total Mo and W samples analysed respectively.

The results from this work are seen as within tolerance as the Mean Square Deviations in all the classes do not exceed the permissible maximum.

In addition, external checks were run at the Alex Stewart Laboratory in Karabalta (Kyrgyzstan). 140 samples were subjected to Mo analysis, which equates to approximately 8% of the total amount of Mo samples analysed during the 2006/7 exploration. The results from this study revealed no systematic inaccuracy in the definition of molybdenum and tungsten trioxide grades derived from the laboratory of LLP “Tcentrgeolanalit”.

Bulk density was also studied at the laboratory of LLP “Tcentrgeolanalit”. 131 (142m) core samples from a variety of lithology types were studied, including 111 samples from the complex ores at various grade classes. In tandem, control tests were undertaken on the technological samples analysed in DGP GNPOPE “Kazmekhanobr”. From this, the bulk density of all the technological samples was close to $2.8g/cm^3$.

On this basis, a bulk density for the unoxidised mineralisation was taken as $2.8g/cm^3$, whilst for the mineralisation localised in disintegration zones and confined to the weathering crust, a bulk density of $2.7g/cm^3$ has been assumed.

***WAI Comment:** WAI is familiar with both the laboratories in Karaganda and Karabalta and can confirm their integrity. Moreover, the local analytical facilities in Kostanai appeared well run and undertook work in line with protocols.*

QA/QC data have shown that data can be broadly relied upon.

2.4 Geology and Mineralisation

2.4.1 Regional Geology

The Drozhilovskoye deposit is located in the centre of the Troitskiy anticlinorium, which is truncated by the Djetygarinski regional fault (north-south trending) in the west and by the Tobolski regional fault (northeast trending) in the east. These are in turn associated with a series of “feathering” faults of lateral and northwest extension which explains the block structure of the deposit and its confinement to the upper intrusive (metamorphosed) Proterozoic rock mass lying above a “blind” leucocratic granite intrusion.

In more detail, the deposit is hosted by strongly metamorphosed and metasomatised Upper Proterozoic rocks which comprise:

- the Gorodishchenskaya suite (PR₂ gr) which is represented by siliceous shales and quartzites with interlayers of quartz-chlorite-mica shales – this suite contains approximately 15% of the mineralisation;
- the Alekseevskaya suite (PR₂ al) which is represented by carbonate-sericite-clay shales, quartzite-sandstones and quartz rocks – contains around 85% of the mineralisation.

These host rocks are intruded by dykes and dyke-like bodies of acid, middle and ultrabasic composition which tend to be associated with numerous ductile and fractured zones which have resulted from intensive tectonic-igneous activity. Rare-metal mineralisation is related to these zones.

In addition, these dykes appear to be the same age as the large porphyry granite (Beisembayevsky Granite) which lies to the southeast, dipping gently under the mineralised zone. The porphyry is believed to cover an area of some 400km².

The enclosing host rocks and rocks of the dyke complex are highly hornfelsed; they host many new formations of quartz, feldspar, mica, chlorite, and carbonate.

A weathering crust is developed above all the rock types with thickness varying from 20 to 30m. This zone hosts some oxidised mineralisation.

In turn, this Mesozoic weathering crust is overlapped by unconsolidated sand-clay deposits of Cenozoic age, varying in thickness from 2-10m (5m on average).

Figure 2.2 shows the geology of the deposit and surrounding area.

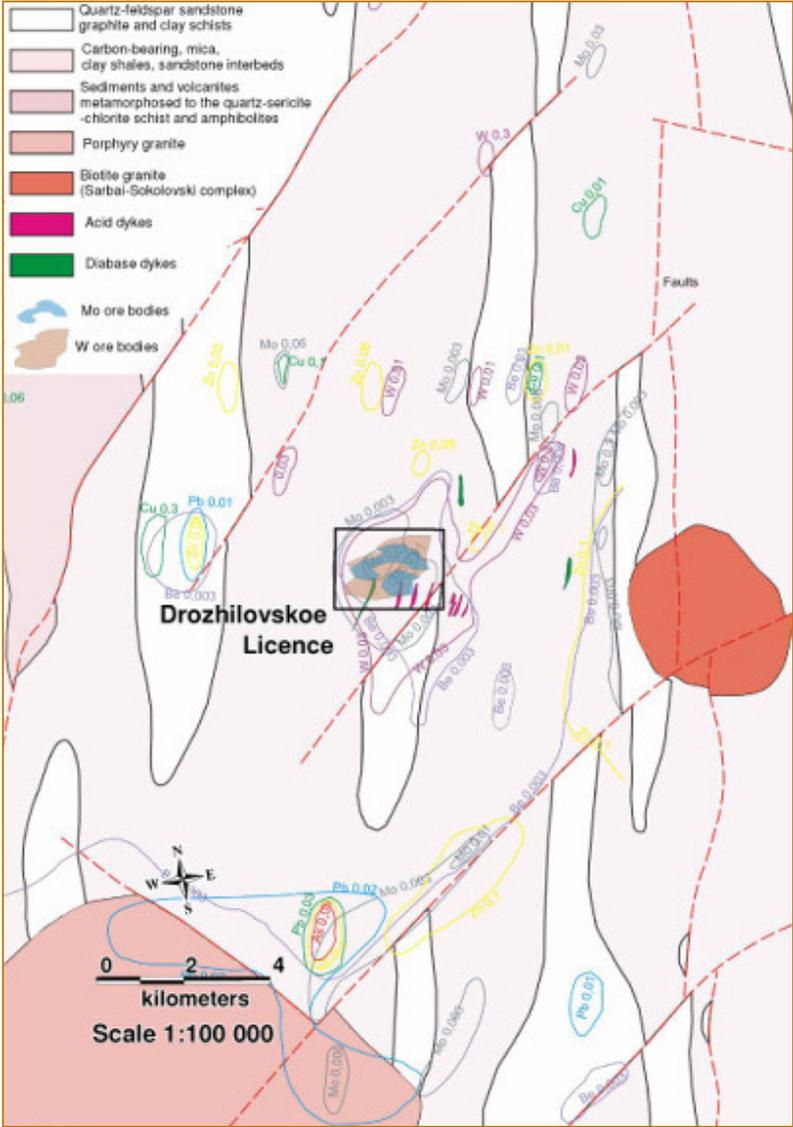


Figure 2.2: Local Geology of the Drozhilovskoye Licence

2.4.2 Deposit Geology

The rocks constituting the Drozhilovskoye deposit were subjected to regional and hydrothermal metamorphism. The processes of tourmalinisation, phlogopitisation, muscovitisation, sericitisation, chloritisation, carbonatisation, silicification and greisenisation are widespread within its boundaries. In addition, within the ultrabasic rocks, intensive talc alteration can be observed.

The deposit is characterised by stockwork mineralisation that forms a series of quartz veins trending northeast with numerous branching veins and veinlets of variable orientation. Stockwork bodies are localised within a flat lying zone that overlies a granite body with a length of between 400 – 1200m, width 150 – 500m, and thickness 10-190m.

Veins and veinlets are infilled with quartz, feldspar, muscovite and fluorite. In exo- and endocontacts of veins and veinlets, ore minerals such as molybdenite, scheelite, wolframite, beryl, bismuthinite, pyrite, chalcopyrite and pyrrhotite are developed. They form disseminated impregnations and veinlet segregations. Ore minerals and non-metallic vein mineralisation are found in all the rock types of the deposit.

On the whole, mineralisation tends to be non-uniform, with the morphology of the orebodies changing depending on the cut-off grade used both in plan and cross-section from complex isometric to sheet-like and vein-like.

Due to this complexity, the thickness of the orebodies can vary from a few to 150m. Barren sections and fault inliers are frequent within the stockwork.

The main valuable ore components are molybdenum and tungsten. Molybdenum and tungsten mineralisation overlap. In addition, the deposit also contains substantial amounts of bismuth, beryl, lithium, rubidium, cesium, copper, gold, and silver.

Observations from core from hole 2054 shows mineralisation hosted by schists with varying degrees of alteration, including talc. Importantly, the silicified zones within the core appear to localise the mineralisation.

Many greisen zones with coarse muscovite mica and purple fluorite are noted (Photo 2.10). Molybdenite is found in both quartz and carbonate veins, often along selvages (Photo 2.11), as clusters within veins, or disseminated in host. The veins appear predominantly sub-vertical in attitude. Importantly, all mineralisation appears to be associated with silicification.



Photo 2.10: Coarse Mica and Fluorite Greisen Mineralisation



Photo 2.11: Molybdenite Along Vein Selvage

Elsewhere on the concession, considerable quantities of emeralds have been discovered in shallow drillholes, although the area was not properly tested due to the very high water table (1-1.5m from surface) which precluded the use of trenching.

In addition, low grade gold mineralisation (Photo 2.12) has been identified to the northwest of the property, but this remains to be properly tested.



Photo 2.12: Outcropping Gold Mineralisation

2.5 Resources

2.5.1 Introduction

WAI has examined several resource statements for the Drozhilovskoye deposit including the original 1974 GKZ estimate through to the most recent 2005 estimate.

These resources have been estimated using the classical Russian methodology, but the more recent work has also generated basic mining designs to allow a preliminary economic assessment of the project to be made.

2.5.2 Soviet System

2.5.2.1 Categories

The former Soviet system for classification of reserves and resources, developed in 1960 and revised in 1981, is still used today in the Commonwealth of Independent States. Essentially, it divides mineral concentrations into seven categories of three major groups, based on the level of exploration performed: explored reserves (A, B, C₁), evaluated reserves (C₂) and prognostic resources (P₁, P₂, P₃).

The following description of the resource and reserve classification is derived from a paper by S.A. Diatchkov (1994) and has been modified to relate to currently acceptable international standards.

The classifications of the reserves described by Diatchkov are those that were developed by the authorities of the former USSR. In principle, they follow a succession of approximations that are applied to various stages of exploration. This means that reserves are assigned to classes based on the degree of reliability of data and indicate their comparative importance for the national economy.

Reserves are classified into five main categories and designated by the symbols A, B, C₁, C₂ and P₁. Capital letters are used to designate ores that are economic. Sometimes, the same group of letters are written in lower case (i.e. a, b, c) when the mineralisation is considered sub-economic. Alternatively, a simple classification into ‘balansovye’ (commercially exploitable reserves) and ‘zabalansovye’ (uneconomic resources) is used.

Resources and Reserves include the first four categories, A, B, C₁ and C₂ as defined here:-

Category A: the reserves in place are known in detail. The boundaries of the deposit have been outlined by trenching, drilling, or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the reliability of the projected exploitation.

Category B: the reserves in place have been explored but are only known in fair detail. The boundaries of the deposit have been outlined by trenching, drilling, or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the basic reliability of the projected exploitation.

Category C₁: the reserves in place have been estimated by a sparse grid of trenches, drillholes or underground workings. This category also includes reserves adjoining the boundaries of A and B reserves as well as reserves of very complex deposits in which the distribution cannot be determined even by a very dense grid. The quality and properties of the deposit are known tentatively by analyses and by analogy with known deposits of the same type. The general conditions for exploitation are known tentatively.

Category C₂: the reserves have been extrapolated from limited data, probably only a single hole. This category includes reserves that are adjoining A, B, and C₁ reserves in the same deposit.

Prognostic resources are estimated for mineralisation outside the limits of areas that have been explored in detail and are often based on data from trenches and from geochemical and geophysical surveys.

Category P₁: resources under the P₁ category may extend outside the actual limits of the ore reserves defined in the C₂ category. The outer limits of P₁-type resources are determined indirectly by extrapolating from similar known mineral deposits in the area. P₁ is the main source from which C₂ reserves can be increased.

Category P₂: these resources represent possible mineral structures in known mineral deposits or ore-bearing regions. They are estimated based on geophysical and geochemical data. Morphology, mineral composition and size of the orebody are estimated by analogy with similar mineralised geologic structures in the area.

Category P₃: any potential ore-bearing deposits are classified as resources in the P₃ category. The presence of these resources relies on the theoretical definition of a “favourable geological environment”. Resource figures are derived from figures of similar deposits in the region.

Estimates of Prognostic Resources routinely depend on assumptions and projections regarding the probable dimensions (length, width and depth) and grade of the deposit that are subject to confirmation by more detailed investigations.

2.5.2.2 Classification of CIS Mineral Deposits

Deposits of solid minerals in republics of the former Soviet Union are classified into five major groups, based largely on the character and size of the deposit. The ability to define the categories of reserves depends on the deposit group in which the deposit is classified. Following is a summary description of the five groups:

Group 1 deposits – large deposits, simple in form with uniform distribution of minerals (examples: coal, some iron and disseminated copper deposits). A normal density of drillholes allows the definition of a high level of A and B reserves.

Group 2 deposits – large deposits with different and sometimes complicated forms and uneven distribution of minerals (examples: some iron and sedimentary copper deposits). Only B category reserves may be defined with a normal grid of drillholes. A combination of drilling and underground workings may be necessary to define the reserves. Category A reserves can be established only by close spaced drilling and underground workings.

Group 3 deposits – smaller sized deposits with uneven distribution of minerals (examples: some veins, skarns, dykes, and pegmatite deposits). Drillholes can only establish C₁ reserves. A and B reserves can be established only with underground workings.

Group 4 deposits – smaller sized deposits similar to Group 3 deposits or with even more complex shapes (examples: some veins, skarns, dykes, pegmatite deposits and gold placers). Category A reserves cannot be established with drilling or a normal grid of underground workings. Drilling in combination with underground workings is necessary to establish category B reserves.

Group 5 deposits – small “pocket” type deposits. Category A and B reserves cannot be established by systematic prospecting. Only category C reserves can be established.

2.5.2.3 Conversion of Soviet C₁ + C₂ Classified Resources to that of JORC

Under the Soviet classification system C₁ and sometimes C₂ equate to reserve categories, whereby international ore reserve and mineral resource equivalents are as follows:

- **Proved Reserves** equate to reserves containing A + B with a **Measured Resource** equivalent,
- **Probable Reserves** equate to C₁ and some C₂ with an **Indicated Resource** equivalent, and;
- **Inferred Resources** equate to C₂.

Drill holes can only be used to define C₁, and underground development for A & B. In addition, economic parameters are applied to obtain a C₁ and C₂ reserve. Hence, Soviet “C category” has reserve implications built in.

Once the C₁ and C₂ “reserves” are approved, a mining scheme (pit design) can be established and the mineable reserve is established as an in-pit reserve statement based on design and economic parameters.

However, WAI is of the opinion that C₁ and C₂ statements should be considered resources only, as to obtain reserves, differing mine design and reserve parameters are applied according to JORC.

2.5.3 Historical Estimates

2.5.3.1 1974 Estimate

The first resource estimate for the Drozhilovskoye deposit was undertaken in 1974 which defined a GKZ approved estimate for the whole deposit at C₂ of approximately 140Mt @ 0.188% Mo.

WAI has not seen the detailed breakdown of this resource, but as approval was given, WAI has no reason to doubt the credibility of the estimate.

2.5.3.2 2002 Estimate

In 2002, G.I. Shestak re-estimated the deposit reserves according to the following quality requirements:

- cut-off grade of 0.0125, 0.0250 and 0.050% Mo (equiv.) for ore intervals definition;
- ore bodies minimum width is 5m;
- maximum width of barren interlayers included into reserves estimation is 10m;
- conversion factors for Mo (equiv.) were accepted as bismuth – 0.84, tungsten trioxide – 1.43.

No actual resource estimates were seen for this re-estimation.

2.5.3.3 2005 Estimate

In 2005, LLP “Gornogeologicheskii dizain” (Mining Geological Design), under a contract with KRMC, completed a geologic-economic estimation of the Drozhilovskoye rare-metal deposit. V.V. Danilov was responsible for the investigation.

The purpose of the work completed was to define the economic viability of the deposit and to consider the potential mining plan for the project. The estimate, which used the Micromine software system, considered the smaller Northern Stockwork area only.

The investigation resulted in a GKZ approved C₁ + C₂ resource estimate, using a 0.05% Mo (equiv.) cut-off of 37.2Mt @ 0.107% Mo and 0.086% WO₃. Tungsten resources were calculated within the contours of molybdenum mineralisation.

For the estimation, Mo (equiv.) cut-off grades for ore interval definition of 0.0250 and 0.05% were used, ore bodies with a minimum width of 5m, and a maximum width of off-grade intervals included into the estimation of 10m.

The data used in the estimation included the drillhole database and working geological cross-sections at a scale of 1:1000.

Due to the complexity of the mineralisation, outlining of the ore bodies included into the resource estimation was done by a formula:

$$\text{Mo (equiv.)} = 1.0 \text{ Mo} + 0.45 \text{ WO}_3$$

Ore mineralisation zones were outlined based on the width of ore intersections with respect to the quality requirements. Contouring of the zones both down-dip and along strike was completed over half-distance of the actual drill grid (50-25m).

At Drozhilovskoye, the distance between the drill profiles is mainly 100m, with the distance between drillholes along the profiles varying between 50 and 100m. Such a hole density is enough to classify the resource under Soviet guidelines as C₁ and C₂ (with respect to the deposit Complexity Group II).

In addition to the Northern Stockwork, an exploration plan is in place to drill the Southern Stockwork which will comprise 69 holes, covering approximately 15,000m with a hole spacing of 100m on profiles 50m apart to give a C₁ classification (currently a P₁ resource based on 14 holes only is present for this zone).

***WAI Comment:** paper data have been reviewed on the resources at Drozhilovskoye which have demonstrated a complex, large tonnage Mo-WO₃ deposit. The recent independent Micromine modeling exercise and resultant GKZ approved resource was briefly reviewed, but not audited. However, WAI is familiar with the contractor's work and has no reason to doubt the validity of the resource estimate. From the original GKZ estimate, it is evident that significant tonnage remains to be quantified over and above the 37Mt defined in the Northern Stockwork.*

2.6 Mining

2.6.1 Introduction

WAI has not considered in detail the mining issues related to the Drozhilovskoye deposit, as the project is still at the exploration stage. However, the 2005 study by Danilov has prepared a preliminary study based on the Northern Stockwork.

2.6.2 2005 Study

This study has considered a conventional truck and shovel open pit operation based on the Northern Stockwork zone only. The project envisages two open pits, east and west which have the following dimensions:

East: depth 170m, length 900m, width 600m

West : depth 170m, length 900m, width 1,000m

The plan suggests mining some 37.8Mt of ore and 77.8Mm³ of waste over a 12 year mine life. The Drozhilovskoye operation will use 50t Komatsu trucks and 6m³ Terex face shovels.

A schematic of the proposed western pit is shown in Figure 2.3 below.

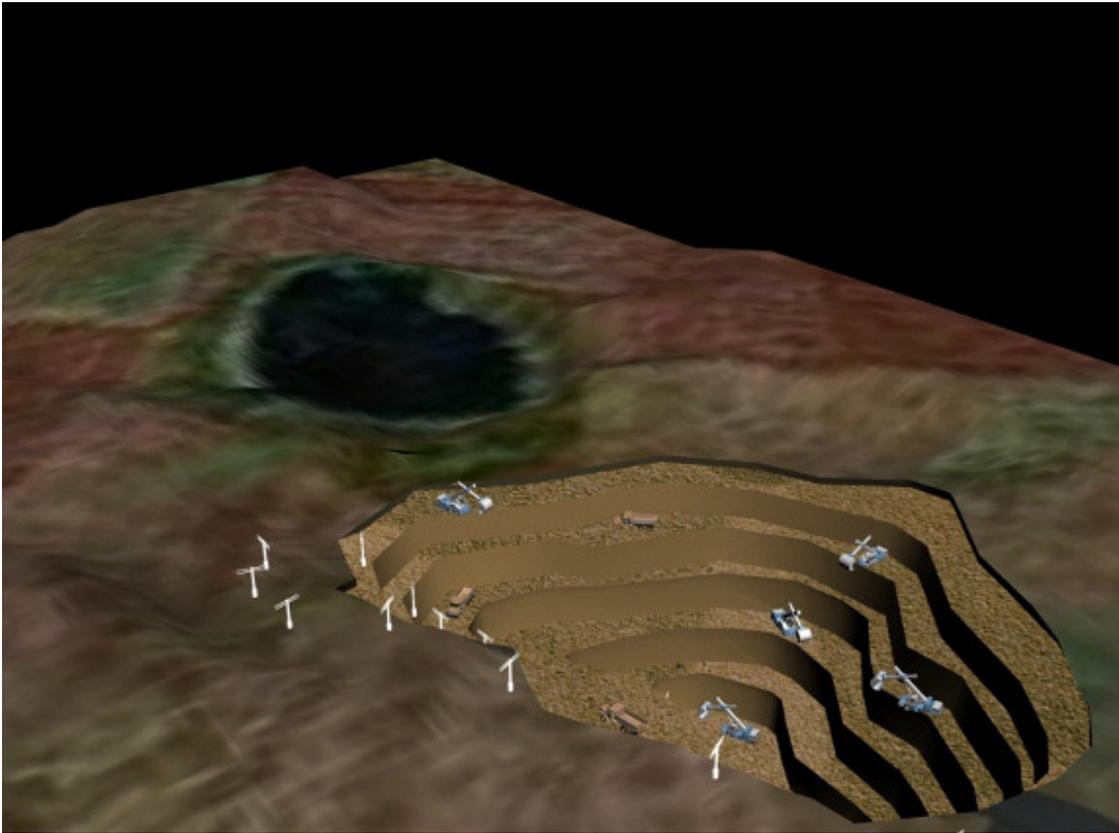


Figure 2.3: Proposed Western Pit, Drozhilovskoye

The proposed production schedule as used in the economic analysis required an initial production of 2Mt per year in 2009, ramping up to 3.3Mt the following year through to 2019 before ramping down in 2020 to 2Mt per year again. The schedule also assumed a constant head grade of 0.11% Mo and a 90% metallurgical recovery.

WAI Comment: Drozhilovskoye is still in the exploration phase and thus WAI has not spent time considering the mining implications of the project. However, the work done in 2005 is valid and is based on a credible approved resource. As such, the reader can take considerable comfort from the results of this study.

2.7 Metallurgy

Work completed in 2005 by Kazmekhanobr in Almaty on 12 samples from drill core from Drozhilovskoye and Smirnovskoe has identified that flotation will be the optimum process methodology.

The prepared ore samples contained 0.147% and 0.143% molybdenum respectively, although WAI has no information as to exactly where the samples were selected from.

Locked Cycle flotation tests were undertaken on the samples at a grind size of circa 52-55% passing 74 microns. The flotation flowsheet consisted of a conventional rougher-scavenger circuit with a five stage cleaning circuit.

A summary of the test work findings is given in Table 2.5 below.

Table 2.5: Summary of Locked Cycle Flotation Test Data					
Drozhilovskoye Ore					
Product	Weight, %	Grade, %		Recovery, %	
		Mo	Cu	Mo	Cu
Concentrate	0.2	50.4	0.6	94.9	2.3
Tailings	99.8	0.01	0.06	5.1	97.7
Head	100	0.12	0.06	100	100

The Drozhilovskoye ore samples responded favourably to froth flotation technology with molybdenum grades of circa 50% being obtained. The recovery of molybdenum to the flotation concentrate was 88% for the Drozhilovskoye samples respectively.

Molybdenum recovery in most of the tests amounted to 93%, whilst the molybdenum grade in the concentrate varied from 50% to 54%.

For tungsten extraction, magnetic separation was considered, but problems occurred with both mica and pyrrhotite.

Other technologies such as that used at Climax in US have been considered, but discounted due to the high cost of purchasing the technology and the fact that they use cyanide and produce NO_x which represent potential contaminants and which would be highly sensitive to the Drozhilovskoye area which is a major arable farming area.

The Client plans to do further metallurgical testwork, but for the model, a comminution-flotation flowsheet is proposed.

***WAI Comment:** the testwork completed to date has addressed the extraction of molybdenum to concentrate from the Drozhilovskoye mineralisation. This work appears to have been done competently and does indicate positive results. Further work is required to evaluate the recovery opportunities for tungsten from the deposit.*

2.8 Environment

As described above, the deposit is located in a flat to slightly undulating, open and moderately arid steppe area that is utilised for cereal production. There is very little ‘natural’ vegetation or tree/shrub cover, the land surface being almost entirely cultivated. The small settlement of Okrainka lies some 4km from the deposit.

An OVOS study (equivalent to an Environmental Impact Assessment under Kazakh regulations) has been prepared by TOO <GEOTAS>, a specialist environmental institute, as part of the Technical Project Design for the open pit operations prepared by Kazmekhanobr in 2005. This covered only the open pit mining and related activities, such as waste dump construction, sub-grade ore stockpiling and ore transportation.

WAI has very briefly examined the OVOS for the open pit operations, but has not studied the content or conclusions. However it has been prepared by a certified organisation in accordance with Kazakh norms and procedures and is therefore likely to be a thorough assessment of the environmental and social impacts, and will be in general compliance with international standards.

On the basis of WAI's brief assessment of the project and locality, it is considered very unlikely that there will be any exceptional environmental or social issues or any impacts that cannot be mitigated by normal project design, protection and management measures. WAI consider that the most important issues to address will be:

- Protection of groundwater resources and water supplies;
- Geochemical testwork on the overburden waste rock and tailings to ascertain their long term stability and the design requirements to eliminate risks (if present) from acid drainage and chemical leaching;
- Location of the process plant and tailings disposal facility (TDF), and design of the TDF, to minimise potential releases to subsoil and groundwater;
- Good water management and recycling of process water, to minimise or eliminate the need for surface water discharge;
- Social and economic implications for the local community of Okrainka, along with the community management plan; and
- Mine closure, restoration of the land and long term measures for the open pit.

3 SMIRNOVSKOE

3.1 Location, Access and Infrastructure

3.1.1 General

The Smirnovskoe deposit is located in Komsomolskyi rayon, 156km northwest of Kostanai oblast, and some 41km north of Karabalyk, the district centre in northern Kazakhstan (Figure 1.1). The village of Smirnovka is in the immediate vicinity of the deposit.

The deposit is served by asphalt road from Kostanai with an approximate driving time of 2 hours.

WAI visited the site but was unable to view any physical aspect of the deposit as historic drilling was completed in 1996 and ploughing had returned the land to crop cultivation. In addition, no core was available for inspection as a serious fire had destroyed the core shed, although pulps do remain.

3.1.2 Topography and Climate

The topography of the deposit is flat (Photo 3.1) with the main drainage being the Toguzak River which is some 20km northwest of the deposit.

There are many shallow temporary and permanent ponds and lakes within the area with both non-saline and salty water. During summer, most of the shallow lakes run dry.

Apart from those areas laid over to agriculture (maize production), the local vegetation comprises bushes of broom or separated forest stands of aspen and birch. The non-saline lakes are usually colonised by bulrush.

Absolute elevations in the region are 200m in the Toguzak river valley, 205-210m in the lake basins, and in the rest of the territory, elevations range from 215 to 225m.



Photo 3.1: Flat Terrain at Smirnovskoe

The climate is continental with very high summer temperatures, droughts, and very low winter temperatures with snowstorms and blizzards. Spring is short, autumn is rainy. Annual precipitation ranges from 200 to 350mm. January, February and autumn months is the time when most of the precipitation falls. Dust-storms occur during the summer months.

Temperatures rise up to +40°C in summer and down to -40 to -42°C in winter. Depth of snow cover is 30-50cm, but may exceed 1m occasionally. Frozen soil does not penetrate more than 2m.

3.1.3 Infrastructure

The soils of the area are highly fertile lending themselves to extensive agricultural use consisting of plough land with Spring-planted maize.

The region is not industrially developed, although there are small machinery and repair plants in Komsomolets, Toguzak and Smirnovka villages and a butter-making plant in the village of Peshkovka.

Several mining extractive enterprises are operating within the region and include the Kacharski, Sarbayski and Sokolovski mining plant of JSC “Sokolovsko-sarbayskoe ore-dressing production association” and Boskolski fire-clay opencast operation.

The regional population density is relatively high, although the transport network is underdeveloped. The “Kostanay-Troitsk” railway passes through the villages of Fedorovka (Jarkul station) and Toguzak. There is also a road parallel to the railway. Water supply for the villages is mainly provided from well water.

Figure 3.1 shows the broad infrastructure of the region.

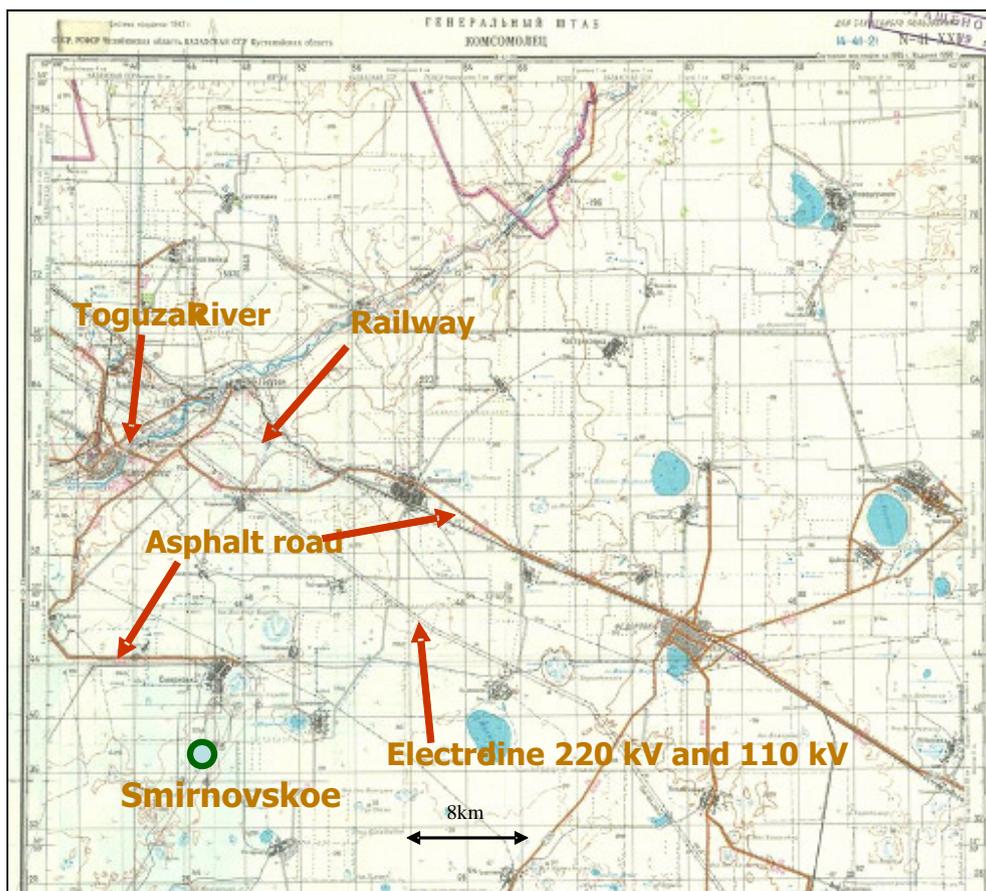


Figure 3.1: Local Infrastructure Around Smirnovskoe

Electricity supply is provided from the oblast electric power line (10kV). The electric power line (110kV) from Rudny-Troitsk runs 12km to the north of the Smirnovskoe deposit, whilst a major sub-station is present at Karabalyk.

The region is also crossed by the “Buhara-Ural” gas-line. Only the largest inhabited localities are supplied with gas from the gas-line, as most of the villages are provided with imported liquefied gas. All the other kinds of fuel (coal, fire-wood, POL) are also imported.

The closest railway station at Toguzak is 25km northwest of the Smirnovskoe deposit, whereas the Jarkul station is approximately 50km distant. The railway line Troitsk – Kartaly (Boskol and Varna stations) runs within 60-100km to the west of the deposit.

3.1.4 Mineral Rights and Permitting

WAI has reviewed the sub-soil use contract, dated 7 December 2004, between Ministry of Energy and Mineral Resources of Kazakhstan Republic (Competent Authority) and KRMC (Contractor) for molybdenum, tungsten and copper exploration and mining at the Smirnovskoe deposit in Kostanai oblast.

The mineral resource is defined as molybdenum, tungsten and copper.

The Smirnovskoe license which covers some 13.7km² allows for 6 years exploration followed by 30 years mining. The licence period expires on 7 December 2040. Following the completion of the acquisition of KRMC by GMA, KRMC will seek the reinstatement of the licence with an exploration period ending 31 December 2016. Details of the licence are provided in Table 3.1 below.

Table 3.1: Smirnovskoe Licence Details						
Permit	Holder	Interest Status	Area (km²)	Status	Expiry Date	Comments
Smirnovskoe Kazakhstan	KRMC	90%	13.7	Exploration	7/12/40	Application to extend exploration period to 31/12/16

Details of the licence coordinates are given in Table 3.2 below.

Table 3.2: Smirnovskoe Licence Coordinates		
Corner Points	Corner Points Coordinates	
	North latitude	East longitude
1	53°32'30"	62°09'00"
2	53°35'30"	62°11'00"
3	53°35'30"	62°13'50"
4	53°32'30"	62°10'40"

3.2 History and Previous Work

3.2.1 Introduction

The Smirnovskoe deposit was discovered during water well drilling and was extensively tested by the Soviets which resulted in the definition of Mo/W mineralisation over a large area.

A Northern and Southern zone (Figure 3.2) were delineated during this phase of work. The grid in the centre of the Northern part is 100x50m which allows classification to C₁ category. Similarly, the achieved density in the Southern part of the deposit is 100x50m which also allows a C₁ classification.

However, the resources of the Northern and Southern parts where the achieved density of the drill grid is 400x200m can only be classified as prognostic resources of P₁ category.

3.2.2 2007 Work

During WAI's 2007 site visit, KRMC had begun a core drilling programme (commenced 9 November 2007) over the Northern stockwork zone. The plan was to drill 15 holes in 2007, totaling some 5,000m.

WAI was able to view the first hole being drilled (667K) which had a planned depth of 350m, although mineralisation was expected to continue to >500m. A conventional SKB5 rig capable of approximately 30m per day was being used (Photo 3.2), producing 59mm core. The introduction of a second wireline core rig, producing 63mm core, was planned to increase productivity.

Hole 667K was drilled within 1-2m of the original Soviet hole 667 which showed 55.1m of Palaeogene sediments overlying mineralised diorite of Palaeozoic age. Intense mineralisation started at 203.1m where values were >0.15% Mo.

The 2007 twinned hole intersected mineralisation at 55.2m and was still in it at the viewed hole depth of 127.9m.



Figure 3.2: Historical Drilling and Grade Contours, Smirnovskoe



Photo 3.2: Drilling at Smirnovskoe

At that time, it was planned to drill a further 14 holes to consider both twinned and infill locations which would be able to consolidate the resource at C₁ classification at Severny.

A further 15,000m of drilling was planned (39 holes) in 2008 to continue to test Severny, but also Yuzhny.

However, due to shortage of funding, none of these drill programmes were undertaken with the exception of the single twinned hole which WAI viewed and which was ultimately stopped around the 200m depth mark. No samples were assayed from this hole.

***WAI Comment:** it is unfortunate that the drilling which commenced in 2007 was not completed as this would have provided far more clarity with respect to the geology and structure, as well as likely lead to the preparation of a resource block model for the deposit. As this did not happen, considerable infill and confirmatory drilling is required to advance this project.*

3.3 Geology and Mineralisation

3.3.1 Regional Geology

The Smirnovskoe deposit is hosted within the Eastern-Ural metalogenic belt and more specifically, within the Troitsk anticline structure which lies between the Urals to the west and the western limb of the Turgay syncline to the east.

Acid intrusives dominate the area, with middle Palaeozoic granites and diorites hosted by enclosing Silurian schists.

The area is characterised by complex northeast and northwest trending faults which often act to localise and control the ore bearing intrusion complexes. Some ultramafics are related to these zones.

3.3.2 Deposit Geology

Within the Smirnovskoe ore field, rare-metal mineralisation is represented by three morphogenetic types:

- Proper greisen mineralisation localised within granites.

Sections of the different mineralisation types listed above are often spatially disconnected, although the Smirnovskoe ore system can be directly related to the Kyzyl-Tu granite massif. Its endo- and exocontacts include the important greisen mineralisation type.

Within the massif, ore-skarn rare-metal zones are located. They are confined to the contact between the crystalline limestones and sheeted bodies of serpentinites. Outwards from this, an aureole of stockwork mineralisation is located.

The ore zone stretches some 15km in a northwest direction with width ranging from 2 to 4km. The boundaries and dimensions of the ore field are controlled by the underlying Kyzyl-Tu massif and aureole of the contact-thermal effect on the overlying rocks.

Greisen mineralisation can be observed in the southern part of the Smirnovskoe ore field. Granites are mostly greisenised and are characterised by vein-impregnated ore mineralisation. However, this part of the field has only been partially studied. Mineralisation appears to be dislocated and has been explored by prospecting and mapping boreholes. The mineralisation has been characterised mainly by spectral analysis which has identified molybdenum, tungsten, bismuth and beryllium as major components. Their metal grades do not differ from the other mineralisation types.

Skarn mineralisation is developed in the Southern part of the Smirnovskoe deposit over an area of some 800x500m. A number of lens- and sheet-like ore bodies are defined within its boundaries. They are confined to polymineral skarns (quartz, potash feldspar, pyroxene, garnet, vesuvianite and others) and are interlayered with serpentinite bodies.

Skarn widths in boreholes reach 40-50m and are interpreted as being nearly horizontal, but dipping on the drill profiles westwards and eastwards to form a simple anticlinal fold, although the eastern limb is much steeper.

Ore mineralisation in the skarns is disseminated, and forms isolated clusters in association with quartz and vesuvianite. The principal ore mineral is molybdenite (Photo 3.3) which is associated with chalcopyrite and pyrite. Other minerals are rare.



Photo 3.3: Coarse Molybdenite Mineralisation From Hole 667K

Skarn zones are not more than 6-10m in thickness, but form a continuous zone which is 1.5-2.0km long and 800m wide. The highest molybdenum values appear to be related to the fold crest.

The stockwork mineralisation area of the Northern part, which was to be the focus of the planned drilling programme, is 4,500 x 2,500m, and forms a northeastwards elongated zone. The host rocks are feldspathic-amphibolitic orthoschists and dioritic bodies of lower-middle Carboniferous intrusive complex and apophyses of upper Paleozoic granites.

Endo- and exocontacts of dioritic bodies are penetrated by numerous dykes. The dykes vary in width from 1-10m, and have steep dips ranging from 70° to 90°. The dykes tend to be confined to fissile zones related to deep-seated, approximately north-south trending, lineaments.

Vein rocks associated with the dioritic massif are represented by dioritic porphyries, which are cleaved by spessartite dykes that are in turn cut by plagiogranite-porphyries.

Diorites and vein rocks of the massif have been subjected to intensive secondary alteration comprising sericite and epidote formation instead of sodium-calcium feldspar and hornblende replacement by actinolite and chlorite. As a rule, rock mineralisation is associated with feldspathisation and greisenisation.

Rare-metal mineralisation of the northern part is connected with quartz-feldspathic veins and greisen infill of the veins.

Ore-bearing veins are widely spread and have been intersected in almost all the drilled holes. Stockwork concentration of veins is confined to the near-contact part of the Smirnovski dioritic massif. In this case, it appears that the diorites served as a trap for ore-bearing solutions, in a similar fashion to the ultrabasic bodies in the southern part of the deposit. Fissure zones of the northeastern trending faults and cleavage fractures of the anticlinal fold crest served as ore channel-ways. Granite dykes are also directed northeastwards.

The formation of stockwork veins and veinlets occurred over several stages. The earliest are thin veinlets of grey hornfels-like quartz, usually barren, associated with actinolite-biotite-epidote vein infill.

Muscovite-quartz-feldspathic veins and veinlets were formed during the ore stage. They are rare-metal mineralisation-bearing and are associated with greisen infill of the width proportional to that of veins.

A zonation sequence is noticed within the ore-bearing veins distribution: muscovite-microcline veins characterise the central part of the stockwork, whilst closer to the peripheral parts, microcline is replaced by albite. Further out still, muscovite-quartz and quartz veins are mainly developed. Fluorite is always present in veins and infill. Veins structure tends to be symmetrical with the axial parts of the veins formed by light-grey quartz, muscovite zone following, with feldspars confined to selvages.

Morphologically, veins and veinlets are characterised by straight even edges and parallel series. Vein widths vary from several tens of centimeters to several meters. Veins and veinlet density is variable but does reach 150-200 per 100m of core. Veins are clearly divided into two types: vertical (angle from 85-90°) and inclined (angle from 60-70°).

In summary, the Northern stockwork can be characterised as a linear deposit with symmetrical inner structure. The axial part of the stockwork coincides with the Smirnovskaya anticline extension.

***WAI Comment:** the brief commencement of drilling on the Northern stockwork in 2007 has allowed WAI to view fresh cores from the deposit. Hole 667K was inspected which showed a mineralised sequence as described above, with coarse molybdenite common.*

3.4 Resources

3.4.1 General

WAI was provided information on the 1996 GKZ approved resource estimate for the Smirnovskoe deposit. It is believed that this estimate was originally calculated in the 1960s, but only placed on the balance in 1996.

This produced a combined C₁ and C₂ resource for both the larger Northern and smaller Southern part of approximately 109Mt @ 0.1378% Mo_{eq} using a 0.05% Mo equivalent cut-off grade.

A much larger P_1 and P_2 resource which WAI has not studied in detail has also been defined at Smirnovskoe.

WAI also understands that a resource update was performed in 2007 using a 0.025% Mo_{eq} cut-off which gave 196Mt @ 0.067% Mo and 0.01% WO_3 , and at 0.05% Mo_{eq} cut-off, 108Mt @ 0.1056% Mo and 0.01% WO_3 .

No details are available on the database, quality control or analysis and thus what is presented here is purely a description of the resource methodology.

However, the original Soviet duplicate samples for the whole of the Smirnovskoe drilling programme have been retained and are stored in an indoor facility at Rudny. Most of the sample packets are referenced and a large proportion contain sample slips (Photo 3.4).

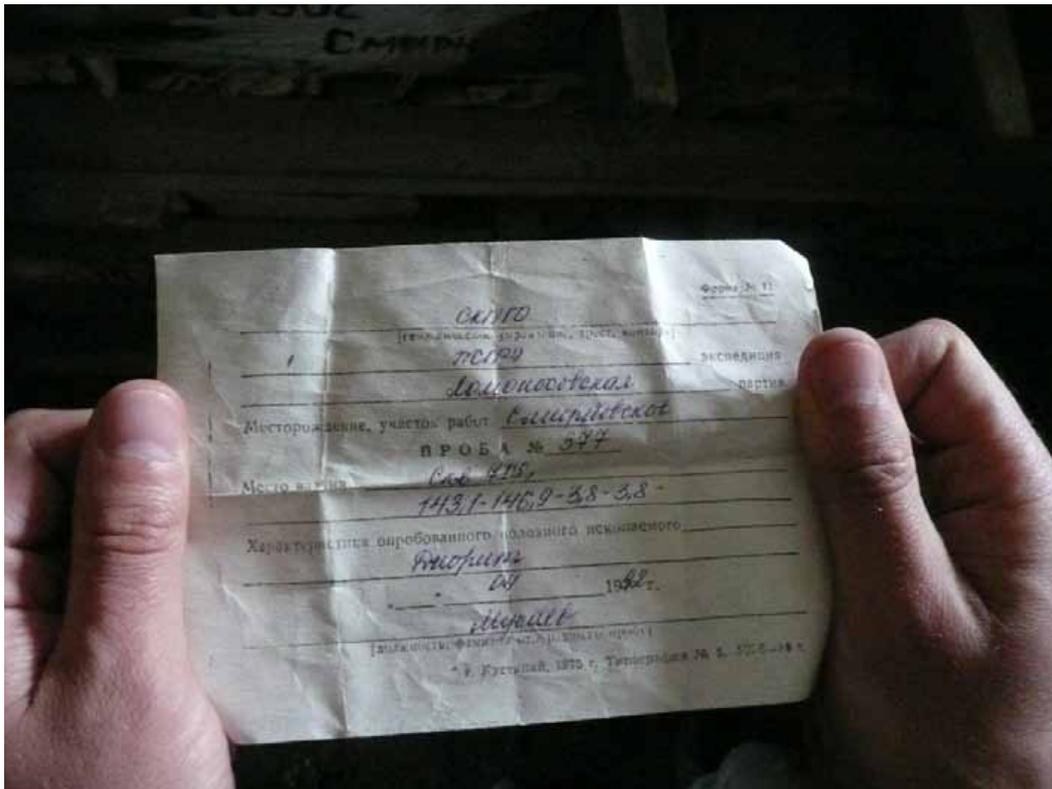


Photo 3.4: Sample Slip From Soviet Duplicates

3.4.2 Method

A vertical sections method with the use of linear and areal ore content coefficients was applied to the profiled drill data where profiles were generally 100m apart and holes spaced at 50m intervals along them. This allowed a C_1 classification to be applied given the level of complexity of the deposit.

The main advantage of this method is that the form of ore bodies and characteristic features of ore zone structure can be reflected in sectional interpretation.

A typical example of this is shown in Figure 3.4 which shows grade and structural interpretation along Profiles XXX and XXXI.

3.4.6 Resource Categories

According to the accepted resources estimation method, drillhole profiles are considered to be the boundaries of separate block estimates. Each block estimate is bounded by two (rarely one) drill profiles.

The scale of the scheme of blocks is 1:5000, whilst the scheme is a projection of the block estimates onto the horizontal plane.

The achieved density of the drilling grid in the centre of the Northern part is 100 x 50m which allows classification to C₁ category. Similarly, the achieved density in the Southern part of the deposit is 100 x 50m which also allows a C₁ classification.

However, the resources of the Northern and Southern parts where the achieved density of the drill grid is 400 x 200m can only be classified as prognostic resources of P₁ category.

3.4.7 Estimation Parameters

The following parameters required for resource estimation were calculated:

- volume weight;
- average content of components;
- areas bounding block estimates; and
- ore-bearing coefficient in block estimates.

3.4.7.1 Volume Weight

Volume weight was accepted as equal to 2.70t/m³ according to the laboratory hand specimens analysis.

3.4.7.2 Average Content Of Components

Average content of Mo, Cu, Bi and WO₃ components for ore intervals is calculated by multiplication by the length of the sampled ore intersections:

$$C = \frac{\sum C_i l_i}{\sum l_i}$$

The average grade in the estimated blocks is calculated by multiplication by the reserves of the blocks:

$$C = \frac{\sum CP}{\sum P}$$

where C is the average content of components in a block, %

P is ore reserves in an estimate block, ths. t.

3.4.7.3 Ore Section Area

The ore section area in the estimate cross-section was calculated using AutoCAD, whilst the estimate of block volumes was calculated by formulas listed in Table 3.3 below.

Method of reserves estimation	Block form	Formulas	Application conditions
Vertical cross-sections	pyramid	$V = \frac{S_1 + S_2 + \sqrt{S_1 S_2}}{3} L$	$S_1 u S_2 > 0$ u S_1 or $S_2 = 0$ pinching out to the point
	Prism	$V = \frac{S_1 + S_2}{2} L$	$S_1 u S_2 > 0$ Tectonic boundaries
	V-shaped	$V = \frac{S}{2} L$	pinching out to the line

3.4.7.4 Coefficient Of Ore Content

The complex structure of the ore zones within the deposit, the non-confirmed connection of the ore intersections, and the intermittent distribution of commercial mineralisation required the use of a coefficient of ore content for ore volume calculation (in block estimates):

$$V_p = V_{bl} \times K_p$$

where V_p – ore volume in a block, ths. m³;

V_{bl} – estimate block volume, ths. m³;

K_p – ore content coefficient, decimal fraction.

The **Linear** coefficient of ore content is calculated by formula:

$$K_p = \frac{\sum li}{l},$$

where $\sum li$ is the sum of ore intersections width (in the holes drilled) within the boundaries of ore zone, m;

l – meterage drilled within the boundaries of ore zone, m;

The **Areal** coefficient of the ore zone is defined by the proportion of ore areas to the total ore area in estimated cross-sections:

$$K_p = \frac{S_p}{S_o}$$

Ore reserves in a block are calculated by formula:

$$P = V_p d$$

where d is ore volume weight, t/m³.

WAI Comment: the methodology described above is standard Russian classical protocol. As such, WAI is confident that the resource estimations have been done in a thorough manner, but has reservations with the use of Mo equivalent values. The use of this estimator assumes that full value and hence recovery can be achieved of the other contained metals used in the calculation, and furthermore the calculation is entirely time dependent. Thus, WAI recommends that resources are recalculated in terms of actual individual metal grades only.

3.5 Mining

WAI is not aware of any specific mining studies for this project, although given the beneficial topography, local infrastructure and nature of the deposit, WAI has no reason to believe that a conventional open pit drill and blast operation would not be suitable in this instance.

3.6 Metallurgy

Work completed in 2005 by Kazmekhanobr in Almaty on 12 samples from drill core from Drozhilovskoye and Smirnovskoe has identified that flotation will be the optimum process methodology. The Smirnovskoe ore samples contained 0.143% molybdenum.

No information is available on the provenance of the ore samples.

Locked Cycle flotation tests were undertaken on each of the Smirnovskoe ore samples at a grind size of circa 52-55% passing 74 microns. The flotation flowsheet consisted of a conventional rougher-scavenger circuit with a five stage cleaning circuit.

A summary of the test work findings is given in Table 3.4 below.

Smirnovskoe Ore					
Product	Weight, %	Grade, %		Recovery, %	
		Mo	Cu	Mo	Cu
Concentrate	0.2	50.5	0.2	87.8	0.6
Tailings	99.8	0.02	0.1	12.2	99.4
Head	100	0.13	0.1	100	100

The ore samples responded favourably to froth flotation technology with molybdenum grades of circa 50% being obtained. The recovery of molybdenum to the flotation concentrate was some 95% for the Smirnovskoe samples.

The Smirnovskoe ore was also found to be amenable to pre-concentration using radiometric separation. The test data shows that 44.5% of the ore can be rejected with relatively low loss of molybdenum of 6.8% being incurred.

WAI Comment: the testwork undertaken to-date indicates a positive comminution-flotation flowsheet for the production of a molybdenum concentrate. However, further work is required to both improve the flowsheet and address the tungsten content of the mineralisation with respect to recovery.

3.7 Environment

As described above the deposit is located in a flat to slightly undulating, open and moderately arid steppe area that is utilised for cereal production. There is very little 'natural' vegetation or tree/shrub cover, the land surface being almost entirely cultivated. The village of Smirnovka is about 1km from the deposit.

As the project is at a very early stage, only exploration activities have taken place and there is no conceptual design for the project. Therefore no environmental or social studies have been undertaken and the OVOS process has not yet commenced.

On the basis of WAI's brief assessment of the locality and the likely project parameters it is considered very unlikely that there will be any exceptional environmental or social issues or any impacts that cannot be mitigated by normal project design, protection and management measures. WAI considers that the most important issues to address will be:

- Protection of groundwater resources and water supplies;
- Geochemical testwork on the overburden, waste rock and tailings to ascertain their long term stability and the design requirements to eliminate risks (if present) from acid drainage and chemical leaching;

- Location of the process plant and tailings disposal facility (TDF), and design of the TDF, to minimise potential releases to subsoil and groundwater;
- Good water management and recycling of process water, to minimise or eliminate the need for surface water discharge;
- Social and economic implications for the local community of Smirnovka, along with the community management plan; and
- Mine closure, restoration of the land and long term measures for the mine workings (particularly if open pit).

With respect to the application for the extension to the exploration period for the sub-soil use contract, approval is expected shortly. Once approved, KRMC needs to commission a contractor to provide an Exploration Design that will then need to be approved by the Sanitary, Technical, Ecology and Emergency Inspectorates – a process estimated to take between 6-7 months.

4 FINANCIAL ANALYSIS

4.1 Background

WAI has examined an economic model provided by KRMC (not presented here) which is based on a conventional drill and blast open pit mining operation with a comminution-flotation process flowsheet for both Drozhilovskoye and Smirnovskoe.

For Drozhilovskoye, the financial model assumes an initial ramp up production from 2Mt in 2009 to 3.3Mt the following year through the life of mine, tailing off to 2Mt per year in the final year (2020). Relatively detailed capex and opex information for the project has also been provided which WAI has briefly reviewed.

In addition, KRMC has presented a full Discounted Cash Flow (DCF) analysis for the project and a resultant Net Present Value (NPV).

However, given the exploration status of the project, WAI believes that a DCF analysis can only be conceptual at this stage as many of the components required to establish the true viability of the project remain to be established. As such, although WAI is in broad agreement with the assumptions and parameters used in the analysis, the resultant valuation should be treated with caution and is for guidance purposes only.

4.2 Drozhilovskoye Analysis

4.2.1 Introduction

A preliminary financial analysis of the Drozhilovskoye molybdenum project has been performed in order to estimate the potential economic outcome of the project and its robustness, considering all the possible expenditure which may have an impact on operating and capital costs.

The Drozhilovskoye molybdenum project has been examined from a financial perspective using a discounted cash flow (“DCF”) analysis. The post-tax cash flow forecast model has been prepared based on KRMC’s mine schedule.

However, the current financial model is based on preliminary resource estimation data which are only sufficient for evaluation of the exploration potential, and cannot be used for a financial valuation of the project. It is normally expected that a pre-feasibility study level of confidence in the resource tonnages and grades is achieved and subsequent ore reserve estimation is completed before a financial evaluation takes place.

Notwithstanding the above, WAI has prepared a preliminary economic assessment of the project, the details of which are given below.

4.2.2 Financial Model Assumptions and Input Data

Assumptions made in the WAI financial model for the Drozhilovskoye molybdenum project were based on the Client’s requirements and WAI’s knowledge of the project and are as follows:

- Molybdenum metal price of US\$40,000/t (close to mid-October 2012 spot price of US\$23,900/t for MoS₂ – Mo metal is 60% of this) and US\$50,000/t;
- Tonnage based on the Client’s requirements;
- A mining schedule targeting a 3.0Mtpa mining rate with appropriate ramp-up of production;
- Molybdenum processing recovery rate at 90%;
- Operating cost estimates evaluated by WAI;
- G&A cost of US\$0.91/t ore;
- Capital expenditures of US\$77M;
- All the prices used in this model were taken without inflation and with respect to post-mine deductions of 25% from revenue (molybdenum discount);

- Government royalty at 7% of mined metal;
- Government taxes at 20% of Net Profit; and
- Annual discount factors of 8%, 10% (Base case) and 12%.

4.2.3 Drozhilovskoye Financial Model

WAI has prepared a Base Case (US\$40,000/t) and Optimistic Case (US\$50,000/t) scenario to evaluate the potential viability of the Drozhilovskoye molybdenum project. A summary of the financial model assumptions and input data for these scenarios are presented in Table 4.1 and Table 4.2 below.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Unit	TOTAL														
Total Sales Cost	37,300	25,200	14,500	-	-	-	-	-	-	-	-	-	-	-	-
CAPEX Total	77,000	73,387	2,487	4,167	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133
Depreciation (total)	1,379,016	1,379,016	38,520	77,040	115,560	115,560	115,560	115,560	115,560	115,560	115,560	115,560	115,560	115,560	115,560
Revenue	107,257	899	2,996	5,992	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988
Total Royalty	604,368	250	4,460	15,088	30,643	46,702	48,288	49,140	50,036	50,976	51,964	53,000	54,089	55,232	47,026
Operating Costs	190,093	1,191	4,119	8,549	13,314	13,830	14,372	14,940	15,537	16,164	16,822	17,513	18,239	19,001	16,501
Rock Mined	154,293	891	3,119	6,549	10,314	10,830	11,372	11,940	12,537	13,164	13,822	14,513	15,239	16,001	14,001
Waste Mined	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50
Waste Mining Cost	231,440	1,337	4,678	9,823	15,472	16,245	17,058	17,910	18,806	19,746	20,734	21,770	22,859	24,002	21,001
Total Waste Mining Cost	35,800	300	1,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,500
Total Ore Mined (Diluted)	38,306.00	321.00	1,070.00	2,140.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	2,675.00
Mo Mined	1.50	4.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Ore Mining Cost	53,700	450	1,500	3,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	3,750
Total Ore Mining Cost	35,800	300	1,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,500
Ore Processed	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Ore Processing Cost	286,400	2,400	8,000	16,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	20,000
Total Ore Processing Cost	0.91	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910
G&A Cost	32,828	273	910	1,820	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,275
Total G&A Cost	604,368	4,460	15,088	30,643	46,702	47,475	48,288	49,140	50,036	50,976	51,964	53,000	54,089	55,232	47,026
Total OPEX	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88	16.88
OPEX cash cost per t of ore	38.52	38.52	38.52	38.52	38.52	38.52	38.52	38.52	38.52	38.52	38.52	38.52	38.52	38.52	38.52
Revenue per t of ore	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%
OPEX of Revenue	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Metals Recovered	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Mo Price	34,475.40	288.90	963.00	1,926.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,407.50
Mo Recovered	1,379,016	11,556	38,520	77,040	115,560	115,560	115,560	115,560	115,560	115,560	115,560	115,560	115,560	115,560	96,300
Mo Revenue	107,256.80	899	2,996	5,992	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	7,490
Mo Royalty															

Table 4.1: Financial Model Assumptions and Input Data (Base Case: Mo price of US\$40,000/t)

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Unit	TOTAL														
Total Sales Cost	-	25,200	14,500	-	-	-	-	-	-	-	-	-	-	-	-
CAPEX Total	77,000	37,300	2,487	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133
Depreciation (total)	73,287	4,167	-	96,300	144,450	144,450	144,450	144,450	144,450	144,450	144,450	144,450	144,450	144,450	120,375
Revenue	-	14,445	3,745	7,490	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	9,363
Total Royalty	134,071	-	1,124	30,643	46,702	47,475	48,288	49,140	50,036	50,976	51,964	53,000	54,089	55,232	47,026
Operating Costs	604,368	4,460	15,088	30,643	46,702	47,475	48,288	49,140	50,036	50,976	51,964	53,000	54,089	55,232	47,026
Summary of KPI															
Drazilovskoe Ore															
Rock Mined	190,093	1,191	4,119	8,549	13,314	13,830	14,372	14,940	15,537	16,164	16,822	17,513	18,239	19,001	16,501
Waste Mined	154,293	891	3,119	6,549	10,314	10,830	11,372	11,940	12,537	13,164	13,822	14,513	15,239	16,001	14,001
Waste Mining Cost	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total Waste Mining Cost	231,440	1,337	4,678	9,823	15,472	16,245	17,058	17,910	18,806	19,746	20,734	21,770	22,859	24,002	21,001
Total Ore Mined (Diluted)	35,800	300	1,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,500
Metals Mined															
Mo Mined	38,306.00	321.00	1,070.00	2,140.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	3,210.00	2,675.00
Ore Mining Cost	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total Ore Mining Cost	53,700	450	1,500	3,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	3,750
Ore Processed	35,800	300	1,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	2,500
Ore Processing Cost	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total Ore Processing Cost	286,400	2,400	8,000	16,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	20,000
G&A Cost	0.91	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910	0.910
Total G&A Cost	32,828	273	910	1,820	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,730	2,275
Total OPEX	604,368	4,460	15,088	30,643	46,702	47,475	48,288	49,140	50,036	50,976	51,964	53,000	54,089	55,232	47,026
OPEX cash cost per t of ore	16.88	13.81	14.00	15.00	14.50	14.60	14.70	14.80	14.90	15.00	15.10	15.20	15.30	15.40	15.50
Revenue per t of ore	48.15	36.80	37.00	37.50	38.00	38.10	38.20	38.30	38.40	38.50	38.60	38.70	38.80	38.90	39.00
OPEX of revenue	35%	37%	37%	38%	38%	38%	38%	38%	38%	38%	38%	38%	38%	38%	38%
Metals Recovered															
Mo Price	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Mo Recovery	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Mo Recovered	34,475.40	288.90	963.00	1,926.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,889.00	2,407.50
Mo Revenue	1,723,770	14,445	48,150	96,300	144,450	144,450	144,450	144,450	144,450	144,450	144,450	144,450	144,450	144,450	120,375
Mo Royalty	134,071.00	1,124	3,745	7,490	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	9,363

Table 4-2: Financial Model Assumptions and Input Data (Optimistic Case: Mo price of US\$50,000/t)

Drozhilovskoye is a pre-production stage project, requiring major capital investments to be put in place. Overall capital expenditures are estimated to be in a region of US\$77M.

The total operating costs are approximately 44% of revenue at a Mo price of US\$40,000/t and 35% at Mo price of US\$50,000/t.

The project has an overall operating cash cost of US\$16.88/t which WAI considers to be in-line with similar sized open pit mining operations.

The WAI discounted cash flow model is presented in Table 4.3 and Table 4.4 below, with a summary of the key financial indices given in Table 4.5.

A sensitivity analysis was performed on four key variables in the cash flow model: revenue (recovery, metal price and grade), operating cost, capital cost and discount rate. This allows evaluation of the robustness of the model should any of these variables change. Several cases were considered, where each of the variables changed from -20% to +20% of its nominal value. The results of the sensitivity analysis are shown in Figure 4.1 below.

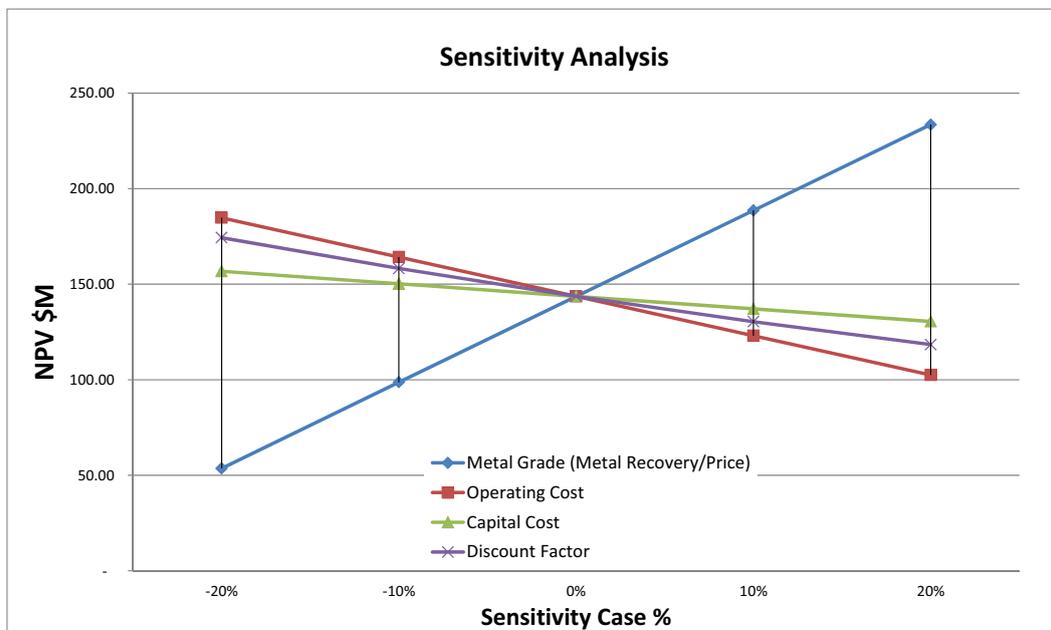


Figure 4.1: Sensitivity Analysis

As expected, the results from the sensitivity analysis show that the project is most sensitive to recovery, metal price and grade.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Unit	Total															
<i>Inflation</i>																
Revenue (NSR)	0	8,667	28,890	57,780	86,670	86,670	86,670	86,670	86,670	86,670	86,670	86,670	86,670	86,670	86,670	72,225
Total Operating Costs	250	4,460	15,088	30,643	46,702	47,475	48,288	49,140	50,036	50,976	51,964	53,000	54,089	55,232	47,026	47,026
Total Royalty	0	899	2,996	5,992	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	8,988	7,490
Capital Expenditure	37,300	25,200	14,500	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	2,487	4,167	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133
Gross Revenue	0	8,667	28,890	57,780	86,670	86,670	86,670	86,670	86,670	86,670	86,670	86,670	86,670	86,670	86,670	72,225
Less Royalty	0	-899	-2,996	-5,992	-8,988	-8,988	-8,988	-8,988	-8,988	-8,988	-8,988	-8,988	-8,988	-8,988	-8,988	-7,490
Less OPEX	-250	-4,460	-15,088	-30,643	-46,702	-47,475	-48,288	-49,140	-50,036	-50,976	-51,964	-53,000	-54,089	-55,232	-47,026	-47,026
Operating Profit	322,637	3,309	10,806	21,145	30,980	30,207	29,394	28,542	27,646	26,706	25,718	24,682	23,593	22,450	17,709	17,709
Less Depreciation	-73,387	-2,487	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133
Taxable Income (CF before Tax)	249,251	-858	5,673	16,011	25,847	25,073	24,261	23,408	22,513	21,572	20,585	19,548	18,460	17,317	12,575	12,575
Less Corporate Income Tax Paid Before Funding)	0	0	-1,135	-3,202	-5,169	-5,015	-4,852	-4,682	-4,503	-4,314	-4,117	-3,910	-3,692	-3,463	-2,515	-2,515
Net Income	198,682	-858	4,538	12,809	20,678	20,059	19,409	18,727	18,010	17,258	16,468	15,639	14,768	13,854	10,060	10,060
Depreciation (Added back)	2,487	4,167	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133
Less Change in Working Capital	-42	702	1,771	2,593	2,676	129	135	142	149	157	165	173	181	190	-1,368	0
Less Capital Expenditures	-37,300	-25,200	-14,500	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	-37,592	-21,190	-3,057	20,535	28,487	25,321	24,678	24,002	23,293	22,548	21,766	20,945	20,083	19,177	13,826	13,826
Cumulative Net Cash Flow	-37,592	-58,781	-61,838	-41,303	-12,816	12,505	37,183	61,185	84,478	107,026	128,792	149,737	169,819	188,997	202,823	202,823
Discount Factor	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39	0.35	0.32	0.29	0.26	0.24	0.24
Discounted CashFlow	-34,174	-17,512	-2,297	14,026	17,688	14,293	12,664	11,197	9,878	8,693	7,629	6,674	5,817	5,050	3,310	3,310
Cumulative Discounted Free Cash Flow	-34,174	-51,686	-53,983	-39,957	-22,269	-7,976	4,688	15,885	25,763	34,456	42,085	48,759	54,576	59,626	62,936	62,936

Table 4.3: Discounted Financial Model (Base Case: Mo price of US\$40,000/t)

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Unit	Total															
Revenue (NSR)	0	10,834	36,113	72,225	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	90,281
Total Operating Costs	250	4,460	15,088	30,643	46,702	47,475	48,288	49,140	50,036	50,976	51,964	53,000	54,089	55,232	47,026	47,026
Total Royalty	0	1,124	3,745	7,490	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	11,235	9,363	9,363
Capital Expenditure	37,300	25,200	14,500	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	2,487	4,167	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133
Gross Revenue	0	10,834	36,113	72,225	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	108,338	90,281
Less Royalty	0	-1,124	-3,745	-7,490	-11,235	-11,235	-11,235	-11,235	-11,235	-11,235	-11,235	-11,235	-11,235	-11,235	-11,235	-9,363
Less OPEX	-250	-4,460	-15,088	-30,643	-46,702	-47,475	-48,288	-49,140	-50,036	-50,976	-51,964	-53,000	-54,089	-55,232	-47,026	-47,026
Operating Profit	554,389	5,251	17,280	34,092	50,401	49,627	48,815	47,962	47,067	46,126	45,139	44,102	43,014	41,871	33,892	33,892
Less Depreciation	-2,487	-4,167	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133	-5,133
Taxable Income (CF before Tax)	-2,737	1,084	12,146	28,958	45,268	44,494	43,682	42,829	41,933	40,993	40,006	38,969	37,880	36,738	28,759	28,759
Less Corporate Income Tax Paid Before Funding)	0	-217	-2,429	-5,792	-9,054	-8,899	-8,736	-8,566	-8,387	-8,199	-8,001	-7,794	-7,576	-7,348	-5,752	-5,752
Net Income	-2,737	867	9,717	23,167	36,214	35,595	34,945	34,263	33,547	32,794	32,005	31,175	30,304	29,390	23,007	23,007
Depreciation (Added back)	2,487	4,167	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133	5,133
Less Change in Working Capital	-42	702	1,771	2,593	2,676	129	135	142	149	157	165	173	181	190	-1,368	-1,368
Less Capital Expenditures	-37,300	-25,200	-14,500	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	-37,592	-19,464	2,122	30,893	44,024	40,857	40,214	39,539	38,829	38,084	37,302	36,481	35,619	34,714	26,773	26,773
Cumulative Net Cash Flow	-37,592	-57,056	-54,934	-24,042	19,982	60,839	101,054	140,592	179,421	217,506	254,808	291,289	326,909	361,622	388,395	388,395
Discount Factor	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39	0.35	0.32	0.29	0.26	0.24	0.24
Discounted Cash Flow	-34,174	-16,086	1,594	21,100	27,335	23,063	20,636	18,445	16,467	14,683	13,074	11,624	10,318	9,141	6,409	6,409
Cumulative Discounted Free Cash Flow	-34,174	-50,261	-48,666	-27,566	-231	22,832	43,468	61,913	78,380	93,064	106,138	117,762	128,080	137,221	143,630	143,630

Table 4.4: Discounted Financial Model (Optimistic Case: Mo price of US\$50,000/t)

Table 4.5: Key Financial Indices				
			Base case (US\$40,000/t)	Optimistic case (US\$50,000/t)
NPV @ Discount Rate	8%	MUS\$	80.4	174.3
NPV (Base Case) @ Discount Rate	10%	MUS\$	62.9	143.6
NPV @ Discount Rate	12%	MUS\$	48.6	118.4
IRR		%	25	38
Payback period of capital		Years	5.51	4.55
Max Cash Exposure		MUS\$	-61.8	-57.1

Therefore, at a Base Case Mo metal price of US\$40,000/t and using a 10% Discount Rate, a **NPV for Drozhilovskoye is US\$63M**. For the Optimistic Case, based on a US\$50,000/t Mo, metal price, the NPV increases to US\$144M.

4.3 Smirnovskoe Analysis

WAI has examined the data pertaining to the Smirnovskoe Mo-W project which principally comprises information from the Soviet era with little work done since this period.

However, the Client has prepared a valuation for Smirnovskoe based on a DCF model in the same format as has been prepared for Drozhilovskoye.

Although many of the parameters and assumptions made in this work are valid, WAI is unable to accept this valuation methodology due to a number of reasons:

- No recent work exploration or confirmatory work;
- Absence of hydrogeological and geotechnical studies;
- Limited metallurgical testwork programme;
- Absence of an up-dated resource model, and
- No mining studies.

Common practice with this type of project and level of data would be to value the property based on a discounted asset value related to the Net In-situ value of the metal in the ground.

As discussed above, a Soviet resource estimate has been made giving a C₁ + C₂ resource of some 109Mt @ 0.1378% Mo_(eq) using a 0.05% Mo equivalent cut-off grade. However, for the purposes of this valuation, WAI has utilised the 2007 estimate which for the larger Northern and smaller Southern part of the deposit is approximately 108Mt @ 0.1056% Mo. This equates to a contained metal content of some 114,000t.

From the Drozhilovskoye analysis, a US\$40,000/t of Mo metal Base Case has been used, and it is on this basis that this valuation is calculated.

In terms of the Discount Factor to be used, for Inferred mineralisation (effectively taken as being equivalent to the Smirnovskoe resource), typically these factors range from 1-5% of the metal value, dependent on the level of confidence the valuer places in the resource.

Therefore, for Smirnovskoe, given the relatively moderate level of uncertainty in the resource, WAI has ascribed a 3% Discount Factor to the value.

Thus, the valuation for the contained metal content at Smirnovskoe is some **US\$137M**.

4.4 Summary

WAI has examined the data provided by the Client on the Drozhilovskoye and Smirnovskoe deposits.

Given the level of data available, WAI has valued the Drozhilovskoye deposit based on a DCF approach whilst the less well studied Smirnovskoe deposit has been valued based on a discount to the metal content in the ground.

For the Base Case, the result of this study has provided a valuation for Drozhilovskoye of US\$63M and Smirnovskoe some US\$137M giving a combined valuation of US\$200M. If the Optimistic Case is used, this combined valuation increases to US\$315M.

The results of this work show that, given the scenario described above, it is likely that Drozhilovskoye could support a stand-alone mining and processing operation, albeit at a fairly modest level.

However, the original GKZ estimate for the deposit suggests >100Mt of ore which if properly delineated will dramatically improve the overall project economics as the benefits of economies of scale can be introduced. Therefore, any further works should focus on delineating further tonnage at this deposit.

Conversely, at Smirnovskoe, it is evident that a significant tonnage is present (>100Mt), but that the overall level of knowledge of the deposit is not sufficient to provide realistic opinion on the viability of the project.

The Client's original financial model considered one plant taking ore from both deposits which is clearly still an option. However, considerable work will be required to ascertain the viability or otherwise of this or any other scheme, and WAI recommends that detailed exploration plans be formulated at both deposits with a view to taking them through to Pre-feasibility Study at which time more rigorous financial analysis can be made.

Notwithstanding the above, Drozhilovskoye and Smirnovskoe represent significant molybdenum (and tungsten – not valued here) assets that have the potential to be developed as a major mining project following sufficient technical and economic studies.

PART IV

Accountant's Report and historical financial information on KRMC

Section A – Accountant's Report



BDO LLP
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GMA Resources plc
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The Directors
Merchant Securities Limited
51 – 55 Gresham Street
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4 February 2013

Dear Sirs

GMA Resources plc (the “Company”)
Joint Venture Kazakhstan-Russian Mining Company LLP (“KRMC”)

Introduction

We report on the financial information on KRMC set out in Section B of Part IV. This financial information has been prepared for inclusion in the admission document dated 4 February 2013 of GMA Resources plc (the “Admission Document”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

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

Basis of opinion

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

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of KRMC as at 31 December 2009, 2010 and 2011 and of its results, cash flows and changes in equity for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

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

Yours faithfully

BDO LLP

Chartered Accountants

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

Section B – Historical financial information

Statement of financial position

	Notes	As at 31 December 2011 USD'000	As at 31 December 2010 USD'000	As at 31 December 2009 USD'000
Assets				
Non-current assets				
Exploration and evaluation assets	3	2,348	2,336	2,309
Property, plant and equipment	4	54	62	71
Other receivables	5	78	81	74
Total non-current assets		2,480	2,479	2,454
Current assets				
Other receivables	5	11	15	20
Cash and cash equivalents	6	—	23	—
Total current assets		11	38	20
Total assets		2,491	2,517	2,474
Equity and liabilities				
Equity				
Share capital	7	3,272	3,272	3,272
Share premium	7	723	723	723
Capital contribution reserve	7	140	105	—
Foreign exchange reserve	7	55	52	59
Retained earnings	7	(5,178)	(4,915)	(4,719)
Total equity		(988)	(763)	(665)
Non-current liabilities				
Loans and borrowings	9	1,185	968	716
Obligations under subsoil use contracts		12	—	—
Total non-current liabilities		1,197	968	716
Current liabilities				
Loans and borrowings	9	1,093	1,170	1,131
Trade and other payables	8	1,164	1,126	1,276
Obligations under subsoil use contracts		25	16	16
Total current liabilities		2,282	2,312	2,423
Total liabilities		3,479	3,280	3,139
Total equity and liabilities		2,491	2,517	2,474

Statement of comprehensive income

		Year ended 31 December 2011 USD'000	Year ended 31 December 2010 USD'000	Year ended 31 December 2009 USD'000
	Notes			
Administrative expenses		(109)	(83)	(107)
Operating loss	11	(109)	(83)	(107)
Finance income		—	5	—
Finance expense	12	(154)	(118)	(314)
Loss before and after taxation		(263)	(196)	(421)
Exchange gains arising on re-translation to presentation currency		3	(7)	3
Total comprehensive loss for the year attributable to equity holders		(260)	(203)	(418)

Statement of cash flows

	Year ended 31 December 2011 USD'000 Audited	Year ended 31 December 2010 USD'000 Audited	Year ended 31 December 2009 USD'000 Audited
Cash flows from operating activities			
Loss for the year	(263)	(196)	(421)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	8	10	16
Loss from disposal of property, plant and equipment	—	—	4
Finance income	—	(5)	—
Finance expenses	153	118	314
Foreign exchange	1	—	25
Operating loss before working capital changes	(101)	(73)	(62)
Increase/(decrease) in other receivable	3	(2)	—
Decrease/(increase) in trade and other payables	44	(157)	54
Net cash flows from operating activities	(54)	(232)	(8)
Investing activities			
Transfers to/(from) restricted cash deposits	1	(6)	—
Net cash used in/(received from) investing activities	1	(6)	—
Financing activities			
Proceeds from borrowings	29	261	8
Net cash received from financing activities	29	261	8
Net (decrease)/increase in cash and cash equivalents	(23)	23	—
Cash and cash equivalents at beginning of year	23	—	—
Exchange gains/(losses) on cash and cash equivalents	—	—	—
Cash and cash equivalents at end of year	—	23	—

Statement of changes in equity

	Charter capital USD'000	Additional paid-in capital USD'000	Capital contribution reserve USD'000	Foreign Exchange reserve USD'000	Accumulated deficit USD'000	Total USD'000
At 1 January 2009	3,272	723	—	56	(4,298)	(247)
Loss for the year	—	—	—	—	(421)	(421)
Other comprehensive income	—	—	—	3	—	3
At 31 December 2009 (audited)	3,272	723	—	59	(4,719)	(665)
Loss for the year	—	—	—	—	(196)	(196)
Other comprehensive loss	—	—	—	(7)	—	(7)
Arising on shareholders' loans	—	—	105	—	—	105
At 31 December 2010 (audited)	3,272	723	105	52	(4,915)	(763)
Loss for the year	—	—	—	—	(263)	(263)
Other comprehensive income	—	—	—	3	—	3
Arising on shareholders' loans	—	—	35	—	—	35
At 31 December 2011 (audited)	3,272	723	140	55	(5,178)	(988)

Notes to the financial information

1 Accounting Policies

a) General

JV Kazakhstan-Russian Mining Company LLP (“KRMCM”) is a company incorporated in Republic of Kazakhstan on 19 December 2001 and is registered at 4, Bldg. 122A, Kabanbai batyr str., Almaty, Republic of Kazakhstan.

The principal activity of KRMCM is exploration of tungsten, molybdenum and copper.

KRMCM’s immediate parent company is Lothar Enterprises Ltd, a company registered in the UK. The ultimate controlling party is the Assubayev family.

b) Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

This financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB).

The preparation of financial information in compliance with IFRS requires the use of certain critical accounting estimates. It also requires KRMCM’s management to exercise judgment in applying the KRMCM’s accounting policies. The areas where significant judgment and estimates have been made in preparing the financial information and their effect are disclosed in note 2.

c) Changes in accounting policies

1 New standards, amendments to published standards and interpretations to existing standards effective in 2011 and adopted by KRMCM:

Standard		Impact on initial application	Effective date
IFRIC 19	Extinguishing financial liability with equity instruments	This interpretation addresses transactions in which entity issues equity instruments to a creditor in return for the extinguishment of all or part of a financial liability.	1 July 2010
IAS 24 (Revised)	Related party disclosures	The revised standard responds to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice, especially in environments where government control is pervasive.	1 January 2011
Improvements to IFRSs (2010)		The improvements in this amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between standards.	1 January 2011
IAS 32 (Amendment)	Classification of rights issues	The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuers. The amendment requires for rights issues to be accounted for as equity provided the rights are offered pro-rata to all existing owners of the entity.	1 February 2010
		The amendment is not relevant to KRMCM as it had no rights, options or warrants issues.	

Standard		Impact on initial application	Effective date
IFRS 1 (Amendment)	First-time adoption of IFRS	The amendment permits first-time adopters to use the same transitional provisions as are available to existing preparers of IFRS. This amendment is not relevant to KRMC as it is existing IFRS preparer.	1 July 2010
IFRIC 14/IAS 19 (Amendment)	Limit on a defined benefit asset, minimum funding requirements and their interaction	The amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment is not relevant to KRMC as it is not subject to minimum funding requirement.	1 January 2011

2 Standards, amendments and interpretations, which are effective for reporting years beginning after the date of this financial information which have not been adopted early:

Standard		Impact on initial application	Effective date
IFRS 7 (Amendments)	Disclosures – transfers of financial assets	The amendment requires the disclosure of information in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date.	1 July 2011
IFRS 1 (Amendments)	Severe Hyperinflation and removal of fixed dates for first-time adopters	Management do not expect this amendment, to be relevant to KRMC.	1 July 2011
IAS 12 (Amendment)	Deferred tax: recovery of underlying assets	The amendment introduces the presumption, when measuring the deferred tax relating to an asset, that the entity will normally recover its carrying amount through sale. Management do not expect this amendment, to be relevant to KRMC.	1 January 2012
IAS 1 (Amendment)	Presentation of items of other comprehensive income	The amendment requires companies to group together items within other comprehensive income (OCI) that may be reclassified to the profit or loss section of the income statement. KRMC will apply the amendment from 1 January 2013	1 July 2012

3 Standards, amendments and interpretations that are not yet effective and have not been early adopted:

Standard		Impact on initial application	Effective date
IFRS 11	Joint arrangements	The new standard requires that a party to a joint arrangement recognises its rights and obligations arising from the arrangements rather than focusing on the legal form. KRMC will apply the standard from 1 January 2013.	1 January 2013
IFRS 12	Disclosure of interest in other entities	The standard includes the disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. KRMC will apply the standard from 1 January 2013.	1 January 2013
IFRS 13	Fair value measurement	The standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. KRMC will apply the standard from 1 January 2013.	1 January 2013
IAS 27 (Amendment 2011)	Separate financial statements	The amendment contains accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. KRMC will apply the standard from 1 January 2013.	1 January 2013
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	The amendment includes the required accounting for joint ventures as well as the definition and required accounting for associates. KRMC will apply the standard from 1 January 2013.	1 January 2013
IAS 19 (Amendment 2011)	Employee benefits	The main changes introduced by the amendment revolve around the accounting for defined benefit pension schemes. Management do not expect this amendment, to be relevant to KRMC.	1 January 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	This interpretation applies to waste removal (stripping) costs that are incurred in surface mining activity, during the production phase of the mine. KRMC will apply the standard from 1 January 2013.	1 January 2013

Standard		Impact on initial application	Effective date
IFRS 7 (Amendment 2011)	Disclosures – offsetting financial assets and financial liabilities	The amendment introduces disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on entity’s financial position. KRMC will apply the standard from 1 January 2013.	1 January 2013
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	The amendment seeks to clarify rather than change the off-setting requirements previously set out in IAS 32. KRMC will apply the standard from 1 January 2014.	1 January 2014
IFRS 9	Financial instruments	The standard will eventually replace IAS 39 in its entirety. However, the process has been divided into three main components: classification and measurement, impairment and hedge accounting. KRMC will apply the standard from 1 January 2013.	1 January 2015

KRMC is evaluating the impact of the above pronouncements but they are not expected to have a material impact on the KRMC’s earnings or shareholders’ funds.

d) Exploration and evaluation assets

Exploration and evaluation assets comprise of exploration and evaluation expenditure incurred on projects where insufficient work has been performed to confirm whether significant mineralisation exists or whether the project is economically feasible. Costs are capitalised as intangible assets until the decision is made to proceed to development, whereupon the related expenditures are transferred to non-current assets as mining properties unless the projects are determined not to be commercially viable, whereupon the related costs are written off to the statement of comprehensive income. Depreciation on non-current assets used on exploration and evaluation projects is capitalised. Exploration and evaluation assets are not amortised.

Exploration and evaluation assets are assessed at each reporting year to determine whether there are indicators that assets might be impaired. If any such indicators exist, a review for impairment is conducted.

Pre-licence costs are recognised as an expense in the statement of comprehensive income as incurred.

Expenditure on research activities are recognised as an expense in the statement of comprehensive income as incurred.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive income on a “straight line” basis over the estimated useful lives of each part of an item of property, plant and equipment at the rates stated below. Depreciation on property, plant and equipment used for subsoil operations is capitalised as part of the exploration and evaluation asset. Land is not depreciated.

- Buildings and structures 5%
- Equipment 3%-20%
- Other assets 12%-20%

f) Impairment

The carrying amount of non-current assets of KRMC is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less costs to sell.

In assessing the value in use, the expected future cash flows from the assets is determined by applying a discount rate to the anticipated pre-tax future cash flows. Impairment is recognised in the statement of comprehensive income to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are depreciated/amortised in line with the KRMC's accounting policies.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. The reversal is recognised in the profit and loss and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior reporting years.

Assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units") for the purposes of assessing impairment. The estimates of future discounted cash flows are subject to risks and uncertainties including the future commodity prices. It is therefore reasonably possible that changes could occur which may affect the recoverability of assets.

g) Foreign currencies

Transactions entered into by KRMC in a currency other than Kazakh Tenge, which is the currency of the KRMC's primary economic environment in which it operates ("functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of comprehensive income.

To make its financial results and position comparable to other entities within the mining industry, for presentation purposes KRMC translates its results into US Dollars ("presentation currency") at average rates approximating to those ruling when the transactions took place. All assets and liabilities of KRMC are translated at the rates ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rates and the operating results at actual/average rates are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

The following exchange rates were used to prepare this financial information:

	As at 31 December 2011	As at 31 December 2010	As at 31 December 2009
Closing rate	145.58	145.08	146.78
Average for the year	144.56	145.25	145.75

h) Provisions

A provision is recognised in the statement of financial position when KRMC has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised as finance expense in the statement of comprehensive income as it occurs.

Provisions are made for the estimated rehabilitation/decommissioning costs relating to areas disturbed during the mines' operation up to the reporting date but not yet rehabilitated. Such provisions are been made in accordance with local legislation.

The estimated cost of rehabilitation includes the current cost of re-contouring, top-soiling and re-vegetation in accordance with legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Significant uncertainties exist as to the amount of rehabilitation obligations which may be incurred due to the impact of possible changes in environmental legislation.

i) Taxation

Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting year date together with any adjustments to tax payable in respect of previous years.

Deferred tax assets or liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets/(liabilities) are settled/(recovered).

j) Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when KRMC becomes party to the contractual provision of the instrument.

Financial assets

KRMC classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. KRMC did not have any financial assets designated as held to maturity, available for sale nor has it designated any financial assets as being at fair value through profit and loss.

Unless otherwise indicated, the carrying amounts of the KRMC's financial assets are a reasonable approximation of their fair values.

Loans and receivable

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through provision of goods and services to customers such as trade receivables, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using effective interest rate method, less provision for impairment. Fair values are re-measured when significant changes in original estimates occur. Any subsequent changes to the initial fair values are recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Impairment of financial assets

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's net carrying amount and the present value of the future expected cash flows associated with the impaired asset, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance

account. When a trade receivable is uncollectable, it is written off against the allowance account. Impairments are recognised in the statement of comprehensive income within administrative expenses.

Financial liabilities

KRMC classifies its financial liabilities into one of the two categories depending on the purpose for which the liability was acquired.

Unless otherwise indicated the carrying amounts of the KRMC's financial liabilities are a reasonable approximation of their fair values.

Other financial liabilities

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Interest-bearing loans and borrowings

Loans and bank borrowings are recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the year to repayment is at a constant rate on the balance of liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Share capital

Financial instruments issued by KRMC are treated as equity only to the extent that they do not meet the definition of a financial liability. The KRMC's ordinary shares are classified as equity instruments.

KRMC considers its capital to comprise its ordinary share capital and accumulated retained earnings. There have been no changes in what KRMC considers to be capital since the previous year.

2 Critical accounting estimates and judgements

KRMC makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Carrying values of exploration and evaluation assets and property, plant and equipment

KRMC monitors internal and external indicators of impairment relating to its exploration and evaluation assets and property, plant and equipment. Management has considered whether any indicators of impairment have arisen over certain assets relating to the KRMC's mining operations. After assessing these, management has concluded that no impairment has arisen in respect of these assets during each year.

(ii) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on the management's estimates of the number of years over which the assets will generate economic benefits. This is periodically reviewed for continued appropriateness. Due to the long lives of certain assets, changes to the estimates used could result in significant variations in the carrying values.

(iii) *Decommissioning and rehabilitation*

The ultimate decommissioning and site restoration costs are uncertain and can be impacted by changes to legislation, restoration techniques and changes to the expected timing of closure resulting from changes to ore reserves. As a result there could be significant adjustments to the provisions established which would affect future results.

(iv) *Base of mining operations*

The KRMC's primary base of operations is in Kazakhstan. Kazakhstan's economy continues to display certain characteristics of an emerging market. These characteristics include, in particular, inconvertibility of the national currency in most countries outside of Kazakhstan and relatively high inflation rates. The Kazakh tax, currency and customs legislation is subject to varying interpretations and frequent changes. The financial information has been prepared on the assumption that no significant adverse changes to the economic, regulatory and fiscal environment will arise.

(v) *Fair value of financial instruments*

KRMC determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts of quoted market prices of comparable instruments. In that regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, could not be realised immediately.

(vi) *Income taxes*

KRMC is subject to income tax in Kazakhstan and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, KRMC recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised, when, despite the KRMC's belief that its tax return positions are supportable, KRMC believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities.

3 Exploration and evaluation assets

	Contract No 1605 US\$000	Contract No 1606 US\$000	Total US\$000
1 January 2009	159	2,683	2,842
Foreign exchange rate movements	(30)	(503)	(533)
31 December 2009	129	2,180	2,309
1 January 2010	129	2,180	2,309
Foreign exchange rate movements	2	25	27
31 December 2010	131	2,205	2,336
1 January 2011	131	2,205	2,336
Additions	10	10	20
Foreign exchange rate movements	(1)	(7)	(8)
31 December 2011	140	2,208	2,348

Exploration and evaluation assets relate to the capitalised licence costs and subsequent exploration expenditure incurred in respect of the Smirnovskoe deposit (licence No. 1605) and the Drozhilovskoye deposit (licence No. 1606) awarded to KRMC in December 2004 for exploration and production of

tungsten, molybdenum and copper at the Smirnovskoe and at the Drozhilovskoye deposits respectively. Both deposits are located in Kostanay region of Kazakhstan.

During the period from 2008 to 2011 KRMC had ongoing litigation with the Kazakh Ministry of Industry and New Technologies with regards to the decision made by the Ministry to revoke the licences No. 1605 and No. 1606 due to non-performance of financial obligations under the terms of the respective licence agreements.

In December 2011 the Astana Specialised Interdistrict Economic Court overruled the earlier decision of the Ministry of Industry and New Technologies and declared the licences to be in force.

During the litigation period KRMC temporarily stopped the exploration and evaluation works in the above licence areas. Following the decision of the Astana Specialised Interdistrict Economic Court, KRMC applied to the Ministry of Industry and New Technologies for an extension of the exploration period for both licences (note 16).

As at the date of this financial information the extension application remained under consideration of the Expert Committee at the Ministry of Industry and New Technologies and no extension has been granted yet.

4 Property, plant and equipment

	Land and buildings US\$000	Equipment US\$000	Other assets US\$000	Total US\$000
Cost				
1 January 2009	7	111	77	195
Disposals	—	—	(7)	(7)
Foreign exchange rate movements	(1)	(21)	(14)	(36)
31 December 2009	6	90	56	152
Accumulated depreciation				
1 January 2009	(1)	(32)	(50)	(83)
Charge for the year	—	(7)	(9)	(16)
Disposals	—	—	3	3
Foreign exchange rate movements	—	6	9	15
31 December 2009	(1)	(33)	(47)	(81)
NBV at 31 December 2009	5	57	9	71
Cost				
1 January 2010	6	90	56	152
Foreign exchange rate movements	—	1	1	2
31 December 2010	6	91	57	154
Accumulated depreciation				
1 January 2010	(1)	(33)	(47)	(81)
Charge for the year	—	(5)	(4)	(9)
Foreign exchange rate movements	—	—	(2)	(2)
31 December 2010	(1)	(38)	(53)	(92)
NBV at 31 December 2010	5	53	4	62
Cost				
1 January 2011	6	91	57	154
Foreign exchange rate movements	—	—	(1)	(1)
31 December 2011	6	91	56	153
Accumulated depreciation				
1 January 2011	(1)	(38)	(53)	(92)
Charge for the year	—	(6)	(2)	(8)
Foreign exchange rate movements	—	—	1	1
31 December 2011	(1)	(44)	(54)	(99)
NBV at 31 December 2011	5	47	2	54

5 Other receivables

	2011 US\$000	2010 US\$000	2009 US\$000
Non-current other receivables			
VAT receivable	73	75	74
Restricted cash	5	6	—
Total non-current other receivables	78	81	74
Current other receivables			
Prepayments	11	15	20
Total other receivables	11	15	20

Restricted cash relates to the cash deposits intended for the site rehabilitation purposes in accordance with the terms of the subsoil use licence agreements.

The fair values of the KRMC's other receivables are not significantly different from their carrying values. The fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates.

An analysis of the KRMC's other receivables classified as financial assets by currency is provided in note 10.

6 Cash and cash equivalents

	2011 US\$000	2010 US\$000	2009 US\$000
Cash in bank and on hand	—	23	—

All cash balances constitute on demand deposits or short term investments available at call and are held in Kazakh Tenge.

7 Share capital and reserves

Share capital	Ordinary shares of 1 Tenge each	US\$000
Authorised, issued and fully paid shares		
31 December 2009	390,080,000	3,272
31 December 2010	390,080,000	3,272
31 December 2011	390,080,000	3,272

Reserves	Description and purposes
Share premium	Amount subscribed for share capital in excess of nominal value
Capital contribution reserve	Fair value gain arising on shareholder loans provided at below market rates
Foreign exchange reserve	Gains/losses arising on retranslation from functional to presentation currency
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income

8 Trade and other payables

	2011 US\$000	2010 US\$000	2009 US\$000
Trade payables	792	779	823
Accruals	372	347	448
Taxation and social security	—	—	5
Total other payables	1,164	1,126	1,276

The fair values of the KRMC's trade and other payables are not significantly different from their carrying values. The fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates.

An analysis of the KRMC's trade and other payables classified as financial liabilities by currency is provided in note 10.

9 Loans and borrowings

	2011 US\$000	2010 US\$000	2009 US\$000
Non-current loans and borrowings			
Shareholder loan	83	—	—
Related party loans	1,102	968	716
	1,185	968	716
Current loans and borrowings			
Shareholder loan	—	108	107
Related party loans	1,093	1,062	1,024
	1,093	1,170	1,131

The shareholder loan relates to a loan provided by Mr S.S Lanochkin in the amount of 15,737,000 Kazakh Tenge. The loan is provided on an interest free basis and is repayable on demand. In September 2012 the repayment terms of the loan have been revised and repayment period extended to 25 December 2014, which has been treated as an adjusting event after the reporting date (note 16). Consequently at 31 December 2011 the loan has been re-measured at fair value based on the discounted cash flows using a rate of 9.2% based on the fair market rate for comparable entities. The fair value gain of US\$35,000 was recognised in the statement of changes in equity as capital contribution and accreted over the expected life of the loan (note 12).

Related party loans are loans provided by companies and individuals related to the KRMC's shareholder Lother Enterprises Ltd and are shown below:

	Currency	Interest rate	Principal loan amount as at 31 December		
			2011 US\$000	2010 US\$000	2009 US\$000
AlmaSnabResources LLP	KZT	0%	246	247	244
Storm Continental SA	USD	5%	270	270	270
Centrasia Mining Corp	USD	0%	120	120	120
Zadessa Limited	USD	0%	306	306	306
Hawkinson Capital INC	USD	20%	336	292	253
Hawkinson Capital INC	KZT	0%	381	333	286
AltynMunaiGaz LLP	KZT	0%	206	165	—

On inception the interest free loans were measured at fair value based on the discounted cash flows discounted using rates ranging between 9.2% and 11.5% based on the fair market rate for comparable entities. The fair value gains were recognised in the statement of changes in equity and accreted of the expected life of the loans (note 12).

All loans are unsecured.

All current related party loans are overdue and as at the date of this financial information no repayment terms for the overdue loans have been agreed by KRMC with the lenders.

All non-current related party loans are due on 25 December 2014.

10 Financial instruments – Risk management

KRMC is exposed through its operations to the following financial risks:

- Credit risk
- Currency risk
- Liquidity risk
- Interest rate risk

KRMC is exposed to risks that arise from its use of financial instruments. This note describes KRMC's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

The significant accounting policies regarding financial instruments are disclosed in note 1.

There have been no substantive changes in KRMC's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by KRMC, from which financial instrument risks arises, are as follows:

- Other receivables
- Cash at bank
- Trade and other payables
- Loans and borrowings

A summary of financial instruments held by category is provided below:

	2008 US\$000	2009 US\$000	2010 US\$000
Loans and receivables at amortised cost			
Cash and cash equivalents	—	23	—
Other receivables	5	6	—
	5	29	—
Financial liabilities held at amortised costs			
Trade and other payables	1,164	1,126	1,271
Loans and borrowings	2,278	2,138	1,847
	3,442	3,264	3,118

The face value of the loans issued at below market rate is disclosed in note 9.

The fair value and carrying value of all other financial assets and liabilities were materially the same at each reporting year.

General objectives, policies and processes

The Board has overall responsibility for the determination of KRMC's risk management objectives and policies whilst retaining ultimate responsibility for them.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting KRMC's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to KRMC if counterparty to a financial instrument fails to meet its contractual obligations. KRMC is mainly exposed to credit risk from advances paid to its trade creditors.

The board considers KRMC's exposure to credit risk from advance payments to be minimal as prepayments are only made to reputable companies with strong trading history.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with high credit ratings are acceptable.

Currency risk

Currency risk arises from fluctuations in foreign currency exchange rates due to the significant proportion of the KRMC's funding is being in US Dollars whilst KRMC's principal operating costs are denominated in Kazakh Tenge which is the KRMC's functional currency.

KRMC minimises its exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows by maintaining its cash reserves in sufficient quantum in currencies in which it expects to incur expenditure.

The table below summarises KRMC's exposure to foreign currency exchange rate risk as at 31 December 2009.

	US Dollar US\$000	Kazakh Tenge US\$000	Total US\$000
Loans and receivables at amortised cost			
Cash and cash equivalents	—	—	—
Other receivables	—	—	—
	—	—	—
Financial liabilities held at amortised costs			
Trade and other payables	1,027	244	1,271
Loans and borrowings	1,209	638	1,847
	2,236	882	3,118

The table below summarises KRMC's exposure to foreign currency exchange rate risk as at 31 December 2010.

	US Dollar US\$000	Kazakh Tenge US\$000	Total US\$000
Loans and receivables at amortised cost			
Cash and cash equivalents	—	23	23
Other receivables	—	6	6
	—	29	29
Financial liabilities held at amortised costs			
Trade and other payables	1,002	124	1,126
Loans and borrowings	1,285	853	2,138
	2,287	977	3,264

The table below summarises KRMC's exposure to foreign currency exchange rate risk as at 31 December 2011.

	US Dollar US\$000	Kazakh Tenge US\$000	Total US\$000
Loans and receivables at amortised cost			
Cash and cash equivalents	—	—	—
Other receivables	5	—	5
	5	—	5
Financial liabilities held at amortised costs			
Trade and other payables	1,031	133	1,164
Loans and borrowings	1,568	710	2,278
	2,599	843	3,442

The effect of a 10% strengthening/depreciation of the US\$ against KZT at the reporting date on the US\$ denominated payables carried at the date, all other variables held constant, result in the following effect on the KRMC's pre- and post-tax loss for the year and net liabilities:

	2011 US\$000 Gain/(loss)	2010 US\$000 Gain/(loss)	2009 US\$000 Gain/(loss)
US\$ appreciation by 10%	(223)	(228)	(260)
US\$ depreciation by 10%	223	228	260

Liquidity risk

Liquidity risk arises from the KRMC's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that KRMC will encounter difficulty in meeting its financial obligations as they fall due.

KRMC's policy is to ensure that it always has sufficient cash to allow it to meet its immediate liabilities when they become due. To achieve this aim, it seeks to maintain an adequate cash balance (or agreed facilities) to meet KRMC's expected capital expenditure requirements as well as other obligations and commitments. KRMC also seeks to reduce liquidity risk by fixing interest rates on its borrowings; this is further discussed in the interest rate risk section below.

Interest rate risk

The majority of the KRMC's borrowings are interest free with only two loans carrying a fixed interest rate of 5% and 20%.

The following tables set out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	3 months – 1 year US\$000	1 – 3 years US\$000	Total US\$000
At 31 December 2009			
Trade and other payables	1,271	—	1,271
Loans and borrowings	1,130	1,255	2,385
Total financial liabilities	2,401	1,255	3,656
At 31 December 2010			
Trade and other payables	1,126	—	1,126
Loans and borrowings	1,170	1,526	2,696
Total financial liabilities	2,296	1,526	3,822
At 31 December 2011			
Trade and other payables	1,150	14	1,164
Loans and borrowings	1,093	1,663	2,756
Total financial liabilities	2,243	1,677	3,920

As described in note 1(j) KRMC considers its capital to comprise its ordinary share capital and accumulated retained earnings as its capital reserves.

In managing its capital, KRMC's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective KRMC seeks to maintain a sufficient funding base to enable it to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the reduction of debt, KRMC considers not only its short-term position but also its long-term operational and strategic objectives.

11 Operating loss

Loss from operations is stated after charging/(crediting):

	2011 US\$000	2010 US\$000	2009 US\$000
Salaries and related taxes	5	31	2
Depreciation of property, plant and equipment	8	10	16
Rental expenses	10	10	7
Penalties	17	16	20
Legal services	55	—	—
Foreign exchange	1	(1)	25

12 Finance expense

	2011 US\$000	2010 US\$000	2009 US\$000
Interest expense	31	31	43
Unwinding of discount	117	87	74
Foreign exchange	6	—	197
Total finance expense	154	118	314

13 Taxation

KRMC is subject to the corporation tax in Kazakhstan at 20% on its profits in Kazakhstan. No tax charge arose on the losses made in the years reported in this financial information.

No deferred tax asset has been recognised in respect of the tax losses carried forward as the recovery of this benefit is dependent on the future profitability, the timing and certainty of which cannot be reasonably foreseen.

14 Related party transactions

For the purposes of this financial information, parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 “Related Party Disclosures”. In considering each possible related party relationship, attention is directed to the economic substance of the relationship, not merely the legal form. In the normal course of business KRMC enters into transactions with its shareholders, directors, and other related parties.

Related parties include shareholders, entities related to the shareholders and members of key management personnel. In the ordinary course of business, KRMC enter into various sale, purchase and service transactions with related parties. During 2011, 2010, 2009 related party transactions included only transactions with directors and loans from shareholders and lenders related to shareholders.

The key management of KRMC comprise of 1 director. No compensation payments were made to him during the reported years.

Other related party transactions and related balances outstanding at each reporting year were as follows (note 9):

	Loans and borrowings US\$000
31 December 2009	
Shareholders of KRMC	107
Entities related to the shareholders of KRMC	1,740
	1,847
31 December 2010	
Shareholders of KRMC	108
Entities related to the shareholders of KRMC	2,030
	2,138
31 December 2011	
Shareholders of KRMC	83
Entities related to the shareholders of KRMC	2,195
	2,278

15 Commitments and contingencies

KRMC has the following obligations under the Subsoil Use Agreements:

Under the terms of the licence No 1605:

- transfer annually US\$5,000 to social programs of Karabalyk district of Kostanaiskaya oblast during the exploration period and US\$7,000 during the production period. As at 31 December 2011, 2010 and 2009 the related payables were 3,591,000 Kazakh Tenge (US\$24,667) of which 2,226,000 Kazakh Tenge were overdue (US\$15,290).
- complete Exploration Work Program over the exploration period for an amount of 340,000,000 Kazakh Tenge (US\$2.3 million) which includes 329,483,000 Kazakh Tenge (US\$2.2 million) investment in subsoil use operations and 10,517,000 Kazakh Tenge (US\$72,250) tax payments.
- finance professional training of the Kazakhstan staff to the following extent: exploration period – 0.1% of the exploration costs, production period – 0.1% of the direct operating costs of production.
- transfer annually 1% of the exploration costs and 0.01% of the direct operating costs of production to a special deposit account for formation of rehabilitation fund.

Under the terms of the licence No 1606:

- transfer annually US\$3,000 to social programs of Denisov district of Kostanaiskaya oblast during the exploration period and US\$5,000 during the production period. As at 31 December 2011, 2010 and 2009 the related payables were 1,757,000 Kazakh Tenge (US\$12,070) of which 205,000 Kazakh Tenge were overdue (US\$1,400).
- complete Exploration Work Program over the exploration period for an amount of 218,756,000 Kazakh Tenge (US\$1.5 million) which includes 209,856,000 Kazakh Tenge (US\$1.4 million) investment in subsoil use operations and 8,900,000 Kazakh Tenge (US\$61,000) tax payments.
- finance professional training of the Kazakhstan staff to the following extent: exploration period – 0.1% of the exploration costs, production period – 0.1% of the direct operating costs of production.
- transfer annually 1% of the exploration costs and 0.01% of the direct operating costs of production to a special deposit account for formation of rehabilitation fund.

Other commitments and contingencies

(i) *Political and Economic Environment*

The Republic of Kazakhstan continues to perform economical reforms and development of their legal, tax and regulatory base in accordance with market economy requirements. Future stability of Kazakhstan economy significantly depends on such reforms and developments and affectivity of economical, finance and monetary measures performed by government authorities.

The Kazakhstan economy is subject to market fluctuations and economic slowdown in the world economy. Management believes that it takes all measures necessary to maintain economic stability of KRMC in the given circumstances.

(ii) *Taxation*

Kazakhstan laws and regulations are subject to frequent changes and different interpretations. It is not rare that local, regional and republican tax authorities have different opinions. Currently applicable penalty and fine scheme is rather tough. Penalties are usually accrued up to 50% of the amount of additionally charged taxes, fine is charged at the refinance rate established by the Republic of Kazakhstan National Bank multiplied by 2.5. As a result, penalties and fines may exceed the taxes additionally charged.

Financial years are open for tax inspections within five calendar years. In certain circumstances this period may be extended. Whereas, KRMC believes that it formed adequate provisions for all tax liabilities based on its understanding of the tax laws, the above facts may create additional financial risks for KRMC.

(iii) *Legal Processes and Actions*

During the period from 2008 to 2011 KRMC had legal proceedings with the Ministry of Industry and New Technologies with regard to the decisions made by the Ministry of Industry and New Technologies on unilateral termination of Agreements No. 1605 and No. 1606 due to non-performance of financial obligations under the Agreements. KRMC has no additional liabilities arising with respect to those proceedings which might have a material effect on the KRMC's performance or financial position.

In the course of their current operations, KRMC is also addressed with other claims. Management believes that they will not result in any material losses which might exceed the provisions formed in these financial statements.

(iv) *Environmental Matters*

The environmental laws in the Republic of Kazakhstan are being developed, and the attitude of state bodies regarding enforcement thereof are constantly reviewed. KRMC estimates its liabilities on environmental matters on a regular basis. Liabilities are reflected in the financial statements as they arise. Contingent liabilities that might arise as the result of changes in current laws and regulations as well as in the result of litigations cannot be reliably estimated though they can be of significant amount. Based on current control and punishment system for non-compliance with current environmental laws the management of KRMC believes that it has no significant liabilities related to environmental matters.

(v) *Insurance*

As at the reporting date KRMC had no insurance coverage for their business risks, property and liability associated with mineral resources exploration. KRMC has no insurance coverage for their civil liability to the third parties.

Until KRMC obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the KRMC's operations and financial position.

16 Events after the reporting date

On 9 September 2012 Mr S. S Lanochkin extended the repayment terms of the loan provided by him to KRMC for a further 2 years until 25 December 2014 (note 9).

In August 2012 KRMC applied to the Ministry of Industry and New Technologies for an extension of exploration period under the subsoil use licence agreements No 1605 and No 1606 until 7 December 2013 and 7 December 2015 respectively (note 3).

On 4 February 2013, the shareholder of KRMC entered into an acquisition agreement with GMA Resources plc whereby the latter company agreed to purchase 90% of the participatory interests in KRMC.

**Section C – Unaudited interim financial statements of KRMC
for the six months ended 30 June 2012**

Set out below are the unaudited interim financial statements of KRMC for the six months ended 30 June 2012, for which the directors of the Company are solely responsible.

Statement of financial position

	As at 30 June 2012 USD'000 Unaudited	As at 31 December 2011 USD'000 Audited
Assets		
Non-current assets		
Exploration and evaluation assets	2,325	2,348
Property, plant and equipment	50	54
Other receivables	77	78
Total non-current assets	2,452	2,480
Current assets		
Other receivables	12	11
Cash and cash equivalents	6	—
Total current assets	18	11
Total assets	2,470	2,491
Equity and liabilities		
Equity		
Share capital	3,272	3,272
Share premium	723	723
Capital contribution reserve	147	140
Foreign exchange reserve	67	55
Retained earnings	(5,292)	(5,178)
Total equity	(1,083)	(988)
Non-current liabilities		
Loans and borrowings	1,269	1,185
Obligations under subsoil use contracts	5	12
Total non-current liabilities	1,274	1,197
Current liabilities		
Loans and borrowings	1,102	1,093
Trade and other payables	1,145	1,164
Obligations under subsoil use contracts	32	25
Total current liabilities	2,279	2,282
Total liabilities	3,553	3,479
Total equity and liability	2,470	2,491

Statement of comprehensive income

	Six months ended 30 June 2012 USD'000 Unaudited	Six months ended 30 June 2011 USD'000 Unaudited
Administrative expenses	(20)	(71)
Operating loss	(20)	(71)
Finance income	—	8
Finance expense	(94)	(66)
Loss before and after taxation	(114)	(129)
Exchange gains arising on re-translation to presentation currency	12	2
Total comprehensive loss for the period attributable to equity holders	(102)	(127)

Statement of cash flows

	Six months ended 30 June 2012 USD'000 Unaudited	Six months ended 30 June 2011 USD'000 Unaudited
Cash flows from operating activities		
Loss for the year	(114)	(129)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	4	4
Finance income	—	(7)
Finance expenses	94	66
Foreign exchange	1	(2)
Operating loss before working capital changes	(15)	(68)
Decrease in other receivable	—	(66)
Decrease in trade and other payables	21	88
Net cash flows from operating activities	6	(46)
Investing activities		
Transfers to/(from) restricted cash deposits	—	1
Net cash used in/(received) from investing activities	—	1
Financing activities		
Proceeds from borrowings	—	22
Net cash received from financing activities	—	22
Net increase/(decrease) in cash and cash equivalents	6	(23)
Cash and cash equivalents at beginning of period	—	23
Exchange gains/(losses) on cash and cash equivalents	—	—
Cash and cash equivalents at end of period	6	—

Statement of changes in equity

	Charter capital USD'000	Additional paid-in capital USD'000	Capital contribution reserve USD'000	Foreign Exchange reserve USD'000	Accumulated deficit USD'000	Total USD'000
At 31 December 2010 (audited)	3,272	723	105	52	(4,915)	(763)
Loss for the period					(129)	(129)
Other comprehensive income				2		2
At 30 June 2011 (un-audited)	3,272	723	105	54	(5,044)	(890)
Loss for the period					(134)	(134)
Other comprehensive income				1		1
Arising on shareholders' loans			35			35
At 31 December 2011 (audited)	3,272	723	140	55	(5,178)	(988)
Loss for the period					(114)	(114)
Other comprehensive income				12		12
Arising on shareholders' loans			7			7
At 30 June 2012 (un-audited)	3,272	723	147	67	(5,292)	(1,083)

PART V

Unaudited pro forma statement of net assets of the Enlarged Group

The following unaudited pro forma statement of net assets of the Enlarged Group (the “pro forma financial information”) has been prepared to illustrate the effect on the net assets of the Company as if the acquisition of KRMC and the conversions of Loan Stock had taken place on 30 June 2012.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results.

The pro forma financial information is based on the net assets of the Company as at 30 June 2012, set out in the unaudited interim financial statements of the Company for the period ended 30 June 2012, and has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information and on the basis set out in the notes set out below.

	Adjustments				Pro forma net assets of the Enlarged Group \$'000
	The Company as at 30 June 2012 (note 1) \$'000	KRMC as at 30 June 2012 (note 2) \$'000	Acquisition of KRMC (note 3) \$'000	Conversion of loan notes (note 4) \$'000	
Assets					
Non-current assets					
Exploration and evaluation assets	—	2,325	63,446	—	65,771
Property, plant and equipment	—	50	—	—	50
Other receivables	—	77	—	—	77
	—	2,452	63,446	—	65,898
Current assets					
Cash and cash equivalents	—	6	—	—	6
Other receivables	—	12	—	—	12
	—	18	—	—	18
Total assets	—	2,470	63,446	—	65,916
Liabilities					
Non-current liabilities					
Loans and borrowings	—	(1,269)	—	—	(1,269)
Obligations under subsoil use contracts	—	(5)	—	—	(5)
	—	(1,274)	—	—	(1,274)
Current liabilities					
Trade and other payables	(745)	(1,145)	—	—	(1,890)
Loans and borrowings	—	(1,102)	—	—	(1,102)
Unsecured convertible loan stock	(9,011)	—	—	9,011	—
Obligations under subsoil use contracts	—	(32)	—	—	(32)
	(9,756)	(2,279)	—	9,011	(3,024)
Total liabilities	(9,756)	(3,553)	—	9,011	(4,298)
Net assets/(liabilities)	(9,756)	(1,083)	63,446	9,011	61,618

Notes:

1. The net assets of the Company as at 30 June 2012 have been extracted without material adjustment from the unaudited interim financial statements of the Company for the six months ended 30 June 2012 and have been converted into US dollars at the exchange rate prevailing on 30 June 2012.

Adjustments:

2. The net liabilities of KRMC as at 30 June 2012 have been extracted without material adjustment from the unaudited interim financial statements of KRMC set out in Part IV of this document.
3. An adjustment has been made to reflect the estimated intangible assets arising on the acquisition of KRMC.

For the purposes of this pro forma information, no adjustment has been made to the separate assets and liabilities of KRMC to reflect their fair value. The difference between the net liabilities of KRMC as stated at their book value at 30 June 2012 and the estimated consideration has therefore been presented as a single value in "Exploration and evaluation assets". The net liabilities of KRMC will be subject to a fair value restatement as at the effective date of the transaction. Actual intangible assets included in the Company's next published financial statements may therefore be materially different from those included in the pro forma statement of net assets.

	\$000
Consideration payable in Company shares	62,471
Company's 90% share of the book value of net liabilities of KRMC as at 30 June 2012	975
Estimated intangible assets arising on the Transaction	63,446

4. The convertible loans convert into ordinary shares in the Company.
5. No account has been taken of the financial performance of the Company and KRMC since 30 June 2012, nor of any other event save as disclosed above.
6. Consideration payable of \$62.4 million has been derived based on £40 million consideration translated at an exchange rate of \$1.56 to £1, being the exchange rate prevailing at 30 June 2012.

PART VI

Additional Information

1. Responsibility statements

- 1.1 The Directors and the Proposed Directors, whose names and functions are set out on page 3 of this document, and the Company accept responsibility, individually and collectively, in accordance with the AIM Rules, for the information contained in this document. To the best of the knowledge of the Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Wardell Armstrong International Limited accepts responsibility for its report set out in Part III of this document and for any information sourced from such report in this document. To the best of the knowledge and belief of Wardell Armstrong International Limited (which has taken all reasonable care to ensure that such is the case) the information contained therein is in accordance with the facts and contains no omissions likely to affect its import.

2. Incorporation and registration

- 2.1 The Company, whose registered office is at One America Square, Crosswall, London EC3N 2SG was incorporated and registered in England and Wales under the Companies Act 1985 on 21 February 2003 as a public limited company with registration number 04674237. The telephone number of the Company's registered office is +44 (0)20 7264 4444.
- 2.2 The address of the Company's main place of business is Tower Business Centre, Tower Street, Swatar, Malta.
- 2.3 The address of the Company's corporate website on which the information required by Rule 26 of the AIM Rules can be found is www.gmaresources.plc.uk and following Admission will be www.keminresources.com.
- 2.4 The principal activity of the Company is to act as a holding company. It acts as the holding company of the Group, whose principal activities are described more fully in Part I of this document.
- 2.5 The Company has no administrative, management or supervisory bodies other than the Board and the remuneration committee and audit committee of the Board, as described in the paragraph entitled "Corporate governance" in Part I of this document.
- 2.6 The Company is governed by the Existing Articles and the principal legislation under which the Company operates is the Companies Act (where applicable) and the regulations made thereunder.
- 2.7 The Company's auditor is Grant Thornton UK LLP, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP, which is a member of the Institute of Chartered Accountants in England and Wales.
- 2.8 The accounting reference date of the Company is 31 December.
- 2.9 The International Security Identification Number or "ISIN" for the New Ordinary Shares will be GB00B8T2QJ39.
- 2.10 Save as disclosed in paragraphs 3.1 and 3.2 below, there are no undertakings in which the Company holds a proportion of the capital that is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits.

- 2.11 The liability of the Shareholders is limited.
- 2.12 The Company is domiciled for tax purposes in Malta.

3. Group organisation

- 3.1 The Company is the Group's holding company and, as at 1 February 2013, being the last practicable date prior to publication of this document, has the following subsidiary undertakings, all of which are directly or indirectly held by the Company, as set out below:

Name	Country of incorporation or residence	Proportion of ownership interest (percentage)	Proportion of voting power (percentage)	Activity
Gold Mines of Algeria Pty Ltd	Australia	100	100	Holding Company
GMA (MALTA) Ltd	Malta	100	100	Dormant
Technical Training Services Ltd	Gibraltar	100	100	Dormant
Kemin Resources Limited	England	100	100	Dormant

- 3.2 Following completion of the Acquisition and Admission, Bergfolk will hold approximately 89.01 per cent. of the voting rights of the share capital of the Company. Therefore, in addition to the Company and the subsidiaries listed in paragraph 3.1 above, Bergfolk will also have the following additional subsidiary undertakings, all of which will be directly or indirectly held by Bergfolk through its interest in the Company, as set out below:

Name	Country of incorporation or residence	Proportion of ownership interest (percentage)	Proportion of voting power (percentage)	Activity
JV Kazakh-Russian Mining Company LLP	Kazakhstan	90	90	Operating company

4. Share capital of the Company

- 4.1 The history of the Company's share capital for the period since 1 January 2009 to 1 February 2013 is as follows:

- 4.1.1 On 14 April 2009, the Company allotted and issued 13,777,777 Existing Ordinary Shares to certain persons following receipt of conversion notices from such persons pursuant to the terms of the First Loan Stock Instrument.
- 4.1.2 On 8 May 2009, the Company allotted and issued 34,000,000 Existing Ordinary Shares pursuant to a placing with institutional and other investors.
- 4.1.3 On 18 October 2009, the Company entered into a subscription agreement with Sahara Gold Limited (formerly Valencia Services Holdings Limited) pursuant to which Sahara Gold Limited agreed to subscribe for, in aggregate, 42,636,624 Existing Ordinary Shares in four separate tranches and pursuant to which the Company allotted and issued the following shares to Sahara Gold Limited on the following dates:

Date of issue	Number of Existing Ordinary Shares
23 October 2009	10,659,156
16 December 2009	10,659,156
18 January 2010	10,659,156
22 February 2010	10,659,156

- 4.1.4 On 30 June 2010, the Company entered into a further subscription agreement with Sahara Gold Limited pursuant to which Sahara Gold Limited agreed to subscribe for, in aggregate, 120,000,000 Existing Ordinary Shares in four separate tranches and pursuant to which the Company allotted and issued the following shares to Sahara Gold Limited on the following dates:

Date of issue	Number of Existing Ordinary Shares
27 July 2010	38,400,000
21 October 2010	36,000,000
21 January 2011	24,000,000
21 April 2011	21,600,000

- 4.1.5 On 30 June 2010, the Company entered into a subscription agreement with Ken Crichton, a director of the Company, pursuant to which Mr Crichton agreed to subscribe for, in aggregate, 8,000,000 Existing Ordinary Shares in four separate tranches and pursuant to which the Company allotted and issued the following shares to Ken Crichton on the following dates:

Date of issue	Number of Existing Ordinary Shares
27 July 2010	2,000,000
21 October 2010	2,000,000
21 January 2011	2,000,000
21 April 2011	2,000,000

- 4.1.6 On 21 October 2010, the Company allotted and issued 11,000,000 Existing Ordinary Shares following receipt by the Company of a conversion notice pursuant to the terms of the Second Loan Stock Instrument.

- 4.1.7 On 31 May 2011, the Company allotted and issued 5,000,000 Existing Ordinary Shares following receipt by the Company of a further conversion notice pursuant to the terms of the Second Loan Stock Instrument.

- 4.1.8 On 7 July 2011, the Company allotted and issued 5,000,000 Existing Ordinary Shares following receipt by the Company of a further conversion notice pursuant to the terms of the Second Loan Stock Instrument.

- 4.1.9 The outstanding principal amount and accrued interest of the First Loan Stock and the Second Loan Stock, details of which are set out at paragraphs 13.2 and 13.3 of this Part VI of the document, will automatically convert into 2,472,012 New Ordinary Shares on the Contract Reinstatement.

- 4.1.10 The number of Existing Ordinary Shares in issue and fully paid at the beginning and the end of each period covered by the Historical Financial Information and as at 1 February 2013 (being the latest practicable date prior to the publication of this document) was as follows:

	Existing Ordinary Shares in issue at the beginning of the period	Existing Ordinary Shares in issue at the end of the period
Year to 31 December 2009	368,062,493	447,684,582
Year to 31 December 2010	447,684,582	558,402,894
Year to 31 December 2011	558,402,894	618,002,894
Period to 1 February 2013	618,002,894	618,002,894

- 4.2 The issued fully paid up share capital of the Company as at (i) the date of this document; (ii) as it is expected to be immediately following Admission; and (iii) as it is expected to be immediately following the Contract Reinstatement and conversion of the Loan Stock, is as follows:

	£	Number
<i>Existing Ordinary Shares</i>		
(i) As at the date of this document	6,180,028.94	618,002,894
(ii) Immediately following Admission	Nil	Nil
(iii) Immediately following the Contract Reinstatement	Nil	Nil

	£	Number
<i>New Ordinary Shares</i>		
(i) As at the date of this document	Nil	Nil
(ii) Immediately following Admission	12,360.06	1,236,006
(iii) Immediately following the Contract Reinstatement	1,520,287.37	152,028,737

	£	Number
<i>Deferred Shares</i>		
(i) As at the date of this document	Nil	Nil
(ii) Immediately following Admission	6,167,649.94	1,236,006
(iii) Immediately following the Contract Reinstatement	6,167,669.94	1,236,006

	£	Number
<i>B Shares</i>		
(i) As at the date of this document	Nil	Nil
(ii) Immediately following Admission	1,483,207.20	148,320,720
(iii) Immediately following the Contract Reinstatement	Nil	Nil

- 4.3 At the General Meeting, the Shareholders will be asked to consider and, if thought fit, approve resolutions on the following terms pertaining to the Company's share capital:

4.3.1 that the Existing Articles be amended on the terms as described in paragraph 5.3 of this Part VI of the document and setting out the rights attaching to the B Shares and the Deferred Shares.

4.3.2 that the share capital of the Company be re-organised:

(a) by firstly consolidating and dividing all of the Existing Ordinary Shares into ordinary shares of 500 pence on the basis of one ordinary share of 500 pence for every 500 Existing Ordinary Shares, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the Existing Ordinary Shares as set out in the Existing Articles; and

(b) by secondly sub-dividing and reclassifying each of the resulting ordinary shares of 500 pence each in the capital of the Company in issue resulting from the consolidation and division into one New Ordinary Share and one Deferred Share with such shares having their respective rights as set out in article 5(a) of the Amended Articles;

4.3.3 generally and unconditionally to authorise the Directors, until the conclusion of the Company's annual general meeting to be held in 2013, to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company in accordance with section 551 of the Companies Act up to an aggregate nominal amount of £2,100,000; and

- 4.3.4 to authorise the Directors, until the conclusion of the Company's annual general meeting to be held in 2013, pursuant to Section 570 of the Companies Act to allot equity securities (as defined in Section 560 of the Companies Act) for cash pursuant to the authority conferred by the resolution contained in subparagraph 4.3.3 above as if Section 561(1) of the Companies Act did not apply provided that the power is limited to the allotment of equity securities:
- (a) up to an aggregate nominal value of £1,500,000 in connection with the allotment of the Consideration Shares pursuant to the Acquisition;
 - (b) up to an aggregate nominal value of £20,000 pursuant to the conversion of the First Loan Stock;
 - (c) up to an aggregate nominal value of £6,000 pursuant to the conversion of the Second Loan Stock;
 - (d) in connection with an issue in favour of the holders of ordinary shares of the company in proportion (as nearly as may be) to their respective holdings, subject only to such exclusions or other arrangements as the Directors may deem necessary to deal with fractional entitlements, or legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and
 - (e) otherwise for cash up to an aggregate nominal amount of £160,000.
- 4.4 The Directors will be authorised to allot and issue the Consideration Shares in connection with the Acquisition pursuant to a resolution of the Board to be passed following the date of publication of this document.
- 4.5 The provisions of Section 561 of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are paid up in cash) apply to the unissued share capital of the Company except to the extent disapplied by the resolution referred to in sub-paragraph 4.3.4 above.
- 4.6 The Consideration Shares have the rights attaching to them as set out in paragraph 5.3.2 of this Part VI of the document. Upon the Consideration Shares converting into New Ordinary Shares on the Contract Reinstatement, they will rank *pari passu* in all respects with the New Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the Contract Reinstatement.
- 4.7 As the Existing Issued Share Capital is not divisible by 500, the Company must issue an additional 106 Existing Ordinary Shares prior to the Capital Reorganisation. It is intended that these shares will be issued for 1p per Existing Ordinary Share prior to the General Meeting.
- 4.8 Save as disclosed in this paragraph 4 and paragraph 15 of this Part VI of the document:
- 4.8.1 no share or loan capital in the Company or the Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option and there is no current intention to issue any Ordinary Shares; and
 - 4.8.2 no share or loan capital of the Company or of the Group has been issued for cash or other consideration within the period since incorporation of the Company and the date of this document and no such issue is proposed.
- 4.9 The Existing Ordinary Shares have been, and the New Ordinary Shares will be, created under the Companies Act.
- 4.10 The Existing Articles and the Amended Articles permit the Company to issue shares in uncertificated form.

- 4.11 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.12 The Company does not have in issue any securities not representing share capital.

5. Summary of the Articles of Association

- 5.1 The Existing Articles do not contain any restrictions on the objects of the Company.
- 5.2 The Existing Articles include provisions to the following effect:

5.2.1 Meetings of Members

Subject to the requirement to convene and hold annual general meetings in accordance with the requirements of the Companies Act, the Board may call general meetings whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Companies Act, shall forthwith proceed to convene a general meeting in accordance with the requirements of the Companies Act.

An annual general meeting shall be called by at least 21 clear days' notice. All other general meetings that are not annual general meetings shall be called by at least 14 clear days' notice (or such other minimum period as is applicable pursuant to the Companies Act).

Subject to the provisions of the Existing Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to each of the directors and the auditors for the time being of the Company. The notice shall specify the time and place of the meeting and, in the case of special business, the general nature of such business. The accidental omission to give notice of a meeting, or to send any other document or information with a notice where required by the Existing Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or any other document or information by any such person, shall not invalidate the proceedings of that meeting. The directors may from time to time make such arrangements for the purpose of controlling the level of attendance as they shall in their absolute discretion consider appropriate.

The form of an appointment of a proxy shall be executed by or on behalf of the appointer. Delivery of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion, provided that each proxy is appointed to exercise the rights attaching to different shares held by that member. A corporation or corporation sole which is a member of the Company may authorise such person or persons as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

5.2.2 Voting Rights

As regards the Ordinary Shares, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person shall have one vote for every share of which he is the holder.

On a vote on a resolution on a show of hands at a meeting, every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote.

5.2.3 Alteration of Capital

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its shares into shares of larger amount;

- (b) sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and
- (c) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital, any capital redemption reserve or redenomination reserve and any share premium account subject to the provisions of the Companies Act.

5.2.4 *Variation of Rights*

All or any of the rights attached to any class of shares for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class (but not otherwise).

5.2.5 *Purchase of Own Shares*

If undertaking a purchase of its own shares, the Company may (subject to and in accordance with the provisions of the Companies Act and without prejudice to any relevant special rights attached to any class of shares) purchase shares of any class at any price (whether at par or above or below par), and so that any shares to be so purchased may be selected in any manner whatsoever. Every contract for the purchase of, or under which the Company may become entitled or obliged to purchase, shares in the Company shall be authorised by such resolution of the Company as may be required by the Companies Act and by a special resolution passed at a separate general meeting of the holders of each class of shares (if any) which, at the date on which the contract is authorised by the Company in general meeting, entitle them, either immediately or at any time later on, to convert all or any of the shares of that class held by them into equity share capital of the Company.

5.2.6 *Transfer of Shares*

The instrument of transfer of a share shall be in any usual form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion decline to register any transfer of shares which are not fully paid or on which the Company has a lien. If the Board refuses to register the transfer, it shall, within two months after the date on which the instrument of transfer was lodged with the Company, send to the transferee notice of the refusal along with the reasons for such refusal.

5.2.7 *CREST*

Nothing in the Existing Articles precludes any share or other security of the Company from being issued, held, registered, converted, transferred or otherwise dealt with in uncertificated form in accordance with the CREST Regulations.

5.2.8 *Dividends and other distributions*

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the profits of the Company available for distribution.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid; but no amount paid on a share in advance of the date on which a call is payable shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

A general meeting declaring a dividend may, upon the recommendation of the Board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets, and in particular, of paid up shares or debentures of any other body corporate.

In a winding up, the liquidator may, with the sanction of a special resolution and subject to the Insolvency Act 1986, divide among the members *in specie* the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

5.2.9 *Restrictions on Shares*

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 793 of the Companies Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice the Board may serve on such member or on any such person a notice (“a direction notice”) in respect of the shares in relation to which the default occurred (“default shares”) directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent. of the class of shares concerned (less any shares of that class held in treasury) the direction notice may in addition direct that (except in liquidation) no payment shall be made on any sums due from the Company on the default shares, whether in respect of capital or dividend or otherwise, and the Company shall not meet any liability to pay interest on any such payment when it is finally paid to the member and no transfer of any of the shares held by the member shall be registered unless it is a transfer of shares to an offeror by way or in pursuance of acceptance of a takeover offer (as defined in Section 974 of the Companies Act); or the Board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares the subject of the transfer to a party unconnected with the member and with other persons appearing to be interested in such shares; or the transfer results from a sale made through a recognised investment exchange as defined in the FSMA or any other stock exchange outside the United Kingdom on which the Company’s shares are normally traded. The prescribed period referred to above means 28 days from the date of service of the notice under Section 793 unless the default shares represent at least 0.25 per cent. of the class of shares concerned in which case it is 14 days from that date.

5.2.10 *Directors*

At every annual general meeting of the Company as near as possible (but greater than) one third of the directors for the time being shall retire by rotation and be eligible for re-election.

The directors to retire will be those who have been longest in office or, in the case of those who became or who are re-elected directors on the same day, shall, unless they otherwise agree, be determined by lot.

Save as otherwise provided in the Existing Articles or as permitted by way of a specific authorisation by the board pursuant to the Existing Articles, a director shall not vote at a meeting of the board or a committee of the board on any resolution of the board concerning a matter in which he has an interest which together with any interest of any person connected with him is to his knowledge a material interest (other than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company) unless his interest arises only because the case falls within one or more of the following paragraphs:

- (a) the resolution relates to the giving of any guarantee, security, or indemnity in respect of money lent, or obligations incurred by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiaries; and/or
- (b) the resolution relates to the giving of any guarantee, security, or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the director has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; and/or
- (c) his interest arises by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares, debentures, or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange; and/or
- (d) his interest arises in relation to the subscription or purchase by him of shares, debentures or other securities of the Company pursuant to an offer or invitation to members or debenture holders of the Company, or any class of them; and/or
- (e) any proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company; and/or
- (f) the resolution relates to an arrangement for the benefit of employees of the Company or of any of its subsidiaries and does not provide in respect of the director any privilege or benefit not awarded to the employees to whom such arrangement relates; and/or
- (g) any proposal concerning any insurance which the Company is empowered to purchase or maintain for the benefit of any directors of the Company or for the benefit of persons who include directors of the Company provided that for the purposes of this paragraph insurance shall mean only insurance against liability incurred by a director in respect of any such act or omission by him or any other insurance which the Company is empowered to purchase or maintain for or for the benefit of any groups of persons consisting of or including Directors of the Company.

The ordinary remuneration of the directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Existing Articles) shall not exceed in aggregate £250,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the board. Any director who does not hold executive office and who serves on any committee of the directors, by the request of the board goes or resides abroad for any purpose of the Company or otherwise performs special services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise as the Board may determine. The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their

attendance at meetings of the board or committees of the board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The quorum for the transaction of the business of the board may be fixed by the board and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. Any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the termination of the board meeting if no director objects. A director shall not be required to hold any shares of the Company by way of qualification.

The board may regulate its proceedings as it thinks fit. Board meetings are to be held no less than on a quarterly basis for each calendar year and all directors must attend at least one board meeting per annum. All board meetings are to be held in Malta until such time as the board may resolve otherwise. At least one board meeting per annum must be attended physically by all of the directors. A director may, and the secretary at the request of a director shall, call a meeting of the board. Notice of a board meeting shall be deemed to be properly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for this purpose. A director absent or intending to be absent from Malta may request the board that notices of board meetings shall during his absence be sent in writing to him at an address given by him to the Company for this purpose, but such notices need not be given any earlier than notices given to directors not so absent and, if no such request is made to the board, it shall not be necessary to give notice of a board meeting to any director who is for the time being absent from Malta. No account is to be taken of directors absent from Malta when considering the adequacy of the period of notice of the meeting. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. Any director may waive notice of a meeting and any such waiver may be retrospective.

5.2.11 *Borrowing Powers*

The directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as regards subsidiaries as by such exercise they can secure) that, save with the previous sanction of an ordinary resolution, the aggregate principal amount (including any premium payable on final payment) for the time being outstanding of all monies borrowed by the Company and its subsidiaries and for the time being owing to third parties shall not at any time exceed £50,000,000.

5.3 *Proposed amendments to the Existing Articles*

- 5.3.1 At the General Meeting, the Shareholders will be asked to consider and, if thought fit, approve a resolution to amend the Existing Articles in order to constitute the rights of the B Shares and the Deferred Shares.
- 5.3.2 A summary of the proposed additional rights attaching to the B Shares and the Deferred Shares which, subject to the passing of the resolution, will be inserted into the Existing Articles are set out below:

Rights attaching to the B Shares

(a) *Income*

The B Shares shall not entitle the holders thereof to receive dividends or other distributions.

(b) *Capital*

On a return of capital on a winding up, the holders of the B Shares shall only be entitled to receive the amount paid up on such shares after the holders of the ordinary shares in the Company have received the sum of £10,000,000 for each ordinary share held by them and shall have no other right to participate in the assets of the Company. The B Shares are liable to be cancelled without payment of any consideration to the holders thereof.

(c) *Voting*

The B Shares confer on the holders thereof one vote for every B Share they hold in relation to any shareholder resolution of the Company, and they also confer on the holder the right to receive notice of or attend any general meeting of the Company.

(d) *Redemption*

The B Shares are not liable to be redeemed.

(e) *Transfers*

The B Shares shall not be transferable without the consent of the Company.

(f) *Variation of rights*

Neither a reduction in capital (including any cancellation of the B Shares), nor a reduction of share premium account, nor the purchase by the Company of any of its shares or other securities would constitute a variation of rights.

(g) *Further issues*

The rights conferred by the B Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the B Shares.

(h) *Conversion*

The B Shares shall automatically convert into New Ordinary Shares on a one for one basis upon the Contract Reinstatement and upon such conversion shall rank *pari passu* with the other New Ordinary Shares existing in the share capital of the Company at that time.

In the event that the Contract Reinstatement has not occurred by 31 May 2013, the B Shares shall automatically convert into Deferred Shares on the basis of one Deferred Share for every 499 B Shares held, having the rights as set out below.

Any B Shares remaining from such conversion will be converted into New Ordinary Shares on a one-for-one basis.

Rights attaching to the Deferred Shares

(a) *Income*

The Deferred Shares shall not entitle the holders thereof to receive dividends or other distributions.

(b) *Capital*

On a return of capital on a winding up, the holders of the Deferred Shares shall only be entitled to receive the amount paid up on such shares after the holders

of the ordinary shares in the Company have received the sum of £10,000,000 for each ordinary share held by them and shall have no other right to participate in the assets of the Company. The Deferred Shares are liable to be cancelled without payment of any consideration to the holders thereof.

(c) *Voting*

The Deferred Shares do not confer on the holders thereof any entitlement to vote in relation to any shareholder resolution of the Company, or receive notice of or attend any general meeting of the Company.

(d) *Redemption*

The Deferred Shares are not liable to be redeemed.

(e) *Transfers*

The Deferred Shares shall not be transferable without the consent of the Company and the Company is authorised at any time to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same (without making payment to the holders thereof and person so entitled) to such persons as the Company may determine.

(f) *Variation of rights*

Neither a reduction in capital (including any cancellation of the Deferred Shares), nor a reduction of share premium account, nor the purchase by the Company of any of its shares or other securities would constitute a variation of rights.

(g) *Further issues*

The rights conferred by the Deferred Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares.

5.3.3 Copies of the Amended Articles showing the proposed amendments are available for inspection during normal business hours at the registered office of the Company until the date of the General Meeting or upon request of the company secretary. Copies will also be available at the General Meeting until its conclusion.

5.4 *Application of City Code, sell-out and squeeze-out rules relating to the New Ordinary Shares*

5.4.1 *Application of City Code*

Following discussions with the Panel, it was established that as the Company does not have its place of central management in the United Kingdom, the Channel Islands or the Isle of Man, the provisions of the City Code do not apply to the Company. Shareholders should therefore be aware that they will not be afforded the protections offered by the City Code.

On 5 July 2012, The Takeover Panel published a Public Consultation Paper setting out proposals to change the basis on which companies are judged whether the City Code applies to them. If the proposals are implemented as set out in the Public Consultation Paper, the New Board expects that the City Code will apply to the Company.

5.4.2 *Sell-out*

The Companies Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the New Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the New Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to

acquire those shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5.4.3 *Squeeze-out*

Under the Companies Act, if an offeror were to acquire 90 per cent. of the New Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

6. **Directors and Proposed Directors of the Company**

6.1 Details of the Directors and the Proposed Directors, their business addresses and their functions in the Company are set out on page 3 of this document under the heading “Directors, Proposed Directors, Secretary and Advisers”. Each of the Directors and Proposed Directors can be contacted at the registered office of the Company.

6.2 In addition to being directors of the Company, the Directors and the Proposed Directors hold or have held directorships of the companies and/or are or were partners of the partnerships specified opposite their respective names below within the five years prior to the date of this document:

Name	Current Directorships/Partnerships	Previous Directorships/Partnerships
Ralph Browning	Oxford Assets Limited Smokehouse Limited Kemin Resources Limited GMA (MALTA) Limited	Riyada Oxford Investments Limited IFI Media Limited Orosur Mining Inc. ROI Management Sarl
Kenneth Crichton	Ascom Precious Metals Mining SAE APM Ethiopia Limited APM Sudan Limited Sahara Gold Limited Ellenkay Gold Limited GMA (MALTA) Limited	PT Billiton Indonesia ENOR Spa PT Maruwai Coal
William Trew	MAED Limited Gold Mines of Uganda Limited Birkenhead Holdings Bonnybrae Properties (Pty) Limited Paracale Gold Limited Birkenhead Brewery (Pty) Limited	Oxus Gold plc KazakhGold Group Limited Oxus Resources Corporation Norox Mining Company Limited Marakand Minerals plc SRE Corporation
Sanzhar Assaubayev	AltynGroup Kazakhstan LLP Altyn Group Plc Nectar Capital Limited Amrita Investments Limited A- Global Mining Corporation A- Global Acquisition Limited	JSC MMC Kazakhaltyn KazakhGold Group Limited

- 6.3 As at the date of this document, no Director or Proposed Director has:
- 6.3.1 any unspent convictions in relation to indictable offences;
 - 6.3.2 been declared bankrupt or been subject to any individual voluntary arrangement;
 - 6.3.3 been a director of any company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;
 - 6.3.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement whilst he was a partner of that partnership or within 12 months after he ceased to be a partner in that partnership;
 - 6.3.5 been the owner of any asset or been a partner in any partnership which had an asset placed in receivership whilst he was a partner of that partnership or within the 12 months after he ceased to be a partner of that partnership; or
 - 6.3.6 been subject to any public criticisms by any statutory or regulatory authorities (including recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 6.4 Save as disclosed in this document, no Director or Proposed Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Group and remains in any respect outstanding or unperformed.

7. Directors' and Proposed Directors' service agreements and letters of appointment

The following agreements have been entered into between the Directors and Proposed Directors and the Company:

7.1 Mr Sanzhar Assaubayev

Mr Assaubayev entered into a service agreement dated 4 February 2013 with the Company pursuant to which he will be employed as Chief Executive Officer. Mr Assaubayev is not being paid a salary by any member of the Enlarged Group pursuant to his service agreement. Mr Assaubayev's appointment is conditional upon Admission. Mr Assaubayev's time commitment is estimated to be one day per month and the agreement, which is conditional on Admission, is terminable by either party on three months' written notice and in accordance with the articles of association in force from time to time. Mr Assaubayev will be entitled to take 6.5 days' holiday per annum in addition to usual UK bank holidays. Mr Assaubayev may be entitled to be paid bonuses of such amounts (if any) at such times and subject to such conditions as the Company's remuneration committee may in its absolute discretion decide. Mr Assaubayev may be eligible to be granted share options pursuant to and in accordance with such Company share option plan(s) or share incentive scheme(s) as may be in force from time to time. Mr Assaubayev will be subject to certain restrictive covenants during and after the term of the agreement.

7.2 Mr William Trew

Mr Trew's services as Non-Executive Chairman of the Company are procured by a letter of appointment dated 4 February 2013. Mr Trew's time commitment is estimated to be one day per month and his appointment, which is conditional on Admission, is terminable in accordance with the articles of association in force from time to time and at any time on either party giving three months' prior written notice.

The annual fee receivable under this arrangement is £27,000 per annum. The fees payable are subject to annual review by the Board.

7.3 *Mr Ralph Browning*

Mr Browning's services as Non-Executive Director to the Company are procured by a letter of appointment dated 4 February 2013, which is conditional on Admission. Mr Browning's time commitment is estimated to be one day per month and his appointment is terminable in accordance with the articles of association in force from time to time and at any time on either party giving three months' prior written notice.

The annual fee receivable under this arrangement is £27,000 per annum. The fees payable are subject to annual review by the Board.

7.4 *Mr Ken Crichton*

Mr Crichton's services as Non-Executive Director to the Company are procured by a letter of appointment dated 4 February 2013, which is conditional on Admission. Mr Crichton's time commitment is estimated to be one day per month and his appointment is terminable in accordance with the articles of association in force from time to time and at any time on either party giving three months' prior written notice.

The annual fee receivable under this arrangement is £27,000 per annum. The fees payable are subject to annual review by the Board.

7.5 The aggregate remuneration paid or payable by any company in the Group (including benefits in kind) to the Directors during the year ended 31 December 2011 was £108,000. The aggregate estimated remuneration paid or payable to the Directors and Proposed Directors by any company in the Enlarged Group for the current financial year under the arrangements in force is expected to amount to £90,000.

7.6 Save as specified in this paragraph, there are no existing or proposed service agreements, consultancy agreements or letters of appointment between any of the Directors or Proposed Directors and any member of the Enlarged Group which provide benefits upon termination of employment or otherwise.

8. **Directors' and Proposed Directors' shareholdings and other interests**

8.1 The interests (within the meaning of sections 820 to 825 (inclusive) of the Companies Act) of the Directors, Proposed Directors and (so far as is known to the Directors and Proposed Directors having made appropriate enquiries) persons connected with them (which expression shall be construed in accordance with the AIM Rules) (all of which are beneficial except as shown below) in the share capital of the Company (i) as at 1 February 2013, being the last practicable date prior to the publication of this document; (ii) as expected to be immediately following completion of the Acquisition and Admission; and (iii) following the Contract Reinstatement, are as follows:

Name	Number of Existing Ordinary Shares	Percentage of existing issued share capital	Number of New Ordinary Shares immediately following Admission	Percentage of New Ordinary Share Capital following Admission	Number of New Ordinary Shares following the Contract Reinstatement	Percentage of the Enlarged Issued Ordinary Share Capital
Kenneth Crichton	8,000,000	1.29	16,000	1.29	16,000	0.01
Ralph Browning	—	—	—	—	—	—
William Trew	—	—	—	—	—	—
Sanzhar Assaubayev	—	—	—	—	—	—

8.2 Save as disclosed in this document, none of the Directors or Proposed Directors has any interest, whether beneficial or non-beneficial, in the issued share capital or loan capital of any member

of the Enlarged Group and nor do (so far as is known to the Directors and Proposed Directors having made appropriate enquiries) persons connected with them (which expression shall be construed in accordance with the AIM Rules).

- 8.3 There are no potential conflicts of interest between any duties to the Company of the Directors and the Proposed Directors and their private interests and duties to third parties other than as set out below:
- (a) the Vendor, Bergfolk and Amrita are each ultimately beneficially owned by the Assaubayev family, including Mr Sanzhar Assaubayev; and
 - (b) Mr Trew was formerly a director of KazakhGold Group Limited at the time it was controlled by the Assaubayev family. He is also the Chairman of Paracale Gold Limited in which the Assaubayev family have a minority interest.
- 8.4 There are no outstanding loans granted by any member of the Enlarged Group to any of the Directors or Proposed Directors and there are no guarantees provided by any member of the Enlarged Group for the benefit of any of the Directors or Proposed Directors.
- 8.5 Save as disclosed in this document, no Director or Proposed Director nor any member of his immediate family nor any person connected with him has a related financial product (as defined in the AIM Rules) referenced to the New Ordinary Shares being admitted.
- 8.6 Details of any restrictions agreed by the Directors or Proposed Directors with regard to the disposal of their holdings in the Company's securities are set out in paragraph 13.8 of this Part VI of the document.

9. Employees

As at the date of this document, the Enlarged Group has one employee.

10. Related Party Transactions

During the period of two years immediately preceding the date of this document, none of the members of the Enlarged Group have entered into any related party transactions, other than as set out below:

- 10.1 On 4 February 2013, the Company entered into the Working Capital Facility Agreement, further details of which are set out at paragraph 13.11.2 of this Part VI of the document.
- 10.2 The agreement set out in paragraph 13.11.1 of this Part VI of the document.

11. Significant Shareholdings

- 11.1 As at 1 February 2013, being the last practicable date prior to the publication of this document, save as set out below, and for the interests of the Directors, the Proposed Directors and their immediate families and persons connected with them as set out in paragraph 8.1 of this Part VI, the Directors and the Proposed Directors are not aware of any persons who directly or indirectly, jointly or severally, have an interest of three per cent. or more of the Company's issued share capital or voting rights or exercise or could exercise control over the Company:

Name of Shareholder	Number of Existing Ordinary Shares	Percentage of Existing Issued Share Capital
Sahara Gold Limited	162,636,624	26.32
Barclayshare Nominees Limited	43,923,352	7.10
TD Direct Investing Nominees (Europe) Limited	43,114,906	6.98
Lynchwood Nominees Limited	38,146,877	6.17
HSBC Client Holdings Nominee (UK) Limited	34,611,957	5.60
Goldman Sachs Securities (Nominees) Limited	29,600,000	4.79
Majedie Asset Management Limited	28,323,913	4.58
HSDL Nominees Limited	25,099,210	4.06

- 11.2 Immediately following Admission, save for the interests of the Directors, the Proposed Directors and their immediate families and persons connected with them as set out in paragraph 8.1 of this Part VI, the following persons will (so far as is known to the Directors and Proposed Directors having made appropriate enquiries) directly or indirectly, jointly or severally, have an interest of three per cent. or more of the Company's or voting rights or exercise or could exercise control over the Company:

Name of Shareholder	Number of B Shares	Percentage of Company's voting rights ¹
Bergfolk	133,117,846	89.01
Strathland	10,642,012	7.12
Hanson	4,560,862	3.05

¹ Excluding the Deferred Shares

- 11.3 Immediately following the Contract Reinstatement, save for the interests of the Directors, the Proposed Directors and their immediate families and persons connected with them as set out in paragraph 8.1 of this Part VI, the following persons will (so far as is known to the Directors and Proposed Directors having made appropriate enquiries) directly or indirectly, jointly or severally, have an interest of three per cent. or more of the Company's issued share capital or voting rights or exercise or could exercise control over the Company:

Name of Shareholder	Number of New Ordinary Shares	Percentage of Enlarged Issued Ordinary Share Capital
Bergfolk	133,117,846	87.56
Strathland	10,642,012	7.00
Hanson	4,560,862	3.00

- 11.4 As at 1 February 2013, being the latest practicable date prior to the publication of this document, other than the Acquisition, the Company is not aware of any other arrangements the operation of which may at a subsequent date result in a change in control of the Company.
- 11.5 The voting rights of the significant shareholders of the Company as detailed in this paragraph, do not differ from the voting rights of the other Shareholders of the Company.

12. Principal investments

Other than the Acquisition and as otherwise disclosed in this document, the Company does not have, nor are there in progress or under consideration by the Company, any significant investments.

13. Material contracts

The following material contracts are all the material subsisting contracts which have been entered into by a member of the Enlarged Group which relate to the assets and liabilities of the Enlarged Group (notwithstanding whether such agreements are within the ordinary course of business or were entered into outside of the two years immediately preceding the date of this document):

13.1 Acquisition Agreement

An acquisition agreement dated 4 February 2013 between the Company and the Vendor pursuant to which the Company has agreed to acquire 90 per cent. of the participatory interests in KRMC for a consideration of £40 million to be satisfied by the issue of 148,320,720 B Shares to the Vendor or to Bergfolk, Strathland and Hanson at the direction of the Vendor. The Acquisition Agreement is conditional, *inter alia*, on the passing of the Resolutions, the waiver or expiry of certain rights of pre-emption by the remaining holders of participatory interests in KRMC and Admission. The Acquisition Agreement has a long stop date of 30 April 2013 after which the agreement will automatically terminate, unless GMA and the Vendor agree to extend

the period. Subject to the conditions being satisfied (or where possible, waived), Completion will take place on the date of Admission.

The Acquisition Agreement contains certain warranties and undertakings given to the Company by the Vendor (and guaranteed by Amrita) in favour of the Company and given by the Company to the Vendor in favour of the Vendor, Bergfolk, Strathland and Hanson.

In the event that the Contract Reinstatement does not become effective on or before 31 May 2013 then the Consideration Shares shall automatically convert into Deferred Shares. In addition, in such event, pursuant to the Acquisition Agreement, the Company will transfer its participatory interests in KRMC back to the Vendor for £1.00, subject to any applicable legal and regulatory requirements.

13.2 *First Loan Stock Instrument*

A loan note instrument dated 25 May 2007 (as amended by extraordinary resolutions of the loan stock holders on 22 January 2009, 26 July 2010 and 7 December 2012) pursuant to which the Company constituted £6,000,000 in nominal value of unsecured convertible loan stock. Interest on the issued loan stock accrues at a rate of 10 per cent. per annum up until the maturity date (being 31 December 2013) or such other date on which the First Loan Stock is redeemed or converted, if earlier, in accordance with its terms. Subject to the passing of the Resolution to be proposed at the First Loan Stock Meeting, the outstanding principal of the First Loan Stock together with interest accrued up to 31 January 2013 will automatically convert on the Contract Reinstatement into, in aggregate, 1,922,127 New Ordinary Shares.

13.3 *Second Loan Stock Instrument*

A loan note instrument dated 29 December 2008 (as amended by extraordinary resolutions of the loan stock holders on 26 July 2010 and 7 December 2012) pursuant to which the Company constituted £1,500,000 in nominal value of unsecured convertible loan stock. Interest on the issued loan stock accrues at a rate of 15 per cent. per annum up until the maturity date (being 31 December 2013) or such other date on which the Second Loan Stock is redeemed or converted, if earlier, in accordance with its terms. Subject to the passing of the Resolutions to be proposed at the Second Loan Stock Meeting, the outstanding principal and accrued interest of the Second Loan Stock together with interest accrued up to 31 January 2013 will automatically convert on the Contract Reinstatement into, in aggregate, 549,881 New Ordinary Shares.

13.4 *Transfer and settlement agreement*

An agreement dated 15 April 2012 between the Company, GMA Australia, La Holding Sonatrach Raffinage et Chimie and ENOR pursuant to which, in consideration for the transfer of one Dinar from Sonatrach to GMA Australia: (i) GMA Australia transferred its entire shareholding in ENOR to Sonatrach; (ii) the parties thereto terminated the shareholders' agreement made between them in respect of ENOR; (iii) the parties thereto waived all of their respective rights and claims past, present or future that had accrued or may accrue in the future against one another in respect of such shareholders' agreement and/or connected documents; and (iv) ENOR assumed full liability in connection with the Amesmessa and Tirek mining projects.

13.5 *Re-Introduction Agreement*

A re-introduction agreement dated 4 February 2013 between the Company, the Directors, the Proposed Directors, Ashar Qureshi and Merchant Securities pursuant to which Merchant Securities, as the Company's nominated adviser, has been granted certain powers and authorities in connection with the application for Admission. Under the terms of the Re-introduction Agreement, the Company, the Directors, the Proposed Directors and Ashar Qureshi have given certain customary warranties to Merchant Securities and the Company has given certain customary indemnities and undertakings to Merchant Securities in connection with Admission and other matters relating to the Enlarged Group and its affairs. Merchant Securities may

terminate the Re-introduction Agreement in certain specified circumstances prior to Admission, principally if any of the warranties has ceased to be true and accurate in any respect or shall have become misleading in any respect or in the event of circumstances existing which make it impracticable or inadvisable to proceed with Admission. The Re-Introduction Agreement is subject to the satisfaction or waiver of a number of conditions including the entry into the Acquisition Agreement, the issue of the Consideration Shares and Admission. Such conditions must be satisfied (or where possible, waived) by 1 March 2013 (or such later time as may be agreed by the Company and Merchant, being not later than 30 April 2013)

13.6 *Nominated adviser and broker agreement*

A nominated adviser and broker agreement dated 4 February 2013 (the “Nominated Adviser and Broker Agreement”) between the Company the Directors, the Proposed Directors and Merchant Securities, pursuant to which the Company has appointed Merchant Securities to act as nominated adviser and broker to the Company for the purposes of the AIM Rules, with effect from and conditional upon Admission, such appointment to continue until terminated by either the Company or Merchant Securities giving not less than three months’ prior written notice provided that such notice shall not expire prior to the first anniversary of Admission (except in certain circumstances upon which it may be terminated immediately including where Merchant Securities or the Company is in material breach of their respective obligations thereunder). The Company has agreed to pay Merchant Securities an annual retainer fee at the rate of £30,000 per annum in connection with its appointment as nominated adviser and £20,000 per annum in connection with its appointment as broker (in each case, plus VAT and expenses) quarterly in advance. The Directors and Proposed Directors are responsible under the Nominated Adviser and Broker Agreement for, inter alia, complying with all statements of intent made and undertakings given by the Company and for complying at all times with the AIM Rules.

13.7 *Relationship Agreement*

A relationship agreement dated 4 February 2013 (the “Relationship Agreement”) between the Company, Merchant Securities and Bergfolk pursuant to which Bergfolk has undertaken to the Company and Merchant Securities that, for so long as either (i) it (together with its associates) has appointed a director to the Board; or (ii) it holds more than 5 per cent. of the voting rights attaching to the Company’s Shares and it and its associates collectively hold more than 30 per cent. of the voting rights attached to the issued shares in the Company, it will do what it reasonably can, including exercising its voting rights in the Company to assist in ensuring that the Enlarged Group can carry on its business independently of Bergfolk, transactions between the Enlarged Group and Bergfolk and its associates are at arm’s length, disputes between the Company and Bergfolk and its associates are dealt with by directors other than Bergfolk’s appointed directors, it will not seek to remove or appoint directors of the Company without consulting with, and taking into account the reasonable requests of, Merchant Securities and it will not exercise the voting rights to amend the articles of association of the Company so as to adversely affect the Company’s independence. The Relationship Agreement is conditional on Admission becoming effective by 30 April 2013.

13.8 *Lock-In Agreements*

Lock-In Agreements dated 4 February 2013 have been entered into by each of the Directors, the Proposed Directors and Bergfolk (the “Locked-In Persons”) with each of the Company and Merchant Securities pursuant to which each of the Locked-In Persons has agreed not to dispose of any of its interests in the B Shares, the New Ordinary Shares and/or the Deferred Shares until the first anniversary of Admission (subject to certain limited exceptions such as pursuant to a takeover offer, pursuant to an order of courts and as otherwise permitted by rule 7 of the AIM Rules). The Directors have undertaken for the following 12 months only to dispose of such shares through Merchant Securities, except in certain limited circumstances. The Proposed Directors and Bergfolk have undertaken for the following 12 months only to dispose of such shares where the price paid and the size of the interests being dealt with or disposed of is within

certain pre-determined parameters and provided that such dealing or disposal is notified to Merchant. The Lock-in Agreements are conditional upon Admission becoming effective.

13.9 *Orderly market undertakings*

Orderly market undertakings dated 4 February 2013 between the Company, Merchant Securities and each of Strathland and Hanson pursuant to which Strathland and Hanson have undertaken to the Company and Merchant Securities on behalf of themselves and other persons deemed to be connected with them, that for a period of one year after Admission, they will only deal or otherwise dispose of any interests in B Shares and New Ordinary Shares where the price paid and the size of the interests being dealt with or disposed of is within certain pre-determined parameters and provided that such dealing or disposal is notified to Merchant. The orderly market undertakings are conditional on Admission becoming effective.

13.10 *Subsoil Use Contracts*

Smirnovskoe Subsoil Use Contract

A contract dated 7 December 2004 made between KRMC and the Ministry of Energy and Mineral Resources of Kazakhstan (“MEMR”) (which later was replaced with the MINT) pursuant to which MEMR granted KRMC the right to explore and produce molybdenum, wolfram and copper in the Smirnovskoe field in the Kostanai region of Kazakhstan. The initial term of the contract expires on 7 December 2040. The exploration term is for six years and the production term is 30 years. The exploration term may be extended twice for two years each.

The contract contains a number of material provisions, including the following:

- (i) KRMC must return the contract area to the MINT as follows: (i) 20 per cent. of the contract area by the end of the fourth year of the contract; (ii) 50 per cent. of the contract area by the end of the fifth year of the term of the contract; and (iii) the remainder of the contract area by the end of the exploration period, except for any area where a commercial discovery was made;
- (ii) KRMC shall pay: (i) during the exploration period, an amount not less than \$5,000 per annum for the realisation of social programmes and development of the region’s infrastructure; and (ii) during the production period, an amount not less than \$7,000 per annum;
- (iii) in the event of a commercial discovery by KRMC it must notify the MINT and, within 90 days, prepare a report on reserves for submission to the MINT;
- (iv) KRMC shall commence the production no later than 90 days upon approval of the working programme for production;
- (v) KRMC shall invest not less than 0.1 per cent. of the total value of its costs within the exploration period and 0.1 per cent. of its total operational costs within the production period in professional training for Kazakhstani specialists working under the contract; and
- (vi) 180 days prior to the expiry of the exploration term (i.e. around 11 June 2013) and not later than two years after the production term, KRMC must submit a liquidation programme (including liquidation costs calculations) to the MINT for approval. KRMC shall form the liquidation fund in the amount of 1 per cent. of its annual investments in the exploration period and 0.1 per cent. of its operational expenses in the production period.

KRMC’s financial obligations for the exploration period pursuant to the Smirnovskoe Subsoil Use Contract amount to KZT340,000,000.

The MINT has the right to suspend the contract in the event that KRMC breaches certain terms of the contract, in particular: (i) performance of activities beyond the work programme and the contract; (ii) breach of subsoil use and environmental laws and technical safety regulations; (iii)

breach of the obligation to pay taxes and obligatory payments; (iv) the transfer of subsoil use rights (in full or in part) under the contract to any third party without the MINT's consent; (vi) suspension of works under the minimal work programme exceeding 90 days, apart from any situation caused by any force majeure; and (vi) breach of its confidentiality provisions.

The contract may be terminated in the following cases: (i) KRMC refuses to remedy the breaches which have caused the suspension of the contract or such breaches have not been remedied within a reasonable period of time; (ii) KRMC fails to start operations under the contract within the specified timeframe; (iii) it is not possible to remedy the breaches and they cause a threat to the health or the life of people; (iv) in the event of a material breach by KRMC of its obligations under the contract or the work program; (v) in the event of KRMC being considered bankrupt, except for cases when subsoil use rights have been pledged; and (vi) if the contract is void in accordance with the subsoil use laws of Kazakhstan.

The contract is governed by the laws of Kazakhstan and any disputes arising under the contract will be settled in the courts of Kazakhstan.

Drozhilovskoye Subsoil Use Contract

A contract dated 7 December 2004 made between KRMC and MEMR (which later was replaced with the MINT) pursuant to which MEMR granted KRMC the right to explore and produce molybdenum and wolfram in the Drozhilovskoye field in the Kostanai region of Kazakhstan. The initial term of the contract expires on 7 December 2034. The exploration term is for five years and the production term is 25 years. The exploration term may be extended twice for two years each.

The contract contains a number of material provisions, including the following:

- (i) KRMC must return the contract area to the MINT by the end of the exploration period, except for any area where a commercial discovery was made;
- (ii) KRMC shall pay: (i) during the exploration period, an amount not less than \$3,000 per annum for the realisation of social programmes and development of the region's infrastructure and (ii) during the production period, an amount not less than \$5,000 per annum;
- (iii) in the event of a commercial discovery by KRMC it must notify the MINT and, within 90 days, prepare a report on reserves for submission to the MINT;
- (iv) KRMC shall commence the production no later than 90 days upon approval of the working programme for production;
- (v) KRMC shall invest not less than 0.1 per cent. of the total value of its costs within the exploration period and 0.1 per cent. of its total operational costs within the production period in professional training for Kazakhstani specialists working under the contract; and
- (vi) 180 days prior to the expiry of the exploration term and not later than two years after the production term, KRMC must submit a liquidation programme (including liquidation costs calculations) to the MINT for approval. KRMC shall form the liquidation fund in the amount of 1 per cent. of its annual investments in the exploration period and 0.1 per cent. of its operational expenses in the production period.

KRMC's financial obligations for the exploration period pursuant to the Drozhilovskoye Subsoil Use Contract amount to KZT218,756,000.

The MINT has the right to suspend the contract in the event that KRMC breaches certain terms of the contract, in particular: (i) performance of activities beyond the work programme and the contract; (ii) breach of subsoil use and environmental laws and technical safety regulations; (iii) breach of the obligation to pay taxes and obligatory payments; (iv) the transfer of subsoil use rights (in full or in part) under the contract to any third party without the MINT's consent; (vi)

suspension of works under the minimal work programme exceeding 90 days, apart from any situation caused by any force majeure; and (vi) breach of its confidentiality provision.

The contract may be terminated in the following cases: (i) KRMC refuses to remedy the breaches which have caused the suspension of the contract or such breaches have not been remedied within a reasonable period of time; (ii) KRMC fails to start operations under the contract within the specified timeframe; (iii) it is not possible to remedy the breaches and they cause a threat to the health or the life of people; (iv) in the event of a material breach by KRMC of its obligations under the contract or the work program; (v) in the event of KRMC being considered bankrupt, except for cases when subsoil use rights have been pledged; and (vi) if the contract is void in accordance with the subsoil use laws of Kazakhstan.

The contract is governed by the laws of Kazakhstan and any disputes arising under the contract will be settled in the courts of Kazakhstan.

13.11 *The Working Capital Facilities*

13.11.1 An agreement dated 28 May 2012, as amended on 4 February 2013, made between the Company and Amrita pursuant to which Amrita agreed to make available to the Company a loan facility of £883,894 drawable in three separate tranches and repayable by the Company on the first anniversary of the date of the agreement. Interest will accrue on the outstanding principal of the amounts drawn down under the facility at a rate of LIBOR plus five per cent. per annum.

13.11.2 The Working Capital Facility Agreement dated 4 February 2013 between the Company and Amrita pursuant to which Amrita agreed to make available to the Company a loan facility of up to £7 million for working capital purposes and the settlement of any debts owed by KRMC to third parties at the date of the agreement. Amrita will pay an initial sum of £2.5 million into an escrow account as soon as practicable following the date of the agreement with such amount being released to the Company on Admission. On 1 October 2013 Amrita will make a further £1 million available for draw down to the Company. To the extent this amount is not drawn down in full, the Company may make additional drawdown requests on 1 January 2014, 1 April 2014 and 1 July 2014. The Company may also make additional drawdown requests as and when necessary in order to settle amounts due by KRMC to its creditors. All sums drawn down under the agreement referred to in the preceding paragraph will be deemed to have been drawn down under the Working Capital Facility Agreement and the earlier agreement will terminate on the Working Capital Facility Agreement becoming unconditional. Interest will accrue on the outstanding principal of the amounts drawn down under the facility at a rate of LIBOR plus 5 per cent. per annum and is payable on the earlier of the termination of the agreement or the fifth anniversary of the agreement. Both Amrita and the Company have rights to convert amounts lent under the Working Capital Facility Agreement into New Ordinary Shares. A conversion notice may be served on closing of an equity fundraising by the Company or on the fifth anniversary of the Working Capital Facility Agreement. Where Amrita elects to convert the loans under the facility, the issue price per New Ordinary Share will be either the price at which shares are issued under the fundraising or the average VWAP of the New Ordinary Shares for the 20 trading days prior to the fifth anniversary of the date of the Working Capital Facility Agreement. Where the Company elects to convert the loans, the issue price will be at a five per cent. discount to those amounts.

13.12 *Loan agreements of KRMC*

KRMC has entered into a number of loan agreements. The terms of those still subsisting as at the date of this document are as follows:

- (i) An agreement dated 28 September 2006 between KRMC and Zadessa Limited Company (“Zadessa”) pursuant to which Zadessa agreed to provide to KRMC an

interest free loan in the amount of \$1,000,000 repayable three years from the date of the agreement. The loan was provided to fund KRMC's working capital requirements in connection with subsoil exploration and production works at the Smirnovskoe and Drozhilovskoye deposits. Zadessa has agreed to defer repayment of the loan until 25 December 2014.

- (ii) An agreement dated 25 June 2007 between KRMC and Storm Continental S.A ("Storm") pursuant to which Storm agreed to provide a loan to KRMC in the amount of \$267,500 with the fixed rate of interest of five per cent. annually on the loan amount. The loan is repayable to Storm five days after a written request. If KRMC fails to repay the loan in time then the interest at the rate of 20 per cent. annually shall be charged for the amount of the loan not repaid. Storm has agreed to defer repayment of the loan until 25 December 2014.
- (iii) An agreement dated 15 February 2007 between KRMC and Lothar Enterprises Limited ("Lothar") pursuant to which Lothar agreed to provide an interest free loan to KRMC of \$250,000 repayable on 8 May 2007. On 30 October 2008 the loan was assigned to Hawkinson Capital Inc. ("Hawkinson"). Hawkinson has agreed to defer repayment of the loan until 25 December 2014.
- (iv) An agreement dated 13 February 2007 between KRMC and Lothar pursuant to which Lothar agreed to provide an interest free loan to KRMC of \$249,000 repayable on 8 May 2008. On 30 October 2007 the loan was assigned to Hawkinson. Hawkinson has agreed to defer repayment of the loan until 25 December 2014.
- (v) An agreement dated 22 May 2006 between KRMC and Centrasia Mining Corp ("Centrasia") pursuant to which Centrasia agreed to provide an interest free loan to KRMC in the amount of \$120,000. The loan was repayable on 22 May 2009. Centrasia has agreed to defer repayment of the loan until 25 December 2014.
- (vi) An agreement dated 10 January 2008 between KRMC and Hawkinson pursuant to which Hawkinson agreed to provide KRMC with temporary financial aid in the amount of KZT85,000,000 until 31 December 2012 to cover KRMC's expenses. Hawkinson has agreed to defer repayment of the loan until 25 December 2014.
- (vii) An agreement dated 5 January 2010 between KRMC and Altyn Oil Group LLP ("Altyn") pursuant to which Altyn agreed to provide KRMC with temporary financial aid in the amount of KZT20,500,000 for working capital purposes. Any amounts provided to KRMC are repayable within 30 days of a written request by Altyn. Altyn has agreed to defer repayment of the mounts lent until 25 December 2014.
- (viii) An agreement dated 27 October 2010 between KRMC and AltynMunaiGaz LLP ("AMG") pursuant to which AMG agreed to provide KRMC with temporary financial aid in the amount of KZT22,000,000 for four years.
- (ix) An agreement dated 21 May 2012 between KRMC and AltynGroupKazakhstan LLP ("AGK") pursuant to which AGK agreed to provide KRMC with temporary financial aid in the amount of KZT30,000,000 until 25 December 2014.

14. Litigation

No member of the Enlarged Group is or has been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which have had or may have a significant effect on the Enlarged Group's financial position or profitability during the twelve months preceding the date of this document and so far as the Directors and the Proposed Directors are aware, there are no such proceedings pending or threatened by or against any member of the Enlarged Group, other than as set out below:

- 14.1 the litigation concerning the Subsoil Use Contracts, details of which are fully described on pages 14 and 15 of Part I of this document; and

14.2 on 8 October 2012, GRK Iskander LLP (“GRK”) submitted a claim to the Specialized Interregional Economical Court of Almaty to enforce the collection of a debt amounting to KZT102,688,121 pursuant to the terms of a services agreement between KRMC and GRK. KRMC acknowledged the debt and on 24 October 2012 signed a settlement agreement (as amended on 4 January 2013) with GRK according to which KRMC was obliged to pay off amounts of the debt in several instalments as follows:

- (i) a first instalment of KZT20,000,000 to be paid within two business days from the date of the amendment to the settlement agreement; and
- (ii) a second and final instalment of KZT82,688,121 to be paid by 1 March 2013.

KRMC has paid the first instalment pursuant to the settlement agreement when due.

15. Share Incentive Arrangements

15.1 As at 1 February 2013, being the last practicable date prior to the publication of this document, the Directors have been granted the following options over Existing Ordinary Shares under individual option agreements, details of which are set out below:

Name	Date of Grant	Existing Ordinary Shares under option	Exercise price per Ordinary Share	Latest Exercise Date
Kenneth Crichton	20 December 2010	5,000,000	£0.043	20 December 2015
Ralph Browning	20 December 2010	2,000,000	£0.043	20 December 2015

15.2 Kenneth Crichton and Ralph Browning have each entered into deeds of surrender dated 4 February 2013, whereby they have each agreed, conditional on Admission, to cancel all of the above options over the Existing Ordinary Shares.

15.3 Accordingly, on Admission, the Company will have no options or other rights to subscribe for its shares outstanding.

16. Working Capital

The Directors and Proposed Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is, for at least twelve months from the date of Admission.

17. No Significant Change

17.1 Other than the disposal of ENOR pursuant to the transfer and settlement agreement details of which are set out in paragraph 13.4 of this Part VI, there has been no significant change in the financial or trading position of the Group since 30 June 2012 the date to which the last published financial information was prepared.

17.2 There has been no significant change in the financial or trading position of KRMC since 30 June 2012, the date to which the most recent historical financial information set out in Part IV of this document was prepared.

18. Taxation

The following summary, which is intended as a general guide only, outlines certain aspects of current UK tax legislation, and what is understood to be the current practice of HMRC in the United Kingdom regarding the ownership and disposal of New Ordinary Shares.

The Company is at the date of this document resident for tax purposes in Malta and the following is based on that status.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of New Ordinary Shares of the Company. It addresses certain limited aspects of the UK taxation position of UK resident, ordinarily resident and domiciled Shareholders who are absolute beneficial owners of their New Ordinary Shares and who hold their New Ordinary Shares as an investment. This

summary does not address the position of certain classes of Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds or UK insurance companies or whose shares are held under a personal equity plan or an individual savings account or are “employment related securities” as defined in Section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of New Ordinary Shares. This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

18.1 *The Shareholders*

18.1.1 *Withholding tax*

Under current Maltese taxation legislation, no tax will be withheld at source from dividend payments by the Company.

18.1.2 *Taxation of dividends*

(a) *United Kingdom resident shareholders*

Individuals

UK resident individual Shareholders who receive a dividend from the Company should generally be entitled to a tax credit, which can be set off against the individual’s income tax liability on the dividend payment. If available, the rate of tax credit on dividends paid by the Company will be 10 per cent. of the total of the dividend payment and the tax credit (the “gross dividend”), or one-ninth of the dividend payment. UK resident individual Shareholders will generally be taxable on the gross dividend, which will be regarded as the top slice of the Shareholder’s income. UK resident individual Shareholders who are not liable to income tax in respect of the gross dividend will generally not be entitled to reclaim any part of the tax credit. In the case of a UK resident individual Shareholder who is not liable to income tax at the higher rates (taking account of the gross dividend he or she receives), the tax credit, if available, will satisfy in full such Shareholder’s liability to income tax on the dividend. To the extent that a UK resident individual Shareholder’s income (including the gross dividend) is subject to 40 per cent. income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 32.5 per cent. but will be able to set the tax credit, if available, against this liability. This results in an effective tax rate of 25 per cent. on the net dividend. To the extent that a UK resident Individual Shareholder’s income (including the gross dividend) is subject to 50 per cent. income tax, such Shareholders will be subject to income tax on the gross dividend at the distribution income upper rate of 42.5 per cent. but will be able to set the tax credit, if available, against this liability. This results in an effective tax rate of 36 per cent. on the net dividend. The 50 per cent. income tax rate is due to reduce to 45 per cent. from 6 April 2013, whereupon the distribution income upper rate will be 37.5 per cent. on the gross dividend, or an effective rate of 30.55 per cent. on the net dividend after taking into account the tax credit, if available, on the dividend.

Companies

It is likely that most dividends paid on the New Ordinary Shares to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax but it should be noted that the exemptions are not comprehensive and are also subject to anti avoidance rules. Corporate Shareholders within the charge to UK corporation tax should consult their own professional advisers.

(b) *Non-residents*

In general, the right of non-UK resident Shareholders to reclaim tax credits attaching to dividend payments by the Company will depend upon the existence and the terms of an applicable double tax treaty between their jurisdiction of residence and the UK. In most cases, the amount of tax credit that can be claimed by non-UK resident Shareholders from HMRC will be nil. They may also be liable to tax on the dividend income under the tax law of their jurisdiction of residence. Non-UK resident Shareholders should consult their own tax advisers in respect of their liabilities on dividend payments, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

18.1.3 *Capital Gains Tax*

A disposal of New Ordinary Shares by a Shareholder who is resident or, in the case of an individual, ordinarily resident for tax purposes in the UK, will in general be subject to UK taxation on capital gains on a disposal of New Ordinary Shares.

A Shareholder who is neither resident nor ordinarily resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the New Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of New Ordinary Shares.

In addition, any holders of New Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK.

For UK individuals, capital gains are chargeable at a flat rate of 18 per cent. or 28 per cent. for higher or additional rate taxpayers, subject to certain reliefs and exemptions. For UK trustees, capital gains are chargeable at 28 per cent. subject to certain reliefs and exemptions. For UK corporates, indexation may apply to reduce any such gain (though indexation is no longer available to individuals and trustees).

18.1.4 *Stamp duty and Stamp Duty Reserve Tax (“SDRT”)*

No UK stamp duty will be payable on the issue by the Company of New Ordinary Shares. Transfers of New Ordinary Shares for value will generally give rise to a liability to pay UK *ad valorem* stamp duty, or stamp duty reserve tax, at the rate in each case of 50 pence per £100 of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5).

18.1.5 *Inheritance and gift taxes*

New Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK), although the availability of exemptions and reliefs may mean that in some circumstances there is no actual tax liability. A lifetime transfer of assets to another individual or trust may also be subject to UK inheritance tax based on the loss of value to the donor, although again exemptions and reliefs may be relevant. Particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold shares, which could bring them within the charge to UK inheritance tax.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any New Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

The comments set out above are intended only as a general guide to the current tax position in the UK at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application.

19. Premises

KRMC owns the freehold of the following premises:

- 19.1 a former school building, located at: Tavrichenka Village, Denisovsky District, Kostanai Region, Republic of Kazakhstan;
- 19.2 an apartment in a twin-apartment house, located at: Stepnaya Street, Smirnovka Village, Karabalyksky District, Kostanai Region, Republic of Kazakhstan; and
- 19.3 apartments with an adjoining land plot, located at: Smirnovka Village, Naberezhnaya Street, Karabalyksky District, Kostanai Region, Republic of Kazakhstan.

Whilst KRMC has acquired these properties pursuant to private acquisition agreements, as at the date of this document only the property at sub-paragraph 19.2 above has been registered with the justice authorities.

20. Consents and other information

- 20.1 The aggregate expenses of the Proposals, all of which are payable by the Company, are estimated to be £635,000 (including irrecoverable VAT).
- 20.2 Merchant Securities has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 20.3 The reporting accountant, BDO LLP, has given and not withdrawn its written consent to the inclusion in this document of its report set out in Section A of Part IV of this document and references thereto in the form and context in which they appear.
- 20.4 Wardell Armstrong International Limited has given and not withdrawn its written consent to the inclusion in Part III of this document of its report, the references thereto and to its name in the form and context in which it appears.
- 20.5 Save for the disposal of ENOR and the Acquisition, the Directors and Proposed Directors are not aware of any exceptional factors which have influenced the Enlarged Group's activities.
- 20.6 There has been no public takeover bid for the whole or any part of the share capital of the Company or any member of the Enlarged Group prior to the date of this document.
- 20.7 Except as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Enlarged Group's business or profitability.
- 20.8 Except as disclosed in this document, there have been no significant authorised or contracted capital commitments of the Enlarged Group at the date of publication of this document.
- 20.9 Save as disclosed in this document, the Company is not aware of any material environmental issues or risks affecting the utilisation of the Enlarged Group's tangible fixed assets or its operations.
- 20.10 Except as stated in this document and for the advisers named on page 3 of this document and trade suppliers, no person has received, directly or indirectly, from the Company within the twelve months preceding the date of this document or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more or any other benefit with a value of £10,000 or more at the date of Admission.

- 20.11 Except as stated in this document, the Enlarged Group has not made any payments aggregating over £10,000 to any government or regulatory authority or similar body, with regard to the acquisition of, or maintenance of, its assets.
- 20.12 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 20.13 New Ordinary Shares are issued and allotted in registered form under the laws of England and Wales and their currency is pounds sterling. No admission to listing or trading of the New Ordinary Shares is being sought on any stock exchange other than AIM.
- 20.14 Temporary documents of title will not be issued in relation to New Ordinary Shares.
- 20.15 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.
- 20.16 Pursuant to Chapter 5 of the United Kingdom Listing Authority Disclosure and Transparency Rules (Disclosure and Transparency Rules) a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules. Certain voting rights held by investment managers, unit trusts, OEICS and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.

21. Copies of this document

Copies of this document will be available to the public free of charge at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2PX during normal business hours on any weekday (other than Saturdays, Sundays and public holidays), for a period of at least one month from the date of Admission. This document will also be available for download from the Company's website at www.gmaresources.plc.uk.

4 February 2013

Glossary of Terms

“C”	degrees Celsius
“acid”	an igneous or volcanic rock containing more than about 60 per cent. silica (SiO ₂) by weight, most of the silica being in the form of silicate minerals, but with the excess of about 10 per cent. being free quartz
“Ag”	the chemical symbol for the element silver
“alteration”	changes in the chemical or mineralogical composition of a rock, generally produced by weathering or hydrothermal solutions
“amphibole”	a mineral group
“andesite”	a fine-grained igneous rock with no quartz or orthoclase, composed of about 75 per cent. plagioclase feldspars, balance ferromagnesian silicates
“anticline”	a fold, generally convex upward, whose core contains the stratigraphically older rocks.
“anticlinorium”	a series of anticlines and synclines, so grouped that taken together they have the general outline of an arch
“argillic”	pertaining to clay or clay minerals; e.g. argillic alteration in which certain minerals of a rock are converted to minerals of the clay group
“arsenic”	metallic, steel-grey, brittle element; chemical symbol, As
“arsenopyrite”	monoclinic mineral, FeAsS; metallic silver-white to steel grey; the most common arsenic mineral and principal ore of arsenic; occurs in many sulphide ore deposits
“asl”	above sea level
“Au”	the chemical symbol for the element gold
“augite”	a pyroxene group mineral common in igneous and metamorphic rocks
“barren”	of rock or vein material containing no minerals of value
“basement”	oldest rocks exposed in an area
“beryl”	a mineral, Be ₃ Al ₂ Si ₆ O ₁₈ ; green, blue-green, and other pale tints; in granite pegmatites, mica schists, and an accessory mineral in felsic igneous rocks; the chief source of beryllium. Gem varieties include emerald and aquamarine
“biotite”	a mineral in the mica group; formula K(Mg,Fe) ₃ AlSi ₃ O ₁₀ (F,OH) ₂
“bismuth”	a white crystalline, brittle metal with a pink tinge; chemical symbol, Bi

Glossary of Terms (continued)

“breccia”	clastic rock made up of angular fragments of such size that an appreciable percentage of rock volume consists of particles of granule size or larger
“bulk density”	is a measurement of the mass per unit volume of a substance
“C₁ & C₂”	Russian reporting standards, roughly equivalent to Indicated and Inferred respectively as defined by JORC
“calcareous”	a substance that contains calcium carbonate; when applied to a rock name, it implies that as much as 50 per cent. of the rock is calcium carbonate
“calcite”	mineral composed of calcium carbonate, CaCO ₃
“Cambrian”	geologic period of time from 590 to 505Ma
“carbonate”	refers to a carbonate mineral such as calcite CaCO ₃
“carbonatisation”	metasomatic changes producing carbonates as a result of hydrothermal processes
“Carboniferous”	a period of geologic time from about 345 to 280 million years
“cassiterite”	a mineral, tin dioxide, SnO ₂ . Ore of tin with specific gravity 7
“Cenozoic”	an era of geologic time, from the beginning of the Tertiary period (65Ma) to the present
“cesium”	a silvery white, soft and ductile alkaline element, of the rare-earth metals. Symbol, Cs
“chalcopyrite”	the mineral sulphide of iron and copper, CuFeS
“chlorite”	a green coloured silicate mineral
“chloritisation”	alteration of rocks to chlorite as a result of low-grade metamorphism
“collar”	as in drill collar – position of drillhole at surface
“comminution”	crushing and grinding circuit in a process plant
“CPR”	the Competent Person’s Report
“Cretaceous”	geologic period of time from 144 to 65Ma
“Cu”	the chemical symbol for copper
“cupola”	a dome-shaped projection of the igneous rock of a batholith. Many stocks are cupolas on batholiths
“cut-off grade”	lowest grade of mineralised material considered economic, used in the calculation of ore resources

Glossary of Terms (continued)

“dacite”	fine-grained igneous rock with composition between rhyolite and trachyte
“DCF”	Discounted Cash Flow analysis used in project valuation, based on the time value of money
“deposit”	coherent geological body such as a mineralised body
“Devonian”	geological period of time from 408 to 362Ma
“diamond drill hole”	hole made by a rotary drill using diamond-edged bits which produces a solid continuous core sample of the rock
“diamond drilling”	drilling method which obtains a cylindrical core of rock by drilling with an annular bit impregnated with diamonds
“dilution”	the amount of barren or low-grade material that has to be extracted to recover the ore
“diorite”	coarse-grained igneous rock with composition of andesite (no quartz or orthoclase), composed of 75 per cent. plagioclase feldspars and balance ferromagnesian silicates
“dip”	the true dip of a plane is the angle it makes with the horizontal plane
“disseminated”	a mineral deposit in which the desired minerals occur as scattered particles in the rock
“dyke”	a sheet-like body of igneous rock which is discordant, generally steeply dipping
“endocontact”	within the boundaries of the intrusive body
“enrichment”	process by which the relative amount of one constituent mineral or element contained in a rock is increased
“epidote”	a calcium aluminium iron mineral, $\text{Ca}_2\text{Al}_2(\text{Fe}^{3+}, \text{Al})(\text{SiO}_4)(\text{Si}_2\text{O}_7)\text{O}(\text{OH})$
“exocontact”	outside the boundaries of the intrusive body
“exploration”	method by which ore deposits are evaluated
“fault”	surface of rock fracture along which there has been differential movement
“Fe”	chemical symbol for iron
“feasibility study”	an extensive technical and financial study to assess the commercial viability of a project
“feldspar”	the most important group of rock forming silicate minerals, with end-members, alkali feldspar KAlSi_3O_8 , sodium feldspar $\text{NaAlSi}_3\text{O}_8$ and calcium feldspar $\text{CaAl}_2\text{Si}_2\text{O}_8$
“FIMMM”	Fellow of the Institute of Material, Mining and Metallurgy

Glossary of Terms (continued)

“flotation”	a mineral processing technique used to separate mineral particles in a slurry, by causing them to selectively adhere to a froth and float to the surface
“fluorite”	a mineral, CaF_2 ; transparent to translucent, found in veins as a gangue mineral, in carbonate rocks, and as an accessory in igneous rocks
“fold”	a flexure in rocks
“g/t”	gramme per metric tonne
“gangue”	general term for minerals that are not considered to be of economic significance; that part of the mineral deposit from which a metal or metals is not extracted
“garnet”	family of silicate minerals of iron, magnesium, aluminium, calcium, manganese, and chromium; characteristic of metamorphic rocks
“geochemical”	prospecting techniques which measure the content of specified metals in soils and rocks; sampling defines anomalies for further testing
“geophysical”	prospecting techniques which measure the physical properties (magnetism, conductivity, density, etc.) of rocks and define anomalies for further testing
“GKZ”	the Russian State Commission on Mineral Reserves
“gold”	a native metal, metallic yellow; soft and malleable, symbol Au
“grade”	relative quantity or the percentage of ore mineral or metal content in an ore body
“granite”	coarse-grained igneous rock dominated by light-coloured minerals, consisting of about 50 per cent. orthoclase, 25 per cent. quartz, and balance of plagioclase feldspars and ferromagnesian silicates
“granodiorite”	coarse-grained igneous rock intermediate in composition between granite and diorite
“gravimetric”	the measurement of gravity or gravitational acceleration
“greisen”	a pneumatolitically altered granitic rock composed largely of quartz, mica, and topaz. The mica is usually muscovite or lepidolite. Tourmaline, fluorite, rutile, cassiterite, and wolframite are common accessory minerals
“hematite”	important ore mineral of iron, Fe_2O_3 , found as an accessory in igneous rocks, in hydrothermal veins and replacements, and in sediments

Glossary of Terms (continued)

“hornfels”	a fine-grained rock typically formed by contact metamorphism
“hydrothermal”	refers in the broad sense to the process associated with alteration and mineralisation by a hot mineralised fluid (water)
“igneous”	said of a rock or mineral that solidified from molten or partly molten material, i.e., from a magma
“Inferred”	an estimate of mineral resources made from geological evidence as defined by the JORC Code for reporting ore reserves and resources; 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
“intermediate”	the composition of igneous or volcanic rocks whose composition lies between those of basic and acid rocks
“intrusive”	of or pertaining to intrusion-both the processes and the rock so formed
“IP”	Induced Polarisation; geophysical method whereby an induced electrical polarisation is manifested by a decay of voltage in the ground following the cessation of an excitation current pulse
“JORC Code”	Joint Ore Reserve Committee Code; the Committee is convened under the auspices of the Australasian Institute of Mining and Metallurgy
“Jurassic”	geologic period of time from 190 to 135Ma
“K-feldspar”	potassic feldspar end member $KAlSi_3O_8$
“km(s)”	kilometres
“km²”	square kilometres
“kt”	kilo tonnes (1,000 tonnes)
“kV”	kilo-volt
“leucocratic”	pale coloured, as applied to igneous rocks
“limestone”	sedimentary rock composed largely of the mineral calcite, $CaCO_3$, formed by either organic or inorganic processes
“lithium”	a soft, silvery-white metallic element of the alkali group, the lightest of all metals
“m”	metre
“Ma”	million years

Glossary of Terms (continued)

“mafic”	a dark-coloured igneous rock which has a high proportion of pyroxene and olivine minerals
“magnetics”	a geophysical technique used to measure the magnetic susceptibility of rocks
“magnetite”	an iron ore mineral, Fe ₃ O ₄
“Mean Squared Difference”	statistical method of estimating the variance of repeated data away from the mean
“Mesozoic”	an era of geologic time, from the end of the Paleozoic to the beginning of the Cenozoic, or from about 225 million years to about 65 million years ago
“metallogenic”	study of the genesis of mineral deposits, with emphasis on their relationship in space and time to regional petrographic and tectonic features of the Earth’s crust
“metallurgical”	describing the science concerned with the production, purification and properties of metals and their applications
“metamorphism”	process whereby rocks undergo physical or chemical changes or both to achieve equilibrium with conditions other than those under which they were originally formed (excluding process of weathering); agents of metamorphism are heat, pressure, and chemically active fluids
“metasedimentary”	sediment or sedimentary rock that shows evidence of having been subjected to metamorphism
“metasomatic”	process whereby rocks are altered when volatiles exchange ions with them
“micron”	one-thousandth of a millimetre
“Mineral Resource”	a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such a form that there are reasonable prospects for the 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 sub-divided into <i>Inferred</i> , <i>Indicated</i> and <i>Measured</i> categories
“mineralisation”	process of formation and concentration of elements and their chemical compounds within a mass or body of rock
“MINT”	the Ministry of Industry and New Technologies
“mm”	millimetre, one thousandth of a metre
“molybdenum”	a soft, grey metal, symbol Mo

Glossary of Terms (continued)

“ MOS₂ ”	molybdenite
“ Mt ”	million tonnes
“ muscovite ”	also known as potash mica; formula: $KAl_2(AlSi_3O_{10})(F,OH)_2$.
“ Net In-situ Value ”	discounted value of the metal content in the ground
“ NPV ”	Net Present Value – the present value of the expected future cash flows minus the cost.
“ open-pit ”	a large scale hard rock surface mine
“ ophiolite ”	group of mafic and ultramafic igneous rocks, whose origin is associated with an early phase of the development of a geosyncline
“ Ordovician ”	a period of geologic time from about 500 to 435 million years
“ ore body ”	mining term to define a solid mass of mineralised rock which can be mined profitably under current or immediately foreseeable economic conditions
“ ore ”	a mineral deposit that can be extracted and marketed profitably
“ palaeo ”	a prefix common in geological terminology, meaning ancient, of past times, and sometimes suggesting an early or primitive nature
“ Paleogene ”	the Paleogene is a geologic period and system that began 65.5 ± 0.3 and ended 23.03 ± 0.05 million years ago and comprises the first part of the Cenozoic Era.
“ Paleozoic ”	geological era from 570 to 245Ma
“ paragenesis ”	the relationship of minerals expressed in terms of a time sequence
“ Pb ”	the chemical symbol for lead
“ pegmatite ”	an exceptionally coarse-grained igneous rock, with interlocking crystals, usually found as irregular dykes, lenses, or veins
“ Permian ”	a geologic period that extends from about 299.0Ma to 248.0 Ma
“ phlogopitisation ”	alteration to phlogopite $K_2 Mg_6 (Si_6 Al_2 O (sub 20))(F,OH)_4$
“ phyllite ”	a fine grained low-grade metamorphic rock
“ placer ”	a mineral deposit formed by the winnowing action of either water, or air to concentrate minerals of different mass by gravity separation

Glossary of Terms (continued)

“plagioclase”	a series of sodium/calcium feldspars, plagioclase feldspars are common rock-forming minerals
“plunge”	a fold is said to plunge if the axis is not horizontal
“pluton”	an igneous intrusion
“plutonic”	pertaining to igneous rocks formed at great depths
“porphyritic”	a medium coarse-grained intrusive or volcanic rock which is conspicuous by containing more than 25 per cent. large well-formed crystals by volume
“porphyry”	igneous rock containing conspicuous phenocrysts (crystals) in fine-grained or glassy groundmass
“potassic”	of, pertaining to, or containing potassium; relating to or containing potash
“ppm”	parts per million
“Precambrian”	era before 590 million years
“propylitic”	plagioclase in an igneous rock is altered to epidote, sericite and secondary albite, and ferro-magnesian minerals are altered to chlorite-calcite-epidote-iron oxide assemblages
“Proterozoic”	most recent geological Eon of three sub-divisions of the Precambrian, from 2,500 to 570Ma
“pyrite”	a mineral compound of iron and sulphur, sulphide mineral, iron sulphide, chemical symbol FeS ₂
“pyrrhotite”	a mineral, iron sulphide, FeS
“pyroxene”	a group of chiefly magnesium-iron minerals
“QA/QC”	Quality Assurance/Quality Control: procedures to ensure the validity of e.g. drilling, sampling and analyses
“quartz”	a mineral composed of silicon dioxide, SiO ₂
“quartzites”	metamorphic rock composed predominantly of quartz
“Quaternary”	geological period of time from 2Ma; youngest period of the Cenozoic
“rare earths”	oxides of a series of 15 metallic elements, from lanthanum (atomic number 57) to lutetium (71), and of two other elements; yttrium (39), and scandium (21)
“recovery”	proportion of valuable material obtained in the processing of an ore, stated as a percentage of the material recovered compared with the total material present
“reserves”	Proven: measured mineral resources, where technical economic studies show that extraction is justifiable at the time of the determination and under specific economic

Glossary of Terms (continued)

	conditions. Probable: measured and/or indicated mineral resources which are not yet proven, but where technical economic studies show that extraction is justifiable at the time of the determination and under specific economic conditions
“resistivity”	a geophysical technique to measure the electrical resistance of rocks
“resources”	Measured: a mineral resource intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known; a measured mineral resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of shapes, sizes, densities and grades. Indicated: a mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability; an indicated resource will be based on more data, and therefore will be more reliable than an inferred resource estimate. Inferred: a mineral resource inferred from geoscientific evidence, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability
“rhyolite”	a group of extrusive igneous rocks, often light coloured
“rift”	a regional-scale strike-slip fault, with offset measured up to hundreds of kilometres or a trough or valley formed by faulting
“rubidium”	a soft, silvery-white, metallic element of the alkali metal group, closely resembling potassium. Symbol, Rb
“S”	chemical symbol for sulphur
“sandstone”	detrital sedimentary rock in which particles range from 1/16 to 2mm
“scheelite”	a tungsten ore mineral, chemical symbol CaWO_4
“schist or schistosity”	metamorphic rock dominated by fibrous or platy minerals with parallel alignment that splits readily; has schistose cleavage and is a product of regional metamorphism
“sedimentary”	rocks formed from material derived from pre-existing rocks by processes of denudation

Glossary of Terms (continued)

“selvages”	rims or edges around mineral grains
“sericite”	a white mica
“serpentinite”	a rock consisting almost wholly of serpentine-group minerals, e.g., antigorite and chrysotile or lizardite
“shales”	fissile, fine grained sediments
“siderite”	an iron mineral, FeCO ₃
“silicification”	the introduction of silica into a rock, either filling pore spaces or replacing pre-existing minerals
“siltstone”	detrital sedimentary rock in which particles are less than 1/16mm
“Silurian”	a period of geologic time from about 435 to 395 million years
“silver”	a white metallic element that is very ductile and malleable. Symbol, Ag
“sinistral”	a term applied to a fault to describe the apparent direction of relative movement of each side, in this case to the left
“skarn”	an old Swedish mining term for silicate gangue (amphibole, pyroxene, garnet, etc.) of certain iron ore and sulfide deposits of Archean age, particularly those that have replaced limestone and dolomite; its meaning has been generally expanded to include lime-bearing silicates, of any geologic age, derived from nearly pure limestone and dolomite with the introduction of large amounts of Si, Al, Fe, and Mg
“specific gravity”	specific gravity usually means relative density with respect to water; the term “relative density” is often preferred in modern scientific usage
“spessertite”	a mafic mineral-rich rock
“sphalerite”	a zinc sulphide mineral, (Zn,Fe)S
“stockwork”	a mineral deposit consisting of a three-dimensional network of planar to irregular veinlets
“stratigraphy”	study of the stratified rocks, sedimentary and volcanics, especially their sequence in time, the character of the rocks and the correlation of beds in different localities
“strike length”	the longest horizontal dimension of an ore body or zone of mineralisation
“strike”	direction in which a horizontal line can be drawn on a plane, and determines the direction in which to measure the true dip

Glossary of Terms (continued)

“stringers”	mineral veinlet or filament, usually one of a number, occurring in a discontinuous sub parallel pattern in host rock
“sulphide”	mineral containing sulphur in its non-oxidised form
“syncline”	a fold in which the core contains the stratigraphically younger rocks; it is generally concave upward
“t”	a metric tonne
“tailings”	material that remains after all metals/minerals considered economic have been removed from the ore
“talc”	soft and greasy feeling mineral, associated with metamorphism
“tectonic”	said of or pertaining to the forces involved in, or the resulting structures or features of, tectonics: branch of geology dealing with the broad architecture of the outer part of the Earth; i.e., the regional assembling of structural or deformational features
“thrust”	overriding movement of one crustal unit over another, such as in thrust faulting
“tin”	a tetragonal mineral, rare; soft; malleable: bluish white, found chiefly in cassiterite, SnO ₂
“tourmaline”	is a complex silicate of aluminium and boron.
“tpa”	tonnes per annum
“treatment plant”	a plant where ore undergoes physical or chemical treatment to extract the valuable metals/minerals
“trench sampling”	sampling of a trench cut through the rock, generally in the form of a series of continuous channels (channel samples)
“tuffs”	rock consolidated from volcanic ash
“tungsten”	hard, brittle, white or grey metallic element. Chemical symbol, W; also known as wolfram
“ultramafic”	an igneous rock composed chiefly of mafic minerals (cf ultrabasic)
“variography”	a geostatistical method of determining the spatial variations in the grade and nature of mineralisation within a particular ore body
“vein”	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle
“vesuvianite”	a green, brown, yellow, or blue silicate mineral, formula Ca ₁₀ (Mg, Fe) ₂ Al ₄ (SiO ₄) ₅ (Si ₂ O ₇) ₂ (OH,F) ₄

Glossary of Terms (continued)

“W”	chemical symbol for tungsten
“weathering”	the breakdown of rocks and minerals in the near-surface environment by the action of physical and chemical processes, in the presence of air and water
“wireframed”	a technique to convert ore body intersections in a 3D computer model to assist interpretation
“wireline”	a method of core recovery whereby the drill rods can be left in the hole
“wolframite”	a mineral, (Fe,Mn)WO ₄ ; within the huebnerite-ferberite series
“Zn”	the chemical symbol for zinc; bluish-white, lustrous metal
“µm”	micron (one millionth of a metre)

GMA Resources plc

(Registered in England and Wales with company number 4674237)

NOTICE OF CLASS MEETING OF FIRST LOAN STOCKHOLDERS

Notice is hereby given that a class meeting of the holders of 10 per cent. unsecured convertible loan stock 2013 (“**First Loan Stock**”) issued by GMA Resources plc (the “**Company**”) will be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL at 10.00 a.m. on 28 February 2013 to consider and, if thought fit, pass the following resolution which will be proposed as an extraordinary resolution:

THAT the instrument by way of deed poll dated 25 May 2007 constituting the First Loan Stock and duly executed by the Company (as amended by extraordinary resolutions dated 22 January 2009, 26 July 2010 and 7 December 2012) (the “**Instrument**”) be amended as follows:

(a) the following new definitions be inserted into section 2 (“Definitions and Interpretation”) of Schedule 2 of the Instrument in alphabetical order:

“**Acquisition**” the proposed acquisition by the Issuer of 90 per cent. of the participatory interests in Joint Venture Kazakh-Russian Mining Company LLP pursuant to an agreement dated 4 February 2013 between the Issuer and Lother Enterprises Limited;”;

“**Automatic Conversion Rate**” 1 Ordinary Share for every £3.1654997729208 of principal and interest accrued thereon up to 31 January 2013 held by a Stockholder;”;

“**Contract Reinstatement**” receipt by Joint Venture Kazakh-Russian Mining Company LLP of written confirmation from the Ministry of Industry and New Technologies of Kazakhstan to the effect that it has reinstated or renewed both of: (a) Contract No. 1606 dated 7 December 2004 for Exploration and Production of Molybdenum and Wolfram on Drozhilovskoye Field in Kostani Region of Kazakhstan entered into between Joint Venture Kazakh-Russian Mining Company LLP and the Ministry of Energy and Mineral Resources of Kazakhstan; and (b) Contract No. 1605 dated 7 December 2004 for Exploration and Production of Molybdenum, Wolfram and Copper on Smirnovskoe field in Kostani Region of Kazakhstan between Joint Venture Kazakh-Russian Mining Company LLP and the Ministry of Energy and Mineral Resources of Kazakhstan, pursuant to Article 73 of Law of Kazakhstan “On Subsoil and Subsoil Use” dated 24 June 2010 (as amended) with the exploration period for each such contract ending on 31 December 2016 (but otherwise on materially the same terms as originally granted) and the requisite documentation to effect such reinstatement having been duly executed;”;

(b) the following additional conditions be inserted as new Conditions 8.9 to 8.11 of Schedule 2 of the Instrument:

“8.9 Upon: (i) the Acquisition having become unconditional in all respects; and (ii) Contract Reinstatement, the principal amount of the outstanding Loan Stock held by each Stockholder and the interest accrued thereon up to (but not including) 31 January 2013 shall immediately convert into Ordinary Shares credited as fully paid at the Automatic Conversion Rate. Where Loan Stock converts according to this Condition 8.9, no interest shall accrue on such Loan Stock from 1 February 2013 until the date of such conversion.

8.10 The Issuer shall immediately following conversion of the Loan Stock pursuant to Condition 8.9, despatch to the persons entitled thereto the certificates for such Ordinary Shares (or, if requested by the Stockholder, credit their CREST stock account in respect of such Ordinary Shares).

8.11 For the purposes of Conditions 8.9 and 8.10:

- (a) Conditions 5.1 to 5.4 (inclusive) shall not apply; and
- (b) Conditions 8.6 to 8.8 shall, *mutatis mutandis*, apply.”

Registered Office:
One America Square
Crosswall
London EC3N 2SG

BY ORDER OF THE BOARD

John Bottomley
Secretary

Dated: 4 February 2013

Notes:

1. Any holder of First Loan Stock entitled to attend, vote and speak at the meeting convened by the above notice is entitled to appoint a proxy to attend, vote and speak instead of him. A proxy need not be a member of the Company or a holder of First Loan Stock. Any proxy so appointed shall, so long as such appointment remains in force be deemed, for all purposes in connection with the meeting, to be the holder of the First Loan Stock to which such appointment relates and the First Loan Stockholder shall be deemed for such purposes not to be the holder.
2. To be valid, the enclosed blue form of proxy headed “A” for the meeting convened by the above notice and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the office of the Company’s registrar not less than 48 hours before the time for holding the meeting.
3. In the case of joint holders of First Loan Stock, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of First Loan Stockholders in respect of the relevant joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.

GMA Resources plc

(Registered in England and Wales with company number 4674237)

NOTICE OF CLASS MEETING OF SECOND LOAN STOCKHOLDERS

Notice is hereby given that a general meeting of the holders of 15 per cent. unsecured convertible loan stock 2013 (“**Second Loan Stock**”) issued by GMA Resources plc (the “**Company**”) will be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL at 10.05 a.m. on 28 February 2013 (or, if later, immediately following the general meeting of the holders of 10 per cent. unsecured convertible loan stock 2013 issued by the Company convened on the same day) to consider and, if thought fit, pass the following resolution which will be proposed as an extraordinary resolution:

THAT the instrument by way of deed poll dated 29 December 2008 constituting the Second Loan Stock and duly executed by the Company (as amended by extraordinary resolutions dated 26 July 2010 and 7 December 2012) (the “**Instrument**”) be amended as follows:

- (a) the following new definitions be inserted into section 2 (“Definitions and Interpretation”) of Schedule 2 of the Instrument in alphabetical order:

- “**Acquisition**” the proposed acquisition by the Issuer of 90 per cent. of the participatory interests in Joint Venture Kazakh-Russian Mining Company LLP pursuant to an agreement dated 4 February 2013 between the Issuer and Lother Enterprises Limited;”;
- “**Automatic Conversion Rate**” 1 Ordinary Share for every £3.1654997729208 of principal and interest accrued thereon up to 31 January 2013 held by a Stockholder;”;
- “**Contract Reinstatement**” receipt by Joint Venture Kazakh-Russian Mining Company LLP of written confirmation from the Ministry of Industry and New Technologies of Kazakhstan to the effect that it has reinstated or renewed both of: (a) Contract No. 1606 dated 7 December 2004 for Exploration and Production of Molybdenum and Wolfram on Drozhilovskoye Field in Kostani Region of Kazakhstan entered into between Joint Venture Kazakh-Russian Mining Company LLP and the Ministry of Energy and Mineral Resources of Kazakhstan; and (b) Contract No. 1605 dated 7 December 2004 for Exploration and Production of Molybdenum, Wolfram and Copper on Smirnovskoe field in Kostani Region of Kazakhstan between Joint Venture Kazakh-Russian Mining Company LLP and the Ministry of Energy and Mineral Resources of Kazakhstan, pursuant to Article 73 of Law of Kazakhstan “On Subsoil and Subsoil Use” dated 24 June 2010 (as amended) with the exploration period for each such contract ending on 31 December 2016 (but otherwise on materially the same terms as originally granted) and the requisite documentation to effect such reinstatement having been duly executed;”;

- (b) the following additional conditions be inserted as new Conditions 8.8 to 8.10 of Schedule 2 of the Instrument:

“8.8 Upon: (i) the Acquisition having become unconditional in all respects; and (ii) Contract Reinstatement, the principal amount of the outstanding Loan Stock held by each Stockholder and the interest accrued thereon up to (but not including) 31 January 2013 shall immediately convert into Ordinary Shares credited as fully paid at the Automatic Conversion Rate. Where Loan Stock converts according to this Condition 8.8, no interest shall accrue on such Loan Stock from 1 February 2013 until the date of such conversion.

8.9 The Issuer shall immediately following conversion of the Loan Stock pursuant to Condition 8.8, despatch to the persons entitled thereto the certificates for such Ordinary Shares (or, if requested by the Stockholder, credit their CREST stock account in respect of such Ordinary Shares).

8.10 For the purposes of Conditions 8.8 and 8.9:

- (a) Conditions 5.1 and 5.2 shall not apply; and
- (b) Conditions 8.5 to 8.7 shall, *mutatis mutandis*, apply.”

Registered Office:
One America Square
Crosswall
London EC3N 2SG

BY ORDER OF THE BOARD

John Bottomley
Secretary

Dated: 4 February 2013

Notes:

1. Any holder of Second Loan Stock entitled to attend and vote and speak at the meeting convened by the above notice is entitled to appoint a proxy to attend, vote and speak instead of him. A proxy need not be a member of the Company or a holder of Second Loan Stock. Any proxy so appointed shall, so long as such appointment remains in force be deemed, for all purposes in connection with the meeting, to be the holder of the Second Loan Stock to which such appointment relates and the Second Loan Stockholder shall be deemed for such purposes not to be the holder.
2. To be valid, the enclosed green form of proxy headed “B” for the meeting convened by the above notice and any authority under which it is executed (or a notorially certified copy of such authority) must be deposited at the office of the Company’s registrar not less than 48 hours before the time for holding the meeting.
3. In the case of joint holders of Second Loan Stock, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of Second Loan Stockholders in respect of the relevant joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.

GMA Resources plc

(Registered in England and Wales with company number 4674237)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of GMA Resources plc (the “**Company**”) will be held at the offices of Merchant Securities Limited, 51-55 Gresham Street, London EC2V 7EL at 10.10 a.m. on 28 February 2013 (or, if later, immediately following the class meeting of the holders of the 15 per cent. unsecured convertible loan stock 2013 issued by the Company convened for 10.05 a.m. on the same day) to consider and, if thought fit, pass the following resolutions (the “**Resolutions**”). Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions and Resolutions 6 to 8 (inclusive) will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. THAT the acquisition by the Company of 90 per cent. of the participatory interests in Joint Venture Kazakh-Russian Mining Company LLP on the terms and subject to the conditions set out in the share purchase agreement dated 4 February 2013 made between (i) the Company and (ii) Lother Enterprises Limited (the “**Acquisition Agreement**”) (further details of which are set out in paragraph 13.1 of Part VI of the admission document issued by the Company dated 4 February 2013 (the “**Admission Document**”), a copy of such Acquisition Agreement having been produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and the directors of the Company (the “**Directors**”) be and are hereby authorised to take all such steps that they consider to be necessary or desirable to effect the matters which are the subject of the Acquisition Agreement including agreeing any amendments of a non-material nature thereto.
2. THAT William James Trew be and is hereby appointed as a director of the Company with effect from the Acquisition Agreement becoming unconditional in all respects.
3. THAT Sanzhar Assaubayev be and is hereby appointed as a director of the Company with effect from the Acquisition Agreement becoming unconditional in all respects.
4. THAT the share capital of the Company be re-organised:
 - (a) by firstly consolidating and dividing all of the existing ordinary shares of 1 penny each in the capital of the Company in issue as at the date of the passing of this Resolution into ordinary shares of 500 pence on the basis of one ordinary share of 500 pence for every 500 ordinary shares of 1 penny each, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing ordinary shares of 1 penny each in the capital of the Company as set out in the articles of association of the Company in force prior to the passing of Resolution 7 (the “**Existing Articles**”); and
 - (b) by secondly sub-dividing and reclassifying each of the ordinary shares of 500 pence each in the capital of the Company in issue resulting from the consolidation and division referred to in sub-paragraph 5(a) of this Resolution into one new ordinary share of 1 penny and one deferred share of 499 pence (a “**Deferred Share**”) with such shares having their respective rights as set out in article 5(a) of the articles of association of the Company as amended by Resolution 7 (the “**New Articles**”).
5. THAT the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £2,100,000 and such authority shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the

Directors may allot shares or grant Rights pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

6. THAT, subject to the passing of Resolution 5, the Directors be and they are hereby empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 5 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities up to an aggregate nominal amount of £1,500,000 pursuant to the Acquisition Agreement;
 - (b) the allotment of equity securities up to an aggregate nominal amount of £20,000 pursuant to the conversion of the First Loan Stock;
 - (c) the allotment of equity securities up to an aggregate nominal amount of £6,000 pursuant to the conversion of the Second Loan Stock;
 - (d) the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares of the Company in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and
 - (e) the allotment (otherwise than pursuant to sub-paragraphs (a) to (d) above) of equity securities up to an aggregate nominal amount of £160,000,

and this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company to be held in 2013. The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

7. THAT the Existing Articles be amended as follows:
- (a) the following definitions be inserted in alphabetical order into Article 2 headed "Definitions" as follows:
 - “**B Shares**” means the B shares of 1p each in the share capital of the Company having such rights set out in Article 5(a);”;
 - “**Deferred Shares**” means the deferred shares of 499p each in the share capital of the Company having such rights as set out in Article 5(b);”;
 - (b) a new Article 5(a) be inserted immediately following Article 5, as follows:
 - “5(a) Rights attaching to the B Shares
 - (i) Income
The B Shares shall not entitle the holders thereof to receive dividends or other distributions.
 - (ii) Capital
On a return of capital on a winding up the holders of the B Shares shall only be entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares in the Company have received the sum of £10,000,000 for each ordinary share held by them and shall have no other right to participate in the assets of the Company. The B Shares are liable to be cancelled without payment of any consideration to the holders thereof.

- (iii) Voting

The B Shares confer on the holders thereof one vote for every B Share they hold in relation to any shareholder resolution of the Company, and they also confer on the holder the right to receive notice of or attend any general meeting of the Company.
 - (iv) Redemption

The B shares are not liable to be redeemed.
 - (v) Transfers

The B Shares shall not be transferable without the consent of the Company.
 - (vi) Variation of rights

Neither a reduction in capital (including any cancellation of the B Shares), nor a reduction of share premium account, nor the purchase by the Company of any of its shares or other securities would constitute a variation of rights.
 - (vii) Further issues

The rights conferred by the B Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the B Shares.
 - (viii) Conversion

In the event that Contract Reinstatement becomes effective on or before 31 May 2013, the B Shares then in issue shall automatically convert into ordinary shares in the Company credited as fully paid on the basis of one ordinary share for each B Share held. All ordinary shares into which such B shares convert shall rank *pari passu* with the other ordinary shares existing in the share capital of the Company at that time.

In the event that the Contract Reinstatement does not become effective by 31 May 2013, the B Shares shall automatically convert into Deferred Shares credited as fully paid on the basis of one Deferred Share for every 499 B Shares held. To the extent that any fractions of a Deferred Share shall fall to be allotted on such conversion, then the portion of a Deferred Share representing such fraction will not be allotted to the relevant converting B Share holder and the balance of unconverted B Shares shall instead be converted into ordinary shares in the Company credited as fully paid at the rate of one new ordinary share for every one B Share held.

For the purposes of this Article, “Contract Reinstatement” means receipt by Joint Venture Kazakh-Russian Mining Company LLP of written confirmation from the Ministry of Industry and New Technologies of Kazakhstan to the effect that it has reinstated or renewed both of: (a) Contract No. 1606 dated 7 December 2004 for Exploration and Production of Molybdenum and Wolfram on Drozhilovskoye Field in Kostani Region of Kazakhstan entered into between Joint Venture Kazakh-Russian Mining Company LLP and the Ministry of Energy and Mineral Resources of Kazakhstan; and (b) Contract No. 1605 dated 7 December 2004 for Exploration and Production of Molybdenum, Wolfram and Copper on Smirnovskoe field in Kostani Region of Kazakhstan between Joint Venture Kazakh-Russian Mining Company LLP and the Ministry of Energy and Mineral Resources of Kazakhstan, pursuant to Article 73 of Law of Kazakhstan “On Subsoil and Subsoil Use” dated 24 June 2010 (as amended) with the exploration period for each such contract ending on 31 December 2016 (but otherwise on materially the same terms as originally granted) and the requisite documentation to effect such reinstatement having been duly executed.”;
- (c) a new Article 5(b) be inserted immediately following Article 5(a), as follows:
- “5(b) Rights attaching to the Deferred Shares
 - (i) Income

The Deferred Shares shall not entitle the holders thereof to receive dividends or other distributions.

- (ii) Capital
On a return of capital on a winding up the holders of the Deferred Shares shall only be entitled to receive the amount paid up on such shares after the holders of the ordinary shares in the Company have received the sum of £10,000,000 for each ordinary share held by them and shall have no other right to participate in the assets of the Company. The Deferred Shares are liable to be cancelled without payment of any consideration to the holders thereof.
- (iii) Voting
The Deferred Shares do not confer on the holders thereof any entitlement to vote in relation to any shareholder resolution of the Company, or receive notice of or attend any general meeting of the Company.
- (iv) Redemption
The Deferred shares are not liable to be redeemed.
- (v) Transfers
The Deferred Shares shall not be transferable without the consent of the Company. The Company is authorised at any time:
 - (a) to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same (without making payment to the holders thereof and person so entitled) to such persons as the Company may determine as holders thereof beneficially entitled thereto; and
 - (b) pending any such transfer not to issue certificates for the Deferred Shares.
- (vi) Variation of rights
Neither:
 - (a) the passing by the Company of any resolution for a reduction of capital involving the cancellation of the Deferred Shares without any repayment of capital in respect thereof, or a reduction of share premium account, or the obtaining by the Company or the making by the Court of an order confirming any reduction of capital or share premium account or the making effective of such order; nor
 - (b) the purchase by the Company in accordance with the provisions of the 2006 Act of any of its shares or other securities or the passing of a resolution to permit any such purchase, shall constitute a variation of rights.
- (vii) Further issues
The rights conferred by the Deferred Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares.”; and

(d) references to “GMA Resources plc” be changed to “Kemin Resources plc” throughout.

8. THAT the name of the Company be and is hereby changed to “Kemin Resources plc”.

Registered Office:
One America Square
Crosswall
London EC3N 2SG

BY ORDER OF THE BOARD

John Bottomley
Secretary

Dated: 4 February 2013

Notes:

1. Any member entitled to attend, vote and speak at the meeting convened by the above notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share.
2. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the white form of proxy headed "C". Please also indicate if the proxy instruction is one of multiple instructions being given. To appoint more than one proxy please see the instructions on the enclosed white form of proxy headed "C". All forms must be signed and should be returned together in the same envelope.
3. To be valid, the enclosed white form of proxy headed "C" for the meeting convened by the above notice and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the office of the Company's registrar not less than 48 hours before the time for holding the meeting. Completion and return of the white form of proxy will not preclude members from attending and voting in person at the meeting.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the General Meeting is 6.00 p.m. on 26 February 2013 (being not more than 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
5. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
6. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation

