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The Company, its Directors and the Proposed Directors whose names appear on page 5 of this document accept individual and collective responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules, save for the information concerning the Concert Party for which each member of the Concert Party is responsible and the recommendation set out in paragraph 26 of Part I of this document, for which the Independent Director is solely responsible. To the best of the knowledge and belief of the Company, its Directors and the Proposed Directors who have all taken reasonable care to ensure that such is the case, the information contained in this document for which they are responsible (as above) is in accordance with the facts and contains no omission likely to affect the import of such information. In connection with this document, no person is authorised to give any information or to make any representations other than as contained in this document and if given or made, such information or representation must not be relied upon as having been authorised. Under no circumstances should the information contained in this document be relied upon as remaining accurate at any time after Admission.

The director of Grandinex, the directors of Obtala, Frank Scolaro and David Richardson accept responsibility for the information contained in this document relating to themselves or otherwise expressly referable to them. To the best of the knowledge and belief of each member or the Concert Party (who has taken reasonable care to ensure such is the case) the information contained in this document for which they are responsible is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

This document, which comprises an admission document, has been drawn up in accordance with the AIM Rules and has been issued in connection with the proposed admission of the Enlarged Issued Share Capital of the Company to trading on AIM. In the United Kingdom, any offer of Ordinary Shares is being made only to qualified investors for the purposes of and as defined in section 86 of FSMA and, accordingly, this document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, delivered to the UK Listing Authority in accordance with the Prospectus Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Directive. This document and the accompanying Form of Proxy should not be forwarded or transmitted by you to any person in the United States, Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM. The Ordinary Shares are not dealt in on any other recognised investment exchange and no application has been, or is being, made for the Ordinary Shares to be admitted to any such exchange. It is expected that Admission will become effective and that dealings in Ordinary Shares will commence on AIM on 26 March 2010.

The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. 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. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

Gemstones of Africa Group Plc

(Incorporated and registered in England and Wales with registered number 05292528)

Approval of proposed acquisition of Edenville International Limited

Proposed placing of 200,000,000 Ordinary Shares of 0.02 pence each in the capital of the Company at 0.5 pence per share

Approval of the waiver of the obligation to make a mandatory offer under Rule 9 of the City Code on Takeovers and Mergers

Proposed change of name to Edenville Energy Plc

Adoption of New Articles of Association

Application for Admission to AIM

and

Notice of General Meeting

<i>Nominated Adviser</i>	<i>Rule 3 Adviser to Gemstones of Africa</i>	<i>Broker</i>
ZAI Corporate Finance Limited	Merchant John East Securities Limited	Zimmerman Adams International Limited

The New Ordinary Shares will, following allotment, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

ZAI Corporate Finance Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser to the Company in connection with the arrangements described in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any Proposed Directors or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by ZAI Corporate Finance Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). ZAI Corporate Finance Limited will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of ZAI Corporate Finance Limited or for providing advice in relation to the contents of this document or any other matter. No liability is accepted by ZAI Corporate Finance Limited 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, the Directors, the Proposed Directors and the Concert Party are solely responsible.

Zimmerman Adams International Limited, which is authorised and regulated by the FSA and a member of the London Stock Exchange, is acting as broker to the Company. Zimmerman Adams International Limited's responsibilities as the broker to the Company are owed solely to the Company. No representation or warranty, express or implied, is made by Zimmerman Adams International Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Zimmerman Adams International Limited will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Zimmerman Adams International Limited or for providing advice in relation to the contents of this document or any other matter. No liability is accepted by Zimmerman Adams International Limited 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 the Directors are solely responsible.

Merchant John East Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as Rule 3 Adviser to the Company. Merchant John East Securities Limited's responsibilities as the Rule 3 Adviser to the Company are owed solely to the Company.

The whole text of this document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed "Risk Factors" in Part V of this document.

CONTENTS

	<i>Page</i>
Forward-looking statements	3
Admission Statistics	4
Expected Timetable	4
Directors, Proposed Directors, Secretary and Advisers	5
Definitions	7
Glossary	13
PART I: Letter from the Chairman of Gemstones of Africa Group Plc	14
PART II: Information on Tanzania	26
PART III: Mining Regulations in Tanzania	28
PART IV: Competent Persons Report on Edenville International Limited	32
PART V: Risk Factors	84
PART VI: Information on the Concert Party	91
PART VII: Financial Information on Gemstones of Africa Group Plc	92
PART VIII: Financial Information on Edenville International Limited	96
PART IX: Additional Information	107
PART X: Notice of General Meeting	139
APPENDIX	141

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. These statements relate to the Enlarged Group's future prospects, developments and business strategy.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "expect", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this document.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in Part V of this document headed "Risk Factors". If one or more of these risk factors or uncertainties materialises, or if the underlying assumptions prove incorrect, the Enlarged Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this document. Neither the Directors, the Proposed Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules for Companies or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

ADMISSION STATISTICS

Number of Existing Ordinary Shares	1,393,941,536
Number of Existing Deferred Shares	64,179,632
Number of Consideration Shares proposed to be issued	1,393,941,536
Number of Placing Shares proposed to be issued	200,000,000
Placing Price	0.5 pence
Number of Ordinary Shares in issue on Admission	2,987,883,072
Percentage of Enlarged Issued Share Capital represented by the Placing Shares	6.69 per cent.
Percentage of Enlarged Issued Share Capital represented by the Consideration Shares	46.65 per cent.
Percentage of Enlarged Issued Share Capital not in Public Hands on Admission	80.40 per cent.
Gross proceeds of the Placing available to the Company	£1,000,000
Net proceeds of the Placing available to the Company	£840,000
Market capitalisation immediately following Admission at the Placing Price	£14,939,415
International Security Identification Number (ISIN)	GBOOB05MCJ34
TIDM Symbol	GOA.L

EXPECTED TIMETABLE

Publication date of the Admission document	3 March 2010
Latest time and date for receipt of Forms of Proxy in respect of the GM	10.00 am on 24 March 2010
General Meeting	26 March 2010
Completion of the Acquisition, Admission and dealings in the Ordinary Shares expected to commence on AIM	29 March 2010
Expected crediting of CREST accounts (where applicable) by	29 March 2010
Expected despatch of definitive share certificates (where applicable)	29 March 2010

Each of the times and dates in the Expected Timetable is subject to change.

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Simon John Rollason, <i>Non-Executive Chairman</i> and <i>Proposed Executive Chairman</i> Rakesh Ramesh Patel, <i>Executive Director (Independent Director)</i>
Registered Office and Principal Place of Business	Aston House Cornwall Avenue London N3 1LF
Proposed Directors	Mark Jonathan Pryor, <i>Chief Executive Officer</i> Sally Joy Schofield, <i>Non-Executive Director</i>
Secretary	David Venus and Company LLP
Continuing Board	Simon John Rollason Rakesh Ramesh Patel Mark Jonathan Pryor Sally Joy Schofield
Nominated Adviser	ZAI Corporate Finance Limited 12 Camomile Street London EC3A 7PT
Broker	Zimmerman Adams International Limited 12 Camomile Street London EC3A 7PT
Rule 3 Adviser to Gemstones	Merchant John East Securities Limited 10 Finsbury Square London EC2A 1AD
Auditors and Reporting Accountants	HW Fisher & Company Acre House 11-15 William Road London NW1 3ER
Solicitors to the Company as to English law	Harbottle & Lewis LLP Hanover House 14 Hanover Square London W1S 1HP
Solicitors to the Company as to Tanzanian law	Mkono & Co Advocates 9th Floor, PPF Tower Garden Avenue Ohio Street P.O. Box 4369 Dar es Salaam Tanzania

**Solicitors to the
Nominated Adviser**

Speechly Bircham LLP
6 New Street Square
London
EC4A 3LX

Competent Person

Wardell Armstrong LLP
Sir Henry Dalton House
Forge Lane
Etruria
Stoke-on-Trent
Staffordshire
ST1 5BD

Registrars

Capita Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

Website

www.gemstonesofafrica.net changing to
www.edenville-energy.com

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Edenville pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 3 March 2010 between the Company and the Vendors relating to the Acquisition, further details of which are set out in paragraph 14.6 of Part IX of this document
“Acts”	the CA 1985 and CA 2006
“CA 1985”	the Companies Act 1985, as amended
“CA 2006”	the Companies Act 2006, as amended
“Admission”	the admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“AIM”	the market of that name operated by London Stock Exchange
“AIM Rules”	the rules published by London Stock Exchange governing the admission to, and operation of, AIM from time to time and including the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“Articles”	the current articles of association of the Company
“Audit Committee”	the audit committee of the Board to be established after Admission
“Board”	the board of directors of the Company from time to time and any duly authorised and constituted committee thereof
“Code” or “City Code” or “Takeover Code”	the City Code on Takeovers and Mergers published from time to time by the Panel
“Combined Code”	the Combined Code on Corporate Governance published in June 2006 by the Financial Reporting Council, as amended from time to time
“Company” or “Gemstones”	Gemstones of Africa Group Plc
“Completion”	completion of the Acquisition Agreement in accordance with its terms
“Concert Party”	Grandinex, Obtala, Frank Scolaro and David Richardson
“Consideration Shares”	the 1,393,941,536 Ordinary Shares to be issued to the Vendors on Completion in accordance with the terms of the Acquisition Agreement

“Continuing Board”	the board of the Company immediately after Admission, comprising the Directors and the Proposed Directors
“CPR”	Competent Persons Report
“CREST”	the relevant system (as defined in the CREST Regulations) enables title to be evidenced and transferred without a written instrument and which is operated by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
“Directors” or “Board”	the directors of the Company as at the date of this document, whose names are set out on page 5 of this document
“Edenville”	Edenville International Limited, a company incorporated in the Republic of the Seychelles with a registered number 51823
“Edenville Tanzania”	Edenville International (Tanzania) Limited, a company incorporated in the United Republic of Tanzania with a registered number 72897
“Enlarged Group”	the Company and its subsidiary undertakings immediately following Admission
“Enlarged Issued Share Capital”	the aggregate of the Existing Ordinary Shares and the New Ordinary Shares in issue immediately following Admission
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the 1,393,941,536 Ordinary Shares in issue at the date of this document
“Form of Proxy”	the form of proxy enclosed with this document for use by holders of Existing Ordinary Shares at the GM
“FSMA”	Financial Services and Markets Act 2000 as amended, including any regulations made pursuant thereto
“General Meeting” or “GM”	the general meeting of the Company, notice of which is set out at the end of this document
“Grandinex”	Grandinex International Corp, a company registered in the Republic of the Seychelles with a registered number 039018
“Group”	the Company and its subsidiaries at the date of this document
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards

“Ikungu Licence”	the prospecting licence number PL5659/2009 held by Edenville Tanzania allowing for the exploration for all minerals other than building materials or gemstones in an area of 81.73km ² in the Singida District, Tanzania, further details of which are set out in paragraph 3 of Part I of this document
“Ikungu Licence Area”	the area covered by the Ikungu Licence
“Independent Director”	Rakesh Patel
“Independent Shareholders”	those Shareholders of the Company, excluding Obtala Resources plc, considered to be independent for the purposes of approving the waiver of the obligation to make a mandatory offer under Rule 9 of the Code
“Kyela District”	is one of 8 districts of the Mbeya Region of Tanzania
“Kyela-Rungwe Licence”	the prospecting licence number PL5002/2008 held by Edenville Tanzania allowing for the exploration for all minerals other than building materials or gemstones in an area of 102.70km ² in the Kyela and Rungwe Districts, Tanzania, further details of which are set out in paragraph 3 of Part I of this document
“Kyela-Rungwe Licence Area”	the area covered by the Kyela-Rungwe Licence
“Geosurvey”	Geosurvey International; the company that completed the country wide airborne radiometric, magnetic and geological survey between 1976 and 1980
“Lock-In Agreements”	the agreements dated 3 March 2010, entered between the Company, each member of the Continuing Board, ZAI CF, and Robert Queded further details of which are set out in paragraph 14.8 of Part IX of this document
“London Stock Exchange”	London Stock Exchange plc
“Matiri North Licence”	the prospecting licence number PL6174/2009 held by Edenville Tanzania allowing for the exploration for all minerals other than building materials or gemstones in an area of 28.50km ² in the Mbinga District, Tanzania, further details of which are set out in paragraph 3 of Part I of this document
“Matiri North Licence Area”	the area covered by the Matiri North Licence
“Matiri South Licence”	the prospecting licence number 6149/2009 held by Edenville Tanzania allowing for the exploration for all minerals other than building materials or gemstones in an area of 76.65km ² in the Mbinga District, Tanzania, further details of which are set out in paragraph 3 of Part I of this document
“Matiri South Licence Area”	the area covered by the Matiri South Licence
“Mbinga District”	one of the 5 districts of the Ruvuma Region of Tanzania

“Mtwara Development Corridor”	a Spatial Development Initiative (SDI) which has the backing of the 4 countries directly affected, namely Tanzania, Malawi, Zambia and Mozambique. The corridor runs for approximately 856km from Mtuara in the east (Indian Ocean port) to Mbamba Bay or Manda in the West (Lake Nyasa). The anchor project is the Colliery and the Thermal Power Station both in the Mchuchama area with its supporting infrastructure
“Mwitikila East Licence”	the prospecting licence number PL5420/2008 held by Edenville Tanzania allowing for the exploration for all minerals other than building materials or gemstones in an area of 170.16km ² , further details of which are set out in paragraph 3 of Part I of this document
“Mwitikila East Licence Area”	the area covered by the Mwitikila East Licence
“Mwitikila West Licence”	the prospecting licence number PL5790/2009 held by Edenville Tanzania allowing for the exploration for all minerals other than building materials or gemstones in an area of 138.33km ² , further details of which are set out in paragraph 3 of Part I of this document
“Mwitikila West Licence Area”	the area covered by the Mwitikila West Licence
“New Articles”	the new articles of association to be adopted by the Company, details of which are set out in the appendix to the Notice of GM
“New Options”	options to subscribe for Ordinary Shares to be granted by the Company, as at Admission, under the Share Option Plan, further details of which are set out in paragraph 6 of Part I of this document
“New Ordinary Shares”	the Consideration Shares and the Placing Shares
“Ngaka Coalfield”	coal seams and associated sedimentary rocks at the Karoo Supergroup occurring within the Ruvuma Region of South Western Tanzania
“Notice of GM”	the notice of GM set out at the end of this document
“not in Public Hands”	Ordinary Shares held, directly or indirectly (including via a related financial product) by: <ul style="list-style-type: none"> (i) a related party (as defined in the AIM Rules) (ii) the trustees of any employee share scheme or pension fund established for the benefit of any directors/employees of the Enlarged Group (iii) any person who under any agreement has a right to nominate a person to the Board (iv) any person who is the subject of a lock-in agreement pursuant to rule 7 of the AIM Rules for Companies; (v) the Company as treasury shares
“Obtala”	Obtala Resources plc

“Official List”	the official list of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 0.02p each in the capital of the Company
“Panel”	the UK Panel on Takeovers and Mergers
“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the terms and conditions of the Placing Letters
“Placing Letters”	the conditional letters executed by placees in respect of the Placing Shares further details of which are set out in paragraph 14.7 of Part IX of this document
“Placing Price”	0.5p per Placing Share
“Placing Shares”	200,000,000 Ordinary Shares proposed to be issued by the Company pursuant to the Placing
“Proposals”	the Acquisition, the Placing, the Waiver, the change of the Company’s name to Edenville Energy Plc, the adoption of the New Articles and Admission
“Proposed Directors”	the proposed new directors of the Company with effect from Admission, being Mark Jonathan Pryor as Chief Executive Officer and Sally Joy Schofield as a Non Executive Director
“Prospectus Directive”	Directive 2003/71/EC, as amended
“Prospectus Rules”	the prospectus rules published by the Financial Services Authority from time to time for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated exchange
“QCA Guidelines”	corporate governance guidelines for AIM companies issued by the Quoted Companies Alliance
“Relationship Agreement”	the relationship agreement dated 3 March 2010 (and conditional upon Admission) and entered into between the Company (1) each member of the Concert Party (2) and ZAI (3), further details of which are set out in paragraph 14.5 of Part IX of this document
“Remuneration Committee”	the remuneration committee of the Board to be established after Admission
“Resolutions”	the resolutions to be proposed at the GM and as set out in the Notice of GM
“Rule 9”	Rule 9 of the Code
“Rungwe District”	one of the 8 districts of the Mbeya Region of Tanzania
“Share Option Plan”	the unapproved share option plan to be adopted by the Company as at Admission, full details of which are set out in paragraph 6 of Part I of this document

“Shareholder”	a holder of Ordinary Shares of the Company from time to time
“Singida District”	one of the 4 districts of the Singida Region of Tanzania
“Songwe and Kiwira Coalfield”	coal seams and associated sedimentary rocks of the Karoo Supergroup occurring within the Rungwe District of South Western Tanzania
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“Vendors”	together, Grandinex and David Richardson
“Waiver”	the waiver (further details of which are set out on pages 21 to 22 of this document) to be granted, subject to the passing of the Waiver Resolution on a poll of Independent Shareholders at the GM, by the Panel of the obligation of the Concert Party (or any member thereof) which would otherwise arise under Rule 9 of the Code upon Completion to make a mandatory cash offer for the Ordinary Shares not already owned by the Concert Party on or after Admission
“Waiver Resolution”	Resolution 1 set out in the Notice of GM being an ordinary resolution, to be taken on a poll of Independent Shareholders, to approve the Waiver
“ZAI CF”	ZAI Corporate Finance Limited, the nominated adviser to the Company
“ZAI”	Zimmerman Adams International Limited, the broker to the Company

In this document, all references to times and dates are in reference to those observed in London, United Kingdom.

In this document the symbols “£” and “p” refer to pounds sterling and pence sterling respectively and the symbol “\$” refers to United States dollars.

Glossary

The following is an explanation of the technical terms used throughout this document:

“calcrete”	Conglomerate consisting of surficial sand and gravel cemented into a hard mass by calcium carbonate precipitated from solution and redeposited through the agency of infiltrating waters, or deposited by the escape of carbon dioxide from vadose water
“fluvial”	Produced by the action of a stream or river; e.g., sand and gravel deposits
“gemstones”	A gemstone or gem (also called a precious or semi-precious stone) is a piece of attractive mineral, which – when cut and polished – is used to make jewellery or other adornments
“Karoo”	Also known as the Karoo Supergroup and is the largest stratigraphic unit in Southern Africa. It comprises of mostly shales and sandstones and coal bearing strata. It was deposited from the Late Carboniferous to the Early Jurassic, over a period of approximately 100 million years. It can be divided into the Dwyka Group, Eccca Group, Beaufort Group and Stormberg Group
“marine sedimentary”	Sedimentary rock formed in a marine environment
“radiometric anomaly”	Radiometrics is the measurement of the natural radiation in the earth’s surface. Specifically applied to uranium exploration it is the measurement of the gamma ray spectrum at three specific windows where emissions for uranium, thorium, and potassium isotopes are located. An anomaly is a departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm
“schrokingerite”	A triclinic mineral, $\text{NaCa}_3\text{UO}_2(\text{CO}_3)_3(\text{SO}_4)\text{F} \cdot 10\text{H}_2\text{O}$; radioactive; soft, greenish-yellow colour and fluorescence; an alteration product of uraninite
“sedimentary”	Process whereby rocks are formed by deposition of particles carried by air, water or ice
“Spatial Development Initiative”	integrated planning tool aimed at promoting investment in regions of a country

Additional explanations of the technical terms used can be found in Appendix I of the CPR.

PART I

LETTER FROM THE CHAIRMAN OF GEMSTONES OF AFRICA GROUP PLC

Gemstones of Africa Group Plc

*(incorporated and registered in England and Wales under the Companies Act 1985
with registered number 05292528)*

Registered Office
Aston House
Cornwall Avenue
London
N3 1LF

Dear Shareholder,

Proposed acquisition of Edenville International Limited

**Proposed placing of 200,000,000 Ordinary Shares of 0.02 pence each
in the capital of the Company at 0.5p per share**

**Approval of the waiver of the obligation to make a mandatory offer
under Rule 9 of the City Code on Takeovers and Mergers**

Change of name to Edenville Energy Plc

Application for Admission to AIM

Adoption of New Articles of Association

and

Notice of General Meeting

1. INTRODUCTION

The Company has today announced that terms have been agreed for the conditional acquisition of Edenville, which, through its 99.5 per cent. owned subsidiary, Edenville Tanzania, is the owner of six prospecting licences in Tanzania with a particular focus on uranium and coal. The aggregate consideration for the Acquisition is approximately £6.9 million to be satisfied by the issue and allotment of an aggregate of 1,393,941,536 Ordinary Shares to the Vendors.

The Acquisition is classified as a reverse take-over pursuant to Rule 14 of the AIM Rules for Companies and is therefore conditional, *inter alia*, on the approval of Shareholders at a general meeting. Such approval is being sought at the General Meeting, notice of which is set out at the end of this document.

The Company has further announced today that it has conditionally raised £1,000,000 (before expenses) by way of the Placing. The funds from the Placing will be used to meet the costs of the Proposals and to provide additional working capital for the Enlarged Group.

As the terms of the Acquisition give rise to certain considerations and consequences under the City Code, the Panel has granted Grandinex, being one of the current shareholders of Edenville, and those acting in concert with it, a waiver from making a general offer to the existing shareholders of the Company. This waiver is subject to Shareholder approval which will be sought at the GM as set out below.

At the GM, Shareholders will be asked, amongst other things, to approve the proposed change of name of the Company to Edenville Energy plc and the adoption of the New Articles.

Certain shareholders of the Company have entered into irrevocable undertakings to vote or sign a proxy in favour of the chairman of the GM for the purpose of voting thereat, in favour of passing the Resolutions in respect of 944,578,571 Ordinary Shares beneficially owned by them, representing approximately 67.73 per cent. of the issued share capital of the Company. These irrevocable undertakings will cease to be binding in the circumstances described in paragraph 15 of Part IX of this document.

2. BACKGROUND TO AND REASONS FOR THE PROPOSALS

Since October 2008, the Company's strategy has been investing, participating in joint ventures or acquiring one or more companies or businesses in the natural resource sector in Africa (and other geographical areas where considered appropriate). On 13 March 2009, the Company entered into a collaboration and option agreement leading to a joint venture agreement with Obtala, on a group of emerald mining licences in Tanzania.

On 29 June 2009, I set out the Company's intention to identify and pursue a suitable acquisition target which would be fitting to the overall strategy of developing the Company into a successful natural resources exploration business. Set out below are the additional benefits that the Board believes can be derived from focusing attention on energy commodities as opposed to gemstones.

The Company's Ordinary Shares were suspended from trading on AIM on 30 September 2009, following the Company's failure to implement its original investment strategy. Unless the Proposals are implemented, pursuant to Rule 41 of the AIM Rules, the London Stock Exchange will cancel the admission of the Ordinary Shares to trading on AIM on 31 March 2010, being six months since the Ordinary Shares were suspended. Successful completion of the Proposals prior to 31 March 2010 will avoid a cancellation of the listing of the Ordinary Shares.

The Board is of the opinion that the Acquisition will broaden the Company's strategy as set out above, and further believes that energy commodities have a broader market appeal than gemstones which should allow greater access to development funds. The six prospecting licences held by Edenville Tanzania are located in a region displaying viable prospects for both uranium and coal and occur in a country where the government's policy for development of the mineral sector aims at attracting and enabling the private sector to take the lead in exploration mining, development, mineral beneficiation and marketing.

The Board is confident that there is a shift towards uranium exploration and development which is supported by the steady growth in demand, in particular from China and India, for energy for the foreseeable future. There are a number of nuclear power station construction projects ongoing globally with the World Nuclear Association reporting 53 reactors under construction and a further 469 reactors either planned or proposed for construction.

Exploration Approach

The Company will actively manage geological exploration on the licences by implementing a phased strategy that will progressively increase the level of geological understanding for each licence to facilitate more focused exploration and resource development in the longer term. All field work will be conducted by citizens of Tanzania under the direct supervision of Edenville Tanzania, who in return report directly to the Board of Edenville.

Initial work will consist of a desk-top review involving the collection, collation and re-interpretation of all available historical data, supplemented by regional-scale geological reconnaissance mapping and sampling. This will define the host geological units for

mineralisation and allow for progressively more focused and detailed exploration that will potentially lead into a drilling campaign and ultimately ore body delineation and subsequent mineral resource estimations.

3. BACKGROUND INFORMATION ON THE LICENCES

Edenville is a private limited company registered in the Seychelles and is the parent company of Edenville Tanzania, a company registered in Tanzania, which has interests in undeveloped uranium and coal prospects in Tanzania.

Tanzania is the focus for Edenville's initial exploration activities and is a country that has seen mining and exploration activity increase significantly since the implementation of the Tanzanian Mining Act 1998. This legislation introduced a structured and transparent licensing system. As a result, there are several new mining projects in development and coming on-stream within the next few years as well as a number of large, longstanding, operations. Though there are no uranium extractive operations at present, there is currently a good deal of exploration for uranium being undertaken, particularly in the southwest and Dodoma regions where Edenville's licence areas are located.

The Matiri South Licence, Matiri North Licence and the Kyela-Rungwe Licence all lie within the Mtwara Development Corridor, which is a Spatial Development Initiative with the aim of creating an economic growth zone of transborder trade and investment, linking Malawi, Mozambique, Tanzania and Zambia. The main objective of the Mtwara Development Corridor is to utilise the inherent economic and growth potential of the area largely through mining and the exploitation of natural resources. As a result, there are a considerable number of joint initiatives with the Tanzanian government, particularly in the development of coal resources.

The geological settings of the six prospecting licences are considered to have the potential to host uranium mineralisation, three of which also have potential to host coal deposits. An outline of the six prospecting licences is set out below with further detailed information contained in the Competent Person's Report set out in Part IV of this document. (CPR: page 39 of this document).

Matiri South Licence

Edenville Tanzania acquired the uranium and coal targeted Matiri South Licence in November 2009. This prospecting licence covers an area of 76.65km² which is located in the Mbinga District of Tanzania, approximately 80km west of Songea in the southwest of Tanzania, which itself is approximately 1200km from Dar es Salaam and 600km from the Zambian border. Links to both Songea and Dar es Salaam are provided by major tarmac roads. The Matiri South Licence Area and is situated southwest of the Matiri North Licence Area (described below). The Matiri South Licence has been granted for all minerals other than building materials or gemstones and is effective until 12 November 2012. (CPR: pages 43 and 48 of this document).

Matiri North Licence

Edenville Tanzania acquired the uranium and coal targeted Matiri North Licence in November 2009. This prospecting licence covers an area of 28.50km² which is located in the Mbinga District of Tanzania, approximately 80km west of Songea in the southwest of Tanzania. Matiri North is easily accessible from the village of Kitai, located on the main Songea to Mbamba Bay gravel road. The road from Kitai leads directly to the licence area and runs all the way through it. The Matiri North Licence Area and is situated northwest of the Matiri South Licence. The Matiri North Licence has been granted for all minerals other than building materials or gemstones and is effective until 11 November 2012.

The Matiri North Licence Area is also prospective for so-called sandstone hosted uranium deposits, which typically occur in medium to coarse-grained sandstones deposited in a continental fluvial or marginal marine sedimentary environment, such as the karoo deposits that occur in the Matiri North Licence Area and represent a type of deposit that is currently the focus of much interest in Tanzania.

Both the Matiri South Licence and the Matiri North Licence Areas are currently considered the most prospective areas with potential for the occurrence of economic uranium mineralisation as well as hosting coal. As mentioned above the Matiri North Licence Area is within the favorable karoo host rocks which are present on both the Matiri South and Matiri North properties. In addition the presence of the Ngaka Coalfield to the north west of the properties indicates that there is further potential for coal mineralisation. (CPR: pages 43, 48 and 51 of this document).

Kyela-Rungwe Licence

Edenville Tanzania acquired the uranium targeted Kyela-Rungwe Licence in September 2009. Located in both the Kyela and Rungwe Districts of Tanzania which are approximately 90km south of Mbeya in the southwest of Tanzania. Access to the Kyela-Rungwe Licence Area is good, with a tarmac road from the large town of Mbeya, located approximately 64km to the north, to Tukuyu from where a gravel road leads south to the Kyela-Rungwe Licence. The Kyela-Rungwe Licence Area covers approximately 102.70km². The Kyela-Rungwe Licence has been granted for all minerals other than building materials or gemstones and is effective until 5 May 2011.

A review of the 1980's regional airborne geophysical survey shows a radiometric anomaly covering most of the Kyela-Rungwe Licence Area. This radiometric anomaly or feature may be the result of underlying karoo-aged sedimentary units that are observed outcropping at surface to the southwest of the Kyela-Rungwe Licence Area host the Songwe and Kiwira Coalfield. This suggests the potential for coal mineralisation within the karoo-aged rocks, in addition to the primary uranium exploration targets. (CPR: pages 43, 52 and 54 of this document).

Ikungu Licence

Edenville Tanzania acquired the uranium targeted Ikungu Licence in September 2009. Located in the Singida District of Tanzania, approximately 240km northwest of Dodoma, the capital city of Tanzania. Access to the Ikungu Licence Area is accessed via a tarmac road that is currently being resurfaced leading from Dodoma. The Ikungu Licence Area covers approximately 81.73km². The Ikungu Licence has been granted for all minerals other than building materials or gemstones and is effective until 18 March 2012.

There are calcrete-hosted deposits identified to the south of the Ikungu Licence, namely Vannex NL's Manyoni Project, which are comparable to those of Australia. The Manyoni Project comprises uranium mineralisation as near surface secondary enrichment within a sequence of unconsolidated sediments that are associated with several playa lakes. The mineralisation is characterised by an upper schrockingerite zone approximately one metre thick overlying a lower carnotite zone. (CPR: pages 42, 55 and 58 of this document).

Mwitikila West Licence and Mwitikila East Licence

Edenville Tanzania acquired a 75 per cent. interest with an option to acquire the remaining 25 per cent. in the uranium targeted Mwitikila West Licence and the Mwitikila East Licence. These prospecting licences have been granted for all minerals other than building materials or gemstones and are effective until 18 March 2012; they cover a continuous area of 308.49km². Access to the Mwitikila West and Mwitikila East Licence Areas is excellent; from

Dodoma, to the west, the Mwitikila West and Mwitikila East Licence Areas can be accessed via the main Dodoma to Morogoro road from which there is a graded gravel road leading towards Handali. The edge of the Mwitikila West Licence Area is reached after 10km and the road runs directly through both the Mwitikila West and Mwitikila East Licence Areas. Notably the railway line between Dodoma and Msagali also runs through both these licence areas from the northwest to the southeast.

Strong airborne radiometric anomalies were identified by the 1980s regional airborne survey, conducted by Geosurvey, which associated with favourable lithologies, indicates the potential for both the Mwitikila East and West Licence Areas to host uranium mineralisation. (CPR: pages 43, 59 and 63 of this document).

4. DETAILS OF THE ACQUISITION

On 3 March 2010 the Company entered into the Acquisition Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Edenville. The consideration payable by the Company to the Vendors is the issue and allotment to the Vendors of the Consideration Shares. Under the terms of the Acquisition Agreement, completion of the Acquisition is conditional on the following conditions having been either satisfied or waived prior to 31 March 2010 or such later date as may be agreed between the parties:

- the Resolutions having been passed at the GM;
- the delivery of legal opinions relating to Grandinex and Edenville; and
- the Company having conditionally raised not less than £750,000 pursuant to the Placing.

If any of the conditions set out above has not been satisfied or waived on or before 31 March 2010 or such later date as may be agreed between the parties, the Acquisition Agreement shall automatically terminate. In addition, the Company may (but is not obliged to) terminate the Acquisition Agreement:

- if any steps are taken or application is made for the winding up or bankruptcy (as applicable) of the Vendors, Edenville or Edenville Tanzania;
- on the occurrence of certain insolvency events in respect of Edenville or Edenville Tanzania; or
- if either of the Vendors is in breach of certain covenants relating to Edenville and Edenville Tanzania in the period between execution of the Acquisition Agreement and Completion or if either of the Vendors is in breach of any of the warranties;
- on the occurrence of a material adverse change relating to either Edenville or Edenville Tanzania; or
- if either of the Vendors discloses an event, fact, matter or circumstance in the period between execution of the Acquisition Agreement and Completion that (other than by virtue of it having been disclosed) constitutes a material breach of the warranties.

The Acquisition Agreement contains customary warranties given by the Vendors for a transaction of this kind.

5. INFORMATION ON THE EXISTING DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGEMENT

The Directors of the Company as at the date of this document are Simon Rollason and Rakesh Patel. Simon Rollason is currently Non-Executive Chairman of the Company, however he will become Executive Chairman and Mr Patel will become an executive director on

Admission. It is proposed that Mark Pryor and Sally Schofield will join the Board as Chief Executive Officer and a Non Executive Director respectively on Admission.

Existing Directors

Simon Rollason, BSc (Hons) Geology, MIMMM, FGS, Non-Executive Chairman, Aged 43

Simon graduated from the University of the Witwatersrand, South Africa in 1990 with a B.Sc (Hons) degree in Geology. He has gained 20 years international experience working in both mining and geological exploration. During this time, Simon has worked in Africa, the Middle East, Central Asia and the Far East with both multi-nationals and junior resources companies. Simon has worked on gold, nickel, copper, base metals, uranium and gemstone projects, ranging from grassroots to producing assets. He has been involved with and managed operations that have varied from exploration and evaluation projects to successful feasibility studies. Simon moved back to the UK in 2008 to take up the role of Managing Director of Obtala Resources Plc, and was appointed to the Board of the Company in June 2009. Simon is a Fellow of the Geological Society and a member of the Institute of Materials, Minerals and Mining, the Society of Economic Geologists and the Society of Mining, Metallurgy and Exploration.

Rakesh Patel, BA Economics, FCCA, CF, Finance Director, Aged 46

Rakesh Patel qualified as a chartered certified accountant in 1991. From 1992, he led the corporate finance division of Gerald Edelman, chartered accountants, dealing with acquisitions, disposals, mergers, private placings and stock market flotations. Rakesh was involved in advising on the acquisition of Ryman the Stationer and left the firm in 1996 to become group financial controller of Chancerealm Limited, a group including Ryman Limited where he was involved in the acquisition and integration of Contessa Ladieswear Limited.

Rakesh returned to Gerald Edelman in 1997 until leaving in March 2003 to join Adler Shine LLP, chartered accountants, where he heads the firm's corporate finance division.

Rakesh has acted in over 30 transactions including companies quoted on AIM as Reporting Accountant and has also acted as interim or part-time director to a number of private and public companies. He is currently chief executive officer of The Niche Group plc and non-executive director of Deo Petroleum plc and Mountfield Group plc, which are quoted on AIM. Rakesh will have responsibilities for the finance function of the Enlarged Group.

Proposed Directors

Mark Pryor, BSc (Hons) Geology & Mineralogy, FGS, FSEG, Pr.Sci.Nat, Chief Executive Officer, Aged 50

Mark Pryor is an Independent Geological Consultant working with private mining and exploration groups, based out of the United Kingdom and holds a B.Sc (Hons) degree from the University of Aberdeen. He has 25 years of management experience in advanced stage exploration and mine development projects worldwide. He is a 'Qualified Person' as defined by the Securities Commission and regularly submits Independent Technical Reports for companies wishing to list on the Stock Exchange as well as Independent Technical Reports and press releases for quoted companies. Mark has worked for major and mid-tier mining companies and has many contacts within the venture capital sector of the mining industry. Mark has extensive global experience having worked in Mexico, EurAsia, China, Southern Africa and South America, holding management positions in recognised companies in the industry including Placer Dome, Minefinders, Monarch Resources and Anglo American. Mark is an associate of SRK (UK) Ltd and is a Fellow of the Geological Society, Society of Economic Geologists and is a registered Natural Scientist (Pr. Sci. Nat).

Sally Schofield, BEng (Hons) Industrial Geology, ACSM, FGS, MIMMM, Non Executive Director, Aged 38

Sally's career has seen her work in commercial, technical and operational capacities in geographically and politically diverse regions including Kazakhstan, Albania, Central America, Brazil and Chile. She gained early exposure to the technical, corporate and investor relations functions of the mining business before crossing sectors to work with RMC, now part of CEMEX, the global building materials giant. Sally returned to mining in 2003 and became a Director of AIM – listed Latitude Resources plc, a company with copper and gold assets in Chile. As Chief Operating Officer of that company she relocated to Santiago, Chile, in 2006 with direct responsibility for an exploration program that developed a portfolio of exploration projects into a saleable asset. Sally then worked for a natural resource focused fund identifying potential assets. Her business skills have been recognised by several external parties, including Management Today, Courvoisier Future 500 and HM The Queen. Sally graduated from the Camborne School of Mines with a First Class B. Eng (hons) Industrial Geology in 1995, is a Fellow of the Geological Society (FGS) and a professional member of IOM3 (MIMMM).

Senior Management

Javan Enock Bidogo, PG Dip. (MRM); Wits, BSc (Geology – Hons), UDSM

Javan is a Tanzania – based geologist and the founder and Managing Director of Javan Investment Company Limited, a private consultancy based in Dar es Salaam. Javan has proven experience in successfully exploring, developing and operating Mines in Tanzania, South Africa and Oman. He is mainly focused on uranium, gold, copper and diamond projects, with exposure to diverse geological terrains, from archaean greenstones through to kimberlitic and alluvial gravel deposits. Javan's expertise includes management of exploration, mine teams and programs, risk analysis in exploration and development, and extensive knowledge of global mineral deposits. He has a wide exposure in mineral resources management, exploration targeting and evaluation, ore extraction methods, quality control practices and mine planning.

6. SHARE OPTION PLAN

The Share Option Plan will be adopted at Admission in order for the Company to be in a position to incentivise and remunerate key employees and senior management of the Enlarged Group (including the Continuing Directors) as the Remuneration Committee considers appropriate.

Under the Share Option Plan, any employee of the Enlarged Group (including all the directors, whether executive or non-executive) may be granted options over Ordinary Shares.

It is the intention to grant options to the following Directors and Proposed Directors conditional upon Admission:

	<i>Number of Option Shares</i>	<i>Option Exercise Price</i>
Simon Rollason	14,942,529	0.87 pence
Rakesh Patel	14,942,529	0.87 pence
Mark Pryor	14,942,529	0.87 pence

7,471,265 options will vest on the first anniversary following Admission and 7,471,264 options will vest on the second anniversary following Admission in respect of each of the option holders.

The Share Option Plan is an unapproved share option plan and does not benefit from the same tax treatment as an Enterprise Management Incentives plan.

The exercise of an option issued under the Share Option Plan may be conditional upon such objective performance criteria as shall be determined by the Board, in its absolute discretion.

The Share Option Plan limits the number of options which may at any one time be outstanding to 10 per cent. of the issued share capital of the Company from time to time.

7. CURRENT TRADING AND PROSPECTS

The Company currently has no trading income and its expenditure relates to costs associated with general corporate overheads and the Acquisition.

Following Admission, the Enlarged Group will have cash resources of approximately £830,000 after paying expenses of the Placing and Admission.

8. DETAILS OF THE PLACING

The Company proposes to place a total of 200,000,000 Placing Shares at the Placing Price to raise £1,000,000, before expenses. The Placing Shares will represent, in aggregate, approximately 6.69 per cent. of the Enlarged Issued Share Capital. The Placing Shares will be issued credited as fully paid and will, upon issue, rank *pari passu* in all respects with the New Ordinary Shares then in issue, including all rights to receive all dividends and other distributions declared, made or paid following Admission. The Placing has not been underwritten or guaranteed.

The Placing is conditional on the passing of the Resolutions at the GM relating to the Acquisition and authority to allot Ordinary Shares on or before 31 March 2010 or such later time as the Company may agree, being not later than 30 April 2010.

9. USE OF PROCEEDS

The funds from the Placing will be used to meet the costs of the Proposals and to provide additional working capital for the Enlarged Group.

10. CHANGE OF NAME

It is proposed that the name of the Company be changed to Edenville Energy Plc. A special resolution, being resolution 5, will be proposed at the GM.

11. CITY CODE ON TAKEOVERS, MERGERS AND CONCERT PARTIES

The Takeover Code

The Takeover Code is administered by the Takeover Panel. The Takeover Code applies, *inter alia*, to all offers for public companies which have their registered office in the UK, Channel Islands and the Isle of Man and which are considered by the Panel to have their place of central management and control in these jurisdictions. Accordingly, Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company, but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares, increasing the percentage of shares carrying voting rights, are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares acquired during the 12 months prior to the announcement of the offer.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code. On Admission, the Concert Party, details of whom are set out below, will be interested in 1,528,670,107 Ordinary Shares representing approximately 51.16 per cent. of the Company's enlarged issued voting capital.

A table showing the interests in the Company's Ordinary Shares held by the members of the Concert Party on Admission is set out below:

	<i>Number of Existing Ordinary Shares</i>	<i>Number of Consideration Shares</i>	<i>Number of Placing Shares</i>	<i>Number of Ordinary Shares at Admission</i>	<i>Percentage of the Issued Enlarged Share Capital</i>
Grandinex*	–	1,045,456,152	–	1,045,456,152	34.99%
David Richardson	–	348,485,384	–	348,485,384	11.66%
Obtala [^]	94,728,571 [#]	–	40,000,000	134,728,571	4.51%
	<u>94,728,571</u>	<u>1,393,941,536</u>	<u>40,000,000</u>	<u>1,528,670,107</u>	<u>51.16%</u>

* Grandinex is wholly owned by Frank Scolaro

[^] Frank Scolaro is executive chairman of Obtala and is a 36.33 per cent. shareholder of Obtala

[#] Includes 23,400,000 (0.78 per cent.) in which Obtala has an economic interest only by way of a derivative financial instrument with Spreadex Limited

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of the Proposals, subject to the approval of Independent Shareholders. Accordingly, Resolution 1 is being proposed at the General Meeting and will be taken on a poll. Obtala has undertaken not to vote on Resolution 1 at the General Meeting.

Following completion of the Acquisition and formal approval of the other Proposals, the members of the Concert Party will be interested in shares carrying more than 50 per cent. of the voting rights of the Company and (for as long as they continue to be treated as acting in concert) would be able to acquire further shares, without incurring an obligation to make an offer to shareholders of the Company under Rule 9, although individual members of the Concert Party will not be able to increase their percentage interests in shares through 30 per cent. or between 30 and 50 per cent. of the voting rights of the Company without Panel consent.

12. LOCK IN AGREEMENTS

The Continuing Board, David Richardson, Grandinex and Robert Quested have undertaken to the Company and ZAI CF, subject to certain exceptions in accordance with the AIM Rules for Companies and the City Code (including the ability to accept a takeover offer for the Company and to give an irrevocable undertaking to accept a takeover offer for the Company), not to dispose of or transfer any Ordinary Shares in which they are interested for a period of 12 months after Admission. Any disposal of Ordinary Shares by the parties subject to these lock-in arrangements before the second anniversary of Admission will be made through the Company's broker from time to time. The number of Ordinary Shares in issue at Admission, which will be subject to such restrictions is 2,017,191,536, representing approximately 67.5 per cent. of the Enlarged Issued Share Capital.

David Richardson and Grandinex's lock-in obligations are contained in the Relationship Agreement. Further details of such lock in undertakings and the Relationship Agreement are contained in paragraphs 14.5 and 14.8 respectively of Part IX of this document.

13. RELATIONSHIP AGREEMENT

On Admission the Vendors will hold Ordinary Shares representing approximately 46.65 per cent. of the Enlarged Issued Share Capital with the Concert Party holding 51.16 per cent. Further information on the Concert Party is included in Part VI of this document.

The Directors are satisfied that the Company is capable of carrying on its business independently of the Vendors and that all transactions and relationships between the Vendors and the Company are and will continue to be at arm's length on commercial terms.

To ensure that Shareholders are adequately protected in this regard, the Company and each of the Vendors and Frank Scolaro have entered into the Relationship Agreement under which, *inter alia*, each of the Vendors and Frank Scolaro has agreed that they will not, either alone or with their associates, appoint a majority of directors to the board and has further agreed that any arrangements and transactions between the Company and the each of the Vendors and Frank Scolaro must be approved by the independent directors of the Company. In addition, each of the Vendors and Frank Scolaro has agreed that they shall not, and that they shall procure that no other person acting in concert with them shall, acquire any additional Ordinary Shares, or rights to such shares. Further information on the Relationship Agreement is contained in paragraph 14.5 of Part IX of this document.

14. WORKING CAPITAL

The Directors and Proposed Directors, having made due and careful enquiry and taking into account the proceeds of the Placing and existing cash resources available to the Enlarged Group, are of the opinion that the Enlarged Group will have sufficient working capital available to it for its present requirements, being for at least 12 months from Admission.

15. DIVIDEND POLICY

It is the intention of the Continuing Board to achieve Shareholder capital growth. In the short term, the Continuing Board intends to reinvest any future profits in the Company and accordingly is unlikely to declare dividends in the foreseeable future. However, the Continuing Board will consider the payment of dividends out of any distributable profits of the Company when they consider it is appropriate to do so. The declaration and payment of dividends by the Company will be subject to the provisions of the CA 2006 and the New Articles.

16. CORPORATE GOVERNANCE

The Directors and the Proposed Directors recognise the importance of sound corporate governance and intend that the Enlarged Group will observe the provisions of the Combined Code and the main provisions of the QCA Guidelines insofar as they are appropriate given the Enlarged Group's size, stage of development and financial resources.

It is intended that, conditional upon Admission, Sally Schofield will sit as the sole member of and will chair both the Audit Committee and the Remuneration Committee until she is joined by a new non-executive director whom the Continuing Board is intending to appoint during the course of the year following Admission.

At the present time, given the Company's stage of development, the Board does not feel it is appropriate to have a nomination committee. However, the Company will review this decision in the future as appropriate.

17. SHARE DEALING

The Company has adopted a code for dealings in shares by its Board which is appropriate for an AIM quoted company. The Continuing Board will comply with Rule 21 of the AIM Rules for Companies relating to directors' dealings and will, in addition, take all reasonable steps to

ensure compliance with the code by the Enlarged Group's applicable employees (as defined in the AIM Rules).

18. NEW ARTICLES OF ASSOCIATION

It is proposed that, subject to the Shareholders passing the relevant resolution at the General Meeting, the Company will adopt the New Articles with effect from the conclusion of the General Meeting. The principal changes being proposed in the New Articles are summarised in the Appendix to the Notice of GM set out on page 140 of this document.

19. ADMISSION TO AIM

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Issued Share Capital will commence on AIM on 29 March 2010.

The Company's Ordinary Shares were suspended from trading on AIM on 30 September 2009, following its failure to implement its investment strategy. Unless the Proposals are implemented prior to 31 March 2010, pursuant to Rule 41 of the AIM Rules, the London Stock Exchange will cancel the admission of the Ordinary Shares to trading on AIM on 31 March 2010, being six months since the Ordinary Shares were suspended.

If the Resolutions are not passed or the Acquisition is not completed by 31 March 2010, the Existing Ordinary Shares will not continue to be traded on AIM.

20. CREST

CREST is a computerised paperless share transfer and settlement system which allows shares and other securities to be held in electronic rather than paper form and transferred otherwise than by written instrument. The New Articles permit New Ordinary Shares to be issued and transferred in uncertificated form in accordance with the CREST Regulations. The Existing Ordinary Shares are currently enabled for settlement through CREST. Accordingly settlement of transactions in the Ordinary Shares following Admission may take place within CREST if relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to hold their shares in certificated form will be able to do so.

21. TAXATION

Information regarding taxation in the UK with regard to holdings of Ordinary Shares is set out in paragraph 18 of Part IX of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

22. RISK FACTORS

Shareholders should consider carefully the Risk Factors set out in Part V of this document in addition to the other information provided.

23. ADDITIONAL INFORMATION

Your attention is drawn to the information included in the rest of this document, in particular, you are advised to carefully consider the Risk Factors contained in Part V and the further information set out in Part IX of this document.

24. GENERAL MEETING

The Acquisition is classed as a reverse take over for the purposes of the AIM Rules for Companies and is therefore conditional upon the approval of the Shareholders. A General Meeting has been convened for 10.00 am on 26 March 2010 to be held at the offices of HW Fisher & Company, Acre House, 11-15 William Road, London NW1 3ER.

You will find set out at the end of this document the Notice convening the GM at which the following resolutions will be proposed:

- Resolution 1 is an ordinary resolution to approve the waiver of the obligation under Rule 9 of the Takeover Code by the Panel in respect of the issue of the Consideration Shares to members of the Concert Party. Resolution 1 will be voted on by a poll of Independent Shareholders;
- Resolution 2 is an ordinary resolution to approve the Acquisition for the purposes of the AIM Rules for Companies;
- Resolution 3 is an ordinary resolution to authorise the Directors under section 551 of the CA 2006 to issue the Consideration Shares, the Placing Shares and other Ordinary Shares up to a limit of £197,200.28 in nominal value of the share capital of the Company;
- Resolution 4 is a special resolution to authorise the Directors under section 570 of the CA 2006 to issue the Placing Shares and other Ordinary Shares for cash up to a limit of £197,200.28 of the share capital of the Company on a non pre-emptive basis;
- Resolution 5 is a special resolution to change the name of the Company to “Edenville Energy plc; and
- Resolution 6 is a special resolution to approve the adoption of the New Articles.

25. ACTION TO BE TAKEN

A Form of Proxy is enclosed with this document. Whether or not you intend to be present at the GM, you are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive no later than 10.00 am on 24 March 2010, being 48 hours before the time appointed for the holding of the GM. Completion and posting of a Form of Proxy will not prevent you from attending and voting in person at the GM if you so wish.

26. RECOMMENDATION

The Directors stress that the Company currently has limited cash resources and in the absence of completing a transaction by 31 March 2010, in accordance with its investing strategy, trading in the Company’s Existing Ordinary Shares on AIM will be cancelled. In this event, there would no longer be a formal market mechanism for Shareholders to trade their shares through the AIM Market and the value of the Company’s Existing Ordinary Shares would be uncertain.

I am a director of Obtala and, as a result, have been declared to have a conflict of interest for the purposes of Rule 25.1 (Note 3) of the City Code and, therefore, have taken no part in the deliberations of the Board and I am excluded for the recommendation of the Board.

Accordingly, the Independent Director, who has been so advised by Merchant John East Securities Limited, in its capacity as Rule 3 adviser to Gemstones, considers the Proposals, including the waiver of the obligation on the Concert Party under Rule 9 of the Code, to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Board, Merchant John East Securities Limited, has confirmed that it has taken into account the Independent Director’s commercial assessments.

Accordingly, the Independent Director recommends that Shareholders vote in favour of the Resolutions to be proposed at the GM by signing and returning the Form of Proxy to the Company’s Registrars.

Yours faithfully

Simon Rollason
Non-Executive Chairman

3 March 2010

PART II

INFORMATION ON TANZANIA

Key Facts

Population	41,048,532
Language	Swahili & English
Government type	Republic
Capital City	Dodoma
Area	947.3 km ²
Time Zone	UTC +3
GDP	US\$20.49bn
Currency	Shilling (TZS)

Geography and Population

Tanzania is located on the east coast of Africa and borders Kenya, Uganda, Rwanda, Burundi, the Democratic Republic of Congo, Zambia, Malawi and Mozambique.

The population of Tanzania in 2009 was estimated at 41,048,532.

Government and Legal System

Tanzania is officially called the United Republic of Tanzania following its independence from the United Kingdom in 1964.

Shortly after achieving independence from Britain, Tanganyika and Zanzibar merged to form the nation of Tanzania. One-party rule came to an end in 1995 with the first democratic elections held in the country since the 1970s. Zanzibar's semi-autonomous status and popular opposition have led to two contentious elections since 1995, which the ruling party won despite international observers' claims of voting irregularities.

The current President, Jakaya Kikwete, was elected for a five year term commencing from December 2005 and is a representative of the Chama Cha Mapinduzi party. The President appoints a Prime Minister who is currently Peter Pinda.

Tanzania's legal system is based on English common law.

The Economy

Since 2003, Tanzania's GDP has grown at an annual rate of about 6.2 per cent. Growth was estimated to be 7.3 per cent. for 2008.

Tanzania is a relatively poor country with a current estimated life expectancy at birth of 52.01 and the GDP per capita (PPP) income stands at \$1,300 (2008 estimate).

Tanzania's economy relies heavily on agriculture which employs nearly 80 per cent. of the workforce. Recently mining has grown in importance and impact. Although its contribution to GDP is still small, at around 3.5 per cent., the sector is now the single most important foreign exchange earner for Tanzania.

Natural Resources in the Country

The natural resources of Tanzania include significant known and identified deposits of gold, uranium, nickel, natural gas, iron ore, coal, diamonds, gemstones, nickel hydropower, tin and phosphates.

Infrastructure

In order to encourage development of the transport sector, the Tanzanian government is implementing a Transport Sector Investment Programme that started in 2006 and will continue to 2016. Tanzania has embarked on a major road and rail transport infrastructure development program the objective of which is to open vast areas of the country for economic development and to provide reliable communication between various regions and efficient transport for passengers and goods.

PART III

MINING REGULATIONS IN TANZANIA

The Ministry of Energy and Minerals and Other Regulatory Bodies

The mining industry in Tanzania is regulated at a national level. The legal framework for the mining sector in Tanzania is primarily based on the Tanzanian Mining Act 1998. Under the Tanzanian Mining Act, the property and control of minerals in the ground are vested in the United Republic of Tanzania (the “State”). Exploration (or ‘prospecting operations’ as per the Tanzanian Mining Act) and mining activities are carried out under licences granted by the State (acting through the Ministry of Energy and Minerals).

The principal regulatory bodies are (i) the Ministry of Energy and Minerals; (ii) Commissioner for Minerals; (iii) the Mining Advisory Committees; and (iv) the Gemstone Board.

The Ministry of Energy and Minerals is the overall supervisor of the minerals and energy sector. The Commissioner for Minerals within the Ministry of Energy and Minerals supervises and regulates the proper and effectual carrying out of the provisions of the Tanzanian Mining Act. Both the Minister and the Commissioner are appointed by the President of the Republic. The Mining Advisory Committee is constituted pursuant to the provisions of the Tanzanian Mining Act and has the responsibility of advising the Minister on matters concerning the mining sector generally. The Gemstone Board has the duty to advise the Minister on the development of the gemstone industry and undertake any other functions as may be provided for by the Gemstone Regulations.

In addition to the provisions of the Tanzanian Mining Act, large-scale mining companies may enter into agreements with the State which guarantee the fiscal stability of a long-term mining project with respect to the range and applicable rates of royalties, taxes, duties, fees and other charges and the manner in which liability thereof is calculated (the “development agreements”). Development agreements acquire legislative status upon execution and tax benefits contained therein takes effect as the law itself.

Legal Framework for Granting Licences

Licences are granted on a ‘first-come, first-served’ basis. In certain circumstances, licences may be subject to competitive bidding processes. The types of licences that may be granted under the Tanzanian Mining Act include a prospecting licence, a retention licence, a special mining licence, a mining licence, a gemstone mining licence, a primary prospecting licence and a primary mining licence. Prospecting and mining licences may be granted to Tanzanian and foreign nationals and legal entities. Application fees, preparation fees and annual licence fees of US\$20 per square kilometre are payable in respect of prospecting and mining licences. A fee of US\$100 is payable upon application for renewal of a prospecting licence.

All licences currently held by the subsidiaries of the Group are either prospecting licences or prospecting licences with a preliminary reconnaissance period. Prospecting licences may be granted for an initial period of three (3) years and may be renewed for two (2) successive periods of two (2) years each. Application for renewal of the prospecting licences must be made within the period of three months before the expiration date of such licence. Unless the licence holder is in default, the licensing authority is obliged, on application by the licence holder, to renew the licence subject to payment of prescribed fees for renewal. Pursuant to the Tanzanian Mining Act, on renewal of a prospecting licence, the licence holder has to relinquish 50 per cent. of the area covered by the original licence. On second renewal, 50 per cent. of the balance has to be relinquished. The licence holder has to properly describe the areas being relinquished on the application for renewal.

The State may grant a “preliminary reconnaissance period” not exceeding two (2) years before the actual granting of a prospecting licence. The holder of the licence is then authorised to perform “reconnaissance operations”, i.e. the search for minerals by geophysical surveys, geochemical surveys and photogeological or other such non-intrusive surveys or by the study of surface geology. The preliminary reconnaissance period licence does not authorise drilling activities.

After the expiry of the preliminary reconnaissance period and upon application by the licence holder, the applicant will be granted a prospecting licence without a further preliminary reconnaissance period for a period not exceeding two (2) years. Pursuant to the Tanzanian Mining Act, at the end of the preliminary reconnaissance period, the holder has to relinquish an area or areas sufficient in size to ensure that the area retained does not exceed the maximum area which may be held during the initial prospecting period per each licence, which is 200 square kilometres.

The holder of a prospecting licence has the exclusive right to carry on prospecting operations in the prospecting areas to which the prospecting licence applies and also has the right to enter the prospecting areas to erect camps, temporary buildings and water installations. The holder of a prospecting licence for minerals other than building materials and gemstones may search for any mineral by any means (including drilling) and carry out any such works and remove such samples as may be necessary to test the mineral bearing qualities of land, including conducting reconnaissance operations, as described above.

The holder of a prospecting licence must:

- commence prospecting operations within three months, or such further period as the licensing authority may allow, from the date of the grant of the licence or such other date as is stated in the licence on commencement period;
- give notice to the licensing authority of discovery of any mineral deposit with potential commercial value; and
- spend on prospecting operations not less than the amount legally prescribed.

Should the licence holder not commence prospecting operations within the requisite three month period, the licencing authority may issue a notice to the licence holder giving the licence holder a reasonable period within which to remedy the default (typically 30 to 60 days), failing which the licence may be suspended, revoked or not renewed.

Although the Enlarged Group, through its wholly-owned subsidiary, will not have commenced prospecting activities in respect of any of its prospecting licences on Admission, no notice has at the date of this document been issued by the licencing authority and there is no risk of the prospecting licences being suspended or revoked on the basis of failure to commence prospecting activities unless and until such a notice is so issued. It is possible that upon the application for renewal of the Enlarged Group’s prospecting licences, the application could be rejected by the licencing authority on the basis of a failure to commence prospecting activities.

The holder of a prospecting licence is entitled to apply to the Minister for a mining licence to mine for the same minerals over the same prospecting areas as those to which the prospecting licence applies and has a priority right over competing mining licence applications that could be made by third parties over the same areas.

An application to the Minister for a mining licence must include a description of the area and its mineral deposits, details of the prospecting licence held over that area, the duration required, a feasibility study, an environmental impact assessment on the proposed mining operations and an environmental management plan. The Minister shall grant an application

for a mining licence for mineral other than gemstones, subject to the applicant's compliance with certain criteria set out in the Mining Act.

The Minister may refuse to grant a mining licence should the environmental impact plan fail to be in accordance with the regulations issued pursuant to the Tanzanian Mining Act or the Tanzanian Government's reasonable standards.

The holder of a mining licence must:

- develop the mining area and carry on mining operations in substantial compliance with the mining operations programme and their environmental management plan, and commence production in accordance with the mining operations programme;
- employ and train citizens of Tanzania in accordance with the licence holder's proposals as appended to the licence; and
- demarcate the mining area and keep it demarcated in the prescribed manner.

Subject to payment of royalties to the State in accordance with the Tanzanian Mining Act, the holder of a mining licence may dispose of any mineral product recovered. A royalty of 3 per cent. is payable in respect of minerals other than diamonds or gemstones.

Suspension or termination of a mineral licence may only occur for reasons of default. The licence holder is entitled to notice of an intention to suspend or terminate a right, and termination is subject to due process of law. The Commissioner for Minerals may inquire into and decide all disputes between persons engaged in prospecting and mining operations.

Whenever required by the Minister, after consultation with the Mining Advisory Committee, mining licence holders must provide for the posting of a rehabilitation bond to finance the costs of rehabilitating and making safe the mining area on termination of mining operations where the holders of a special mining licence have failed to meet their obligations in this respect.

Under the Tanzanian Mining Act, the holder of a mining licence must apply to the Commissioner for Minerals for a separate licence to export any metallic minerals. Proceeds from the export of metallic minerals may be deposited in an offshore bank account provided that the approval of the Bank of Tanzania has first been obtained for the establishment of such a bank account.

Transferability

The holders of prospecting and mining licences can transfer the title to the licence, in full or in part, provided prior consent is given by the licensing authority. Under the Tanzanian Mining Act where the licence holder is a company, prior consent is also needed from the licensing authority where there is a direct change of control of the licence holder.

Surface Rights and Use of Land

Private parties as prescribed in the Land Act 1999 may acquire surface rights. All land in Tanzania is public land vested in the President of the Republic who grants (via the Commissioner for Lands) rights of occupancy of specified periods of 33 years, 66 years or 99 years, subject to renewal. The Central Land Registry keeps record of all title deeds for granted rights of occupancies. There are zonal land registries, which are administratively answerable to the Central Land Registry. The Commissioner for Lands is appointed by the President of the Republic and is the principal administrative officer and adviser to the State with respect to land matters.

A prospecting or mining licence carries with it surface rights to allow prospecting or mining operations. The lawful occupier of the land subject to a mineral right retains rights which they

may have to graze stock or cultivate, except in so far as such activities may interfere with the prospecting or mining operations. Licence holders must exercise their rights reasonably and to the extent that a licence holder has disturbed any of the rights of the lawful occupier or damaged crops, trees, buildings, stock or works, the licence holder must provide fair and reasonable compensation to the occupier.

Environmental permitting

Although preliminary reconnaissance operations and other prospecting operations under a prospecting licence, including drilling, does not require an environmental permit, the licence holder must comply with the environmental management standards stipulated in Tanzanian environmental legislation, which prohibits any discharge, deposit or emission of liquid, solid, gaseous or particulate material, or noise or vibration, from a mine into the environment which will cause pollution.

All applications for special mining licences, mining licences or gemstone mining licences must be accompanied by an environmental impact statement and an environmental management plan.

Within seven (7) days from the date of application, applicants are obliged to publish their environmental impact statement in the prescribed manner. The licensing authority shall not issue a licence until the expiry of at least 60 days from the date of the application. The licence holder is obliged to submit a report reviewing the progress and status of the environmental management plan or amendment within two years of grant or renewals and not exceeding five-year intervals thereafter.

Development Agreements

The Tanzanian Mining Act provides that only a special mining licence holder may enter into a development agreement with the State for the conduct or financing of mining operations under a special mining licence. A development agreement is binding on the State and may contain provisions regulating environmental issues, the settlement of disputes and the circumstances under which the licencing authority could exercise discretionary powers conferred on it by the Tanzanian Mining Act or regulations made under that Act. A development agreement would also typically provide a guarantee of fiscal stability for long term mining projects.

Uranium

The Tanzanian Mining Act provides that a permit is required for the export or import of radioactive material and that any export or import conducted without such a permit constitutes a punishable offence.

PART IV

COMPETENT PERSONS REPORT ON EDENVILLE INTERNATIONAL LIMITED

The Directors
Gernstones of Africa Group Plc
Aston House
Cornwall Avenue
London
N3 1LF

The Directors
Zimmerman Adams International Limited
12 Camomile Street
London
EC3A 7PT

Date: 25 November 2009

Dear Sirs

Edenville International Limited – Competent Person’s Report

Background

Edenville International Limited (“Edenville”), commissioned Wardell Armstrong LLP (“WA”) to prepare a Competent Person’s Report (“CPR”), dated 23 November 2009.

The principal current assets in which Edenville are interested in comprise 6 prospecting licence areas in Tanzania, all of which are discussed in detail in the CPR. WA considers that the relevant areas have sufficient exploration potential to justify future exploration programmes and associated expenditures.

The CPR contains an appropriate summary of each of the assets, and WA is satisfied with the integrity of the information contained in the CPR based on the limited validation work performed by WA, but more importantly, reliance on the legal due diligence performed by the company’s representatives in country.

WA has not been requested to provide an Independent Valuation nor has it been asked to comment on the Fairness and Reasonableness of any vendor or promoter considerations.

Requirement and Structure of the CPR

WA has prepared the CPR in accordance with the rules as defined within the “AIM Note For Mining And Oil & Gas Companies – June 2009” as prepared by the London Stock Exchange.

The CPR has been structured on the basis of technical disciplines and logistical elements into sections on Licence Details; Property Description and Location; Accessibility, Physiography, Climate, Local Resources and Infrastructure; Exploration History, Geology and Mineralisation, and Exploration Potential, as well as considering Health, Safety and the Environment.

Site visits were made by L Carroll (WA) to all of the licence areas.

Verification, Validation and Reliance

The information as provided by Edenville to, and taken in good faith by WA, has not been independently verified but has been substantiated by evidence from WA’s site visits and observations, WA 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 prospecting licence areas and associated infrastructure, undertaken in November 2009, with:
 - discussion and enquiry following access to key in country personnel;
 - an examination of historical exploration information;
- Undertaken all necessary investigations to ensure compliance with the AIM Rules and in terms of the level of disclosure.

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

- All technical information;
- That the legal ownership of all exploration rights has been verified and save as disclosed in the CPR that no significant legal issues exists that would affect the likely viability of a project as reported herein.

Limitations, Declarations, Consent and Copyright

Limitations

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

Declarations

WA 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 exploration or value of Edenville and WA will receive no other benefit.

WA 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 Edenville or the principal current assets in which Edenville is interested and consequently considers itself to be independent of Edenville.

Furthermore, WA is responsible for this letter and the CPR 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.

Consent and Copyright

WA consents to the issuing and subsequent inclusion of this letter and the CPR in the Admission Document, in the form and content in which it has been provided to Edenville.

WA hereby confirm that the information in the Admission Document, which has been sourced from the CPR, has been accurately reproduced and that we are not aware of any facts that have been omitted that would render the reproduced information inaccurate or misleading.

In compliance with Schedule 2 of the AIM Rules, WA is responsible for this letter and 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 CPR is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

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 WA 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 WA, 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 WA and shall not be used for any activity that does not involve WA, without the written consent of WA.

Responsibility for the Competent Person's Report and No Material Change

WA accepts responsibility for the CPR for the purposes of a competent person's report under the AIM Guidance Note. The Competent Person's Report is complete up to and including 23 November 2009. Having taken all reasonable care to ensure that such is the case, WA confirms that, to the best of its knowledge, the information contained in the Competent Person's Report is in accordance with the facts, contains no omission likely to affect its import, and no material change has occurred from 23 November 2009 to the date hereof that would require any amendment to the Competent Person's Report.

Qualification of Consultants

WA comprises over 300 staff, offering expertise in a wide range of resource and engineering disciplines. WA's independence is ensured by the fact that it holds no equity in any project. This permits WA to provide its clients with conflict-free and objective recommendations on crucial judgment issues, WA has a demonstrated track record in undertaking independent assessments of exploration properties including resources and reserves, project evaluations and audits, MER's and CPR's, and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide.

The individuals listed below have provided input to the CPR and have extensive experience in the mining industry and are members in good standing of appropriate professional institutions:

- Liv Carroll, ARSM, BSc, MSc, DIC, MIMMM, CGeol, FGS, MSEG, is a Senior Geologist with WA, and has nearly 10 years experience as an exploration geologist working predominantly in Africa, but recently involved in a large technical due diligence for a multi-client in Kazakhstan;
- Chris Broadbent, BSc, PhD, FIMMM, CEng, MAE, CEnv is a Director with WA and has over 30 years experience in academia, industry and consulting with respect to mining and extractive metallurgy. He has inputted and managed CPR's and has experience of managing projects in Sub-Sahara Africa.

The CP who has supervised the production of the CPR is Dr Chris Broadbent who is a Director of WA.

Yours sincerely

for Wardell Armstrong LLP



DR C P BROADBENT

Director

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**COMPETENT PERSONS REPORT ON THE URANIUM AND COAL
EXPLORATION PROPERTIES HELD BY EDENVILLE INTERNATIONAL LIMITED**

DOCUMENT CONTROL

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Date of issue: 23 November 2009

PREPARED BY:

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APPROVED FOR ISSUE BY:

Dr CP Broadbent
Director

Signature  Date 23 November 2009

This report has been prepared by Wardell Armstrong with all reasonable skill, care and diligence, within the terms of the Contract with the Client. The report is confidential to the Client and Wardell Armstrong accepts no responsibility of whatever nature to third parties to whom this report may be made known. No part of this document may be reproduced without the prior written approval of Wardell Armstrong Ltd.

TABLE OF CONTENTS

Executive Summary	39
1.0 Introduction	40
1.1 Background	40
1.2 Edenville International Limited – Overview	40
1.3 Study Strategy	40
2.0 Overview of the Region AND Licence Areas	41
2.1 Introduction	41
2.2 Tanzania Climate and Weather Overview	42
2.3 Licence Overview	42
3.0 Property Settings and Exploration Potential	43
3.1 Matiri South	43
3.1.1 Licence Details	43
3.1.2 Property Description and Location	44
3.1.3 Accessibility, Physiography, Climate, Local Resources and Infrastructure	44
3.1.4 Exploration History	46
3.1.5 Geology and Mineralisation	46
3.1.6 Exploration Potential	48
3.1.7 Conclusions and Recommendations	48
3.2 Matiri North	48
3.2.1 Licence Details	48
3.2.2 Property Description and Location	49
3.2.3 Accessibility, Physiography, Climate, Local Resources and Infrastructure	49
3.2.4 Exploration History	50
3.2.5 Geology and Mineralisation	51
3.2.6 Exploration Potential	51
3.2.7 Conclusions and Recommendations	51
3.3 Kyela - Rungwe	52
3.3.1 Licence Details	52
3.3.2 Property Description and Location	52
3.3.3 Accessibility, Physiography, Climate, Local Resources and Infrastructure	52
3.3.4 Historical Exploration	53
3.3.5 Geology and Mineralisation	54
3.3.6 Exploration Potential	54
3.3.7 Conclusions and Recommendations	55

3.4	Ikungu	55
3.4.1	Licence Details	55
3.4.2	Property Description and Location	56
3.4.3	Accessibility, Physiography, Climate, Local Resources and Infrastructure	56
3.4.4	Historical Exploration	57
3.4.5	Geology and Mineralisation	57
3.4.6	Exploration Potential	58
3.4.7	Conclusions and Recommendations	59
3.5	Mwitikila West and Mwitikila East	59
3.5.1	Licence Details	59
3.5.2	Property Description and Location	59
3.5.3	Accessibility, Physiography, Climate, Local Resources and Infrastructure	60
3.5.4	Historical Exploration	61
3.5.5	Geology and Mineralisation	62
3.5.6	Exploration Potential	63
3.5.7	Conclusions and Recommendations	63
4.0	Comparable Deposits and projects	64
4.1	Analogous Deposit Styles	64
4.1.1	Unconformity-related deposits	64
4.1.2	Sandstone (roll-front) deposits	64
4.1.3	Calcrete-hosted deposits	65
4.1.4	Intrusive and vein hosted deposits	65
4.1.5	Coal deposits	66
4.2	Known Comparable Projects	66
4.2.1	African Energy Resources Ltd., Majete and Rumphu Uranium Projects, Malawi	66
4.2.2	Atomic Resources and Tancoal	67
4.2.3	Kiwira-Songwe Coalfield, Kiwira Coal and Power Ltd., Tanzania	67
4.2.4	Mantra Resources Ltd., Mbamba Bay Prospect, Tanzania	68
4.2.5	Paladin Energy Ltd., Kayelekera Uranium Project, Malawi	69
4.2.6	Uranex Ltd.	71
4.2.7	Uranium Resources Ltd.	72
5.0	Exploration Strategy	74
6.0	overall conclusions and recommendations	74

LIST OF FIGURES

Figure 2.1:	Map of Tanzania with project areas marked	41
Figure 3.1:	View of licence area looking north from southern boundary	45
Figure 3.2:	Extract from QDS 297 with PL boundary marked	47
Figure 3.3:	View across one of three bridged rivers within licence area	50
Figure 3.4:	View across the Mgubwisi River within licence area	53
Figure 3.5:	Extract from QDS 259 with PL boundary marked (Harkin and Harpum, 1957)	54
Figure 3.6:	Boundary of Kiwira PL delineated on airborne radiometric survey data (supplied by Edenville)	55
Figure 3.7:	View of typical topography and vegetation within the licence area	56
Figure 3.8:	Exposure of orthoclase rich granodiorite	58
Figure 3.9:	Airborne radiometric data plotted over the Ikungu property marked in blue (Mantra Resources)	58
Figure 3.10:	View of typical topography and vegetation within the licence area looking east	61
Figure 3.11:	Regional airborne radiometric data with the licence area boundaries marked	61
Figure 3.12:	Extract from QDS 162 with Mwitikila West PL boundary marked (Eades et al, 1967)	62
Figure 3.13:	Extract from QDS 163 with Mwitikila East PL boundary marked (Temperley et al, 1953)	63
Figure 4.1:	Atomic Resources Ngaka project location	67
Figure 4.2:	Mantra Mbamba Bay project; geology and anomaly locations (Mantra website)	69
Figure 4.3:	Cross section showing ore lenses of the analogous Kayelekere deposit (Paladin website)	70
Figure 4.4:	Exploration licences held by Uranex	72
Figure 4.5:	Uranium Resources exploration prospect adjacent to Matiri North	73

LIST OF TABLES

Table 2.1:	Summary Table of Exploration Assets Held by Edenville	43
Table 3.1:	PL 6147/2009 Boundary Points: Latitude and Longitude	44
Table 3.2:	PL 6174/2009 Boundary Points: Latitude and Longitude	49
Table 3.3:	PL 5002/2008 Boundary Points: Latitude and Longitude	52
Table 3.4:	PL 5659/2009 Boundary Points: Latitude and Longitude	55
Table 3.5:	PL 5790/2009 Boundary Points: Latitude and Longitude	59
Table 3.6:	PL 5420/2008 Boundary Points: Latitude and Longitude	59

Executive Summary

Wardell Armstrong ('WA') was commissioned by Edenville International Tanzania Limited ('Edenville') for the preparation of a Competent Persons Report (CPR) on six prospecting licences (PL) in Tanzania. The purpose was to confirm the existence and area of the PLs, determine the logistics surrounding access to the site and provision of infrastructure as well as assess the potential prospectivity of each licence area.

Edenville International Limited is a private limited company registered in the Seychelles. Edenville International (Tanzania) Limited is a wholly owned subsidiary registered in Tanzania, which has interests in undeveloped uranium and coal prospects in Tanzania.

MATIRI SOUTH

Edenville acquired a 100 per cent. interest in the Matiri South prospecting licence (PL 6147/2009) in November 2009. Located in the Mbinga District of Tanzania, approximately 80km west of Songea in the southwest of Tanzania, the PL covers an area of approximately 76.97km² and is situated southwest of PL 6174/2009; the licence is valid until November 2012.

MATIRI NORTH

Edenville acquired a 100 per cent. interest in the Matiri North prospecting licence (PL 6147/2009) in November 2009. Located in the Mbinga District of Tanzania, approximately 80km west of Songea in the southwest of Tanzania, the PL covers an area of approximately 28.50km² and is situated northeast of PL 6174/2009; the licence is valid until November 2012.

KYELA – RUNGWE

Edenville acquired a 100 per cent. interest in the Kyela – Rungwe prospecting licence (PL 5002/2008) in September 2009. Located in both the Kyela and Rungwe Districts of Tanzania, approximately 90km south of Mbeya in the southwest of Tanzania, the PL covers an area of approximately 102.70km² and is valid until May 2011.

IKUNGU

Edenville acquired a 100 per cent. interest in the Ikungu prospecting licence (PL 5659/2009) in September 2009. Located in the Singida District of Tanzania, approximately 240km northwest of Dodoma, the capital of Tanzania, the PL covers an area of approximately 81.73km² and is valid until March 2012.

MWITIKILA WEST AND MWITIKILA EAST

Edenville acquired a 75 per cent. interest with an option to acquire 100 per cent. (from David Jonathon Leuna) of the Mwitikila West and Mwitikila East prospecting licences (PL 5790/2009 and PL 5420/2008 respectively) in September 2009. Located in the Dodoma District of Tanzania, approximately 30km to the east of Dodoma, the capital of Tanzania, the PLs are immediately adjacent to one another and cover an area of approximately 308.49km² in total. Mwitikila West (PL 5790/2009) is valid until June 2012 and Mwitikila East (PL 5420/2008) is valid until October 2011.

The geological settings of the 6 prospecting licences held by Edenville as discussed in this report are considered to have the potential to host uranium mineralisation, three of which also have potential to host coal deposits; Matiri South, Matiri North and the Kyela – Rungwe licence areas.

On the basis of current information, the Matiri PLs are considered the most prospective areas with potential for the occurrence of economic uranium mineralisation as well as hosting coal,

particularly on the Matiri North licence and favorable Karoo host rocks are present on both the Matiri South and Matiri North properties; these should also be the primary focus for reconnaissance fieldwork as the presence of the Ngaka coalfield to the north west of the properties indicates that there is potential for coal mineralisation. There may also be areas of potentially uranium hosting, younger sediments that have not been mapped on this scale and could be identified through site work. A series of spectrometer traverses to measure radioactivity in conjunction with large scale (1:500) geological mapping is recommended on all six licence areas to generate preliminary targets.

The Kyela – Rungwe licence area can be considered significantly prospective for coal hosted by Karoo sediments, the potential for which is indicated by the occurrence of the Songwe – Kiwira coalfield hosted by the Karoo sediments to the southeast of the licence area.

1.0 INTRODUCTION

1.1 Background

Wardell Armstrong ('WA') was commissioned by Edenville International Limited ('Edenville'), to prepare a Competent Persons Report (CPR) covering six prospecting licences (PL) in Tanzania for the purposes of confirming the existence and area of the PLs, determine the logistics surrounding access to the site and provision of infrastructure as well as to assess the potential prospectivity of each licence area and make recommendations for an exploration programme going forward.

This CPR is based on a review of documentation and interviews carried out with Edenville personnel as well as observations made during an initial trip to Tanzania, from 18 October to 24 October 2009, in the company of staff from Edenville International (Tanzania) Limited, a wholly owned subsidiary of Edenville International Limited.

A site visit to each of the licence areas was undertaken by a qualified geologist and competent person from Wardell Armstrong. A visit to the Songea Resident Mines Office was also carried out where the Matiri licences were viewed on Cadastre, the government licencing database, with the Songea Resident Mines Officer, Mr Tuna Bandoma.

The site visits were complimented by a desk-top review in the UK of the geology and exploration potential of each the aforementioned prospecting licences. Edenville staff have assisted the process of gathering and verifying, where possible, locally held licence information. The opinion of Wardell Armstrong (WA) in all sections of this assessment is based on a professional assessment of a qualified and experienced geologist.

1.2 Edenville International Limited – Overview

Edenville International Limited is a private limited company registered in the Seychelles. Edenville International (Tanzania) Limited is a wholly owned subsidiary registered in Tanzania, which has interests in undeveloped uranium and coal prospects in Tanzania.

1.3 Study Strategy

The basic strategy for this CPR has been to examine and report on the existing information available on the properties held by the Client. WA reviewed externally held and locally available geological and topographical mapping and exploration data, specifically regional airborne radiometric survey data, though this was only reviewed for four of the six properties at this stage, as well as any extant data held by the Geological Society of London. During the site visits, further information was gathered on infrastructure, permitting, environmental and social issues.

2.0 OVERVIEW OF THE REGION AND LICENCE AREAS

2.1 Introduction

This Competent Persons Report details the findings of the desk top study and site visits undertaken to six PLs in Tanzania held by Edenville International Limited (“Edenville”). Tanzania is located on the east coast of Africa between latitude 1°S and 12°S, and 29°E and 41°E and is bordered by Kenya and Uganda to the north; Rwanda, Burundi and Democratic Republic of Congo to the west; Zambia to the southwest; Malawi and Mozambique to the south; and the Indian Ocean to the east.



Figure 2.1: Map of Tanzania with project areas marked

Agriculture, particularly subsistence farming but also cash crops such as bananas and tea, is the predominant industry along with a well established mining industry that continues to grow and, together with quarrying, accounted for 3.5 per cent. of the gross domestic product (GDP) during 2007 (USGS, 2009). The value of output from the mining sector is reported to have grown by 10.7 per cent. in 2007 and 15.6 per cent. in 2006 (USGS, 2009).

Tanzania has a population of approximately 34.5 million (2002 census) and covers an area of approximately 931,000km², not including the Islands of Zanzibar, which have a total area of approximately 2,611km². Waterbodies account for 45,000km² of the total area, the largest of which are Lake Victoria and Lake Nyasa. Reserve areas such as National Parks and forestry areas account for approximately 23 per cent. of the land area and 5 per cent. of the land area is cultivated; the remainder is pastureland.

The relief comprises a low-lying coastal plain along the Indian Ocean shoreline, which rises steadily inland with hills and plateaus at approximately 300 metres above sea level (m ASL) such as is found in the region of Dodoma. The Southern Highlands area, including the region around Songea and Mbeya, comprises northeast trending high ground rising to heights of 2,000m ASL and the western area consists of plateaus, which are indented by the western rift valley. Small alluvial river valleys transect much of the raised relief across the country and there are several large basin areas including the Ruhuhu Basin.

2.2 Tanzania Climate and Weather Overview

Tanzania has a two rainy seasons; the 'long rains', are between about March and May when afternoon tropical downpours can be expected most afternoons. The 'short rains' occur during November and December when the rain showers are lighter and less predictable. During and shortly after both the rainy periods, some unmade routes may be impassable as they have been washed out and areas may be prone to localised flooding; WA understand that the graded and gravel roads along with main highways remain passable throughout the year.

June to October is the long dry season when rainfall is rare; fine, clear sky and sunny weather can be expected and humidity is commonly low. January and February is the 'short dry season', though exploration may still be affected during this time owing to conditions caused by the preceding short wet season.

The relief influences the climate of the country; annual rainfall is not uniformly distributed. Average annual rainfall is above 1,000 mm on the coastal belt; the highlands receive considerably more than this amount and generally up to 1,500 mm; over most of the interior there is an average annual fall of between 500-1,000mm. Temperatures generally remain warm throughout the year (upper 20°s Celsius to mid 30°s Celsius), though they can vary hugely with altitude and location; at higher elevations temperatures can decrease rapidly at night.

The climate with respect to the licence areas covered by this CPR has been described in more detail in Section 3.0 below.

2.3 Licence Overview

In November 2009, Edenville acquired a 100 per cent. interest in the Matiri South prospecting licence (PL 6147/2009) located in the Mbinga District of Tanzania, approximately 80km by road west of Songea in the southwest of Tanzania. The PL covers an area of approximately 76.97km² and is situated southwest of PL 6174/2009; the licence is valid until November 2012.

In November 2009, Edenville acquired a 100 per cent. interest in the Matiri North prospecting licence (PL 6147/2009) located in the Mbinga District of Tanzania, approximately 80km west of Songea in the southwest of Tanzania. The PL covers an area of approximately 28.50km² and is situated northeast of PL 6174/2009; the licence is valid until November 2012.

In September 2009, Edenville acquired a 100 per cent. interest in the Kyela – Rungwe prospecting licence (PL 5002/2008) located in both the Kyela and Rungwe Districts of Tanzania, approximately 90km by road south of Mbeya in the southwest of Tanzania. The PL covers an area of approximately 102.70km² and is valid until May 2011.

In September 2009, Edenville acquired a 100 per cent. interest in the Ikungu prospecting licence (PL 5659/2009) located in the Singida District of Tanzania, approximately 240km by road northwest of Dodoma, the capital of Tanzania. The PL covers an area of approximately 81.73km² and is valid until March 2012.

In September 2009, Edenville acquired a 75 per cent. interest with an option to acquire 100 per cent. (from David Jonathon Leuna) in the Mwitikila West and Mwitikila East prospecting licences (PL 5790/2009 and PL 5420/2008 respectively) located in the Dodoma District of Tanzania, approximately 30km by road to the east of Dodoma, the capital of Tanzania. The PLs are immediately adjacent to one another and cover an area of approximately 308.49km² in total. Mwitikila West (PL 5790/2009) is valid until June 2012 and Mwitikila East (PL 5420/2008) is valid until October 2011.

Notably, none of the licence areas are located within National Park boundaries nor contain places of special cultural significance. An environment and social management plan will be drawn up as part of the exploration programme in accordance with international best practice.

Table 2.1: Summary Table of Exploration Assets Held by Edenville

<i>Asset</i>	<i>Holder</i>	<i>Interest (%)</i>	<i>Status</i>	<i>Licence Expiry Date</i>	<i>Licence Area</i>	<i>Commodity of interest</i>
Tanzania Matiri South	Edenville International (Tanzania) Ltd	100	Exploration	12 November 2012	76.97km ²	Uranium and coal, though licence covers all Minerals other than Building Materials and Gemstones
Tanzania Matiri North	Edenville International (Tanzania) Ltd	100	Exploration	12 November 2012	28.50km ²	Uranium and coal, though licence covers all Minerals other than Building Materials and Gemstones
Tanzania Kyela – Rungwe	Edenville International (Tanzania) Ltd	100	Exploration	05 May 2011	102.70km ²	Uranium and coal, though licence covers all Minerals other than Building Materials and Gemstones
Tanzania Ikungu	Edenville International (Tanzania) Ltd	100	Exploration	18 March 2012	81.73km ²	Uranium, though licence covers all Minerals other than Building Materials and Gemstones
Tanzania Mwitikila West	Edenville International (Tanzania) Ltd	75	Exploration	16 June 2012	138.33km ²	Uranium, though licence covers all Minerals other than Building Materials and Gemstones
Tanzania Mwitikila East	Edenville International (Tanzania) Ltd	75	Exploration	23 October 2011	170.16km ²	Uranium, though licence covers all Minerals other than Building Materials and Gemstones

3.0 PROPERTY SETTINGS AND EXPLORATION POTENTIAL

3.1 Matiri South

3.1.1 Licence Details

Edenville holds the uranium and coal targeted PL 6147/2009, covering an area of 76.97km², which is valid for a period of 3 years. The licence area is subject to Section 95 of the Mining Act 1998 and can be renewed for two consecutive periods, with each period not exceeding 2 years, upon cessation of the initial licence period of 2 years; 50 per cent. of the area, as

selected by the licence holder, must be relinquished upon renewal. The PL has been granted for all minerals other than building materials or gemstones and is effective until 12 November 2012 (see Table 2.1).

The co-ordinates of the licence are given in **Table 3.1** below.

Table 3.1: PL 6147/2009 Boundary Points: Latitude and Longitude

	<i>Latitude (South)</i>	<i>Longitude (East)</i>
1	10 deg. 42 min. 00 sec.	35 deg. 00 min. 00 sec.
2	10 deg. 42 min. 00 sec.	34 deg. 55 min. 00 sec.
3	10 deg. 39 min. 00 sec.	34 deg. 55 min. 00 sec.
4	10 deg. 39 min. 00 sec.	35 deg. 05 min. 00 sec.
5	10 deg. 40 min. 34.70 sec.	35 deg. 05 min. 00 sec.
6	10 deg. 40 min. 34.70 sec.	35 deg. 00 min. 00 sec.

3.1.2 Property Description and Location

The property is located in southern Tanzania near Lake Nyasa, in the district of Mbinga of the Ruvuma Region of which the administration headquarters are located in Songea (1036m ASL), the nearest large town. The nearest village is Chasora, which is situated on the southern boundary of the licence area.

3.1.3 Accessibility, Physiography, Climate, Local Resources and Infrastructure

The property can be accessed by approximately 26km of tarmac road running west from Songea and then a graded gravel road leading to Mbamba Bay on the edge of Lake Nyasa, through Kitai village after which a turn off leads to Chasora village, a further 20km northwards, on very rough terrain requiring 4X4 vehicles. The property is approximately 87km southwest of Songea, which itself is approximately 1200km from Dar es Salaam and approximately 350km from the Zambian border, both serviced by major tarmac roads.

The town of Songea is a large, well populated and serviced town connected to the National Grid, though power outages are common and backup generators are used. Mobile phone coverage is only available in close proximity to the main towns and the vast majority of the area, largely comprising mud brick and straw hut villages lining the roads, is not connected to the national grid electricity or mains water supply. There are many settlements along the main road leading from Songea to Mabamba Bay but the licence area itself is sparsely populated.



Figure 3.1: View of licence area looking north from southern boundary

The regional topography is characterised by steep mountain ridges and valleys and the relief in the region varies from approximately 450m ASL to 1370m ASL. The area is covered by topographic sheet 297/2 (Ruanda) and the topography of the area was found to be variable largely comprising rolling hills incised by steep river valleys. The Mbinga District experiences heavy rainfall during the rainy season (November through to April) with the heaviest rainfall of approximately 279mm recorded during January. Average daily minimum and maximum daily temperature which can be expected to be approximately 18°C (min) and 28°C (max) November through to February dipping to a significantly cooler 12°C (min) and 22°C (max) during June and July.

Several large rivers provide the main fresh water supplies in the area along with borehole wells. No rivers were seen to flow through the licence area, though there are several small streams and rivers along the access route as indicated on the topographic map, these were observed to be bridged where required.

Vegetation was seen to be dense and is classified in mapping as 'Miombo' woodland type but mountain cap forests are said to persist in the relative high altitude Matogoro Mountains. The

wooded areas were observed locally with more open areas of vegetation in between of grasses, shrubs and trees, as well as land largely cultivated with sugar cane.

3.1.4 Exploration History

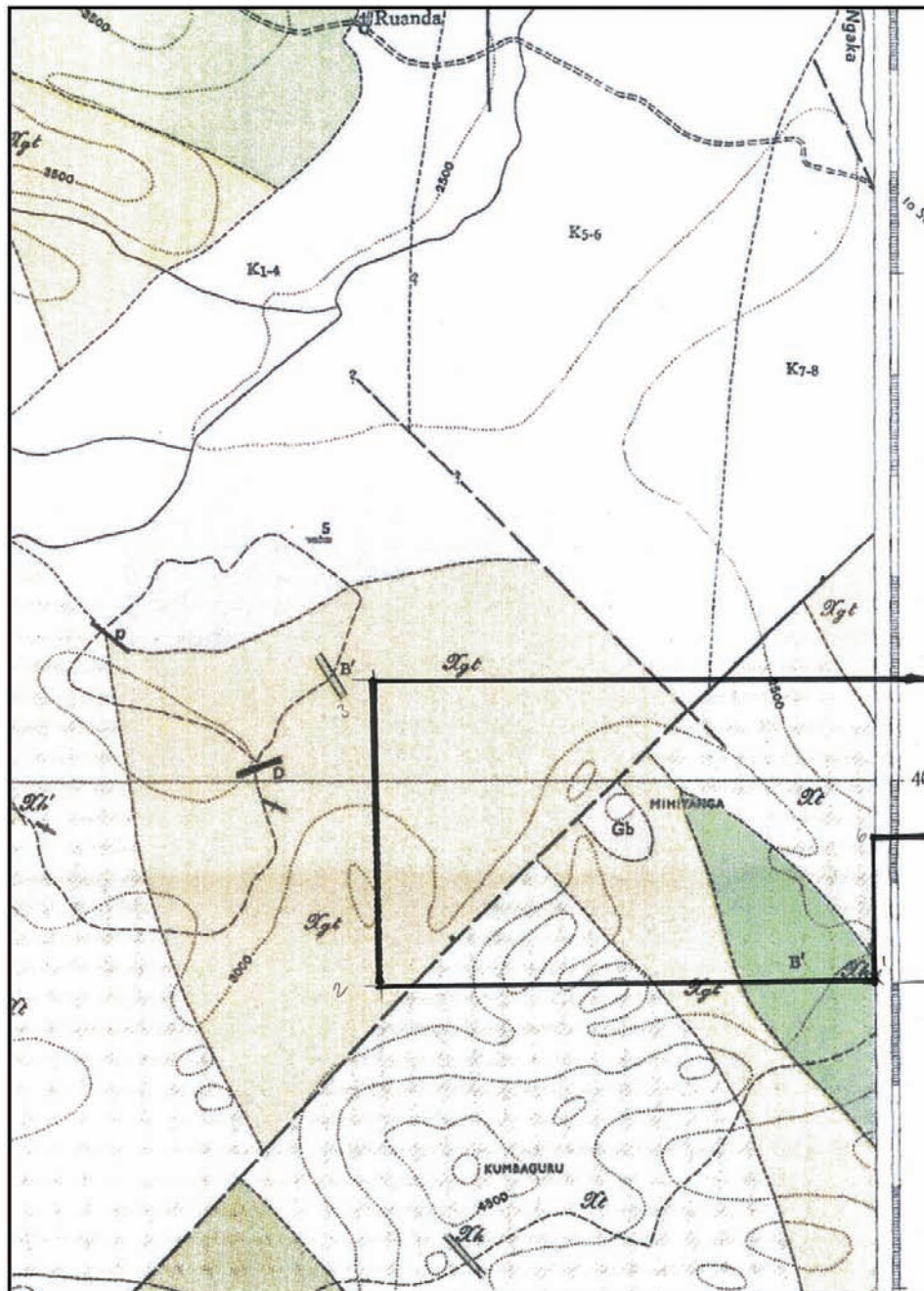
Geosurvey International undertook a countrywide airborne radiometric, magnetic and geological survey between 1979 and 1980. The airborne geophysical survey results identified over one hundred uranium anomalous “targets” countrywide worthy of further investigations and a review of the data specific to the Matiri South licence area would be useful. No known historical exploration, aside from the regional scale programmes, or mineral workings have taken place within the Matiri South licence area. Notably, there are two mining licences issued immediately south of the PL; WA was informed by the Songea Resident Mines Officer that these were currently being worked on a small scale for gold.

3.1.5 Geology and Mineralisation

The licence area is covered by Quarter Degree Sheet 297 (Litembo), which indicates migmatized and hornfelsed granulite and gneiss outcropping.

The Matiri South property lies close to the southern part of Ruhuhu Basin of Karoo formations. The Basin is filled by the Karoo rocks of fluvial – continental origin and contains coal deposits in the lower sequences. The Karoo rocks in the Ruhuhu Basin stratigraphically unconformably overlie the Usagaran formation, which is metamorphosed igneous and sedimentary rocks.

The geology of the licence area largely comprises high-grade metamorphic formations including migmatized and hornfels charnockites, granulites and gneisses as well as garnet hornblende gneiss, meta-gabbro (B') and biotite granite (Gb). Karoo sediments are also shown to outcrop in the north of the licence area including mudstone, sandstone, local limestone and bone beds (K₅₋₆) and conglomerate, sandstone and mudstone including upper and lower coal measures (K₇₋₈).



Two major structures are identified on the geological mapping consisting of one northwest trending faults and the other cross cutting southwest trending fault that traverses diagonally across the whole licence area; these are clearly seen reflected in the topography. The strong linear structures are reported to often contain mylonitic zones and there may be some associated pegmatite veining a potential source for uranium mineralisation or pegmatite hosted gold mineralisation; gold mineralisation is known to occur in the region as confirmed by the small scale mining licences being worked for gold to the immediate south.

Soils above the granite lithologies are pale brown and sandy in direct contrast with the soils above the Karoo sediments, which are orangey brown and clay rich locally but can also be quite sandy and iron rich. The soil profile was generally observed to be deeply weathered, iron rich and very friable but locally clay rich and wet as discussed above. A variable depth of cover

was observed in road cuttings and, locally, a thick ferricrete layer was present; this will need to be considered when determining the configuration of a soil sampling programme.

3.1.6 Exploration Potential

On the basis of limited data available, it is unclear whether the granulite and gneisses are a possible source of uranium; these warrant further study and ground based investigation. In addition, a series of ground spectrometer traverses to measure radioactivity, particularly in the vicinity of the Karoo sediments in the north, should be undertaken at an early stage within any exploration programme. An evaluation of any anomalous readings through geological fieldwork would be advisable to determine possible origins of the anomaly and would assist in generating preliminary targets through identification of visibly mineralised exposure.

Though the Karoo formations are shown on the geological mapping to outcrop within the northern boundary of the licence area, WA is not aware of any detailed geological mapping undertaken since 1951 and even then it is noted that mapping was undertaken on a relatively small scale (1:125,000), therefore there may be the potential for additional Karoo sediments within the area and further geological study included detailed mapping on the ground is recommended to define these further.

3.1.7 Conclusions and Recommendations

A detailed review of the airborne radiometric survey, along with groundtruthing of the original regional scale geological mapping, will assist in identifying zones and lithologies of potential radiometric anomalies including the Karoo deposits, the mylonitised, sheared and faulted granites, granulites and gneisses. Anomalous values on the granites and metamorphics would indicate that the basement rocks are locally enriched and may provide a source for uranium mineralisation to have remobilised and hosted in younger, adjacent sediments such as the Karoo beds. In addition, the areas of faulting provide the potential for unconformity-type uranium mineralisation and the boundaries between the Karoo and the igneous/metamorphic strata would be a target for initial investigation. An evaluation of any anomalous values through geological fieldwork to establish the cause of the anomalies and/or identify further anomalies is recommended along with an on the ground hand held survey of any targeted areas.

In addition, owing to the occurrence of small scale and artisanal mining for gold to the immediate south, WA consider that it would be worthwhile to take some surface rock chip samples to assay for gold, particularly within any pegmatitic rocks and quartz veins.

3.2 Matiri North

3.2.1 Licence Details

Edenville holds the uranium and coal targeted PL 6174/2009, covering an area of 28.50km², which is valid for a period of 3 years. The licence area is subject to Section 95 of the Mining Act 1998 and can be renewed for two consecutive periods, with each period not exceeding 2 years, upon cessation of the initial licence period of 2 years; 50 per cent. of the area, as selected by the licence holder, must be relinquished upon renewal. The PL has been granted for all minerals other than building materials or gemstones and is effective until 11 November 2012 (see Table 2.1).

The co-ordinates of the licence are given in Table 3.2 below.

Table 3.2: PL 6174/2009 Boundary Points: Latitude and Longitude

Corner point	Latitude (South)	Longitude (East)
1	10 deg. 35 min. 49 sec.	35 deg. 03 min. 24 sec.
2	10 deg. 35 min. 49 sec.	35 deg. 02 min. 18 sec.
3	10 deg. 36 min. 52 sec.	35 deg. 02 min. 18 sec.
4	10 deg. 36 min. 52 sec.	35 deg. 01 min. 12 sec.
5	10 deg. 37 min. 19 sec.	35 deg. 01 min. 12 sec.
6	10 deg. 37 min. 19 sec.	35 deg. 00 min. 00 sec.
7	10 deg. 34 min. 00 sec.	35 deg. 00 min. 00 sec.
8	10 deg. 34 min. 00 sec.	35 deg. 01 min. 45 sec.
9	10 deg. 34 min. 11 sec.	35 deg. 01 min. 45 sec.
10	10 deg. 34 min. 11 sec.	35 deg. 02 min. 18 sec.
11	10 deg. 34 min. 09 sec.	35 deg. 02 min. 18 sec.
12	10 deg. 34 min. 09 sec.	35 deg. 02 min. 45.80 sec.
13	10 deg. 34 min. 17.20 sec.	35 deg. 02 min. 45.80 sec.
14	10 deg. 34 min. 17.20 sec.	35 deg. 02 min. 41 sec.
15	10 deg. 34 min. 35 sec.	35 deg. 02 min. 41 sec.
16	10 deg. 34 min. 35 sec.	35 deg. 03 min. 23.60 sec.

3.2.2 Property Description and Location

As with Matiri South, the property is located in southern Tanzania near Lake Nyasa, in the district of Mbinga, of the Ruvuma Region of which the administration headquarters are located in Songea, the nearest large town, located approximately 87km to the northeast, with a population of 120,000. The nearest village is Lititema, which is situated to the south of the licence area

3.2.3 Accessibility, Physiography, Climate, Local Resources and Infrastructure

Matiri North is easily accessed from the village of Kitai, located on the main Songea to Mbamba Bay gravel road. The road from Kitai leads directly to the licence area and runs all the way through it. The property is approximately 87km southwest of Songea, which itself is approximately 1200km from Dar es Salaam and approximately 350km from the Zambian border, both serviced by major tarmac roads.

The town of Songea is a large, well populated (120,000 according to the 2002 census) and serviced town connected to the National Grid, though power outages are common and backup generators are used. Mobile phone coverage is only available in close proximity to the main towns and the vast majority of the area, largely comprising mud brick and straw hut villages lining the roads, is not connected to the national grid electricity or mains water supply. Within the licence area, settlements largely line the gravel road that runs through away from which the area is very sparsely populated.

Regionally, the topography is characterised by steep mountain ridges and valleys and the relief in the region varies from approximately 450m ASL to 1370m ASL. The area is covered by topographic sheet 298/1 (Makoro) and the topography of the area was found to be variable largely comprising rolling hills incised by steep river valleys. The Mbinga District experiences heavy rainfall during the rainy season (November through to April) with the heaviest rainfall of approximately 279mm recorded during January, which will need to be factored into the exploration programme. Average daily minimum and maximum daily temperature which can be expected to be approximately 18°C (min) and 28°C (max) November through to February dipping to a significantly cooler 12°C (min) and 22°C (max) during June and July.

Several large rivers provide the main fresh water supplies in the area along with borehole wells. There are three large bridges constructed across the watercourses in the area, locally streams are traverse by dips with shallow fords. Some of the rivers were observed to be in full flow; the smaller streams were largely dry at the time of the site visit, which coincided with the end of the dry season.



Vegetation was seen to be dense and is classified in mapping as 'Miombo' woodland type but mountain cap forests are said to persist in the relative high altitude Matogoro Mountains. The wooded areas were observed locally with more open areas of vegetation in between of grasses, shrubs and trees, as well as land cultivated with sugar cane and subsistence farming.

Soils above the granite lithologies were pale brown and sandy in direct contrast with soils above the Karoo sediments, which were orangey brown and clay rich. The soil profile was generally observed to be deeply weathered, iron rich and very friable but locally clay rich with a high water content. A variable depth of cover was observed from approximately 1m to 5-6m depth visible in road cuttings; this will need to be considered when determining the configuration of a soil sampling programme.

3.2.4 Exploration History

Since the countrywide airborne radiometric, magnetic and geological survey undertaken by Geosurvey International between 1979 and 1980, no known historical exploration, or mineral workings have taken place within the Matiri North licence area. A review of the radiometric data specific to the Matiri South licence area would be useful in helping to identify target anomalies.

3.2.5 Geology and Mineralisation

The area is covered by Quarter Degree Sheet (QDS) 298 (Peramiho) and the geology largely comprises Late Permian lacustrine and arid playa lakes sediments (K-5 and K-6 series of the Karoo rocks) overlain by the Triassic fluvio-deltaic deposits (K-7 series of the Karoo – Kingori sandstone). The Karoo sediments were observed in roadside exposure in the south east of the licence area. These consist of basal conglomerates and sandstones (K₁).

3.2.6 Exploration Potential

The airborne radiometric survey, along with the original regional scale geological mapping, should prove an effective means of pinpointing zones and lithologies of potential radiometric anomalies including the Karoo deposits. Any anomalous values on the granites and metamorphics in the region may indicate that the basement rocks are locally enriched and may provide a source for uranium mineralisation to have remobilised and hosted in younger, adjacent sediments such as the Karoo beds. An evaluation of these areas through geological fieldwork to establish the cause of any anomalies would be advisable. In addition, an on the ground hand held survey of targeted areas should be undertaken; a series of spectrometer traverses to measure radioactivity could be undertaken to generate preliminary targets. There are three sizable rivers traversing the licence area; exposure in the river as well as float provide a relatively wide spread rock exposure, which could form the basis for initial ground investigation.

In addition to the prospectivity of the area for uranium, the Ngaka coalfield is located to the northwest vicinity of the PL. Tancoal Ltd are currently undertaking a programme of reverse circulation (RC) and diamond drilling drilling in this area using contractors, Capital Drilling. Therefore, along with the outcropping Karoo sediments within the licence area, which are known as potential host rocks to uranium mineralisation; coal deposits could also occur within the PL as part of the Karoo sediment formations and the nearby identified Ngaka coalfield indicates the potential for the occurrence of coal; this could only be confirmed following a drilling programme. Detailed geological mapping of the licence area should confirm the presence of coal prospective Karoo sediments.

3.2.7 Conclusions and Recommendations

To date no economic uranium mineralization has been identified within the Matiri North licence area. However, earlier geophysical work conducted by Geosurvey International, Atomic Resources and Mantra Resources Ltd. indicates that the Mbinga District has the potential to contain significant uranium prospects and therefore the Matiri North licence warrants further detailed geological, geochemical and geophysical investigations.

WA recommendss that the area of Karoo sediments to the southeast of the licence area is the primary focus for reconnaissance fieldwork. There may also be areas of potentially uranium hosting, younger sediments that have not been mapped on this scale and could be identified through large scale (1:5000) geological mapping.

It is noted that coal has been confirmed within the Karoo sediments to the northwest of the licence area. Initial evaluation of the available geological maps suggests that these deposits may extend under the PL area. Hence it is possible that coal formations may be concealed at depth. A drilling programme would be required to confirm or otherwise the presence of economically viable coal reserves. It is recommended that the Tancoal exploration is followed closely and that further interpretation of the geology made once all exploration work in this area has been completed. This should help identify possible drilling targets designed to assess and confirm that Karoo sediments do underlie the PL area and that if proven whether they contain economically significant coal reserves.

3.3 Kyela – Rungwe

3.3.1 Licence Details

Edenville holds the uranium targeted PL 5002/2008, covering an area of 102.70km², which is valid for a period of 3 years. The licence area is subject to Section 95 of the Mining Act 1998 and can be renewed for two consecutive periods, with each period not exceeding 2 years, upon cessation of the initial licence period of 2 years; 50 per cent. of the area, as selected by the licence holder, must be relinquished upon renewal. The PL has been granted for all minerals other than building materials or gemstones and is effective until 05 May 2011 (see Table 2.1).

The co-ordinates of the licence are given in Table 3.3 below.

Table 3.3: PL 5002/2008 Boundary Points: Latitude and Longitude

	<i>Latitude (South)</i>	<i>Longitude (East)</i>
1	09 deg. 17 min. 51 sec.	33 deg. 50 min. 50 sec.
2	09 deg. 17 min. 50 sec.	33 deg. 55 min. 00 sec.
3	09 deg. 23 min. 44.7 sec.	33 deg. 55 min. 00 sec.
4	09 deg. 25 min. 00 sec.	33 deg. 48 min. 39.6 sec.
5	09 deg. 22 min. 53 sec.	33 deg. 48 min. 39.6 sec.
6	09 deg. 22 min. 53 sec.	33 deg. 50 min. 50 sec.

3.3.2 Property Description and Location

The property is located in southwest Tanzania, to the south of the city of Mbeya and Tukuyu town, straddling both the Kyela and Rungwe Districts of the Mbeya Region of which the administration headquarters are situated in Mbeya. Tukuyu (1,500m ASL) is the nearest large town, located approximately 27km to the north with a population of approximately 50,000. The nearest villages are Mbaka and Mbambo located along the main gravel road leading from Tukuyu to the north.

3.3.3 Accessibility, Physiography, Climate, Local Resources and Infrastructure

The area is accessed via a tarmac road from the large town of Mbeya, located approximately 64km to the north, to Tukuyu from where a gravel road leads south to the northwestern edge of the PL, approximately 27km to the south passing through the villages of Masoko, Mbaka and Mbambo.

The city of Mbeya is large and well serviced with a population of approximately 250,000 (2002 census). It is connected to the National Grid and mobile phone coverage is good throughout the region, including within the licence area. There are a large number of settlements, largely comprising mud brick and straw hut villages lining the roads leading to and through the southern edge of the PL, most of which are not connected to the national grid electricity or mains water supply though there is a good water supply from boreholes and numerous rivers traversing the PL.

The area is covered by topographic sheet 259/4 (Mbaka) and the physiography of the area is largely flat lying but bounded by the Nyasa Rift Scarp, a high ridge of hills running north northwest to south southeast immediately to the northeast of the licence area. There are also 2 former volcanic craters within the licence area, both of which are water filled and the largest of which, Iramba, is approximately 600m across. The western boundary of the licence area also straddles the Kissoba crater, which also has a body of water in the floor of the crater as indicated on the geological mapping (Harkin and Harpum, 1957).

The Kyela and Rungwe Districts experiences abundant and reliable rainfall with the rainy season running from November to May; the heaviest rainfall is during March and April and has been recorded up to 446mm. Average temperatures range from a maximum of approximately 24°C in October and a minimum of approximately 12.5°C min during June and July.



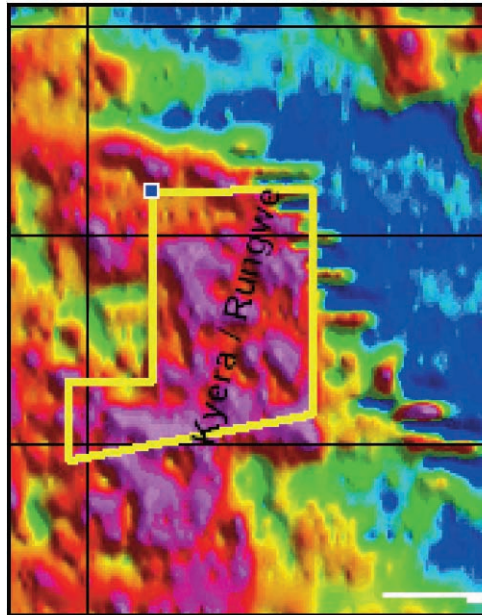
Several large rivers traverse the licence area largely following northwest to southeast, including the Mgubwisi River (see Figure 3.4) which was observed to be in full flow; the smaller streams were largely dry at the time of the site visit.

Vegetation was variable and has been classified as Montane forest, which is characterised by a relatively low canopy of approximately 10-20m, with a few emergent trees to 25m; the forest was observed to be particularly thick in the stream valleys and around the Ilamba crater lake. Lianes, climbing woody vines, are also common. Smaller amounts of bushy grassland with shrubs and immature trees occur in more open patches of ground. Owing to the fertile volcanic soils, there is a good deal of land in agricultural use and cultivated with bananas and Cassava, a tuber plant that is a staple food group and the roots of which are ground to form tapioca.

The topsoil is a light loam, dark brown in color and was seen to be generally shallow, approximately 10-20 cm deep, and often mixed with pumice float. The subsoil comprises a loose pumice gravel, derived from parent material.

3.3.4 Historical Exploration

Since the countrywide airborne radiometric, magnetic and geological survey undertaken by Geosurvey International between 1979 and 1980, no known historical exploration, or mineral workings have taken place within the Kyela – Rungwe licence area. A review of the processed radiometric data specific to the Kyela – Rungwe licence area has been undertaken and identified target anomalies (see Section 3.3.6 below).



3.3.7 Conclusions and Recommendations

The airborne radiometric data would indicate the potential for uranium mineralisation within the licence area. WA recommends that reconnaissance mapping and a series of traverses using hand held scintillometers be undertaken. This would identify any strong anomalies on the ground and targets for a programme of soil sampling and trenching.

In addition, the sequence stratigraphy indicates that older Karoo sediments may underlie the younger extrusive deposits and therefore a programme of RC drilling is recommended to test the underlying lithologies as the Karoo formation outcropping to the southwest of the deposit forms the Songwe – Kiwira Coalfield.

3.4 Ikungu

3.4.1 Licence Details

Edenville holds the uranium targeted prospecting licence (PL) 5659/2009, covering an area of 81.73km², which is valid for a period of 3 years. The licence area is subject to Section 95 of the Mining Act 1998 and can be renewed for two consecutive periods, with each period not exceeding 2 years, upon cessation of the initial licence period of 2 years; 50 per cent. of the area, as selected by the licence holder, must be relinquished upon renewal. The PL has been granted for all minerals other than building materials or gemstones and is effective until 18 March 2012 (see Table 2.1).

The co-ordinates of the licence are given in Table 3.4 below.

Table 3.4: PL 5659/2009 Boundary Points: Latitude and Longitude

	<i>Latitude (South)</i>	<i>Longitude (East)</i>
1	05 deg. 06 min. 00 sec.	34 deg. 30 min. 00 sec.
2	05 deg. 06 min. 00 sec.	34 deg. 37 min. 00 sec.
3	05 deg. 09 min. 00 sec.	34 deg. 37 min. 00 sec.
4	05 deg. 09 min. 00 sec.	34 deg. 33 min. 00 sec.
5	05 deg. 10 min. 00 sec.	34 deg. 33 min. 00 sec.
6	05 deg. 10 min. 00 sec.	34 deg. 30 min. 00 sec.

3.4.2 Property Description and Location

The property is located in central Tanzania, to the south of the town of Singida, in the Singida District of the Singida Region (population of 1,090,758 according to the 2002 census) of which the administration headquarters are situated in Singida itself. Singida town is located approximately 25km to the north of the licence and the nearest village is Muhintiri located just north of the PL.

3.4.3 Accessibility, Physiography, Climate, Local Resources and Infrastructure

The area is accessed via a tarmac road that is currently being resurfaced leading from the capital city of Dodoma, approximately 240km by road to the southeast, and therefore travel time from Dodoma is approximately 3.5 hours; this should be significantly reduced once the roadworks are complete. At Singida town, an unmade road requiring 4X4 vehicles leads directly to the licence area passing through the villages of Ihanja, Ufantanie, Sengasenga and Muhintiri.

Singida town is not connected to the National Grid and electricity is largely supplied by generators. Mobile phone coverage is good throughout the region, including within the licence area. The area is moderately populated with small settlements, comprising mud brick and straw hut villages lining unmade roads that traverse the area. These villages are not connected to a mains water supply and source water from boreholes.

The area is covered by topographic sheet 122/1 (Ihanja) and the physiography of the area is largely flat lying with an altitude of approximately 1122m ASL.



The weather conditions will be similar to those of Dodoma (1120m ASL), the nearest city, where there is little variation in the average daily minimum and maximum daily temperature which can be expected to be approximately 18°C (min) and 30°C (max) October through to April gradually dipping to approximately 13°C (min) and 26°C (max) in the coolest month of July. The rainy season in these areas runs from November through to April where significant rainfall can be expected December through to March ranging from 92mm per month at minimum, above 100mm per month from January to March with approximately 152mm per day during January at maximum.

No water bodies were observed during the site visit, though it was at the end of the dry season and there may be ephemeral channels that only flow after periods of rainfall.

Vegetation was variable and was locally quite thick comprising thicket of woody shrubs and trees opening out locally to grasslands. There was some subsistence farming evident but the ground was mostly barren.

The topsoil varies with residual sandy soils that were light, loose, quartz rich and sandy, which were seen to be generally shallow, approximately 10-20 cm deep; Mbuga soils and dark grey-brown black cotton soils that were exposed in wadi formations and were exposed to more than 5m depth. The black cotton soils contain swelling clays and can make driving conditions difficult after heavy rains.

3.4.4 Historical Exploration

Since the countrywide airborne radiometric, magnetic and geological survey undertaken by Geosurvey International between 1979 and 1980, no known historical exploration, or mineral workings have taken place within the Ikungu licence area.

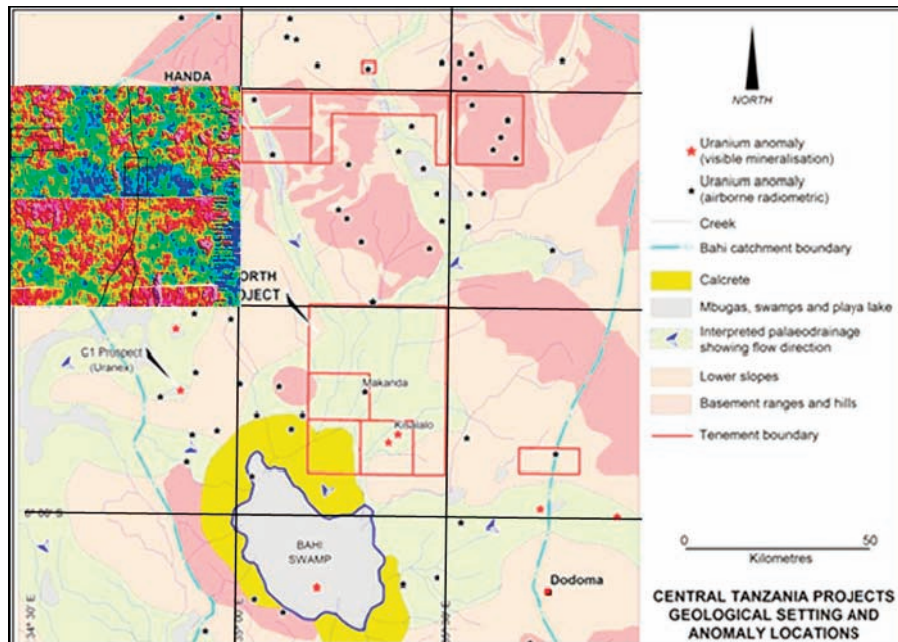
3.4.5 Geology and Mineralisation

The PL is covered by Quarter Degree Sheet (QDS) 122 (Ikungu). This was not available at the time of the site visit, though the geological Survey Department indicates that it has been published. However, it is known that the regional geology comprises granite, granodiorite and gneisses thought to be synorogenic (Bodigo, 2009). Though there were some small isolated exposures of the basement crystalline rocks, outcrop was largely seen to be extensively covered by superficial deposits and Kilimatinde cement, which is a carbonate calcrete formation that can be over 30 metres thick.

Migmatitic biotite and hornblende gneisses occur as small patches in the granite. These are considered to be remnant patches of host rocks which were not completely assimilated during the formation of the granite. Pegmatitic and quartz veins were indicated on the topographic map, though these were not observed in the field.



3.4.6 Exploration Potential



There is potential for the granitoid basement rocks to have provided a source of uranium for calcrete-type hosted uranium deposits in the surface layer (see Section 4.1.3). This could be investigated quickly and easily through surface sampling but also sampling of the numerous termite mounds within the area; though this method is rather crude, it will allow access to material from a greater depth the geochemical analysis of which will afford a first pass indication as to whether there are any anomalous targets.

3.4.7 Conclusions and Recommendations

The airborne radiometric data would indicate the potential for uranium mineralisation within the licence area. WA recommends that reconnaissance mapping and a series of traverses using hand held scintillometers be undertaken in addition to sampling of the termite mounds. This would identify any strong anomalies on the ground and targets for a programme of soil sampling, trenching and RC drilling.

Uranex Bahi Lake project is located to the south of the Ikungu licence area, which has some characteristics comparable to the Yilgarn playa lake/calcrete uranium province in Western Australia. Notably Uranex have just been issued with a right to mine subject to feasibility studies and the Bahi Lake project may be a good analogous deposit when considering exploration of the Edenville licence (see Section 4.2.6 for more information).

3.5 Mwitikila West and Mwitikila East

3.5.1 Licence Details

Edenville holds the prospecting licences (PL) 5790/2009 (Mwitikila West) and PL 5420/2008 (Mwitikila East), covering an area of 138.33 and 170.16km² respectively, which is valid for a period of 3 years. The licence area is subject to Section 95 of the Mining Act 1998 and can be renewed for two consecutive periods, with each period not exceeding 2 years, upon cessation of the initial licence period of 2 years; 50 per cent. of the area, as selected by the licence holder, must be relinquished upon renewal. The PL has been granted for all minerals other than building materials or gemstones and is effective until 18 March 2012 (see Table 2.1).

The co-ordinates of both licence areas are given in Table 3.5 and Table 3.6 below.

Table 3.5: PL 5790/2009 Boundary Points: Latitude and Longitude

	Latitude (South)	Longitude (East)
1	06 deg. 15 min. 3.6 sec.	35 deg. 52 min. 00 sec.
2	06 deg. 15 min. 3.6 sec.	36 deg. 00 min. 3.6 sec.
3	06 deg. 20 min. 06 sec.	36 deg. 00 min. 3.6 sec.
4	06 deg. 20 min. 06 sec.	35 deg. 52 min. 00 sec.

Table 3.6: PL 5420/2008 Boundary Points: Latitude and Longitude

	Latitude (South)	Longitude (East)
1	06 deg. 15 min. 5.14 sec.	35 deg. 59 min. 59.71 sec.
2	06 deg. 15 min. 5.14 sec.	36 deg. 10 min. 11.55 sec.
3	06 deg. 19 min. 59.08 sec.	36 deg. 10 min. 11.55 sec.
4	06 deg. 19 min. 59.08 sec.	35 deg. 59 min. 59.71 sec.

3.5.2 Property Description and Location

Both properties are located immediately adjacent to one another, in central Tanzania, approximately 30km east of Dodoma (urban population of 324,347 according to the 2002 census), the capital city, in the Dodoma District; the nearest village is Handali, located approximately 3km northeast of the licence area.

3.5.3 Accessibility, Physiography, Climate, Local Resources and Infrastructure

Access to the licence areas is excellent; from Dodoma, the licence areas can be accessed from the west via the main Dodoma to Morogoro road from which there is a graded gravel road heading towards Handali. The edge of Mwitikila West PL is reached after 10km and the road runs directly through both licence areas. Notably the railway line between Dodoma and Msagali also runs through the licence areas from the northwest to the southeast.

Dodoma, being the capital city and the seat of the Government, is a well serviced town connected to the National Grid and mains water supply. Mobile phone coverage is excellent throughout the area and within the PL.

The area is covered by topographic sheets 162/4 (Mvumi) and 163/3 (Handali) and the physiography of the area is largely flat lying with distinct isolated hills and ridges rising approximately 100m above the surrounding area (approximately 1200m ASL).

Mwitikila West and Mwitikila East are located in the central plateau of Tanzania in close proximity to the city of Dodoma (1120m ASL), where there is little annual variation in the average daily minimum and maximum daily temperature which can be expected to be approximately 18°C (min) and 30°C (max) October through to April gradually dipping to approximately 13°C (min) and 26°C (max) in the coolest month of July. The rainy season in these areas runs from November through to April where significant rainfall can be expected December through to March ranging from 92mm per month at minimum, above 100mm per month from January to March with approximately 152mm per day during January at maximum.

No running water bodies were observed during the site visit, though it was at the end of the dry season and the road crossed numerous small dry river channels by bridge or ford; these are likely to be ephemeral streams that only flow after periods of rainfall or during the wet season and dry out again during the dry season.

Vegetation was variable and was locally scrubland comprising woody shrubs, cactai and aloe vera along with trees such as acacia, locally opening out locally to grasslands. Notably the vegetation was considerably more dense on the hillsides. There was some subsistence farming and active slash and burn evident but the ground was mostly barren, potentially due to a thick ferricrete layer at surface.



Figure 3.10: View of typical topography and vegetation within the licence area looking east

The topsoil was variable with fine, orangey brown and iron rich and some residual sandy soils that were light, loose, quartz rich and sandy locally.

3.5.4 Historical Exploration

Since the countrywide airborne radiometric, magnetic and geological survey undertaken by Geosurvey International between 1979 and 1980, no known historical exploration, or mineral workings have taken place within the Mwitikila licence areas. However, the regional airborne radiometric data indicates a significant anomaly trending north northwest – south southeast within the Mwitikila East licence area as well as several smaller isolated anomalies dotted throughout the Mwitikila West licence area.

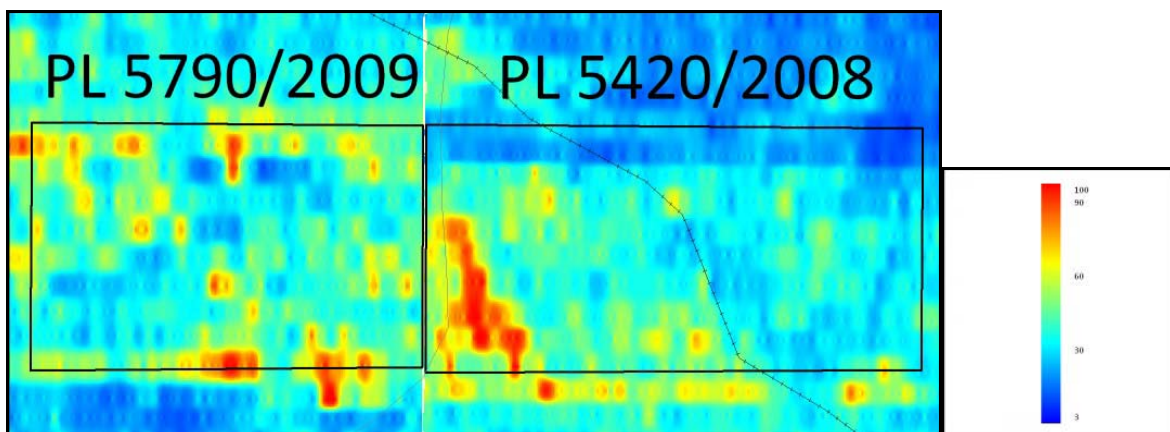


Figure 3.11: Regional airborne radiometric data with the licence area boundaries marked

3.5.5 Geology and Mineralisation

Both licence areas are covered by Quarter Degree Sheets (QDS) 162 (Dodoma) and 163 (Mpwapwa) and the geology of the licence areas is predominantly pegmatitic granites and granitic gneisses; these have been largely mapped as contaminated granites. Exposure is good, particularly on the prominent isolated hills such as Ngolo and Chinongali Hills in Mwitikila West. There is a considerable ferricrete cap across the flat lying areas.

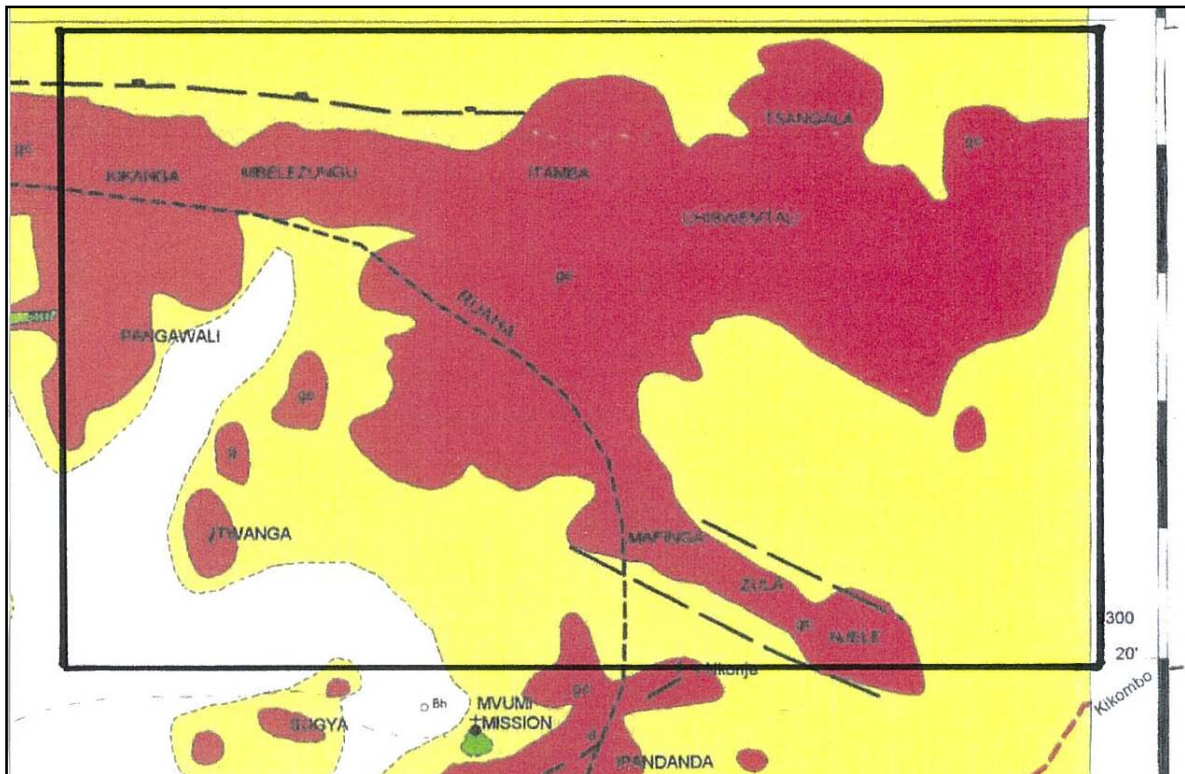


Figure 3.12: Extract from QDS 162 with Mwitikila West PL boundary marked (Eades *et al*, 1967)

The geological mapping covering the Mwitikila West licence area indicates several significant west northwest trending faults, which may be related to the foliation seen in exposure of the granitic gneiss.

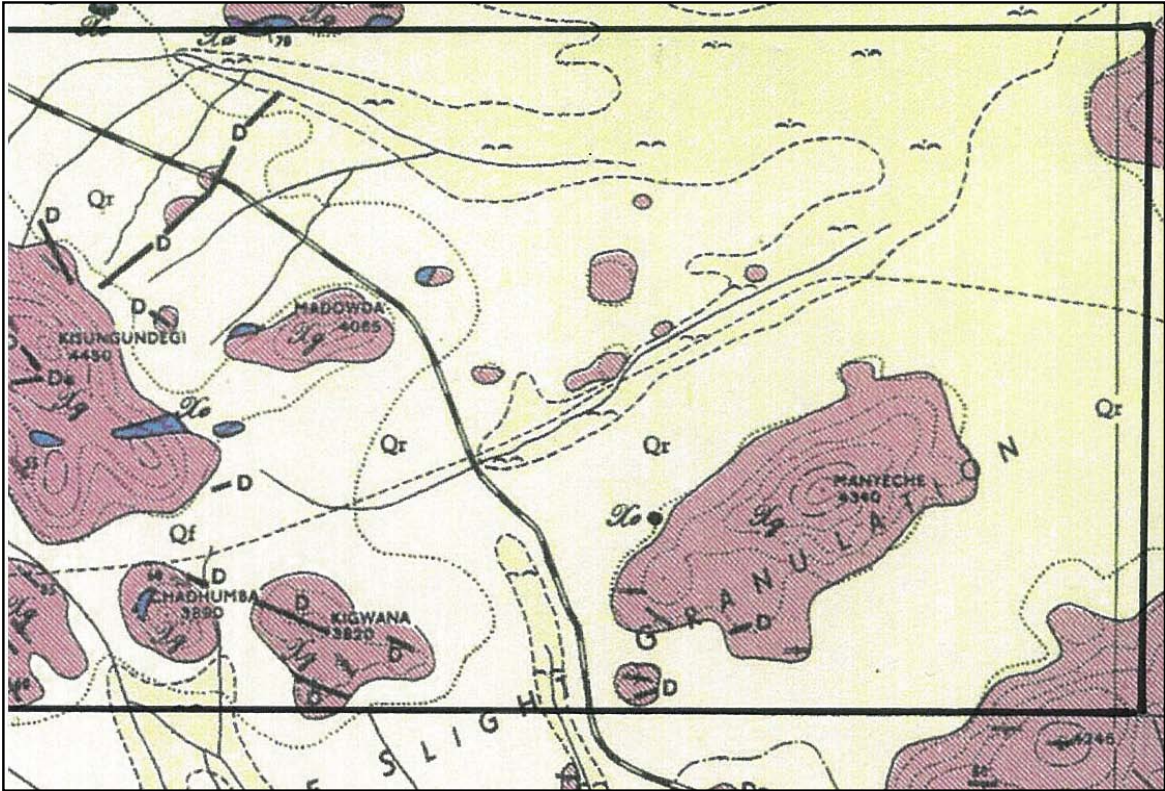


Figure 3.13: Extract from QDS 163 with Mwitikila East PL boundary marked (Temperley *et al*, 1953)

The more detailed geological mapping of the Mwitikila East PL indicates migmatic granite and granitoid gneiss as well as metacalcareous sediments overlain by red-brown soils.

3.5.6 Exploration Potential

The strong airborne radiometric anomalies identified by Geosurvey along with favourable lithologies, indicate the potential for the Mwitikila properties to host uranium mineralisation. An initial programme of mapping to identify structural controls within the area and what might be causing the linear anomaly in Mwitikila East may highlight additional targets that were not picked up on the airborne radiometric survey due to scale issues as mentioned earlier in the CPR. Access to the area is excellent and the close proximity to Dodoma ensures a supply of all necessary equipment and manpower for a cost effective exploration programme going forward.

3.5.7 Conclusions and Recommendations

WA consider that the Mwitikila licence areas have the potential to host uranium mineralisation. Clear and significant anomalies have been identified on the airborne radiometric survey and are considered to represent favourable host lithologies for the presence of uranium bearing deposits.

WA recommends that an initial reconnaissance programme be undertaken to map the licence areas and take some grab surface samples, particularly in the areas of known anomalies in order to determine expected scales and potentially identify additional anomalies. A first pass over the identified anomalies with a hand held scintillometer would also be recommended at this stage.

4.0 COMPARABLE DEPOSITS AND PROJECTS

Mining and exploration activity in Tanzania has increased significantly since the implementation of the Mining Act 1998. This has now introduced a structured and transparent licensing system, whilst the Government is amenable to foreign investment in this sector. As a result, there are several new mining projects in development and coming on line within the next few years, as well as a number of large, long standing, operations. Though there are no uranium extractive operations at present, there is currently a good deal of exploration for uranium being undertaken, particularly in the southwest and Dodoma regions where Edenville's licence areas are located. Currently most active include Uranex with projects in the regions of Mkuju, Songea and central Tanzania and Mantra Resources ('Mantra') with their Mkuju River project to the northeast of the Matiri PLs, for which Mantra have just been given the go ahead by the Tanzania government to mine uranium after they met all environmental conditions as mandated by the National Environment Management Council. Uranex have also given the go ahead to mine and their area of exploration currently has an estimated 6.7 million pounds of uranium oxide (The East African, September 2009).

The major primary ore mineral is uraninite (UO_2) or pitchblende ($U_2O_5 \cdot UO_3$, better known as U_3O_8), though a range of other uranium minerals is found in specific deposits. A large variety of secondary uranium minerals is known, many are brilliantly coloured and fluorescent. The commonest are gummite (a general term like limonite for mixtures of various secondary hydrated uranium oxides with impurities); hydrated uranium phosphates of the phosphuranylite type, including autunite (with calcium), saleeite (magnesian) and torbernite (with copper); and hydrated uranium silicates such as coffinite, uranophane (with calcium) and sklodowskite (magnesian) (Lambert *et al.*, 1996).

There are a number of deposit styles as detailed below some of which can occur in combination. Those that may be comparative to potential economic mineralisation hosting settings in prospecting licences held by Edenville have been identified.

4.1 Analogous Deposit Styles

4.1.1 Unconformity-related deposits

Unconformity-related deposits constitute 33 per cent. of the world uranium resources and include some of the largest and richest deposits uranium deposits globally. The main deposits occur in Canada (the Athabasca Basin, Saskatchewan and Thelon Basin, Northwest Territories); and Australia (the Alligator Rivers region in the Pine Creek Geosyncline, NT and Rudall River area, WA).

The deposits in the Athabasca Basin, Canada, occur below, across and immediately above the unconformity, with the highest grade deposits situated at or just above the unconformity (e.g. Cigar Lake, Canada averages almost 20 per cent. U_3O_8 , with some zones over 50 per cent. U_3O_8). In the Alligator Rivers region, Australia, the known deposits are below the unconformity and are generally much lower grade than those found in Canada.

There has been very little exploration in Australia to locate deeply concealed deposits lying above the unconformity similar to those in Canada. It is possible that very high grade deposits can occur in the rocks above the unconformity, potentially a similar setting formed by downward faulting in the Matiri South area (see Section 4.2.4 Mantra Resources below for an example of exploration success in these types of deposits).

4.1.2 Sandstone (roll-front) deposits

Sandstone hosted uranium deposits typically occur in medium to coarse-grained sandstones deposited in a continental fluvial or marginal marine sedimentary environment such as the Karoo Deposits that occur in the Matiri North licence area. Impermeable shale/mudstone units

are interbedded in the sedimentary sequence and often occur immediately above and below the mineralised sandstone. Uranium is precipitated under reducing conditions caused by a variety of reducing agents within the sandstone including: carbonaceous material (detrital plant debris, amorphous humate, marine algae), sulphides (pyrite, H₂S), hydrocarbons (petroleum), and interbedded basic volcanics with abundant ferro-magnesian minerals (e.g. chlorite).

Three main types of sandstone deposits:

- roll front deposits – arcuate bodies of mineralisation that crosscut sandstone bedding;
- tabular deposits – irregular, elongate lenticular bodies parallel to the depositional trend, deposits commonly occur in palaeochannels incised into underlying basement rocks; and
- tectonic/lithologic deposits – occur in sandstones adjacent to a permeable fault zone.

Sandstone deposits constitute about 18 per cent. of world uranium resources. Orebodies of this type are commonly low to medium grade (0.05 – 0.4 per cent. U₃O₈) and individual orebodies are small to medium in size (ranging up to a maximum of 50 000 t U₃O₈). The main primary uranium minerals are uraninite and coffinite. Conventional mining/milling operations of sandstone deposits have been progressively undercut by cheaper in situ leach mining methods.

The United States has large resources in sandstone deposits in the Western Cordillera region, and most of its uranium production has been from these deposits, recently by in situ leach (ISL) mining. The Powder River Basin in Wyoming, the Colorado Plateau and the Gulf Coast Plain in south Texas are major sandstone uranium provinces. Other large sandstone deposits occur in Niger, Kazakhstan, Uzbekistan, Gabon (Franceville Basin), and South Africa (Karoo Basin), which has host rocks of contemporaneous age and depositional environment to those occurring within the Matiri North PL.

4.1.3 Calcrete-hosted deposits

Calcrete hosted uranium deposits are surficial and can be broadly defined as Tertiary to Recent near-surface uranium concentrations in sediments or soils. Calcrete hosted deposits form where uranium-rich granites are deeply weathered in a semi-arid to arid climate. The ore mineral is carnotite (hydrated potassium uranium vanadium oxide) in fine-grained surficial sand and clay, usually cemented by calcium and magnesium carbonates. Uranium deposits in calcrete are the largest of surficial deposits (the others being gypsum, dolomite, ferric oxide, and halite), comprising approximately 4 per cent. of the world uranium resources. Deposits are known to occur in valley-fill sediments along Tertiary drainage channels, and in playa lake sediments overlying Archaean granite and greenstone basement, as per the geological setting of the Ikungu licence area. Calcrete uranium deposits are known to occur in Western Australia and the Central Namib Desert of Namibia, the largest them being the Langer Heinrich and Trekkopje deposits. In addition, there are identified calcrete-hosted deposits to the south of Edenville's Ikungu PL comparable to those of Australia in the form of the Uranex held Manyoni C1 property. The property comprises uranium mineralisation as near surface secondary enrichment within unconsolidated sediments associated with several playa lakes. The mineralisation is characterised by an upper schrockingerite zone approximately one metre thick overlying a lower carnotite zone (see Section 4.2.6 for JORC *Inferred* resource estimate).

4.1.4 Intrusive and vein hosted deposits

Included in this type are those associated with intrusive rocks including alaskite, granite, pegmatite, and monzonites resulting in large, low grade ore bodies. Major world deposits include Rossing (Namibia), Ilimaussaq (Greenland) and Palabora (South Africa). It is possible

that the granite in both the Mbinga and Singida areas could host large, low grade mineralisation of this type though further ground investigation would be required to determine any real potential. Though no hydrothermal anomalies have been identified in the licence areas to date, there were a significant number of pegmatitic veins noted in the Mwitikila licence areas and a programme of mapping and surface sampling may seek to identify if there are any hydrothermal anomalies.

4.1.5 Coal deposits

G.M. Stockley, in the early 1930s, was the first to undertake a geological survey of the of the Karoo Basin of southwestern Tanzania and the Ketewaka-Mchuchuma coalfield, and he established a stratigraphic column for the coal measures in the principal Ruhuhu depression and produced initial estimates for coal potential. Between 1947 and 1953, both the Tanganyika Geological Survey (TGS) and the Colonial Development Corporation (CDC) conducted exploration programmes in the coalfields, but activity ceased when plans to extend the railway network in southern Tanganyika at the time were abandoned.

In more recent times coal exploration has recommenced and in February 2009 Atomic Resources Limited announced an initial combined coal resource of approximately 179 million tonnes in the Mhukuru and Ngaka Coalfield concessions within the Karoo Basin sediments of southwestern Tanzania (see Section 4.2.2 below).

4.2 Known Comparable Projects

Matiri South, Matiri North and Kyela – Rungwe project areas all lie within the Mtwara Development Corridor, which is a Spatial Development Initiative with the aim of creating an economic growth zone of trans-border trade and investment, linking Malawi, Mozambique, Tanzania and Zambia. The main objective of the Mtwara Corridor is to utilise the inherent economic and growth potential of the area largely through mining and the exploitation of natural resources. As a result, there are a considerable number of joint initiatives with the government, particularly in the development of coal resources, some of which have been covered below.

4.2.1 African Energy Resources Ltd., Majete and Rumphi Uranium Projects, Malawi

The Majete Uranium Project is located in southern Malawi to the southwest of Edenville's Matiri PLs and south of the Kyela-Rungwe PL. The project comprises a single Exclusive Prospecting Licence, EPL0175/05 granted to African Energy Resources covering an area of 1,075 sq km, approximately 50km to the south of the city Blantyre. The project straddles the faulted contact between older basement rocks and younger sediments of the Upper Karoo. A small uranium occurrence in the basement rocks is noted on regional geological maps and airborne radiometric surveys. African Energy Resources state that this indicates that the basement is locally enriched and may provide a good source of uranium, which can be remobilised into the nearby Upper Karoo sediments.

The Rumphi Uranium Project is located in northern Malawi west of Edenville's Matiri PLs and a relatively short distance south of the Kyela-Rungwe PL. The project comprises a single Exclusive Prospecting Licence, EPL0176/05 held by African Energy Resources covering an area of 1,061 sq km. The project is located in a narrow, fault-bound basin filled with Karoo sediments in a very similar setting to the basin which hosts the Kayelekera deposit, approximately 125km to the north.

Regional airborne radiometric data coverage over the project is only partial, with little data covering the central portion of the project. Where data is present, African Energy Resources reports the presence of a number of discrete uranium anomalies in the basin, and broad areas of elevated uranium response in the basement, which as with the Majete Project, indicates

that the basement is locally enriched and may provide a good source of uranium to be remobilised into younger Karoo sediments as is possible in Edenville’s Matiri and Kyela-Rungwe PLs. The Company plans to evaluate these areas through geological fieldwork to establish the cause of causing the uranium anomaly.

4.2.2 Atomic Resources and Tancoal

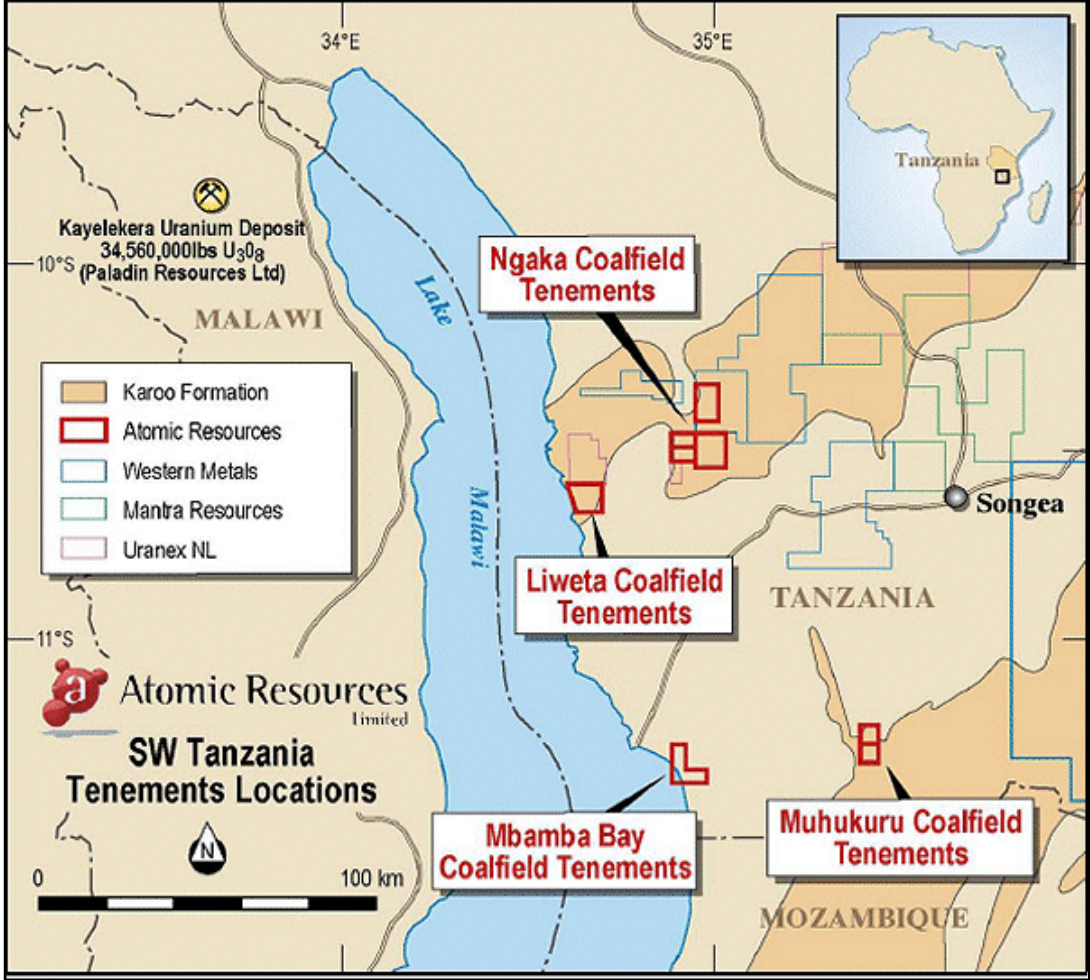


Figure 4.1: Atomic Resources Ngaka project location

Atomic Resources, through its 100 per cent. owned subsidiary Pacific Corporation East Africa (PCEA), has entered into a 70:30 joint venture with the Tanzanian Government called Tancoal to conduct a Bankable Feasibility Study (BFS) of the development of a thermal coal mining operation at Ngaka, the same region as the Matiri North and South properties. They also intend to develop a 400 megawatt power station, utilising clean coal gasification technology, at the Ngaka mine site.

Ngaka has a JORC-compliant resource of 179 million tonnes of thermal coal. Additional coal resources may occur within the Matiri North licence area as indicated by geological mapping and the presence of Karoo sediments. Mining at Ngaka is expected to commence within 12 months of the completion of the BFS. The BFS commenced in May 2009 and is expected to be completed in 2010.

4.2.3 Kiwira-Songwe Coalfield, Kiwira Coal and Power Ltd., Tanzania

This project is located to the southeast of the Kyela – Rungwe licence area and was owned by Tanpower who formed Kiwira Coal and Power Ltd. (KCPL) upon purchase from the

government. The company planned to double the Kiwira Mine's capacity; the mine's output was expected to be consumed by a new coal-fired powerplant with a capacity of 200 megawatts (MW). The USGS reports that the powerplant was expected to start up operations in 2008 with an initial capacity of 50 MW; the full capacity of 200 MW was expected to be reached by the end of 2009 (USGS, 2009). Though the coalfield has been operated historically as an underground mine, owing to management issues, the project has not yet been developed as planned and is therefore not currently in operation. However, the government has a buyback plan and in September 2009, the Prime Minister, Mr Mizengo Pinda, announced that the Chinese government will invest 400 million US dollars to revive the coal mine.

4.2.4 Mantra Resources Ltd., Mbamba Bay Prospect, Tanzania

The Mantra Resources Mbamba Bay Project is located in the southwest corner of Tanzania, approximately 120 kilometres southwest of Songea comprising one licence covering an area of approximately 72km². Targeting sandstone-hosted type uranium deposits within Karoo-age fluvial channel settings, the exploration play is synonymous with the Karoo deposits that occur within the Matiri North PL, which is located approximately 40km to the northeast.

Mantra Resources completed a high resolution helicopter-borne radiometric survey in 2007 comprising 640 line kms of data collection on 125m spaced flight lines and have reported that the survey revealed a suite of eight priority significant uranium radiometric anomalies within a 12km² zone of anomalous uranium channel radiometric response associated with Karoo age sediments. Mantra undertook an initial field reconnaissance programme, including geological mapping, ground radiometrics, trenching and channel sampling in November 2007. It is also reported that visible secondary uranium mineralisation has been identified in 12 of the trenches during geochemical mapping and radiometric profiling, typically associated with siltstone clasts and lenses hosted within medium to coarse grained, oxidised sandstone units; and insitu total count readings range from 100 to 6000 cps.

Exploration to date has confirmed the presence of sandstone hosted uranium mineralisation at surface throughout an approximately 4km by 1km north northwest trend with peak trench intercepts of 1.15m at 1,116 ppm U₃O₈ and 2.80m at 742 ppm U₃O₈. When compared to Paladin, who's ore reserve estimations are based on a cut-off grade of 400ppm (and 300ppm for mineral resource estimations), these represent significant and potentially economic grades (see Section 4.2.5).

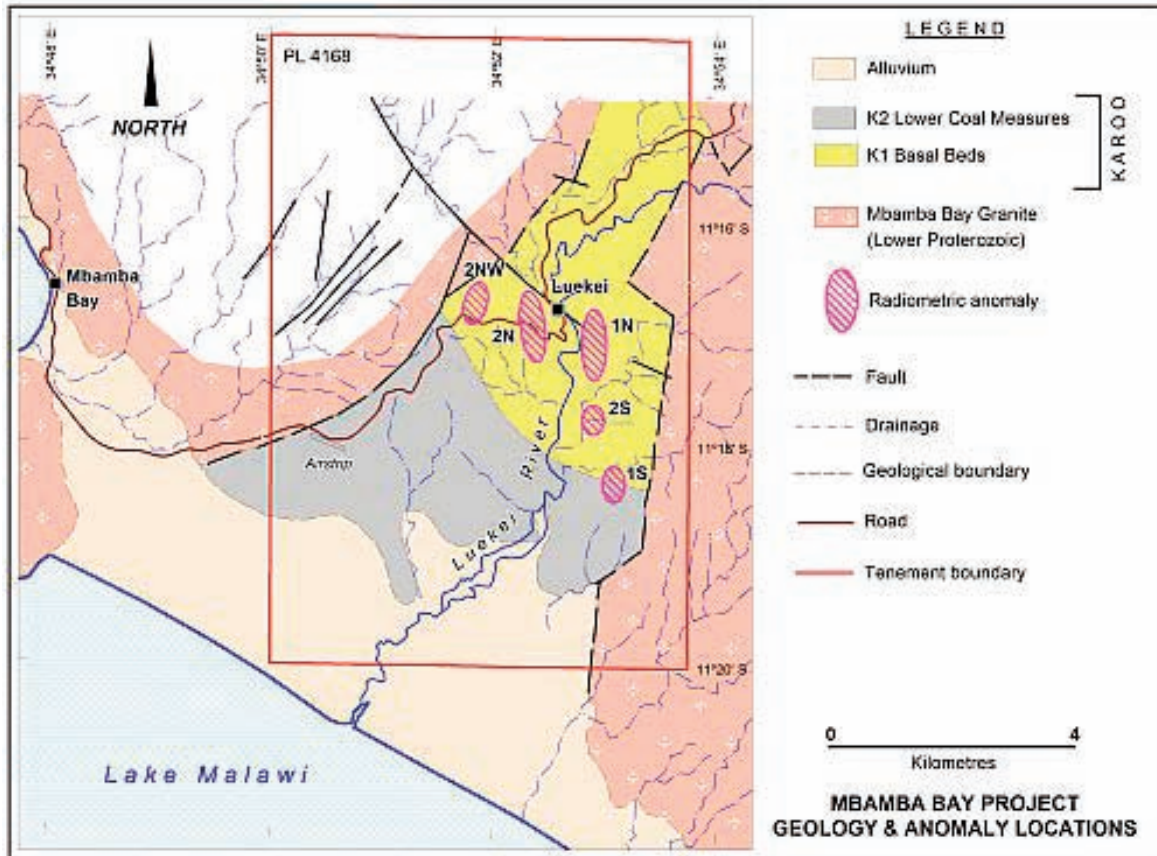


Figure 4.2: Mantra Mbamba Bay project; geology and anomaly locations (Mantra website)

4.2.5 Paladin Energy Ltd., Kayelekera Uranium Project, Malawi

Paladin Energy Ltd. is listed on both the Australian Stock Exchange and the Toronto Stock Exchange and has a focus on Uranium projects; the Kayelekera uranium deposit is located in northern Malawi and occurs in similar rocks to the Karoo sediments outcropping in Edenville's Matiri licence area and is located approximately 300km to the south-west in Malawi.

The principal mineralised lenses that form the bulk of the orebody are hosted within distinct Karoo sediment arkose units and occur up to a depth of 100m. The lenses are superimposed vertically along a trend lying approximately parallel to the synclinal axis of the fault-bounded structure.

New JORC and Canadian National Instrument 43-101 (NI 43-101) Mineral Resource and Reserve estimations were reported in November 2008 for the Kayelekera ore body. The results include all data from the 2008 infill and extension drilling programme totalling 132 holes and 9,955m.

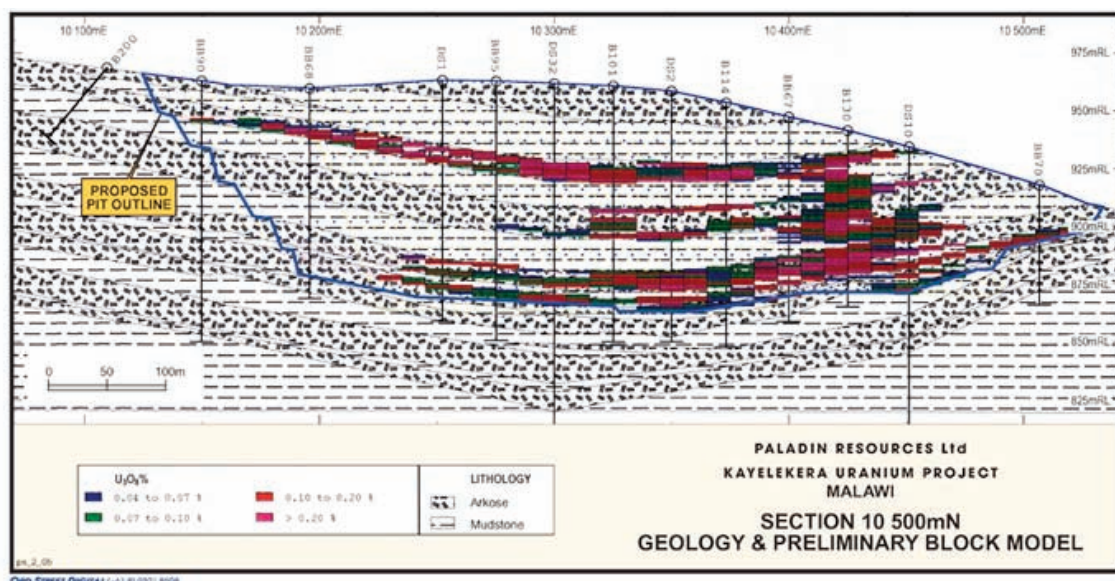


Figure 4.3: Cross section showing ore lenses of the analogous Kayelekera deposit (Paladin website).

Mineral resource at 300ppm U_3O_8 cut-off as follows:

- 3.42Mt of Measured at 1,211ppm U_3O_8 containing 4,141Mlb U_3O_8
- 18.78Mt of Indicated at 725ppm U_3O_8 containing 13,616Mlb U_3O_8
- 3.9Mt of Inferred at 552ppm U_3O_8 containing 2,152t U_3O_8

Ore reserve at 400ppm U_3O_8 cut-off as follows:

- 2.87Mt of Proved Reserve at 1,373ppm U_3O_8 containing 3,943Mlb U_3O_8
- 9.75Mt of Probable Reserve at 725ppm U_3O_8 containing 13,616Mlb U_3O_8

The 2008 Reserve suggests an increase in mine life of 1½ years to 9 years at the annual design production rate after year 1 of 3.3Mlb U_3O_8 when the *Inferred* material occurring within the pit design is included. Processing of marginal ores at the end of mine life is expected to add an additional 3 – 4 years to the mine life. The 2008 drilling has also shown that the mineralisation is not yet fully delineated, particularly in the north-west and west, and thus potential exists to easily identify additional resources with future drilling which is expected to provide for in-pit extensions

Final commissioning of The Kayelekera Mine commenced in the June quarter of 2009, with all major process areas now in the production ramp-up phase. The uranium plant produced its first product during April 2009 with all production related areas operating under the management of the operations group. Paladin reports that production levels were expected to increase steadily during the third quarter. Transport of the first containerised drummed product consignment to Walvis Bay, Namibia via Zambia took place in August 2009. Mining operations, which had commenced on a single shift basis in June 2008, concentrated on providing sufficient ore in stockpiles ahead of plant commissioning. During the year, approximately 2.4Mt were reportedly mined comprising 0.2Mt averaging 1,030ppm U_3O_8 and 2.2Mt of waste

rock. By the end of June 2009, there were over 200,000t of ore on the ROM pad with a further 200,000t of ore exposed within the pit. As of yearend, mill throughput has been maintained at around 110t per hour and will be stepped up to design capacity of 190t per hour. Modifications of screens, installation and resizing of pumps and valve re-routing have addressed a number of minor issues. Paladin state that '*Kayelekera's commissioning remains on track for nameplate capacity by early 2010*'.

4.2.6 Uranex Ltd.

Uranex was formed by Goldstream in 2005 and is listed on the Australian Stock Exchange. Uranex has several project areas in Tanzania, the most relevant of which is the Manyoni and Bahi Region Project in Central Tanzania located approximately 70km west of Dodoma and near to the Ikungu licence area.

Uranex reports that the Manyoni and Bahi Region incorporates an extensive closed draining system developed over weathered uranium rich granites. This drainage captures dissolved uranium leached from underlying granitic rocks and transports it to suitable precipitation trap sites (playa lakes and channel infill sediments) along the drainages, and ultimately into the Bahi Playa Lake. Uranex holds approximately 400km² (or approximately one-third) of the 'head waters' entry in the northwest area of Lake Bahi. The shallow natured deposits found to date in the Bahi playa lake system in Central Tanzania has some characteristics comparable to the Yilgarn playa lake/calcrete uranium province in Western Australia.

Uranex report that independent consultants, Hellman and Schofield Pty Ltd, have estimated a JORC compliant *inferred* resource for the Manyoni project in the Bahi area of 14 million tonnes, averaging 218ppm U₃O₈ for a contained U₃O₈ content of approximately 6.7 million pounds (or approximately 3,000 tonnes contained U₃O₈), at a cut off grade of 150ppm U₃O₈.

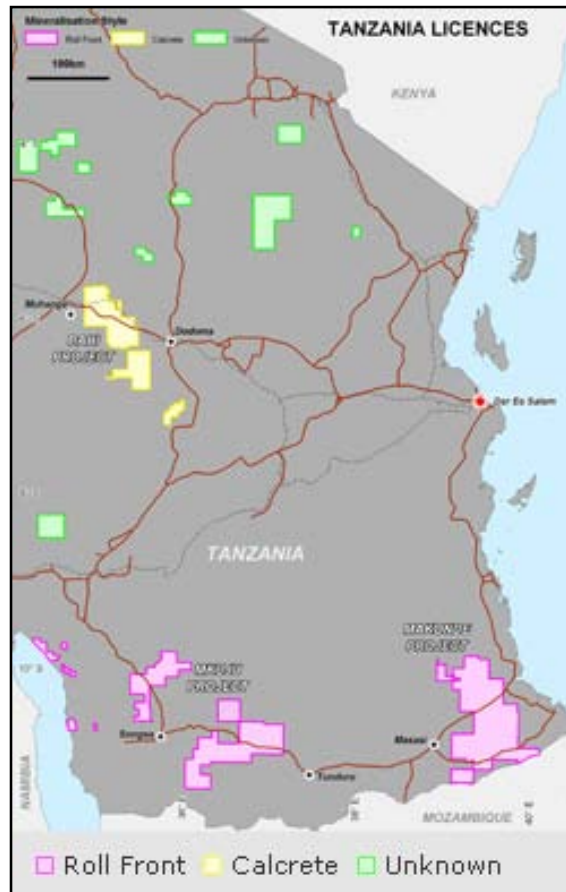


Figure 4.4: Exploration licences held by Uranex

A pre-feasibility study for the Manyoni Project Area has commenced with aim to present the study to the Tanzanian Government. The results will address the validity of anticipated low capital and operating costs, reflecting the shallow, negligible strip nature of the deposits, and the anticipated largely interstitial nature (that is between – not in – the unconsolidated hosting sediment grains) of the mineralisation.

Uranex also hold licence areas to the northwest of Songea, west of Mkuju and northeast of Mbinga; both projects are focussing on the prospective Karoo sediments, the sandstones of which host most of the known uranium mineralisation in southern Africa. The Mkuju and Songea projects comprise 8 granted/offered tenements and 3 applications covering a total area of about 8,000km². The areas incorporate exposure of the uranium prospective of the Karoo basin sediments.

4.2.7 Uranium Resources Ltd.

Uranium Resources Plc is an AIM listed uranium company with a portfolio of assets in Tanzania totaling approximately 12,700 km². Indago Resources (formerly Western Metals) were the operator of the projects in joint venture with Uranium Resources; however it entered into an agreement to sell its share in the Tanzanian uranium assets to Uranium Resources in October, 2009.

Uranium Resources hold two project areas comparable to the Group's licence areas; the South Selous covering approximately 6,500sqkm predominantly over areas of the Karoo sediments with initial reconnaissance work taking place during 2008; and the Ruhuhu project located approximately 70km northwest of Songea and includes rocks of the Upper Karoo;

recent trench and drilling results are reported to be highly encouraging underlying the prospectivity of the region and indicate the economic potential of the region.



Figure 4.5: Uranium Resources exploration prospect adjacent to Matiri North

The Ruhuhu project area geology comprises Late Permian lacustrine and arid playa lakes sediments (K-5 and K-6 series of the Karoo rocks) overlain by the Triassic K-7 fluvio-deltaic deposits (K-7 series of the Karoo – Kingori sandstone). Uranium Resources undertook a helicopter supported reconnaissance in 2007 on anomalies identified from historic broad spaced airborne radiometric surveys. This work involved ground checking of selected anomalies, ground radiometric surveys, geological observation and sampling; Uranium Resources reports that several anomalous areas were identified and further detailed exploration, including detailed mapping, further sampling, grid work and trenching to investigate the anomalies, was undertaken during 2008. A programme of RC drilling was undertaken during 2008 and 2009; exploration focusing on the Ruhuhu and Ruvuma project areas.

In January 2009 Uranium Resources announced that it had entered into an option agreement with Rio Tinto Mining and Exploration Limited (RTX), whereby RTX has the right to exclusively explore for coal at, and farm in to, 2,938km² of Uranium Resources' exploration licence areas in southern Tanzania. The RTX Option Agreement relates to all coal contained within the Mtonya and Ruhuhu farm-in licence areas and is in addition to current uranium farm-in agreement with Western Metals Ltd. The Tanzanian Government reports that a total of about 1.5 billion tonnes in resources have so far been identified within the country and that these coals are similar in quality to the Gondwana coalfields in South Africa.

The largest of the Tanzanian coalfields is the Ketewaka-Mchuchuma coalfield which lies immediately to the west of Edenville's Matiri North and Matiri South prospecting licences, though to date, the remoteness of the coalfields and adequate infrastructure has prevented exploitation of these coalfields and the country has never been a significant producer.

5.0 EXPLORATION STRATEGY

Information received from Edenville International Limited and its wholly owned subsidiary, Edenville International (Tanzania) Limited, has been taken in good faith. WA has no reason to suspect that incorrect or misleading data were provided during the site visit; the level of support and openness of Tanzanian personnel is to be commended. The following section summarises the suggested exploration strategy and recommended programme for the uranium prospects.

All public domain radioactivity data and government issued geological maps should be obtained for review and more detailed evaluation. The separate maps showing the flight paths, the altimeter record, stacked profiles of the corrected readings for uranium (Bi_{214}), potassium (K_{40}) and thorium (Th_{232}) and contoured total counts for this area as issued by Geosurvey International, should be obtained for further desk top study of the area. The digital radioactivity map can be superimposed onto the geological map available to cross correlate the anomalies with lithologies.

Further site visits to the licence areas are recommended so that a greater portion of the areas can be reviewed on the ground and to correlate with the exploration work that has been carried out in the areas to date. This could include a ground radiometric survey comprising a series of traverses across the most prospective lithologies within each area using a hand-held spectrometer in order to determine any uranium anomalies at surface to identify potential targets as well as occurrences of coal beds in the Matiri and Kyela – Rungwe properties. This should include the areas of Karoo sediments in order to understand the potential host rock and observe any mineralisation at surface in addition to a detailed assessment of the identified basement-hosted uranium occurrence to ascertain its nature and potential.

A geochemical soil sampling programme to detect uranium in soil anomalies and future targets could be undertaken on an initial scale of 100m by 100m; it may be pertinent to take samplers by auger in order to minimise masking of the geochemical signatures by overlying soil and/or alluvial cover. Concurrently, rock samples should be taken at surface, which can be followed up by systematic channel chip sampling across any outcrops with known anomalous values. The soil and rock sampling programme could be completed by a local exploration team and a company geologist. Results from this fieldwork should be used to determine the most appropriate follow-up exploration programme.

6.0 OVERALL CONCLUSIONS AND RECOMMENDATIONS

The geological settings of the 6 prospecting licences held by Edenville as discussed in this report are considered to have the potential to host uranium mineralisation, three of which also have potential to host coal deposits; Matiri South, Matiri North and the Kyela – Rungwe licence areas.

On the basis of current information, the Matiri PLs are considered the most prospective areas with potential for the occurrence of economic uranium mineralisation as well as hosting coal, particularly on the Matiri North licence and favorable Karoo host rocks are present on both the Matiri South and Matiri North properties; these should also be the primary focus for reconnaissance fieldwork as the presence of the Ngaka coalfield to the north west of the properties indicates that there is potential for coal mineralisation. There may also be areas of potentially uranium hosting, younger sediments that have not been mapped on this scale and could be identified through site work. A series of spectrometer traverses to measure

radioactivity in conjunction with large scale (1:500) geological mapping is recommended on all six licence areas to generate preliminary targets.

The Kyela – Rungwe licence area can be considered significantly prospective for coal hosted by Karoo sediments, the potential for which is indicated by the occurrence of the Songwe – Kiwira coalfield hosted by the Karoo sediments to the southeast of the licence area.

Appendix I

Glossary of Terms and Definitions

°C	degrees Celsius
AIM	The London Stock Exchange's international market for smaller growing companies.
airborne magnetic survey	A survey conducted from the air to detect magnetic anomalies.
airborne radiometric survey	A survey conducted from the air to detect radioactive anomalies.
alaskite	A granitic rock composed of <i>quartz</i> and alkali feldspar.
alluvial river valleys	A surface feature created by the erosion of a terrestrial river.
Archaean	The older eon of the Precambrian from approximately 4600 to 2500 million years ago
autunite	Hydrated copper <i>uranium</i> phosphate, an alteration product of primary <i>uranium</i> minerals in <i>pegmatite</i> and <i>hydrothermal</i> veins.
basal conglomerate	A <i>conglomerate</i> that occurs at the base of a <i>lithological</i> formation.
basement crystalline rocks	See <i>basement rocks</i> .
basement rocks	The rock beneath which no sedimentary rock is found.
basin	A topographic depression containing, or capable of receiving sediments.
BFS	Bankable Feasibility Study
biotite granite	A <i>granite</i> rich in biotite mica.
bone beds	A layer of sediment rich in remains of vertebrates.
carbonate calcrete	A near surface, powdery material composed mainly of calcium carbonate and can result in cementation and the introduction of calcite into the soils.
carnotite	Hydrated potassium uranium vanadate, an ore mineral of uranium.
CDC	Colonial Development Corporation
charnockites	A metamorphic rock formed at high temperature and pressure classified as an orthopyroxene.
chlorite	An important group of typically elongate, green, fibrous, silicate minerals found in metamorphic and sedimentary rocks.
clasts	A particle or single crystal derived from <i>erosion</i> and weathering.
cm	Centimeter
coal measures	A series of sedimentary rocks that contain an economically workable coal seam.

coarse-grained	A descriptive term for an individual crystal or grain with a diameter larger than 0.75mm.
coastal plain	A flat lying area within close proximity to the coast.
conglomerate	A sedimentary rock comprised of clasts suspended in a <i>fine-grained</i> matrix/cement.
CPR	Competent Persons Report
cps	counts per second (measure of radioactivity)
desk top review	A preliminary study conducted off site.
economic	With reference to the economical extraction of a mineral.
enriched	A term used to describe when a rock has an increased concentration of a mineral, such as an <i>ore</i> mineral.
ephemeral streams	A seasonal surface water feature.
erosion	The process by which material is broken away from a rock and transported away from its source.
escarpment	The surface expression of vertical movement along a <i>fault</i> plane, typically a steep cliff like features.
exploration programme	A term used to describe efforts to define a mineral resource and may include borehole drilling, geophysical and geochemical surveys.
extrusives	Describes an igneous rock that form above the earth's surface.
faults	A discontinuity surface, across which there has been shear displacement.
feldspathic sandstones	A sandstone rich in feldspar minerals.
ferricrete	An iron rich 'crust' typical of deep weathering profiles found in humid and sub-tropical conditions.
fine-grained	A descriptive term for an individual crystal or grain with a diameter of 0.1 to 0.25mm.
float	Loose, transported material on surface or near surface, not in situ.
fluvio-deltaic deposits	A deposit formed in the continental section of a delta.
friable	A term used to describe a mineral or rock that breaks apart easily, typically into flakes.
garnet hornblende gneiss	A <i>high grade</i> metamorphic rock containing hornblende and garnet crystals.
GDP	Gross Domestic Product
geophysical survey	A survey of from the surface of subsurface features, can be conducted from the surface or from an aerial or marine platform.

gneiss	A <i>high grade</i> metamorphic rock with <i>coarse-grained</i> crystals and is characterised by is coloured banding created by the separation of it mineral components during metamorphism.
grade	A term used to describe the intensity of metamorphism and can be low, medium or high.
granite	A <i>coarse-grained</i> igneous rock consisting primarily of quartz, orthoclase or microcline feldspar and mica.
granitoid	A term used to describe any <i>granite</i> rock.
granodiorite	A <i>coarse-grained</i> igneous rock containing >20% quartz and feldspar.
granulite	A rock formed at high temperature and pressure.
granulites	A metamorphic rock formed under high temperature and high pressure.
grassroots	Describes a site with no previous mining or industrial activity.
greenstone	A <i>low grade</i> metamorphosed basic igneous rock, characteristically dark green.
gummite	A rock composed on <i>urinite</i> and a mixture of secondary <i>uranium</i> minerals.
hornfels	A fine to medium grained mineral formed as a product of thermal metamorphism.
host rock	The rock in which mineralisation occurs.
impermeable	Describes a substance that does not allow a fluid to pass through it.
interbedded	A repartition of sedimentary layers.
ISL	in situ leaching
JORC	The Australasian Code for Reporting of Mineral Reserves and Ore Reserves, 2004, prepared by the Joint Ore Reserves Committee (JORC) of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia.
Karoo Formation	Also known as the Karoo Supergroup and is the largest stratigraphic unit in Southern Africa. It comprises of mostly shales and sandstones and coal bearing strata. It was deposited from the Late Carboniferous to the Early Jurassic, over a period of approximately 100million years. It can be divided into the Dwyka group, Eccca Group, Beaufort Group and Stormberg Group.
Kilimatinde cement	A <i>carbonate calcrete</i> formation that can be over 30m thick.
km	kilometre
km ²	<i>kilometre squared</i>

lacustrine	Refers to a lake environment.
Late Permian	The most recent part of the Permian (290.0 to 245.0 million years ago).
lense	A body of ore or rock or a deposit that is thick in the middle and thin at the edges, resembling a convex lens in cross-section.
lithology	A description of macroscopic hand-sample or outcrop-scale rock types.
loam	A soil containing approximately equal parts of sand, clay and silt.
m	metres
m ASL	metres above sea level
marginal marine	A marine environment with close proximity to a landmass/continent.
massive sandstones	A term used to describe sandstone with little to no internal features.
meta-gabbro	A metamorphosed <i>coarse-grained</i> basic igneous rock.
migmatised	Occurs when a <i>host rock</i> is metamorphosed by the injection of igneous material.
mineralisation	In the context of mineral exploration, the process by which a rock becomes <i>enriched</i> with a mineral, often the product of hydrothermal activity.
Mlb	million pounds (weight)
mm	millimetre
monzonites	A medium to <i>coarse-grained</i> intermediate igneous rock composed of approximately equal amounts of sodic to intermediate plagioclase and orthoclase feldspars with minor amounts of hornblende, biotite and other minerals.
mudstone	A <i>fine-grained</i> sedimentary rock
Mylonite	A fine grained rock with a recrystallised texture and a strong lineation formed by shearing in major fault zones.
mylonitic zones	A belt of <i>mylonite</i> up to hundreds of kms thick, along a major fault zone.
NI 43-101	The Canadian National Instrument for mineral resource classification.
ore	A mineral plus gauge (waste) that can be exploited with profit.
orebodies	a volume of rock that can be economically exploited for its metal content
pegmatite	A <i>coarse-grained</i> igneous rock with <i>granitic</i> composition.
phosphuranylite	Hydrated calcium uranyl phosphate hydroxide.

pitchblende	A massive variety of <i>urinite</i> , the major uranium ore.
PL	Prospecting Licences
plateaus	A large, relatively flat area at high altitude.
playa lake	A continental shallow, dried up, brine lake in a saline lake complex.
ppm	parts per million
precipitation trap sites	An area that promotes precipitation of minerals out of solution.
pumice	A light coloured volcanic rock containing many holes/air pockets.
quartz	SiO ₂ , the most common silica mineral.
quartz veins	A linear feature composed of <i>quartz</i> .
radiometric anomalies	A local or regional radioactive anomaly.
RC drilling	reverse circulation drilling
reducing agents	Also called a reductant or reducer; it is the element or compound in a redox (reduction-oxidation) reaction (see electrochemistry) that reduces another species. In doing so, it becomes <i>oxidized</i> , and is therefore the electron donor in the redox.
reducing conditions	Condition conducive to reduction also see <i>reduction agent</i> .
ROM	run of mine
RTX	Rio Tinto Mining and Exploration Limited
scintillometer	An instrument to measure ionizing radiation.
sklodowskite	<i>uranium</i> ore mineral
soil profile	The name for a group of soil horizons.
spectrometer	An instrument used for measuring the spectrum of a waveform.
stratigraphic column	A graphical representation of a series of <i>lithologies</i> .
synorogenic	Occurs during a compressional or mountain forming period.
tectonic	Descriptive of a structure produced by deformation e.g. <i>fault</i> .
Tertiary	65.0 to 1.64 million years ago.
TGS	Tanganyika Geological Survey
thermal coal	Coal that's properties mean that it is principally used for power generation.
coffinite	<i>Uranium</i> bearing silicate mineral.
topography	The study of the earth's surface shape and features.
torbernite	Hydrated copper uranyl phosphate; a minor <i>uranium</i> ore.
trending	The orientation of a lithological, mineralogical or structural feature.

Triassic	245.0 to 208.0 million years ago.
UK	United Kingdom
unconformity	A break in the stratigraphic record that represents a period of non-deposition and/or erosion.
uraninite	<i>Uranium</i> oxide; a radioactive <i>uranium</i> ore.
uranium	A white metallic chemical element with atomic number 92 and has the chemical symbol 'U'.
uranophane	A rare calcium <i>uranium</i> silicate hydrate mineral that forms from the oxidation of <i>uranium</i> bearing minerals, also known as uranotile.
vesicular basaltic	A basaltic lava that shows remnants of gas filled cavities.
volcanic craters	A large, bowl shaped depression on the earth's surface at the summit or on a flank of a volcano.
volcanics	Rocks that are the product of a volcano or volcanic activity.
WA	Wardell Armstrong LLP
weathered	The process by which material is broken down but remains in situ.

Appendix II

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PART V

RISK FACTORS

The Directors and Proposed Directors believe that an investment in Ordinary Shares may be subject to a number of risks. Shareholders and prospective investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including in particular the risks described below, before making any investment decisions and before voting in favour of the Resolutions. The information below does not purport to be an exhaustive list. Shareholders and prospective investors should consider carefully whether an investment in Ordinary Shares is suitable for them in the light of information in this document and their personal circumstances.

The Ordinary Shares should be regarded as a highly speculative investment and an investment in the Ordinary Shares should only be made by those with the necessary expertise to fully evaluate the investment. Prospective investors are advised to consult an independent adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

If any of the following risks relating to the Enlarged Group were to materialise, the Enlarged Group's business, financial condition and results of future operations could be materially adversely affected. In such cases, the market price of Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainty not presently known to the Directors and Proposed Directors, or which the Directors and Proposed Directors currently deem immaterial, may also have an adverse effect upon the Company or the Enlarged Group should they materialise. In addition to the usual risks associated with an investment in a company, the Directors and Proposed Directors consider the following risk factors to be significant to potential investors:

A. Risks relating to the Enlarged Group

Exploration and development risks

The exploration for and development of mineral deposits involves significant risks which no combination of careful evaluation, experience and knowledge can entirely eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no certainty that the exploration programmes described in this document will result in the discovery of ore in commercial quantity and quality, or result in profitable commercial mining operations.

Significant capital investment is required to achieve commercial production from successful exploration efforts. The Enlarged Group may carry out some of its exploration activities through joint ventures with others to spread the exploration risk and to decrease the Enlarged Group's financial exposure to individual projects. There can be no guarantee that these partners will not withdraw for their own reasons.

The commercial viability of a mineral deposit is dependent upon a number of factors. These include the attributes of the deposit such as size, grade and proximity to infrastructures; current and future mineral prices which can be cyclical; and government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors, either alone or in combination, cannot be entirely predicted and their impact may result in the Enlarged Group not receiving an adequate return on invested capital.

Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

The figures for mineral resources presented or incorporated by reference herein are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realised.

Operational risks

Mineral exploration operations generally involve a degree of physical risk. The Enlarged Group's operations are and will be subject to all the hazards and risks normally encountered in the exploration of minerals. These include climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and security and health risks associated with work in developing countries.

The exploration activities of the Enlarged Group are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Enlarged Group's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future production or development. Amendments to current laws and regulations governing operations and activities of exploration, or future mining and milling, or more stringent implementation thereof, could have a material adverse effect on the value of the Enlarged Group's assets.

Licences

While the Directors and the Proposed Directors have no reason to believe that the existence and extent of any of the Enlarged Group's properties are in doubt, title to mining properties is subject to potential litigation by third parties claiming an interest in them.

The failure to comply with all applicable laws and regulations, including failures to pay taxes, meet minimum expenditure requirements, or carry out and report assessment work, may invalidate title to portions of the properties where the mineral rights are not held by the Enlarged Group.

The Enlarged Group might not be able to retain its licence interests when they come up for renewal, despite a possibility of discovering ore bodies.

Edenville Tanzania is yet to commence prospecting activities in respect of any of the areas covered by the PLs. Where prospecting operations have not been commenced within 3 months of the date of grant (or, where stated, the commencement date) the licencing authority may issue a notice to the licence holder giving the licence holder a reasonable period to commence prospecting activities. If such activities are not commenced within such period, the licence may be suspended, revoked or not renewed. No such notice has been received by Edenville Tanzania, but there is a risk that such a notice could be received where prospecting activities are not commenced within the prescribed period.

Economic risks

The value of the Enlarged Group's properties may be affected by changes in the market price of minerals which fluctuate according to numerous factors beyond the Enlarged Group's control. Changes in interest rates and exchange rates, the rate of inflation and world supply of and demand for mineral commodities all cause fluctuations in such prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political conditions. Future mineral price declines could have an adverse effect on the value of the Enlarged Group's assets and its ability to raise further funds.

Certain of the Enlarged Group's payments in order to earn or maintain property interests are to be made in the local currency in the jurisdiction where the applicable property is located. As a result, fluctuations in the US dollar against the pound and each of those currencies against local currencies in jurisdictions where properties of the Enlarged Group are located, could have an adverse effect on the Enlarged Group's financial position which is denominated and reported in sterling.

The Company has not insured against any risks. Risks not insured against and for which the Enlarged Group may become subject to liability include environmental pollution, political risk and other hazards against which the Enlarged Group cannot insure or which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Enlarged Group's results of operation and financial condition.

Political risks

A substantial portion of the assets of the Enlarged Group are located in non-UK jurisdictions. As a result, it may be difficult for investors to enforce judgments obtained against the Company if the damages awarded exceed the realisable value of the Company's UK assets.

The political situations in African countries may introduce a degree of risk with respect to the Enlarged Group's activities. In the countries where the Enlarged Group has exploration activities, governments exercise control over such matters as exploration and mining licensing, permitting, exporting and taxation. Changes of policy by such governments may adversely impact the Enlarged Group's ability to carry out exploration activities.

Impact of law and Governmental regulations

The Enlarged Group's investments may be subject to the foreign exchange and other laws of various countries that may prevent, materially delay or at least require governmental approval for, the full or partial repatriation of the Enlarged Group's investments. Foreign investment in companies in emerging countries may be restricted or controlled to varying degrees. These restrictions may, at times, limit or preclude foreign investment and increase the costs and expenses of the Enlarged Group. Additionally, under certain circumstances a country may impose restrictions on capital remittances abroad. The Enlarged Group could be adversely affected by delays in, or refusal to grant any required governmental approval for, repatriation of capital or dividends held by the Group or their conversion into foreign currency. In addition, gains from the disposal of such securities may be subject to withholding taxes, income tax and capital gains tax.

The Enlarged Group must comply with, inter alia, the current and future Tanzanian regulations relating to mineral exploration and production. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Enlarged Group's assets.

The Enlarged Group's current exploration activities are situated entirely in a single country

The political situations in Africa may introduce a degree of risk with respect to the Enlarged Group's activities. Risks may include, among others, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and terrorist actions, arbitrary changes in laws or policies, foreign taxation and exchange controls, opposition to mining from environmental or other non-governmental organisations, limitations on foreign ownership, limitations on the repatriation of earnings, infrastructure limitations and increased financing costs.

In Tanzania, the government exercises control over exploration and mining licensing, permitting, exporting and taxation. The Enlarged Group is currently conducting its exploration operations entirely in Tanzania. The Board believes that the Government of Tanzania supports the development of natural resources. However, there is no assurance that future political and economic conditions in Tanzania will not result in the Government of Tanzania changing its political attitude towards mining and adopting different policies respecting the exploration, development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and mineral licences, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect the Enlarged Group's ability to undertake exploration and future mining operations in the properties in respect of which it has obtained mineral rights to date and may adversely impact the Enlarged Group's ability to carry out its activities.

Governance

Certain of the Directors and Proposed Directors also serve as directors of other companies involved in natural resource exploration and development and consequently there exists the possibility for such Directors to be in a position of conflict. The risks of such conflicts is minimised by discouraging Directors and Proposed Directors from acting for other companies operating in the same geographical area as the Enlarged Group and by ensuring that Directors and Proposed Directors declare any such interests and refrain from voting on any matter when a conflict may exist.

Competition risks

The mineral exploration and mining business is competitive in all of its phases. The Enlarged Group competes and will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Enlarged Group's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire promising properties or prospects for mineral exploration. There is no assurance that the Enlarged Group will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Environmental risks

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Enlarged Group's operations or the value of its assets. Environmental hazards may exist on the properties in which the Enlarged Group holds interests that have been caused by previous or existing owners or operators. The Enlarged Group cannot guarantee that compliance with environmental reclamation, closure and other requirements may not involve costs and other liabilities in the future.

Public acceptance of nuclear energy

Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world could impact the continuing acceptance of nuclear energy and the future prospects for nuclear generation, which may have a material adverse effect on the Enlarged Group.

Key personnel

The Enlarged Group is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Enlarged Group.

HIV/AIDS

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

Additional funding requirements

The further development and exploration of the various mineral properties in which the Enlarged Group holds interests is dependent upon the Enlarged Group's ability to obtain financing through joint venturing projects, debt financing, equity financing or other means. There is no assurance that the Enlarged Group will be successful in obtaining the required financing.

B. General Risks

Taxation

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post tax returns to Shareholders. Statements in this document concerning the taxation of investors in New Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Enlarged Group depends on the individual circumstances of Shareholders.

Volatility of Ordinary Share price

The Placing Price and the value ascribed to the Consideration Shares may not be indicative of the market price for the Ordinary Shares following Admission. The subsequent market price of the Enlarged Issued Share Capital may be subject to wide fluctuations in response to many factors, including those referred to in this Part V, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Enlarged Issued Share Capital irrespective of the Enlarged Group's actual financial, trading or operational performance. These factors could include the performance of the Enlarged Group, large purchases or sales of the Enlarged Issued Share Capital (or the perception that the same may occur, as, for example in the period leading up to the expiration of the various lock-in agreements to which certain Shareholders are subject) legislative changes and market, economic, political or regulatory conditions.

Liquidity of Enlarged Issued Share Capital

Admission of the Enlarged Issued Share Capital to trading on AIM should not be taken as implying that a liquid market for the Enlarged Issued Share Capital will either develop or be sustained following Admission. The liquidity of a securities market is often a function of the volume of the underlying Enlarged Issued Share Capital publicly held by unrelated parties. If

a liquid trading market for the Enlarged Issued Share Capital does not develop, the price of the Ordinary Shares may become more volatile and it may be more difficult to complete a buy or sell order for such Ordinary Shares.

Official List

The Enlarged Issued Share Capital will be traded on AIM rather than the Official List. The rules of AIM are less demanding than those of the Official List and an investment in New Ordinary Shares traded on AIM may carry a higher risk than an investment in New Ordinary Shares quoted on the Official List. In addition, the market in the New Ordinary Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are quoted on the Official List. Investors should therefore be aware that the market price of the New Ordinary Shares may be more volatile than that of shares quoted on the Official List, and may not reflect the underlying value of the net assets of the Enlarged Group. Investors may therefore not be able to sell at a price which permits them to recover their original investment.

No guarantee as to future performance

There is no certainty and no representation or warranty is given by any person that the Enlarged Group will be able to achieve any level of performance referred to in this document, whether express or implied. This may adversely affect the Enlarged Group's financial condition, results of operations, prospects or the market price of the Ordinary Shares in the Enlarged Issued Share Capital.

Legislation and compliance

This document has been prepared on the basis of current legislation, rules and practice and the Directors' and the Proposed Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change.

Forward-looking statements

Certain statements contained in this document may constitute forward-looking statements. Any such forward-looking statements involve risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Enlarged Group to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document. The Enlarged Group, the Directors and the Proposed Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, save as required to comply with any legal or regulatory obligations to reflect any change in the Enlarged Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Additional capital and dilution

The Directors and the Proposed Directors anticipate that the Enlarged Group will require additional capital in order to implement its strategy, whether from equity or debt sources. If the Enlarged Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its planned development. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price or higher.

Dividends

There can be no assurance as to the level of any future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends, to the discretion of the directors of the Company at the time in question, and will depend upon, among other things, the Enlarged Group's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of or comprise all the risks faced by the Enlarged Group.

PART VI

INFORMATION ON THE CONCERT PARTY

For the purposes of the Takeover Code, the Concert Party consists of Gradinex, Frank Scolaro, Obtala and David Richardson.

Grandinex and David Richardson are both Vendors. Grandinex is wholly owned by Frank Scolaro. In addition, Frank Scolaro holds 36.33 per cent. of Obtala and is the executive chairman. Obtala is an existing shareholder of Gemstones.

Brief biographical details of David Richardson and Frank Scolaro are set out below.

David Richardson

Mr Richardson, aged 40, is a sophisticated investor who actively invests in public quoted companies in the resource, intellectual property and finance sectors. Mr Richardson's main investment criteria is capital growth. He does not sit on any public or private company boards.

Frank Scolaro

Mr Scolaro, aged 45, is an active investor in publicly quoted companies in the resource, leisure and property sectors. Mr Scolaro is non-executive chairman of Kopane Diamonds Development plc, an AIM quoted diamond mining company with its main assets in Lesotho. He was appointed to the board of Kopane on 30 March 2008.

Mr Scolaro previously held the position of non-executive chairman of Regal Petroleum plc from October 2006 to November 2007, in which time he was instrumental in the successful resolution of local litigation issues in the Ukraine. Mr Scolaro stepped down as non-executive chairman in November 2007 but remained on the board of Regal Petroleum plc as non-executive director until March 2008. In 2005 he was also a non-executive director of African Minerals Plc.

Grandinex

Grandinex International Corp is registered in the Seychelles under number 039018. Grandinex's registered office is Suite 9, Ansuya Estate, Revolution Avenue, Victoria, Mache, Seychelles. It is wholly owned by Frank Scolaro and its director is James Ede-Golightly. The entity was incorporated as an investment vehicle in 20 July 2007 for the sole purposes of holding shares in Obtala Resources plc and subsequently Edenville. The company does not produce annual accounts.

Obtala

Obtala Resources plc was incorporated in England and Wales on 20 December 2007 under registration number 6458554. The registered office of Obtala is 17 Hanover Square, London W1S 1HU with its main country of operation in Africa. Obtala's issued share capital was admitted to trading on AIM on 24 April 2008. Its largest shareholders are Grandinex, Ora (Guernsey) Limited and State Street Nominees Limited which hold 36.33 per cent, 30.80 per cent. and 7.76 per cent., respectively. Obtala's directors are Frank Scolaro, Simon Rollason, Michael Bretherton and Nicholas Clarke. Historical financial information on Obtala can be found on the company's website www.obtalaresources.co.uk.

Concert Party contact details

Frank Scolaro can be contacted at the registered office of the Obtala which is set out above. David Richardson can be contacted at 12 St Michael Street, Brecon, Powys LD3 9AB.

PART VII

FINANCIAL INFORMATION ON GEMSTONES OF AFRICA GROUP PLC

Incorporation of the relevant information by reference

The information listed below relating to Gemstones is hereby incorporated by reference into this document.

<i>No. Information</i>	<i>Source of Information</i>
1. Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for Gemstones for the three years ended 31 December 2009	<p>Gemstones Annual Report & Accounts 2009, Group Income Statement on page 12 and note 10 on page 21 on Taxation.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>http://www.gemstonesofafrica.net/annual_reports.html</p> <p>Gemstones Annual Report & Accounts 2008, Group Income Statement on page 11 and note 10 on Taxation on page 19.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>http://www.gemstonesofafrica.net/Gemstones%20RA%2008.pdf</p> <p>Gemstones Annual Report & Accounts 2007, Group Income Statement on page 15 and note 17 on Taxation on page 27.</p> <p>If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>http://www.gemstonesofafrica.net/tvcaccountsfinal2007.pdf</p>

No. Information

2. A statement of the assets and liabilities shown in the audited accounts for Gemstones for the three years ended 31 December 2009

Source of Information

Gemstones Annual Report & Accounts 2009, Group Balance Sheet on page 13.

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

http://www.gemstonesofafrica.net/annual_reports.html

Gemstones Annual Report & Accounts 2008, Group Balance Sheet on page 12.

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.gemstonesofafrica.net/Gemstones%20RA%2008.pdf>

Gemstones Annual Report & Accounts 2007, Group Balance Sheet on pages 13-14.

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.gemstonesofafrica.net/tvaccountsfinal2007.pdf>

3. A cash flow statement as provided in the audited accounts for Gemstones for the three years ended 31 December 2009

Gemstones Annual Report & Accounts 2009, Group Cash Flow Statement on page 15.

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

http://www.gemstonesofafrica.net/annual_reports.html

Gemstones Annual Report & Accounts 2008, Group Cash Flow Statement on page 14.

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.gemstonesofafrica.net/Gemstones%20RA%2008.pdf>

Gemstones Annual Report & Accounts 2007, Group Cash Flow Statement on page 17.

If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.gemstonesofafrica.net/tvaccountsfinal2007.pdf>

4. Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures for the three years ended 31 December 2009

Gemstones Annual Report & Accounts 2009, the Principal Accounting Policies on pages 16 to 19 and Notes to the Financial Statements on pages 16 to 26. If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document.

If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

http://www.gemstonesofafrica.net/annual_reports.html

Gemstones Annual Report & Accounts 2008, the Principal Accounting Policies on pages 15 to 17 and Notes to the Financial Statements on pages 15 to 25. If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document.

If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.gemstonesofafrica.net/Gemstones%20RA%2008.pdf>

Gemstones Annual Report & Accounts 2007, the Principal Accounting Policies on pages 18 to 21 and Notes to the Financial Statements on pages 18 to 28. If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document.

If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.gemstonesofafrica.net/tvaccountsfinal2007.pdf>

The results for Gemstones for the three years ended 31 December 2009, 31 December 2008 and 31 December 2007 are available free of charge on the Gemstones website at [http:// www.gemstonesofafrica.net](http://www.gemstonesofafrica.net).

Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form. The annual reports and interim results are available in “read-only” format and can be printed from the Gemstones website.

Gemstones will provide within two Business Days, without charge, to each person to whom a copy of this document has been delivered, upon their written request, a copy of any documents incorporated by reference in this document. Copies of any documents incorporated by reference in this document will not be provided unless such a request is made. Requests for copies of any such document should be directed to either the Company secretary, Gemstones of Africa Group plc, Aston House, Cornwall Avenue, London N3 1LF or ZAI Corporate Finance Limited, 12 Camomile Street, London EC3A 7PT by telephoning 020 7398 2900.

PART VIII

FINANCIAL INFORMATION ON EDENVILLE INTERNATIONAL LIMITED

The Directors
Gemstones of Africa Group Plc
Aston House
Cornwall Avenue
London
N3 1LF

And

The Directors
ZAI Corporate Finance Limited
12 Camomile Street
London
EC3A 7PT

3 March 2010

Dear Sirs

Edenville International Limited (“Edenville”) and its subsidiary (together the “Edenville Group”) – Financial Information for the period ended 28 February 2010

We report on the financial information set out in paragraphs 1 to 5 for the period from incorporation on 10 July 2008 to 28 February 2010. This financial information has been prepared for inclusion in the admission document of Gemstones of Africa Group Plc dated 3 March 2010 on the basis of the accounting policies set out in paragraph 5.2.

This report is required by paragraph 20.1 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rule and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by 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 paragraph 20.1 of Annex I of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of Edenville are responsible for preparing the financial information on the basis of preparation set out in note 5.2.2.

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

Basis of Opinion

We conducted our work in accordance with the Statements 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 judgments 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.

Opinion

In our opinion, the financial information gives, for the purposes of the admission document dated 3 March 2010, a true and fair view of the state of affairs of the Edenville Group as at 28 February 2010 and of its losses, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in Note 5.2.2 and in accordance with International Financial Reporting Standards as described in note 5.2.1 and has been prepared in a form that is consistent with the accounting policies adopted in Gemstones of Africa Group Plc's latest annual accounts.

Declaration

For the purposes of Schedule Two of the AIM Rules 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.

Consent

We consent to the inclusion in the admission document to be dated 3 March 2010 of this report and accept responsibility for this report.

Yours faithfully

H W Fisher & Company

Acre House
11-15 William Road
London
NW1 3ER

1. CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	<i>Period ended 28 February 2010 \$</i>
Administrative expenses		(47,760)
Loss from ordinary activities before income tax and finance costs	5.4	(47,760)
Finance costs		—
Loss before income tax		(47,760)
Tax on loss on ordinary activities	5.5	—
Net loss from ordinary activities		(47,760)
Attributable to:		
Minority interests		(239)
Equity holders of the parent		(47,521)
		<u>(47,760)</u>

The income statement has been prepared on the basis that all operations are continuing operations.

There were no recognised income and expenses in the period other than as disclosed in the income statement.

2. CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<i>As at 28 February 2010 \$</i>
Group		
ASSETS		
Non-current assets		
Intangible assets	5.6	3,858,700
TOTAL ASSETS		<u>3,858,700</u>
EQUITY AND LIABILITIES		
Share capital and reserves		
Issued capital	5.7	3,888,760
Retained earnings		(47,521)
		3,841,239
Minority interest		(239)
TOTAL EQUITY		<u>3,841,000</u>
Current liabilities		
Trade and other payables	5.8	17,700
		17,700
TOTAL EQUITY AND LIABILITIES		<u>3,858,700</u>

3. CONSOLIDATED CASH FLOW STATEMENT

	<i>Period ended 28 February 2010 \$</i>
Cash outflow from operating activities	(30,060)
Cash outflows from investing activities	
Purchase of licences	(3,858,700)
Net cash flows used in investing activities	<u>(3,888,760)</u>
Cash flows from financing activities	
Issue of ordinary shares	3,888,760
Net cash flows used in financing activities	<u>3,888,760</u>
Net increase in cash and cash equivalents	<u>—</u>
Cash and cash equivalents brought forward	—
Cash and cash equivalents carried forward	<u>—</u>

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to owners of the parent</i>			<i>Minority</i>	<i>Total</i>
	<i>Issued</i>	<i>Retained</i>	<i>Total</i>	<i>interest</i>	<i>equity</i>
	<i>shares</i>	<i>earnings</i>			
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
At 10 July 2008	—	—	—	—	—
Shares issued in the period	3,888,760	—	3,888,760	—	3,888,760
Loss for the period	—	(47,521)	(47,521)	(239)	(47,760)
At 28 February 2010	<u>3,888,760</u>	<u>(47,521)</u>	<u>3,841,239</u>	<u>(239)</u>	<u>3,841,000</u>

5 NOTES TO THE FINANCIAL INFORMATION

5.1 General Information

5.1.1 Basis of preparation

The financial information set out in Sections 1 to 5 for the period from incorporation on 10 July 2008 to 28 February 2010 (the “2010 Financial Information”) is based on unaudited financial statements of the Edenville Group on the basis described in Note 5.2.2.

5.1.2 Incorporation

Edenville International Limited was incorporated on 10 July 2008 in the Seychelles.

5.1.3 Registered address

Suite 9
Ansuya Estate
Revolution Avenue
Victoria
Seychelles

5.1.4 Principal activity

The principal activity of Edenville International Limited is as a holding company for a company which holds mineral prospecting licences.

5.1.5 Presentation and functional currency

The 2010 Financial Information is presented in US Dollars, which is the Edenville Group's functional currency.

5.1.6 Adoption of pronouncements by the IASB and IFRIC

A number of new standards and amendments to standards and interpretations have been issued by the IASB and IFRIC with an effective date after the date of the 2010 Financial Information. Those that are relevant to Edenville are as follows:

<i>International Accounting Standards (IAS/IFRSs)</i>	<i>Effective date</i>
IFRS 3 Business Combinations (revised 2008)	1 July 2009
IFRS 7 Financial Instruments: Disclosures	1 Jan 2009
IFRS 8 Operating Segments	1 Jan 2009
IFRS 9 Financial Instruments – Classification and Measurement	1 Jan 2013
IAS 1 Presentation of Financial Statements (revised 2007 and 2008)	1 Jan 2009
IAS 7 Statement of Cash Flows	1 Jan 2010
IAS 24 Related Party Disclosures	1 Jan 2011
IAS 27 Consolidated and Separate Financial Statements (revised 2008)	1 Jan 2009
IAS 32 Financial Instruments: Presentation (revised 2008)	1 Jan 2009
IAS 39 Financial Instruments: Recognition and Measurement (revised 2008)	1 Jan 2009
IAS 36 Impairment of Assets (revised 2008)	1 Jan 2009
IAS 38 Intangible Assets (revised 2008)	1 Jan 2009

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on Edenville's financial statements in the period of initial application. Edenville will apply relevant new standards from their effective date subject to endorsement by the European Union.

5.2 Accounting policies

5.2.1 Adoption of International Financial Reporting Standards

The financial statements of the Edenville Group for the period ended 28 February 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations.

5.2.2 Basis of preparation

The financial statements are prepared on a going concern basis, under the historical costs convention and in accordance with IFRS, including IFRS 6 'Exploration for and Evaluation of Mineral Resources'.

The ability of Edenville to continue as a going concern is dependent upon the continued support of its shareholders

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

During the year, the Edenville Group elected to disclose its cash flows from operating activities using the direct method that requires the disclosure of gross cash receipts and gross cash payments to be disclosed. Additionally, IAS 7 encourages the use of the direct method for the reporting of operating cash flows.

5.2.3 Basis of consolidation

The consolidated income statement and balance sheet include the accounts of Edenville and its subsidiary undertaking made up to 28 February 2010. The results of subsidiaries sold or acquired are included in the income statement up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

5.2.4 Exploration and Evaluation Assets

Capitalisation

Certain costs (other than payments to acquire the legal right to explore and costs which are directly attributable to those payments) incurred prior to acquiring the rights to explore are charged directly to the income statement. All costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration and appraisal are accumulated and capitalised as intangible exploration and evaluation (“E&E”) assets.

These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas or where activities in the areas have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

E&E costs are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production (“D&P”) asset, but only after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. If after completion of appraisal activities in the area, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if Edenville decides not to continue exploration and evaluation activity, then the costs of such unsuccessful exploration and evaluation is written off to the income statement in the period the relevant events occur.

Impairment

If and when facts and circumstances indicate that the carrying value of an E&E asset may exceed its recoverable amount an impairment review is performed.

For E&E assets when there are such indications, an impairment test is carried out by grouping the E&E assets with the development and production assets belonging to the same geographic segment to form the Cash Generating Unit (“CGU”) for impairment testing. The equivalent combined carrying value of the CGU is compared against the CGU’s recoverable amount and any resulting impairment loss is written off to the income statement. The recoverable amount of the CGU is determined as the higher of its fair value less costs to sell and its value in use.

5.2.5 Development and Production assets

Capitalisation and amortisation

When production commences in any specific geographic area costs for the relevant area are transferred from E&E assets to D&P assets and amortised over the estimated life of the commercial reserves on a unit of production basis, using the ratio of production in the period to the estimated quantity of commercial reserves at the end of the period plus production in the period. Changes in estimates of commercial reserves or future development costs are dealt with prospectively.

Impairment

When events or changes in circumstances indicate that the carrying amount of developed assets may not be recoverable from future net revenues, a comparison between the net book value of the asset and the discounted future cash flows from the estimated recoverable reserves is undertaken. To the extent that the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount, with the write off charged to the income statement.

5.2.6 Decommissioning costs

Where a material liability for the removal of production facilities and site restoration at the end of the field life exists, a provision for decommissioning is recognised. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. An asset of an amount equivalent to the provision is also created and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated asset.

5.2.7 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Edenville Group currently only operates in one business and geographical segment.

5.2.8 Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.2.9 Critical accounting estimates and assumptions

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and any revision to estimates or assumptions are recognised in the period in which they are revised and in future periods affected.

Accounting for exploration and evaluation assets

The estimates and assumptions that have the most significant effects on the carrying amounts of the assets and liabilities in the financial statements are those in relation to the impairment of intangible exploration and evaluation assets.

The Edenville Group is required to perform an impairment review, for each CGU to which the asset relates, when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is based upon the Directors' judgements and are dependent upon the discovery of economically recoverable ore reserves, the ability of Edenville to obtain necessary financing to complete the development and future profitable production or proceeds from the disposal until the technical feasibility and commercial viability of extracting a mineral resource becomes demonstrable, at which point the value is estimated based upon the present value of the discounted cash flows.

5.2.10 Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

5.2.11 Trade & other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

5.2.12 Cash & cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

5.2.13 Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

The functional currency and presentation currency of Edenville and Edenville Tanzania is US Dollars.

5.3 Geographical segment analysis

The Edenville Group is currently in the process of exploration of mineral projects, all of which are located in Tanzania. As such there are currently no geographical or business segments to disclose.

5.4 Revenues and expenses

Included in administrative expenses are \$25,000 due to Javan Investment Co Ltd for the services of Mr J Bidogo, as director of Edenville Tanzania.

The Edenville Group had no employees during the period.

5.5 Corporation tax

*As at
28 February
2010
\$*

Income statement

Current tax on income for the period —

Factors affecting the tax charge

*As at
28 February
2010
\$*

Loss on ordinary activities before taxation	(47,760)
Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation Tax of 21%	(10,030)
Effects of:	
Movement in tax losses	10,030
Current tax charge	—

5.6 Intangible assets – Exploration and Evaluation Assets

	<i>Licences \$</i>	<i>Total \$</i>
Cost and Net Book Value		
At 10 July 2008	—	—
Purchase of prospecting licence	3,295,000	3,295,000
Costs of acquisition	522,400	522,400
Expenditure on exploration	41,300	41,300
At 28 February 2010	<u>3,858,700</u>	<u>3,858,700</u>

The licences comprise 6 Tanzanian prospecting licences held by Edenville International (Tanzania) Limited. The licences cover 598km² in Tanzania.

The above values of intangible exploration assets acquired represent the cash consideration paid by the Edenville Group at the time of their acquisition. These amounts have not been written off to the income statement as exploration expenses because commercial reserves have not yet been established or the determination process has not been completed.

The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain. The Directors have assessed the value of exploration and evaluation expenditure carried as intangible

assets. In their opinion there has been no impairment loss to intangible exploration and evaluation assets in the period.

5.7 Issued capital

	<i>As at 28 February 2010</i>
	\$
Allotted, called up and fully paid:	
3,888,760 ordinary shares of \$1 each	<u>3,888,760</u>

On 13 November 2009 Edenville issued 100,000 Ordinary Shares of \$1 each at par value.

On 12 February 2010 Edenville's Registrars incorrectly issued \$9,900,000 Ordinary Shares in Edenville at par of which \$6,111,240 have not been paid for and are currently in the process of being cancelled. Of these shares issued, only \$3,788,760 should have been issued. The balance sheet above reflects the correct position in respect of the issue of \$3,788,760 new Ordinary Shares

5.8 Trade and other payables

	<i>As at 28 February 2010</i>
	\$
Accruals	<u>17,700</u>

5.9 Financial instruments

The Edenville Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Edenville Group comprises equity attributable to equity holders of Edenville consisting of issued share capital and retained earnings as disclosed in the Group Statement of Changes in Equity.

General risk management principles

The Edenville Group is not exposed to significant interest rate risks as it does not have any interest bearing liabilities.

Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations, resulting in financial loss. Credit risk arises from cash and cash equivalents and credit exposures on outstanding receivables and committed transactions. The Edenville Group does not have any cash and cash equivalents or receivables at 28 February 2010.

Liquidity risk

Liquidity risk is the risk that the Edenville Group will not be able to meet its financial obligations as and when they fall due.

Liquidity risk is managed through an assessment of short, medium and long term cash flow forecasts to ensure the adequacy of working capital.

5.10 Related party disclosures

During the period, Grandinex International Corp, Edenville's controlling shareholder acquired licences and incurred costs related to those licences on behalf of the Edenville Group for the sum of \$3,858,700 and paid operating costs on behalf of the Edenville Group for the sum of \$30,060. These amounts were repaid in full prior to 28 February 2010 by the issue of new ordinary shares in Edenville.

During the period, \$196,460 of costs were invoiced by Javan Investment Co Ltd, of which Javan Bidogo, director of Edenville International (Tanzania) Limited, is the managing director.

5.11 Post balance sheet events

On 3 March 2010 the shareholders of Edenville entered into an agreement for Edenville to be acquired by Gemstones, the agreement being conditional on, amongst other matters, the approval of the shareholders of Gemstones and Admission. The consideration for the acquisition will be satisfied by the issue of Gemstones shares to the shareholders of Edenville.

PART IX

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors and the Proposed Directors whose names are set out on page 5 of this document, and the Company accept responsibility both individually and collectively for the information contained in this document other than information for which responsibility is taken by others pursuant to paragraph 1.2 below. To the best of the knowledge and belief of the 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 its import.
- 1.2 The director of Grandinex, the directors of Obtala, Frank Scolaro and David Richardson accept responsibility for the information contained in this document which relates to them and to members of their immediate families, related trusts and persons connected with them (within the meaning of section 96B of FSMA). To the best of the knowledge and belief of each member of the Concert Party (who has taken all reasonable care to ensure that such is the case) the information contained in this document which relates to the Concert Party, to themselves and to members of their immediate families, related trusts and persons connected with them, is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered in England and Wales (where it remains domiciled) on 22 November 2004 under the 1985 Act as a private company limited by shares with the name TV Commerce Holdings Limited. The Company's registered number is 5292528.
- 2.2 The Company trades under the name Gemstones of Africa.
- 2.3 The liability of the members of the Company is limited.
- 2.4 The principal legislation under which the Company operates is the 2006 Act and the regulations made thereunder.
- 2.5 The Company's registered office is at Aston House, Cornwall Avenue, London N3 1LF and its telephone number is 020 83713071.
- 2.6 The Company's principal place of business is at Aston House, Cornwall Avenue, London N3 1LF
- 2.7 The accounting reference date of the Company is 31 December.
- 2.8 The Company was re-registered as a public company limited by shares under the name of TV Commerce Holdings plc on 18 January 2005.
- 2.9 The Company holds the entire issued share capital of GOA Tanzania Limited, a private limited company incorporated in England and Wales with a registered number 06802891.
- 2.10 The Company beneficially holds 16.96 per cent. of the joint venture company Gemstones of Africa Limited, a private limited company incorporated in England and Wales with a registered number 06758122.

2.11 The Company changed its name to Gemstones of Africa Group plc on 23 January 2009.

3. Important events in the development of the Company's business

- 3.1 Upon incorporation, the principal activity of the Company was television programming.
- 3.2 In February 2005, the then directors of the Company decided that in order to take advantage of opportunities to develop additional revenues based upon existing and new programming formats, the Company should raise funds by way of an offer for subscription.
- 3.3 In order to implement the above strategy, the Company issued a prospectus on 2 February 2005 to raise up to £2,500,000 by an offer for subscription of up to 41,666,667 new ordinary shares.
- 3.4 On 25 February 2005, the entire issued share capital of the Company (including the shares issued as a result of the offer for subscription referred to above), was admitted to trading on AIM.
- 3.5 On 26 February 2009 the Company announced that it had changed its investment strategy from television programming to mineral exploration.
- 3.6 On 26 January 2008, the share capital of the Company was reduced from £1,250,000 divided into 125,000,000 ordinary shares of 0.1 pence each and £1,125,000 deferred shares of 1 pence each to £125,000 divided into 125,000,000 ordinary shares of 0.1 pence each with the sanction of an order of the High Court of Justice made on 23 January 2008.
- 3.7 On 17 March 2008, £399,903.29 was returned to shareholders by a payment of 0.6231 pence per share pursuant to the capital reduction referred to in paragraph 3.6 above. The deferred shares were also cancelled and extinguished.
- 3.8 On 10 September 2008, the Company issued a prospectus for the issue of up to 1,000,000,000 new ordinary shares at 0.02 pence per share and 500,000,000 new warrants by way of an offer for subscription.
- 3.9 On 31 October 2008, the Company disposed of its wholly-owned subsidiary, TV Commerce Limited to Vince Stanzione, a director of that company, for a consideration of £1.
- 3.10 On 3 November 2008, the previous directors all resigned and a board comprising David Hargreaves, Rakesh Patel and Nicholas Eastwood were appointed in their place to pursue the Company's strategy of investing, participating in joint ventures or acquiring one or more companies or businesses, in the natural resource sector in Africa (and other geographical areas where considered appropriate).
- 3.11 On 13 March 2009, the Company entered into a collaboration and option agreement leading to a joint venture agreement on a group of emerald licenses in Tanzania, Africa with Obtala Resources plc and Obtala's subsidiary, Mindex Invest Limited. Under the terms of the option agreement the Company acquired an initial 12.5 per cent. beneficial interest in the licences in exchange for issuing common shares the equivalent of 5 per cent. of the company's share capital to Obtala, totalling 71,428,571 shares. This equity, which equates to a value of £446,428 (based on the closing price on 12 March 2009 of 0.625 pence per ordinary share), is placed in Obtala treasury. If within 24 months of acquiring the initial interest, the Company has incurred exploration costs of not less than US\$75,000, then the Company has a right to a further 12.5 per cent. beneficial interest in the licences (totalling 25 per cent.).

- 3.12 On 1 June 2009, Simon Rollason was appointed as Non-Executive Chairman.
- 3.13 On 21 June 2009, David Hargreaves and Nicholas Eastwood resigned as directors and Rakesh Patel became an executive director.
- 3.14 The Company's Ordinary Shares were suspended on 30 September 2009, following the Company's failure to implement its original investment strategy. Unless the Proposals are implemented prior to 31 March 2010, pursuant to Rule 41 of the AIM Rules, the London Stock Exchange will cancel the admission of the Ordinary Shares on 31 March 2010, being six months since the Ordinary Shares were suspended. Successful completion of the Proposals prior to 31 March 2010 will avoid a cancellation of the listing of the Ordinary Shares.
- 3.15 The Company intends to invest in, participate in joint ventures with or acquire one or more companies or businesses, in the natural resource sector in Africa, and other geographical areas, where considered appropriate.

4. The Edenville group of companies

Edenville

- 4.1 Edenville was incorporated on 10 July 2008 in the Seychelles with company registration number 51823.
- 4.2 The directors of Edenville are Martin Graham Samuels and Noline Marie-Ange Simeon.
- 4.3 The authorised share capital of Edenville is US\$3,888,760 divided into 3,888,760 ordinary shares of US\$1.00 each. In addition to the 3,888,760 ordinary shares in issue, 6,111,240 ordinary shares which were incorrectly issued are in the process of being cancelled.
- 4.4 The shareholders of Edenville are:
- | | |
|-------------------|------------------|
| Grandinex: | 2,916,570 shares |
| David Richardson: | 972,190 shares |

Edenville Tanzania

- 4.5 Edenville Tanzania was incorporated on 17 September 2009 in the United Republic of Tanzania.
- 4.6 The sole director of Edenville Tanzania is Javan Enock Bidogo.
- 4.7 The authorised capital of Edenville Tanzania is 10,000,000 Tanzanian Shillings divided into 10,000 shares of 1,000 Tanzanian Shillings each.
- 4.8 The shareholders of Edenville Tanzania are:
- | | |
|-------------------------|--------------|
| Edenville International | 9,950 shares |
| Javan Enock Bidogo | 50 shares |

5. Share capital of the Company

- 5.1 At the date of incorporation, the authorised share capital of the Company was £1,000 divided into 1,000 ordinary shares of £1 each, of which two shares were issued, nil paid, to the subscribers to the Company's memorandum of association.
- 5.2 The following is a summary of the changes to the authorised and issued share capital of the Company since incorporation:

- (a) on 22 November 2004, one subscriber share was transferred to Vincenzo Stanzione and the other to Chelsey Baker. On 18 January 2005, Chelsey Baker transferred her subscriber shares to Vincenzo Stanzione;
- (b) on 18 January 2005, pursuant to resolutions of the Company passed on that date:
 - (i) each ordinary share of £1 each in the share capital of the Company was subdivided into 100 ordinary shares of 1 pence each; and
 - (ii) the authorised share capital of the Company was increased to £1,250,000 by the creation of 124,900,000 ordinary shares of 1 pence each;
- (c) on 18 January 2005, 43,367,100 ordinary shares were issued and allotted to Vincenzo Stanzione as consideration for the transfer of his holding of 433,670 ordinary shares of £1 each in TV Commerce Limited and 1 ordinary share of £1 in The Advert Channel Limited to the Company;
- (d) on 15 February 2005, 20,662,332 ordinary shares were issued and allotted at 6 pence per share;
- (e) on 17 March 2005, 150,000 ordinary shares were issued and allotted at 6 pence per share;
- (f) on 10 August 2007, each ordinary share of 1 pence was sub-divided into one new ordinary share of 0.1 pence and 9 deferred shares of 0.1 pence each;
- (g) on 26 January 2008, the share capital of the Company was reduced from £1,250,000 to £125,000 divided into 125,000,000 ordinary shares of 0.1 pence each by the cancellation of 125,000,000 deferred shares of 0.1 pence each with the sanction of an order of the High Court of Justice made on 23 January 2008;
- (h) On 17 March 2008, £399,903 was returned to shareholders by a payment of 0.6231 pence per share in relation to a capital reduction. The existing deferred shares were cancelled and extinguished.
- (i) on 30 September 2008:
 - (i) each of the 64,179,632 existing issued ordinary shares of 0.1 pence in the capital of the Company were sub-divided and converted into one new ordinary share of 0.02 pence each and one deferred share of 0.08 pence each;
 - (ii) each of the 60,820,368 unissued existing ordinary shares of 0.1 pence in the capital of the Company were sub-divided and converted into 5 new ordinary shares of 0.02 pence each; and
 - (iii) the authorised share capital of the Company was increased from £125,000 to £600,000 by the creation of £2,375,000,000 new ordinary shares of 0.02 pence each;
- (j) on 1 October 2008, the Company issued and allotted 1,000,000,000 ordinary shares at par;
- (k) on 7 October 2008, the Company issued and allotted 200,000,000 ordinary shares at 0.025 pence per share;

- (l) on 8 December 2008, the Company issued and allotted 58,333,333 ordinary shares at 0.6 pence per share;
- (m) on 1 April 2009 the Company issued and allotted 71,428,571 ordinary shares at 0.625 pence per share and in consideration for the transfer to it of 1,696 ordinary shares of £1.00 each in the capital of Gemstones of Africa Limited; and
- (n) on 1 October 2008, the Company issued the following warrants to subscribe in cash at 0.02 pence per share for Ordinary Shares, none of which has been exercised as at the date of this document:

<i>Name of warrant holder</i>	<i>Number of warrants</i>
Robert Quested	325,000,000
Christopher Potts	125,000,000
Barnard Nominees Limited*	50,000,000

* these warrants are beneficially held by Steven James

Further details of the warrants, including details of the terms upon which they were granted, are set out in paragraph 14.10 of Part IX of this document.

The Company's authorised and issued fully paid share capital at the date of this document is, and immediately following the Admission will be as follows:

		<i>At the date of this document</i>		<i>Immediately following Admission</i>	
		<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>
Authorised Share Capital	Ordinary Shares of 0.02p each	£548,656	2,743,281,472	N/A	N/A
	Deferred Shares of 0.08p each	£51,344	64,179,932	N/A	N/A
Issued and fully paid Share Capital	Ordinary Shares of 0.02p each	£278,788	1,393,941,536	£597,577	2,987,883,072
	Deferred Shares of 0.08p each	£51,344	64,179,932	£51,344	64,179,932

5.3 The provisions of section 561 of the 2006 Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in section 1166 of the Companies Act 2006), will apply to the authorised but unissued share capital of the Company to the extent not disapplied by resolution of the Company.

5.4 By resolution of the shareholders of the Company passed on 12 August 2009 it was resolved:

- (a) that authority be granted to the Directors under section 80 of the 1985 Act to allot relevant securities, pursuant to the subscriptions and warrants referred to in the resolution and other than pursuant to such subscriptions and warrants, up to an aggregate nominal amount of £200,000; and
- (b) that authority be granted to the Directors under section 95 of the 1985 Act to allot equity securities for cash without first offering them to existing shareholders provided that such power was limited to certain allotments and limits as set out in the resolution.

The authorities granted to the Directors expire at the earlier of the date of the next Annual General Meeting or 11 November 2010. The Ordinary Shares are in registered form and may be held in either certificated form or in uncertificated form.

- 5.5 All Ordinary Shares represent capital in the Company. No Ordinary Shares are held by or on behalf of the Company.
- 5.6 Save as disclosed in this document no share capital of the Company is under option or has been granted conditionally or unconditionally to be put under option and no person has any rights to purchase the authorised but unissued capital of the Company or has been given an undertaking by the Company to increase its authorised share capital.
- 5.7 Save as disclosed in this document, there are no warrants or convertible loan notes existing or agreed conditionally or unconditionally over the capital of the Company.

6. Summary of the Memorandum and Articles of Association of the Company

Memorandum of Association

The memorandum of association of the Company provides that the Company's principal object is to carry on business as a holding company.

- 6.1 The objects of the Company are set out in full in Clause 4 of the memorandum of association.

Articles of Association

- 6.2 The Articles contain, among others, provisions to the following effect:

- (a) Voting rights

- (i) The Ordinary Shares shall rank *pari passu* in all respects and the holders of the Ordinary Shares shall be entitled to attend and vote at any general meeting of the Company.
- (ii) The holders of the Deferred Shares shall not, by virtue or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company, nor the right to attend, speak or vote at any such general meeting.

- (b) Deferred Share Rights

- (i) The Deferred Shares shall not entitle their holders to receive any dividend or other distribution.
- (ii) The Deferred Shares shall on a return of assets on a winding up entitle the holder only to the repayment of the amounts so paid up on such Deferred Shares after repayment of the capital paid up on the Ordinary Shares plus the payment of £10,000,000 per Ordinary Share.
- (iii) The Company has irrevocable authority 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 to such person as the Company determines as custodian thereof, without making any payment to the holders thereof, and/or to cancel the same (in accordance with the provisions of the Acts) without making any payment to or obtaining the sanction of the holders thereof, and pending such transfer and/or cancellation to retain the certificate for such shares.

- (iv) The Company may, at its option at any time, purchase all or any of the Deferred Shares then in issue, for nil consideration or at a price not exceeding 1 pence for each holding of Deferred Shares so purchased.
- (c) Redeemable Shares

Any shares may, with the sanction of a special resolution, be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder.
- (d) Purchase of Own Shares

The Company is authorised to enter into any contract for the purchase of all or any of its shares of any class (including any redeemable shares) and any contract under which it may, subject to any conditions, become entitled or obliged to purchase all or any of such shares. Every such contract entered into in shall be authorised by such resolution of the Company as may be required by the Acts, but subject thereto the directors shall have full power to determine or approve the terms of any such contracts. Any such contract which the Company is authorised to enter into may be or provide for the purchase of shares by private treaty, on a stock exchange or otherwise and neither the Company nor the directors shall be required to select the shares in question rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.
- (e) Variation of rights

All or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound-up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of the Articles shall mutatis mutandis apply, but so that the necessary quorum shall be two or more persons holding or representing by proxy not less than one-third of the issued shares of the class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum.
- (f) Transfer of Shares
 - (i) Subject to such of the restrictions of the Articles as may be applicable, any member may transfer all or any of his shares. The instrument of transfer of a share in certificated form may be in any usual form or in any other forms which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.
 - (ii) Nothing in the Articles shall require title to any securities of the Company to be evidenced or transferred by a written instrument, the regulations from time to time made under the Acts so permitting. The Board shall have power to implement any arrangements it may think fit for such evidencing and transfer which accord with those regulations.

- (iii) The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share in certificated form which is not fully paid or of a share on which the Company has a lien provided that such refusal shall not prevent dealings in the shares taking place on an open and proper basis.
 - (iv) The directors may also decline to recognise an instrument of transfer in respect of shares in certificated form unless:
 - (I) it is lodged duly stamped at the office or at such other place as the directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
 - (II) it is in respect of only one class of share; and
 - (III) it is in favour of not more than four transferees.
 - (v) In the case of shares for the time being in uncertificated form, transfers shall be registered only in accordance with the terms of the Uncertificated Securities Regulations but so that the directors may refuse to register a transfer which would require shares to be held jointly by more than four persons.
- (g) Stock
- (i) The Company may by ordinary resolution convert any paid up shares into stock, and re-convert any stock into paid up shares of any denomination. After the passing of any resolution converting all the fully paid up shares of any class in the capital of the Company into stock, any shares of that class which subsequently become fully paid up and rank *pari passu* in all other respects with such shares shall by virtue of the Articles and such resolution be converted into stock transferable in the same units as the shares already converted.
 - (ii) The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations, as would have applied to the shares from which the stock arose if they had not been converted, or as near thereto as circumstances admit, but the directors may from time to time, if they think fit, fix the minimum amount of stock transferable, but so that such minimum shall not exceed the nominal amount of each of the shares from which the stock arose.
 - (iii) The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages in all respects as if they held the shares from which the stock arose provided that no such privilege or advantage (except participation in dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage.
- (h) Alteration of Capital
- (i) The Company may from time to time by ordinary resolution or otherwise, in accordance with the Acts:

- (I) increase the share capital by new shares of such amount as the resolution prescribes;
 - (II) consolidate and divide all or any of its shares into shares of a larger amount than its existing shares;
 - (III) subject to the provisions of the Acts, sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject nevertheless to the Acts) and the resolution may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred qualified rights or be subject to any such restrictions as compared with, the others as the Company has power to attach to unissued or new shares; and
 - (IV) 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.
- (ii) Subject to the provisions of the Acts, the Company may by special resolution or otherwise in accordance with the Acts reduce its authorised or issued share capital, any capital redemption reserve, and any share premium account in any way.
- (i) General Meetings
- (i) All general meetings other than annual general meetings shall be called extraordinary general meetings.
 - (ii) The directors may call general meetings. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.
 - (iii) A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. Subject to the provisions of the Acts, a poll may be demanded:
 - (I) by the chairman of the meeting; or
 - (II) by at least two members having the right to vote at the meeting; or
 - (III) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (IV) by a member or members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum-paid up on all the shares conferring that right,

and a demand by a proxy for a member shall be the same as a demand by a member.

- (iv) Unless a poll is duly demanded and the demand is not withdrawn a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority shall be final and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
 - (v) In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a second or casting vote in addition to any other vote he may have.
 - (vi) Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote, and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.
 - (vii) Unless the directors otherwise determine, no member shall be entitled to receive notice of or to vote at any general meeting, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.
 - (viii) On a poll votes may be given either personally or by proxy. A member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.
- (j) Directors
- (i) Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall be not less than two in number. The Company may from time to time by ordinary resolution fix a maximum number of directors and from time to time vary that maximum number. No shareholding qualification for directors shall be required.
 - (ii) The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, or any part thereof, and subject to the Acts 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.
 - (iii) The directors may delegate any of their powers:
 - (I) to any managing director or any director holding any other executive office; and
 - (II) to any committee consisting of one or more directors or to any committee consisting of directors and co-opted persons not being directors.

Subject to the above, the delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be varied or revoked. Subject to any such conditions and the above, the proceedings of a committee with two or more

members shall be governed by the articles regulating the proceedings of directors so far as they apply.

- (iv) At the annual general meeting in every year, any director who is still in office at the start of the annual general meeting which falls nearest to the third anniversary of the annual general meeting at which he was appointed or was last re-appointed shall retire by rotation.
- (v) Subject to the provisions of the Articles, at the annual general meeting in every year, one third of all the directors shall retire by rotation but if that number is not a multiple of three, then the number shall be rounded down to the nearest whole number.
- (vi) Subject to the provisions of the Acts, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- (vii) If the Company, at the meeting at which a director retires by rotation, does not fill the vacancy the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost.
- (viii) Subject to the provisions of the Articles, the Company may by ordinary resolution appoint a person to be a director either to fill a vacancy or as an additional director and may also determine the rotation in which any additional directors are to retire.
- (ix) The directors may appoint a person to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with these articles as the maximum number of directors. A director so appointed shall hold office only until the next following annual general meeting and, if not then reappointed, shall vacate office and shall not be taken into account in determining the directors or the number of directors who are to retire by rotation at the meeting.
- (x) Any contract of employment entered into by a director with the Company shall not include a term that it is to be for a period exceeding five years unless such term is first approved by ordinary resolution.
- (xi) Any provisions of the Acts which but for the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a director or liable to vacate office as a director on account of his having reached any specified age, or of requiring special notice or any other special formality in connection with the appointment of any director over a specified age, shall not apply to the Company save that any director who has attained the age of 70 shall be required to offer himself for re-election at each annual general meeting.
- (xii) Without prejudice to the provisions of the Acts, the Company may, by special resolution or by ordinary resolution of which special notice has been given in accordance with the Acts, remove a director before the expiration of his period of office (but such removal shall be without prejudice to any claim

such director may have for breach of any contract of service between him and the Company) and may, by ordinary resolution, appoint another person in his stead. The person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last appointed or reappointed a director.

- (k) The directors shall be entitled to directors' fees in aggregate not exceeding £150,000 per annum, or such other higher amount as the Company by ordinary resolution may from time to time determine, which shall (unless otherwise determined by the resolution by which it is voted) be divided between the directors as they may agree and, failing agreement, equally. The directors' remuneration shall be deemed to accrue from day to day. The directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, or in attending and returning from meetings of the directors or of committees of the directors or general meetings.
- (l) Any director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs 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, participation in profits or otherwise as the directors may determine.
- (m) Directors' Appointments and Interests
 - (i) Subject to the Acts and to the provisions of the Articles, no director or intending director, including an alternate director, shall be disqualified by his office from contracting with the Company either with regard to his tenure of any other office or place of profit, or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any director is in any way, whether directly or indirectly, interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any remuneration, profit or other benefit realised by any such contract or arrangement, by reason of such director holding that office or of the fiduciary relationship thereby established.
 - (ii) Any director, including an alternate director, may continue to be or become a director or other officer or member of or otherwise interested in any other company promoted by the Company or in which the Company may be interested, as a member or otherwise, or which is a holding company of the Company or a subsidiary of any such holding company, and no such director shall be accountable for any remuneration or other benefits received by him as a director or other officer or member of, or from his interest in, any such other company. The directors may exercise the voting power conferred by the shares of any other company held or owned by the Company or exercisable by them as directors or any such holding company or subsidiary in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors or other officers of such company, or voting or providing for the payment of remuneration to the directors or other officers of such company).
 - (iii) A director, including an alternate director, who is to his knowledge in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at a meeting of directors. In the case of a proposed contract or arrangement the declaration shall be made at the meeting of the

directors at which the question of entering into the contract is first taken into consideration if he knows his interest then exists, or, if the director was not at the date of that meeting interested in the proposed contract or arrangement, at the next meeting of directors held after he became so interested if he knows his interest then exists. In a case where the director becomes interested in a contract or arrangement after it is made or becomes aware of his interest the declaration shall be made at the first meeting of the directors held after the director becomes so interested or knows that he is or has become so interested. In a case where the director is interested in a contract or arrangement which has been made before he was appointed a director the declaration shall be made at the first meeting of the directors held after he is so appointed.

(n) Dividends

- (i) Subject to the provisions of the Acts, the Company may by ordinary resolution declare dividends to be paid to members in accordance with the respective rights and their interests in the profits available for distribution, but no dividend shall exceed the amount recommended by the directors.
- (ii) Subject to the provisions of the Acts, and of the Articles, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
- (iii) Except as otherwise provided by the rights attached to or the terms of issue of shares, all dividends shall be declared and paid on the ordinary share capital according to the amounts paid up on such shares otherwise than in advance of calls on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares otherwise than in advance of calls during any portion or portions of the period in respect of which the dividend is paid.
- (iv) All unclaimed dividends or other moneys payable on or in respect of a share may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached.
- (v) Any dividend which has remained unclaimed for twelve years from the date of declaration of such dividend or (if later) the date such dividend became due for payment shall, if the directors so resolve, be forfeited and shall revert to the Company and the payment by the directors of any unclaimed dividend, interest or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

(o) Winding Up

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Acts, divide among the members in specie the whole or any part of the assets of the Company and whether or not the assets consist of property of one kind or of properties of different kinds may, for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

(p) Indemnity

Subject to the provisions of the Acts, every director or other officer and auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto. Pursuant to the provisions of Section 310(3) of the Companies Act 1985 (as amended by the Companies Act 1989) the Company may for the purposes of the Articles purchase and maintain insurance to indemnify any director, officer, manager or auditor of the Company or any company which is a member of the Group.

7. Interests and Dealings

7.1 The interests of each of the Directors and the Proposed Directors in the share capital of the Company (all of which are beneficial unless otherwise stated), including the interests of any person connected with any Director (within the meaning of sections 252-254 of the 2006 Act) and the existence of which is known to such Director or could with reasonable diligence be ascertained by him, as at 3 March 2010 (being the latest practicable business day prior to the date of this document) are and upon Admission will be, as follows:

<i>Name of Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>	
Simon Rollason	nil		nil%
Rakesh Patel	nil		nil%
Mark Pryor	nil		nil%
Sally Schofield	nil		nil%

7.2 The Directors and Proposed Directors have no interests in any share options over the issued share capital of Company at the date of this document. Conditional on and upon Admission, the interests of the Directors and the Proposed Directors in share options over the issued share capital of the Company will be, as follows:

<i>Name of Director</i>	<i>Number of Share Options</i>	<i>Exercise Price</i>	<i>Percentage of Enlarged Issued Share Capital if exercised</i>
Simon Rollason*	14,942,529	0.87 pence	0.5%
Rakesh Patel*	14,942,529	0.87 pence	0.5%
Mark Pryor*	14,942,529	0.87 pence	0.5%

* Options in respect of 7,471,265 Ordinary Shares vest on the first anniversary of Admission and options in respect of 7,471,264 Ordinary Shares vest on the second anniversary of Admission in respect of each option holder.

8. The Takeover Code

- 8.1 Save as disclosed in paragraph 11 of Part I neither the Concert Party, (nor any person acting in concert with any member thereof) nor any of the directors of Obtala nor any person whose interests in shares a director of Obtala is taken to be interested in pursuant to Part 22 of the CA 2006 has any interests, rights to subscribe or short positions in the relevant securities of the Company, nor has any such person dealt for value in any relevant securities in the disclosure period (see below for definitions).
- 8.2 Save as disclosed in this paragraph 8, neither:
- 8.2.1 any associate of the Company falling within paragraph (1) of the definition of “Associate” in the Takeover Code (a “category (1) associate”); nor
 - 8.2.2 any connected adviser of the Company or any associated company, or any category (1) associate of such a connected adviser; nor
 - 8.2.3 any person controlling, controlled by or under the same control as any connected adviser referred to in paragraph 8.2.2 above (other than an exempt principal trader or an exempt fund manager); nor
 - 8.2.4 the Directors (together with their close relatives and related trusts); nor
 - 8.2.5 any employee benefit trust of the Company or of a company covered in paragraph 8.2.1 above; nor
 - 8.2.6 any Company pension fund or pension funds of a company covered in paragraph 8.2.1 above; nor
 - 8.2.7 in relation to the Company an investment company, unit trust or other person whose investments an associate (or otherwise defined in paragraph 8.2.1 above) manages on a discretionary basis, in respect of the relevant securities accounts; nor
 - 8.2.8 a company having a material trading arrangement with the Company
has any interest, right to subscribe for or holds a short position in relation to, relevant securities, nor has any such person dealt in any relevant securities during the disclosure period.
- 8.3 No agreement, arrangement or understanding exists to transfer to any other person the relevant securities to be acquired pursuant to the Proposals or by members of the Concert Party.
- 8.4 No member of the Concert Party, nor the Company, nor any person acting in concert with the Company or the Concert Party has borrowed or lent any relevant securities. No relevant securities have been borrowed or lent by the Directors or any parties acting in concert with them.
- 8.5 No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party, any Director, recent director, Shareholder or recent Shareholder and any other person having any connection with or dependence upon the Proposals.
- 8.6 There are no arrangements in place in relation to the Proposals whereby repayment or security for any liability (contingent or otherwise) is dependent on the Company.
- 8.7 Members of the Concert Party have confirmed that, save as disclosed in this document, they are not proposing any changes to the employment rights of the employees of the

Company nor any redeployment of its fixed assets nor any change to the location of its place of business.

8.8 Save as disclosed in Part I, the members of the Concert Party have confirmed that no changes are envisaged to be introduced to the Company's business as a result of completion of the Proposals.

8.9 Save as disclosed in this document, neither the Company, nor any Directors has any interests, rights to subscribe or short positions in Edenville.

8.10 In this paragraph 8:

"arrangement" includes indemnity or option arrangements, or any agreement or understanding, formal or informal, of whatever, relating to the relevant securities which may be an inducement to deal or refrain from dealing;

"associate" has the meaning given to it in the Takeover Code and includes (without limitation) in relation to a company:

- (i) its parent, subsidiaries and fellow subsidiaries, its associated companies and companies of which any such companies are associated companies;
- (ii) its connected advisers (as defined in the Takeover Code) to it or a company covered in (i) above, including persons (other than exempt principal traders or exempt fund managers) controlling, controlled by or under the same control as such connected advisers;
- (iii) its directors and the directors of any company in (i) above (together in each case with their close relatives and related trusts);
- (iv) its pension funds or the pension funds of a company covered in (i) above;
- (v) its employee benefit trusts or those of a company covered in (i) above;
- (vi) (in relation to the Company) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph) manages on a discretionary basis, in respect of the relevant instrument accounts; and
- (vii) a company holding a material trading arrangement with the company in question or a company covered in (i) above;

"associated company" ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;

"connected adviser" has the meaning given to it by the Takeover Code;

"control" has the meaning given to it by the Takeover Code;

"derivative" includes any financial product whose value, in whole or part, is determined directly or indirectly by references to the price of any underlying security;

"disclosure period" means the period commencing on 2 March 2009 and ending on 2 March 2010, the last practical date prior to the publication of this document;

"interest" means **"interests in securities"** as defined in the Takeover Code;

"relevant securities" means Ordinary Shares and/or shares in Edenville and/or shares in Obtala and or shares in Grandinex (as the context may require), any other securities in the capital of the Company converted into rights to subscribe for shares or options

(including traded options) in respect of and derivatives referenced to, including any short positions; and

“**short position**” means a short position whether conditional or absolute and whether in the money or otherwise including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to take delivery.

8.11 During the disclosure period, the following transactions have taken place in the issued share capital of Gemstones:

- (a) On 6 April 2009, Obtala sold 100,000 Ordinary Shares at 0.008p;
- (b) On 12 June 2009, Obtala purchased 250,000 Ordinary Shares at 0.68p;
- (c) On 6 July 2009, Obtala purchased 300,000 Ordinary Shares at 0.7p; and
- (d) On 14 July 2009, Obtala purchased 300,000 Ordinary Shares at 0.7p.

9. Substantial Shareholders

9.1 Other than the shareholdings of the Directors, the Concert Party and connected persons which are set out in paragraph 7 of this Part IX and paragraph 11 of Part I, the Company is aware that the following persons have at the date of this document an interest in, or will be following Admission interested in, 3 per cent. or more of the issued Ordinary Share capital of the Company:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares at Admission</i>	<i>Percentage of the Enlarged Share Capital</i>
R Queded	623,250,000	44.70%	623,250,000	20.86%
C Potts	250,000,000	17.93%	250,000,000	8.37%
A Cunningham	199,699,458	14.33%	199,699,458	6.68%
Allianz Global Investors	58,190,470	4.17%	58,190,470	1.95%
V Stazione	44,965,441	3.23%	44,965,441	1.50%

9.2 Save as disclosed above, so far as the Directors are aware there are no persons who are at the date of this document, or will be immediately following Admission, interested directly or indirectly in three per cent. or more of the issued share capital of the Company or who directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

9.3 The Company’s shareholders listed in paragraph 9.1 above do not have voting rights which differ from any other shareholder of the Company.

9.4 Save as disclosed in this document, the Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

10. Additional Information on the Directors and the Proposed Directors

10.1 In addition to their directorships of the Company, the Directors and the Proposed Directors currently hold, and have during the five years preceding the date of this document held the following directorships or been partners in the following partnerships:

<i>Director</i>	<i>Current</i>	<i>Past</i>
Simon Rollason	Obtala Ressources Plc Obtala Resources (Tanzania) Limited	None

<i>Director</i>	<i>Current</i>	<i>Past</i>
Rakesh Patel	Mountfield Group plc (non exec) The Clothes Spa Limited Microcap Equities plc The Niche Group plc Deo Petroleum plc Dominion Pacific plc Saya Enterprises Limited Shayona Restaurants Limited	Gracemoor Holdings Limited The Creative Education Corporation plc Equity Portfolio plc London & Newcastle Holdings Limited Consulta Veritas Limited Leisure Perspectives Limited
Sally Schofield	Entendia Ltd	Latitude Resources plc
Mark Pryor	Oro Silver Resources Ltd Red Sea Minerals Plc Zamco Plc	Harbour Pacific Minerals Ltd Platero Mining & Exploration Ltd

10.2 None of the Directors or Proposed Directors has:

10.2.1 any unspent convictions in relation to indictable offences;

10.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

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

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

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

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

10.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

10.3 No Director or Proposed Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.

11. Directors' Service Contracts and Remuneration

11.1 The following are particulars of the letters of appointment and service agreements entered into between the Company and the Directors:

11.1.1 Simon Rollason

On 26 May 2009, Simon Rollason entered into a letter of appointment with the Company to serve on the Board as independent non-executive Chairman. The appointment will continue for a fixed period of one year and thereafter unless and until terminated in accordance with the Company's articles of association or the Acts or by and at the discretion of either party upon one months' written notice. The continuation of Simon Rollason's directorship is contingent on re-election at forthcoming AGMs. Upon Simon Rollason ceasing for any reason to be a director of the Company, the letter of appointment will automatically terminate. Notwithstanding the above, if in the reasonable opinion of the Board, Simon Rollason's position as a director becomes untenable due to a conflict of interest or for any other reason, the Board may immediately terminate the letter of appointment or take such other action as it considers appropriate in order to remove the conflict or to render Simon Rollason's position tenable. The letter of appointment provides that Simon Rollason will be paid a fee of £10,000 per annum (exclusive of VAT) which will be paid monthly in arrears on or around the last day of each calendar month and such fee will be subject to deduction of tax and national insurance contributions which the Company is, by law, obliged to deduct. In addition, the Company is obliged to reimburse all expenses reasonably incurred by Simon Rollason in the proper performance of the duties of his office, provided that on request he provide the Company with such vouchers or other evidence of actual payment of such expenses as the Company may reasonably require.

11.1.2 Rakesh Patel

On 3 November 2008, Rakesh Patel entered into a letter of appointment with the Company to serve on the Board as a non-executive director with board responsibility for the finance function of the Company. The appointment will continue for a fixed period of one year and thereafter unless and until terminated in accordance with the Company's articles of association or the Acts or by and at the discretion of either party upon three months' written notice. The continuation of Rakesh Patel's directorship is contingent on re-election at forthcoming AGMs. Upon Rakesh Patel ceasing for any reason to be a director of the Company, the letter of appointment will automatically terminate. Notwithstanding the above, if in the reasonable opinion of the Board, Rakesh Patel's position as a director becomes untenable due to a conflict of interest or for any other reason, the Board may immediately terminate the letter of appointment or take such other action as it considers appropriate in order to remove the conflict or to render Rakesh Patel's position tenable. The letter of appointment provides that Rakesh Patel will be paid a fee of £35,000 per annum (exclusive of VAT) which will be paid monthly in arrears on or around the last day of each calendar month and such fee will be subject to deduction of tax and national insurance contributions which the Company is, by law, obliged to deduct. In addition, the Company is obliged to reimburse all expenses reasonably incurred by Rakesh Patel in the proper performance of the duties of his office, provided that on request he provide the Company with such vouchers or other evidence of actual payment of such expenses as the Company may reasonably require.

11.2 The following are particulars of the service agreements, a consultancy agreement and a letter of appointment to be entered into between the Company and its Directors and Proposed Directors, in each case conditional on Admission:

11.2.1 *Simon Rollason*

It is proposed that subject to and with effect from the date of Admission, Simon Rollason will enter into a service agreement with the Company to act as Executive Chairman of the Company or in such other capacity within the Company or any Group Company as the Company may from time to time reasonably direct. The employment will commence on the date of the service agreement and continue thereafter unless and until terminated by either party giving to the other not less than 3 months' written notice. The employment shall terminate when Simon Rollason reaches the normal retiring age from time to time applicable to directors of the Company. The service agreement provides that the Company shall have the discretion to terminate the employment lawfully without any notice or on less than 3 months' notice by paying to Simon Rollason a sum equal to, but no more than, the basic annual salary set out in the service agreement in respect of that part of the period of notice which the Company has not given to Simon Rollason less any appropriate tax and other statutory deductions. This sum may be paid in instalments on the day on which such salary would have been payable if the employment had continued. This sum will only be payable for such portion of the relevant notice period as Simon Rollason does not perform work or services on his own account or for any other party of a remunerative nature provided that the Company shall make up any shortfall between any such earnings and the amount that would otherwise have been payable under the applicable clause of the service agreement. The service agreement provides that Simon Rollason will be paid a salary of £35,000 per annum and that the Board may determine an increase in Simon Rollason's salary from time to time. Such remuneration shall be inclusive of any fees to which Simon Rollason may be entitled as a director of the Company or any Group Company. In addition, the Company is obliged to reimburse Simon Rollason in respect of all expenses reasonably incurred by him in the proper performance of his duties, subject to his providing such receipts or other evidence as the Company may require.

11.2.2 *Mark Pryor*

It is proposed that subject to and with effect from the date of Admission, Mark Pryor will enter into a service agreement with the Company to act as Chief Executive Officer of the Company or in such other capacity within the Company or any Group Company as the Company may from time to time reasonably direct. The appointment will commence on the date of the service agreement and continue thereafter unless and until terminated by either party giving to the other not less than 3 months' written notice. The appointment shall terminate when Mark Pryor reaches the normal retiring age from time to time applicable to directors of the Company. The service agreement provides that the Company shall have the discretion to terminate the appointment lawfully without any notice or on less than 3 months' notice by paying to Mark Pryor a sum equal to, but no more than, the basic annual salary set out in the service agreement in respect of that part of the period of notice which the Company has not given to Mark Pryor less any appropriate tax and other statutory deductions. This sum may be paid in instalments on the day on which such salary would have been payable if the appointment had continued. This sum will only be payable for such portion of the relevant notice period as Mark Pryor does not perform work or services on his own account or for any other party of a remunerative nature provided that the Company

shall make up any shortfall between any such earnings and the amount that would otherwise have been payable under the applicable clause of the service agreement. The service agreement provides that Mark Pryor will be paid a salary of £35,000 per annum and that the Board may determine an increase in Mark Pryor's salary from time to time. Such remuneration shall be inclusive of any fees to which Mark Pryor may be entitled as a director of the Company or any Group Company. In addition, the Company is obliged to reimburse Mark Pryor in respect of all expenses reasonably incurred by him in the proper performance of his duties, subject to his providing such receipts or other evidence as the Company may require.

11.2.3 *Rakesh Patel*

It is proposed that Rakesh Patel will enter into a consultancy agreement with the Company and Adler Shine LLP. The agreement shall commence subject to and upon Admission and, subject to earlier termination in accordance with its terms, shall continue until terminated by one party giving to the other not less than three calendar months' notice in writing. The agreement provides that the Company may by notice in writing immediately terminate the agreement at any time if:

- (a) the Adler Shine LLP or Rakesh Patel shall be in breach of any of the terms of the agreement which, in the case of a breach capable of remedy, shall not have been remedied by Adler Shine LLP or Rakesh Patel, as the case may be, within 21 days of receipt by Adler Shine LLP of a notice from the Company specifying the breach and requiring its remedy;
- (b) Rakesh Patel is incompetent, guilty of gross misconduct and/or any serious or persistent negligence in the provision of the services under the agreement;
- (c) Adler Shine LLP or Rakesh Patel fail or refuse after written warning to provide the services under the agreement reasonably and properly required hereunder;
- (d) Adler Shine LLP or Rakesh Patel conducts itself or himself in any manner which in the opinion of the Board is likely to bring the Company into disrepute by association;
- (e) Rakesh Patel is convicted of any criminal offence (other than road traffic offences) punishable with at least 6 months' imprisonment (whether or not such a sentence is actually imposed on him);
- (f) Rakesh Patel is unable to provide the services under the agreement by reason of ill health throughout a period of 3 calendar months or an aggregate period of 3 calendar months in any period of 12 consecutive months and a replacement has not been agreed between Adler Shine LLP and the Company;
- (g) if Rakesh Patel shall petition for a bankruptcy order or have a bankruptcy order made against him or take the benefit of any legislation for the relief of insolvent debtors or make any composition with their creditors or shall become prohibited by law from being a director or taking part in the management of the Company whether under the Company Directors Disqualification Act 1986 or otherwise;
- (h) if Adler Shine LLP is unable to pay its debts or enters into a compulsory or voluntary liquidation or compounds with or convenes a meeting of its

creditors or has a receiver appointed or ceases for any reason to carry on business;

- (i) if Rakesh Patel ceases to be a director of the Company without the Company's consent; or
- (j) if Rakesh Patel ceases to be employed by the Company.

The agreement provides that the Company shall pay to Adler Shine LLP for providing the services under the agreement four days a month, a fee of £35,000 per annum plus VAT (if applicable) and for Rakesh Patel providing the services under the agreement for any further days (in excess of one day a month) a fee of £729.16 per day plus VAT (if applicable). The Company is obliged to reimburse Adler Shine LLP for out of pocket expenses wholly, necessarily and reasonably incurred by Rakesh Patel or other appropriate members of Adler Shine's staff in the proper provision of the services under the agreement to include all reasonable accommodation and travel expenses. Such out of pocket expenses will be charged at cost and shall not include the cost of travel between Rakesh Patel's and the Company's premises in Cornwall Avenue, London. For travel by car, a mileage allowance of an amount equivalent to the Inland Revenue authorised mileage rates from time to time, may be claimed. All travel outside the UK must be authorised in writing, in advance, by a Director of the Company. Expense claims must be submitted monthly with Adler Shine's fee invoice to the Company and must be supported by such vouchers or other evidence of actual payment of such expenses as the Company may reasonably require.

11.2.4 *Sally Schofield*

It is proposed that Sally Schofield will enter into a letter of appointment with the Company to act as a non-executive director. The appointment will be conditional upon the Admission and will be effective from the date of Admission. The appointment will continue until terminated by either party giving to the other three months' notice in writing. The appointment will terminate forthwith without any entitlement to compensation (save as regard any unpaid fees up to the date of such termination) if:

- (a) Sally Schofield is not reappointed as a director of the Company at its next Annual General Meeting; or
- (b) Sally Schofield is removed as a director by a resolution passed at a General Meeting; or
- (c) Sally Schofield ceases to be a director by reason of her vacating office pursuant to any provision of the Company's Articles of Association; or
- (d) Sally Schofield is adjudged bankrupt or enter into any composition or arrangement with or for the benefit of her creditors including a voluntary arrangement under the Insolvency Act 1986; or
- (e) Sally Schofield is guilty of any misconduct or commit any serious or persistent breach of any of your obligations to the Company or any Group Company; or
- (f) Sally Schofield is guilty of any conduct tending in the reasonable opinion of the Board to bring yourself or the Company or any Group Company into disrepute; or
- (g) Sally Schofield is or becomes incapacitated from any cause whatsoever from efficiently performing your duties hereunder for 90 days in aggregate in any period of 12 months; or

(h) Sally Schofield shall be or become prohibited by law from being a director.

The letter of appointment provides that Sally Schofield will be entitled to payment for her services as a non-executive director at the rate of £20,000 per annum, such fee to accrue from day to day and to be payable monthly in arrears subject to deduction of tax and national insurance contributions. In addition Sally Schofield will be entitled to be repaid all travel and other reasonable expenses properly incurred in connection with her duties as a non-executive director, provided that she provides evidence of payment.

11.3 In the period ended 31 December 2009, the total aggregate remuneration paid and benefits-in-kind granted to the Directors by the Company and its subsidiaries for services in all capacities to the Company and its subsidiaries was £73,333. The amounts payable to the Directors and Proposed Directors by the Group under the arrangements in force at the date of this document in respect of the year ending 31 December 2010 are estimated to be £115,000 (excluding any discretionary payments which may be made under these arrangements). The total amounts set aside or accrued by the company or its subsidiaries to provide pension, retirement or similar benefits is nil.

11.4 Save as disclosed in this paragraph 11, no new service contracts or amendments to existing service contracts have been entered into between the Company and the Directors within the period of six months preceding the date of this document.

12. Material Changes

There has been no material change in the financial or trading position of the Company since 31 December 2009, the date to which the last audited consolidated accounts were prepared.

13. Middle Market Quotations

The following table shows the closing middle market quotation for the Existing Ordinary Shares as derived from the London Stock Exchange Daily Official List on the first dealing day of each month from 1 April 2009 to 1 September 2009 being the six months prior to the Company's Ordinary Shares being suspended:

	<i>Price</i>
1 April 2009	0.95p
1 May 2009	0.95p
1 June 2009	0.85p
1 July 2009	0.85p
3 August 2009	0.80p
1 September 2009	0.80p

14. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have either been entered into by a member of the Group within the two years immediately preceding the date of this document and which are, or may be, material, or have been entered into at any time by any member of the Group and which contain any provision under which any member of the Group has any obligation or entitlement which is, or may be, material to the Group as at the date of this document.

14.1 *Disposal of TV Commerce Limited*

On 31 October 2008, the Company disposed of its wholly-owned subsidiary, TV Commerce Limited ("TVC") to Vincenzo Stanzione for a consideration of £1.

14.2 *Engagement Contract with JICL Consultants*

On 18 February 2009, the Company entered into an engagement contract with JICL Consultants pursuant to which JICL Consultants was engaged by the Company to carry out a reconnaissance exploration survey over the Company's six gemstone properties located in Manyara, Tanzania.

14.3 *Joint Venture with Obtala Resources plc*

On 13 March 2009, the Company entered into collaboration and option agreements leading to a joint venture agreement relating to a group of emerald mining licences in Tanzania, Africa with Obtala's subsidiary, Mindex Investment Limited. Under the terms of the option agreement, the Company acquired an initial 12.5 per cent. beneficial interest in the licences in consideration of issuing shares over the equivalent of 5 per cent. of the Company's share capital to Obtala totalling 71,428,571 ordinary shares which was placed in Obtala treasury. If, within 24 months of acquiring the initial interest, the Company has incurred exploration costs of not less than USD \$75,000, then the Company has a right to a further 12.5 per cent. beneficial interest in the licences (totalling 25 per cent.).

14.4 *Option Agreements with Javan Investments*

On 27 May 2009, the Company entered into option agreements with Javan Investments Company Limited, a private Tanzanian registered company, relating to the acquisition of two prospecting licences in Tanzania. Under the terms of the option agreements, the Company acquired an initial 25 per cent. interest in each of the licences for a cash consideration of USD \$15,000 per licence. Under the terms of the option agreements, the Company has the sole right and option to purchase an additional 60 per cent. beneficial interest in the licences within 24 months of the date of the option agreements in consideration of US\$75,000 for each individual licence. The Company has a further option to purchase an additional 13 per cent. beneficial interest in the licences within 48 months of the date of the option agreements in consideration of either a cash payment or the issuing of common shares or a combination of both to the equivalent of US\$200,000 for each individual licence.

14.5 *Relationship Agreement*

The Company has entered into a Relationship Agreement with each of Grandinex, David Richardson, Frank Scolaro and ZAI (the "Relationship Agreement"). The Relationship Agreement, which is conditional upon shareholder approval of the Resolutions and completion of the Acquisition Agreement having occurred is intended to regulate the relationship between each of Grandinex, David Richardson and Frank Scolaro on the one hand and the Company on the other hand for such time as any member of the Concert Party and any of their respective Associates either alone or together hold not less than 30 per cent. of the voting rights attaching to shares in the Company.

Pursuant to the Relationship Agreement, each of Grandinex, David Richardson and Frank Scolaro has agreed, *inter alia*, as follows:

- (a) there will be a majority of independent directors on the board and all committees of the board to which significant powers, authorities or discretions are delegated;
- (b) they shall not propose, or vote in favour of, a resolution for the cancellation of the admission of any of the Ordinary Shares to trading on AIM unless such a resolution is supported by a majority of the independent directors;
- (c) that any transactions, agreements and arrangements between a member of the Group on the one hand and any of Grandinex or their respective associates on the

other hand will be on arm's length terms, bona fide and on a normal commercial basis;

- (d) that no contract, agreement, arrangement or transaction between a member of the Group on the one hand and any of Grandinex or their respective associates on the other hand will be entered into, novated, varied or abrogated unless approved in writing by a majority of the independent directors in writing;
- (e) that no variations are made to the articles of association of the Company which would be contrary to the maintenance of the Company's independence;
- (f) that neither they nor any person acting in concert with them will acquire any more Ordinary Shares after Admission.

In addition, each of Grandinex, David Richardson and Frank Scolaro has agreed: (i) not to dispose of any Ordinary Shares during the period of 12 months following Admission; (ii) that any disposals of Ordinary Shares carried out in the period between the first and the second anniversary of Admission will be effected through the Company's nominated broker; and (iii) that following the second anniversary of Admission, any disposal of in excess of 15 per cent. of the share capital of the Company will be made only after having taken the necessary steps to ensure an orderly market for the Ordinary Shares.

14.6 *Acquisition Agreement*

The Company entered into the Acquisition Agreement with the Vendors on 3 March 2010. Pursuant to the terms of the Acquisition Agreement, the Company has, subject to the satisfaction of certain conditions, agreed to acquire the entire issued share capital of Edenville from the Vendors, in consideration for which the Company has agreed to issue and allot the Vendors with the Consideration Shares. Completion is conditional upon the following conditions having been either satisfied or waived by 31 March 2010 or such later date agreed by the parties:

- (a) the Resolutions having been passed at the GM;
- (b) the delivery of legal opinions relating to Edenville and Grandinex; and
- (c) the Company having conditionally raised not less than £750,000 pursuant to the Placing.

If the Conditions are not satisfied or waived on or before 31 March 2010 (or such later date as may be agreed by the parties) the Acquisition Agreement automatically terminates. There are, in addition, other circumstances which can lead to the termination of the Acquisition Agreement as follows:

- (a) if any steps are taken or application is made for the winding up or bankruptcy (as applicable) of the Vendors, Edenville or Edenville Tanzania;
- (b) on the occurrence of certain insolvency events in respect of Edenville or Edenville Tanzania; or
- (c) if either of the Vendors is in breach of certain covenants relating to Edenville and Edenville Tanzania in the period between execution of the SPA and Completion or if either of the Vendors is in breach of any of the warranties;
- (d) on the occurrence of a material adverse change relating to either Edenville or Edenville Tanzania; and

- (e) if either of the Vendors discloses an event, fact, matter or circumstance in the period between execution of the Acquisition Agreement and Completion which (other than by virtue of it having been disclosed) constitutes a material breach of the Warranties.

Under the Acquisition Agreement, the Vendors have given customary warranties for a transaction of this kind and have, in addition, executed a tax deed in favour of the Company. The Vendors have also agreed to comply with certain covenants in relation to the management and operation of Edenville and Edenville Tanzania in the period between the date of the Acquisition Agreement and Completion. Frank Scolaro is also a party to the Acquisition Agreement for the purpose of guaranteeing the obligations of Grandinex under the Acquisition Agreement and the Tax Deed.

14.7 *Placing letters*

The Company has entered into placing letters with investors in respect of the Placing. Under the terms of the placing letters, these investors have agreed to subscribe for 200,000,000 Placing Shares subject to the approval by the Shareholders of the Acquisition and the Resolutions relating to authority to allot Ordinary Shares. The issue and allotment of the Placing Shares pursuant to the placing letters is conditional on the Resolutions having been passed at the GM.

14.8 *Lock in agreements*

On 3 March 2010, Robert Quested, and each of the Continuing Board entered into an agreement with the Company and ZAI CF under which they undertook, subject to certain exceptions in accordance with the AIM Rules for Companies (including the ability to accept a takeover offer for the Company and to give an irrevocable undertaking to accept a takeover offer for the Company), not to dispose of or transfer any Ordinary Shares, or any interest in such shares, in which they are interested for a period of 12 months from Admission. The individuals referred to above have also undertaken to the Company and to ZAI CF only to dispose of their shares in the Company through ZAI following the lock-in period for a further period of 12 months.

14.9 *Introduction Agreement*

The Company and each of the Directors and the Proposed Directors have entered into an introduction agreement with ZAI CF (the "Introduction Agreement"). Pursuant to the terms of the Introduction Agreement and in reliance upon, *inter alia*, the warranties, indemnities and undertakings contained in the Introduction Agreement, ZAI CF has agreed to act as the Company's nominated adviser to apply for the Company's shares to be admitted to AIM and for the purposes of the AIM Rules and the AIM Rules for Nominated Advisers. The obligations of ZAI CF under the Introduction Agreement are in all respects conditional upon, *inter alia*, Admission occurring not later than 8.00 a.m. on 31 March 2010 (or such later time and/or date as the Company and ZAI CF may in writing agree). In addition, the Company and each of its directors has agreed to give certain warranties and indemnities to ZAI CF in connection with the Admission on the terms set out in the Introduction Agreement.

14.10 *Warrants*

The Company created 500,000,000 warrants to subscribe in cash at 0.02 pence per share for 500,000,000 Ordinary Shares pursuant to a warrant instrument dated 10 September 2008 (the "Warrant Instrument"). The subscription rights of the warrant holders are exercisable in whole or in part at the sole discretion of the warrant holder at any time up to 30 September 2013. The Warrant Instrument contains standard anti-dilution provisions which would be triggered on: (i) an allotment or issue or fully paid Ordinary Shares by way of capitalisation; (ii) any re-organisation of the Company's

share capital; and (iii) any issue of convertible or exchangeable securities, convertible into Ordinary Shares at below market value.

On 1 October 2008, 325,000,000 warrants were issued to Robert Quested, 125,000,000 warrants were issued to Christopher Potts and 50,000,000 warrants were issued to Barnard Nominees Limited on the terms of certificates issued pursuant to the Warrant Instrument.

14.11 *Broker Agreement*

A broker agreement dated 3 March 2010 was made between the Company and Zimmerman Adams International Limited pursuant to which the Company has appointed Zimmerman Adams International Limited to act as broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay ZAI an annual fee of £1 plus VAT for its services as broker. The Broker Agreement contains certain undertakings and indemnities given by the Company in respect, of *inter alia*, compliance with applicable laws and regulations. The agreement is subject to termination on three months' notice by any party.

14.12 *Nominated Adviser Agreement*

A nominated adviser agreement dated 3 March 2010 was made between the Company and ZAI CF pursuant to which the Company appointed ZAI CF to act as nominated adviser for the purposes of the AIM Rules. The Company has agreed to pay ZAI an annual fee of £19,999 plus VAT for its services as nominated adviser. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable laws and regulations. The Agreement is for a fixed term of 12 months and subject to termination on three months' notice by either party thereafter.

14.13 There have been no material contracts outside the ordinary course of business, entered into by Edenville, within the two years preceding the date of this document.

14.14 There have been no material contracts outside the ordinary course of business, entered into by Grandinex, within the two years preceding the date of this document.

15. **Irrevocable undertakings**

The Company has received the following irrevocable undertakings in respect of the following number of Ordinary Shares:

<i>Name</i>	<i>Beneficial holding of Ordinary Shares</i>	<i>Percentage holding of Existing Ordinary Shares</i>
Robert Quested	623,250,000	44.70%
Chris Potts	250,000,000	17.93%
Obtala	71,328,571	5.10%
Total	<u>944,578,571</u>	<u>67.73%</u>

The undertakings provide, *inter alia*, that each of the shareholders named above shall, and procure (save where it would be unlawful to do so) that any other registered holder shall, either vote or sign a proxy in favour of the chairman of the GM for the purpose of voting thereat, in favour of passing the Resolutions.

The undertakings also apply to any other Ordinary Shares acquired after the date of the undertakings (including Ordinary Shares acquired upon the exercise of any options) and any shares attributable to or deriving from the Ordinary Shares subject to the undertakings.

The undertakings are conditional upon the Admission Document having been posted not later than close of business on 31 March 2010 (or such later date as the Panel, the London Stock Exchange and the Company may agree to).

In each case the above holdings represent the total number of Ordinary Shares owned or controlled by them.

16. Related Party Transactions

During the year ended 31 December 2007, there were transactions between the Company and TV Commerce Limited to pay off group liabilities as they fell due.

During the year ended 31 December 2007, Mr V A Stanzione, a director and majority shareholder of the Company at the time, provided interest free loans totalling £nil (2006 £100,000), to the Company to assist with working capital requirements from time to time. This was fully repaid in the year.

During the year ended 31 December 2008, Mr V A Stanzione, a former director and former majority shareholder of the Company, signed a loan waiver agreement for £35,000 against an amount of £21,552, due to him at 31 December 2008 which was waived.

During the year ended 31 December 2009, the Company paid £35,000 (2008 £5,833) to Adler Shine LLP for the services of Rakesh Patel, director. Rakesh Patel is a partner in Adler Shine LLP. The Company also paid £9,000 (2008 £nil) to Adler Shine LLP for accounting services provided in the year.

During the year ended 31 December 2009, the Company disposed of its subsidiary undertaking, Gemstones of Africa Limited to Obtala Resources Plc for a consideration of £100. Simon Rollason, director, is also a director of Obtala Resources Plc.

The Company also acquired a 16.96 per cent shareholding in Gemstones of Africa Limited following the transfer to that company of certain specified mining licences by Obtala and its subsidiary undertakings. The consideration for the acquisition was Ordinary Shares.

Save as disclosed above, the Company has not entered into any related party transactions during the period covered by the historical financial information and up to the date of this document.

17. Working Capital

The Directors are of the opinion having made due and careful enquiry that the Enlarged Group has sufficient working capital for its present requirements, that is at least 12 months from the date of Admission.

18. United Kingdom Taxation

The following information, which sets out the taxation treatment for holders of Ordinary Shares, is based on existing law in force in the UK and what is understood to be current HM Revenue & Customs practice and assumes that the Company, being incorporated in the UK, is resident for tax purposes in the UK. It is intended as a general guide only and applies to Shareholders who are resident and ordinarily resident in the UK for UK tax purposes (except to the extent that specific reference is made to Shareholders resident outside the UK), who hold the Ordinary Shares as investments (and not as employment related securities) and who are the absolute beneficial owners of those Ordinary Shares. Further, it may not apply to certain types of Shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes. Any Shareholders who are in any doubt as to their taxation position or who are subject to taxation in any jurisdiction other than the UK should consult their professional advisers immediately. Shareholders should note that the

levels and bases of, and relief from, taxation may change and that changes may affect the benefits of investment in the Company. This summary is not exhaustive and does not generally consider tax reliefs or exemptions.

18.1 Taxation of chargeable gains

A subsequent disposal of Ordinary Shares by an individual or corporate Shareholder may result in a liability to UK taxation on chargeable gains, depending upon the relevant circumstances of the transaction and the particular Shareholder's circumstances.

For Shareholders who are subject to corporation tax, indexation allowance on the acquisition cost of the Ordinary Shares should be available until the date of disposal of the Ordinary Shares. Indexation allowance increases the acquisition cost of an asset for tax purposes in line with the rise in the retail prices index and thus reduces the amount of the chargeable gain on disposal of the asset. Indexation allowance cannot be used to create or increase a loss.

For individual Shareholders, capital gains tax is charged at a rate of 18 per cent. Entrepreneur's relief may apply to gains on disposals of shares and securities in a trading company provided that certain criteria are met.

18.2 Taxation of dividends on Ordinary Shares

Under current UK tax legislation, no amounts in respect of tax are required to be withheld at source from dividend payments made by the Company.

A Shareholder who is an individual resident (for tax purposes) in the UK and who receives a dividend paid by the Company will be entitled to a tax credit equal to one-ninth of the net dividend. The Shareholder will be taxable on the aggregate of the dividend and the related tax credit, which will be regarded as the top slice of the Shareholder's income. The tax credit will, however, be treated as discharging the Shareholder's liability to income tax in respect of the dividend, unless and except to the extent that the dividend and the related tax credit fall above the threshold for the higher rate of income tax, in which case the Shareholder will, to that extent, pay tax on the aggregate of the dividend and the related tax credit of an amount determined by applying the "dividend upper rate", which is 32.5 per cent. to the aggregate of the dividend and the tax credit and then deducting the tax credit from that sum. So, for example, a dividend of £80 will carry a tax credit of £8.89 (one-ninth of £80) and to the extent that the aggregate of the dividend and the related tax credit falls above the threshold for the higher rate of income tax, the income tax payable on the dividend by a Shareholder liable to income tax at the higher rate will be 32.5 per cent. of £88.89 (i.e. dividend of £80 plus tax credit of £8.89), namely £28.89, less the tax credit of £8.89, leaving a net charge of £20 (or 25 per cent. of the cash dividend).

UK exempt approved pension funds and charities will not be liable to income tax or corporation tax on dividends received by them from the Company.

A Shareholder who is a trustee of a discretionary or accumulation trust which is resident (for tax purposes) in the UK and who receives a dividend paid by the Company will be taxable on the total of the dividend and the related tax credit at the "dividend trust rate", which is currently 32.5 per cent, and will be entitled to deduct the tax credit from the tax so payable.

Subject to certain exceptions for some insurance companies with overseas business, a corporate Shareholder that is resident for tax purposes in the UK and that receives a dividend paid by the Company will not be taxable on the receipt of the dividend.

Shareholders who are not UK resident will not generally be able to claim repayment from HM Revenue & Customs of any part of the tax credit attaching to dividends paid by the Company.

Shareholders who are not resident in the UK should consult their own tax advisers concerning their tax liabilities (in the UK and any other country or jurisdiction).

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

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or to persons connected with depositary arrangements or clearance services, who may be liable at higher rates:

- a. the allocation and issue of the new Ordinary Shares will not generally give rise to a liability to stamp duty or SDRT;
- b. any subsequent conveyance or transfer on sale of Ordinary Shares will usually be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration. A charge to SDRT at the rate of 0.5 per cent. will also arise on an unconditional agreement to transfer such shares, although that liability will be cancelled and any SDRT already paid will be repaid if, within six years of the SDRT liability arising, a transfer is executed pursuant to the agreement and stamp duty is paid on that transfer;
- c. a transfer of Ordinary Shares into CREST will not generally give rise to a charge to stamp duty or SDRT unless the transfer is made for consideration, in which case SDRT will arise, usually at the rate of 0.5 per cent. of the value of such consideration. A transfer of shares effected on a paperless basis through CREST will generally be subject to SDRT at the rate of 0.5 per cent of the value of the consideration given.

18.4 *Legal and arbitration proceedings*

The Company is not and during the 12 month period prior to the date of this document has not been involved in any governmental, legal or arbitration proceedings which may have or have had in the twelve months preceding the date of this document a significant effect on the Company's financial position or profitability nor, so far as the Company is aware, are there any such proceedings pending or threatened.

19. General

- 19.1 It is estimated that the total costs and expenses payable by the Company in connection with the Proposals and Admission will amount to approximately £160,000 (excluding VAT).
- 19.2 The financial information set out in this document is incorporated by reference and contained in Part VII has been audited and unqualified. The financial information for the years ending 31 December 2009 and 31 December 2008 was audited by HW Fisher & Company and the financial information for 31 December 2007 was audited by Littlejohn Chartered Accountants.
- 19.3 H.W. Fisher & Company, who are a member of the Institute of Chartered Accountants in England and Wales, and whose registered office is Acre House, 11-15 William Road, London, NW1 3ER, have been the auditors of the Company since 9 December 2008.

- 19.4 Littlejohn LLP, who are a member of the Institute of Chartered Accountants in England and Wales, and whose registered office is 1 Westferry Circus, Canary Wharf, London E14 4HD, were previously auditors of the Company and resigned on 28 February 2010.
- 19.5 Save as set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of material importance to the Enlarged Group's business or profitability.
- 19.6 Save as set out in this document, as far as the Directors are aware there are no environmental issues that may affect the issuer's utilisation of its tangible fixed assets.
- 19.7 Save as disclosed in this document the Company has no principal investments for each financial year covered by the historical financial information and there are no principal investments in progress and there are no principal future investments on which the board has made a firm commitment.
- 19.8 The Company has no employees at the date of this document.
- 19.9 The Directors are not aware of any arrangements under which future dividends are waived or agreed to be waived.
- 19.10 The Company is not aware of the existence of any takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.
- 19.11 It is expected that definitive share certificates will be despatched by first class post on 29 March 2010. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 26 March 2010. No temporary documents of title will be issued.
- 19.12 Simon Rollason and Frank Scolaro are both members of the Obtala Resources plc board, of which ZAI Corporate Finance is the Nominated Adviser.
- 19.13 Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- (i) received, directly or indirectly from the Company within the 12 months preceding the date of this document; or
 - (ii) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - I. fees totalling £10,000 or more;
 - II. securities of the Company where these have a value of £10,000 or more calculated by reference to the expected opening price; or
 - III. any other benefit with the value of £10,000 or more at the date of this document.
- 19.14 There has been no material change in the financial or trading position of the Company subsequent to 31 December 2009, the date of the last published audited accounts of the Company. There has been no significant or material change in the financial or trading position of Edenville since 3 March 2010, the date to which the last audited financial information on Edenville has been published.
- 19.15 Where information in this document has been sourced from third parties, the Continuing Directors confirm that such information has been accurately reproduced and, so far as

the Continuing Directors and the Company are able to ascertain from such source and other information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

20. Letters of Consent

- 20.1 ZAI Corporate Finance Limited has given and not withdrawn written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 20.2 Zimmerman Adams International Limited has given and not withdrawn written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 20.3 H.W. Fisher & Company has given and not withdrawn written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 20.4 Wardell Armstrong Limited has given and not withdrawn written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 20.5 Merchant John East Securities Limited has given and not withdrawn written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

21. Documents available for inspection

- 21.1 Copies of the following documents for both the Company and Obtala Resources plc will be available for inspection free of charge at the Company's registered office at Aston House, Cornwall Avenue, London N3 1LF, and at 12 Camomile Street, London, EC3A 7PT during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of posting of this document up to the close of the General Meeting:
 - 21.1.1 the memorandum and articles of association of the Company, Edenville, Obtala and Grandinex;
 - 21.1.2 the audited consolidated accounts of the Company for the two years ended 31 December 2009;
 - 21.1.3 the report set out in Part VIII of the document which contains the financial information relating to Edenville since incorporation;
 - 21.1.4 the Directors' service agreements and appointment letters (as applicable) with the Company;
 - 21.1.5 the Competent Persons Report referred to in Part IV of this document;
 - 21.1.6 irrevocable commitments referred to in paragraph 15 of this Part IX;
 - 21.1.7 the material contracts referred to in paragraph 14 above; and
 - 21.1.8 the written letters of consent as referred to in paragraph 20 above.
- 21.2 Copies of this document will be available for inspection free of charge at Aston House, Cornwall Avenue, London N3 1LF, and at 12 Camomile Street, London, EC3A 7PT during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) and on the Company's website (<http://www.gemstonesofafrica.net>) for a month following the date of publication.

Dated 3 March 2010

PART X

NOTICE OF GENERAL MEETING

GEMSTONES OF AFRICA GROUP PLC

(incorporated and registered in England & Wales with registered number 05292528)

NOTICE IS HEREBY GIVEN that a general meeting of Gemstones of Africa Group plc (the “Company”) will be held at the offices of HW Fisher & Company, Acre House, 11-15 William Road, London NW1 3ER on 26 March 2010 at 10.00 a.m. for the following purposes:

To consider and, if thought fit, pass the following resolutions numbered 1 to 3 as ordinary resolutions (ordinary resolution 1 to be taken on a poll) and resolutions 4 to 6 as special resolutions:

1. Takeover Panel Waiver

That the waiver by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers that would otherwise arise on the members of the Concert Party (as defined in the circular of the Company to its shareholders dated 3 March 2010 (the “Circular”) to which this notice is attached) or any of them, individually or collectively, to make a general offer to the Company’s shareholders as a result of the allotment and issue of 1,393,941,536 new ordinary shares of 0.02 pence each in the capital of the Company to be issued to the Vendors (as defined in the Circular) in consideration for the shares in Edenville International Limited (“EIL”) to be acquired by the Company under the terms of the Acquisition Agreement (as defined below) be and is hereby approved.

2. Acquisition of Edenville International Limited

That, in accordance with Rule 14 of the AIM Rules for Companies, subject to, and conditional upon, resolution 1 being passed, the acquisition by the Company of the entire issued share capital of EIL pursuant to a sale and purchase agreement dated 3 March 2010 (the “Acquisition Agreement”) between the Company, Grandinex International Corp, David Richardson and Frank Scolaro be and hereby is approved and the Directors be and are hereby authorised to carry out all acts as they may consider necessary and/or desirable in connection therewith.

3. Authority to allot shares

That subject to, and conditional upon, resolutions 1 and 2 being passed, in addition to all existing authorities granted to the directors of the Company (the “Directors”) in respect of the allotment of shares in the Company or the granting of rights to subscribe for or to convert any security into shares in the Company (“Rights”) but without prejudice to the proper exercise of such authorities, the Directors be and are generally and unconditionally authorised in accordance with 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 up to a maximum nominal value of:

- (a) £278,788.31 in respect of the 0.02 pence ordinary shares in the Company required to be issued to Grandinex International Corp. and David Richardson in satisfaction of the consideration payable in accordance with the terms of the Acquisition Agreement;
- (b) £40,000 in respect of the 0.02 pence ordinary shares in the Company to be issued pursuant to the Placing (as defined in the Circular); and
- (c) other shares in the Company and/or Rights up to an aggregate nominal amount of £197,200.28.

Such authority shall expire at the end of the next annual general meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would, or might, require shares in the Company to be allotted or Rights to be granted after such expiry and the Directors may allot shares in the Company or grant Rights in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

4. Authority to disapply pre-emption rights

That subject to, and conditional upon, resolutions 1 to 3 being passed, in addition to all existing authorities granted to the Directors, the Directors be empowered, in accordance with 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 3 as if section 561(1) of the Act did not apply to such allotment but without prejudice to the prior exercise of such authorities, provided that this power shall be limited to the allotment of:

- (a) equity securities to be issued pursuant to the Placing up to an aggregate nominal amount of £40,000; and
- (b) other equity securities up to an aggregate nominal amount of £197,200.28, and shall expire at the end of the next annual general meeting of the Company, save that the Company may, before such expiry, make an offer or agreement which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

5. Change of name

That subject to, and conditional upon, resolutions 1 to 4 being passed, the name of the Company be changed to "Edenville Energy plc".

6. Adoption of new articles of association

That the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be approved and adopted as the new Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

Registered Office

Aston House
Cornwall Avenue
London
N3 1LF

By Order of the Board

David Venus and Company LLP
Company Secretary

Notes:

1. Subject to any rights or restrictions attached to any shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, is entitled to one vote, and on a poll every member present in person or by proxy is entitled to one vote for each share of which he or she is the holder.
2. On a poll votes may be given either personally or by proxy. A form of proxy is enclosed with this notice.
3. To be effective, a completed and signed form of proxy and any authority under which it is signed (or a copy certified notarially or in some other way approved by the directors) must be deposited by physical delivery either by post or by hand to the Company's registrars Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the form proposes to vote, or in the case of a poll taken subsequently to the date of a meeting, not less than 24 hours before the time appointed for the taking of the poll. Completion and return of a form of proxy will not preclude a shareholder from attending and voting at the meeting in person.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Register of Members of the Company as at the close of business on the day which is two days before the date of the meeting (or, if the meeting is adjourned, those members registered on the Register of Members of the Company as at the close of business on the day which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Subsequent changes to entries on the register after this time shall be disregarded in determining the rights of any persons to attend or vote at the meeting.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and seniority shall be determined by the order in which the names of the holders stand in the register of members.
6. Voting on resolution 1 shall be conducted by means of a poll of shareholders of the Company who are independent of the Concert Party (as defined in the Circular).

APPENDIX

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

It is proposed in Resolution 6 to adopt new Articles of Association with effect from the conclusion of the General Meeting (the "**New Articles**"). These are intended to replace the Company's current Articles of Association (the "**Current Articles**"). The main reason for adopting the New Articles is to take account of changes in UK company law brought about by the Companies Act 2006 (the "**2006 Act**"). The 2006 Act, which has replaced the Companies Act 1985 (the "**1985 Act**"). The New Articles will, once adopted, reflect those changes in company law brought about by the 2006 Act in force at that time.

The Company is proposing the adoption of the New Articles rather than amendments to the Current Articles due to the extent of the changes.

The principal changes being proposed in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature, and also some more minor changes which merely reflect changes made by the 2006 Act, have not been noted. A clean copy of the New Articles and a copy marked up to show changes from the Current Articles are available for inspection at the Company's registered office.

Types of Meetings

The Current Articles refer to annual general meetings and extraordinary general meetings. The concept of the extraordinary general meeting has not been retained by the 2006 Act. Pursuant to the 2006 Act any general meeting other than an annual general meeting shall be referred to as a general meeting. The New Articles reflect this amendment.

Form of Resolution

The Current Articles provide for both special and extraordinary resolutions. References to extraordinary resolutions are not included in the New Articles as the concept of extraordinary resolutions has not been retained under the 2006 Act.

Notice of general meetings

The provisions in the New Articles dealing with the convening of general meetings and the length of notice required to convene general meetings have been amended to reflect the requirements of the 2006 Act. In particular, a general meeting (other than an annual general meeting) to consider a special resolution can, under the New Articles, be convened on 14 days' notice whereas previously 21 days' notice was required.

Conflicts of interest

Pursuant to the 2006 Act, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation where such appointment conflicts or possibly may conflict with the Company's interests. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where a company's articles of association contain a provision to this effect. The New Articles give the directors authority to approve such situations.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who do not have an interest in the matter being

considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in good faith and in a way in which they consider will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving such authorisation if they think this is appropriate.

Electronic communications

Certain provisions of the 2006 Act enable companies to communicate with members by electronic and/or website communications. Accordingly, the New Articles allow communications to be made to members in electronic form and, in addition, they also now permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

