

Dear Shareholders and Colleagues,

We have been directing your attention in recent months first to the balance sheet reconstruction we had been carrying out, and lately to the further and drastic reductions in our non-discretionary monthly spend, or 'burn-rate'. To ensure a stability that will be not only for today but for next year, and not only for present conditions but even if conditions deteriorate further, we had to say: "How can we put ourselves in a position to withstand a worse case scenario, and know we can come out the other side?" So we did this, and took the necessary steps.

At the same time, by holding some of our interests indirectly, we have insulated ourselves from operational costs, most recently with the staggered sale of our Colombian gold assets.

While we direct attention to this, we do not forget our other historic interests. Minor costs continue in Kenya and Ivory Coast. We have talked of farm-out possibilities there in the past, as a risk-free way of maintaining our exposure. To progress further, that requires in Kenya the resolution of the license issue, and in Ivory Coast that we expedite one or two license grants, but is still our agenda. There have very recently been several farm-in agreements in Ivory Coast by substantial companies, showing that this is still a priority area of exploration for the industry.

I write this from Nairobi, where I have been on a quick visit to monitor the progress of our administrative case. We would not have undertaken this without a high level of confidence that our case ought to succeed on the merits, and we expect to succeed and see the restoration of the licenses. The hearing is set for November, and though if a delay is sought it will probably be granted, we shall be pressing for judgment.

There are positives from the weakness of commodity markets, and the poor sentiment towards the exploration sector. There are positives even from the slowdown in the Chinese economy. Some of those urging or acting against us, who saw a fat 1.2m oz Resource, capable of much increase, ripe for the taking must feel somewhat demotivated. We still have misunderstandings to overcome in a country not used to mining: the difference between exploration and mining though recognised in the legislation is not as well understood as it should be, nor that it takes longer by years to establish feasibility of an industrial scale mine than for an illegal miner to start operations, nor the criticality of title security and a stable long-term regulatory regime. But understanding is growing.

Our aim is to shape a recognisable value component out of our Kenya and Ivory Coast investments, to add to our Jupiter/Tshipi, Star Striker, and American Gold Mines (Colombia) holdings. These latter are easy to identify and understand and impose no ongoing costs. Our strong asset backing will increasingly be recognised as we work on this. We continue to discuss cash-flow generative new investment, and the addition of cash flow, with a strategy for cash flow and cost control going forward, would complete the picture and create a solid base for share price growth.

Yours,

Andrew Bell