

Dear Shareholders and Colleagues,

You will have seen this week that we received the money due from the sale of the Colombian gold interests which was the first of three tranches; this final stage of the sale had been delayed by the buyer's requirement that we update the legal opinion from Colombia. The respect in which updating was required was the manual search of the mining cadastre that has to take place in a city in Antioquia which takes several days. We had obtained this search a couple of months ago but because of the slowness of some of the communication on the buyer's side time had passed and with constant change of expected days for completion we were reluctant to send our very expensive lawyers on weekly updating trips. Only on the last day having seen drafts two days earlier did the buyers tell us they did in fact want updating. These are small incidents that cause delay in doing transactions. We believe that we were efficient on our side: our lawyers are well known international lawyers whereas the other side, with several parties involved, was using a single lawyer practise in Toronto, which was challenging for him given the number of jurisdictions and parties. The slight lack of speed that resulted caused us to have to do rather more work than we might otherwise have done but at least it is now finished. We are out of Colombia except through our remaining interest in the royalty and later tranches of payment.

In Kenya we have also reported developments. having obtained leave from the High Court for judicial review proceedings against the Mines Ministry. The orders we are seeking are what are known in England as quashing orders, prohibiting orders and mandatory orders. The old terms were certiorari, prohibition and mandamus and in many parts of the world where legal systems derive from the English these terms are still in use, as they are in Kenya. The simple explanation of what we are seeking is that we say there was no fair process or correct process undertaken by the decision maker, and that the decision made by the Ministry should be quashed and that the process be begun again and carried out in a fair manner and the mining lease application be progressed at the same time.

Given that the proceedings are *sub judice* it will not be appropriate to make further comment: this is a matter to be determined in the court and not the press. We enclose two links and one cutting however showing what has appeared in the press so far. As in many parts of England outside the metropolis, journalists hang around court houses seeing what is happening, which is a cheap way of news-gathering. In Kenya where journalists also don't have large budgets there is also a great deal of interest in any new proceedings that may be instituted in the courts. Before we even knew the details of the proceedings an article appeared in the Standard [in this link](#), with even the name of the judge. Subsequently the Cabinet Secretary for Mining was surprised after taking an international delegation to a meeting with the President, when his press conference afterwards had obviously unwelcome questions on our proceedings against him. He responded, perhaps before taking advice, and a video clip as well as what may be a separate briefing to one journalist are enclosed [in this link](#) and [in this link](#). We will not comment on this or any other public remark he may make because it will be inappropriate to do so. That we say nothing does not mean that any of what is being said by others is correct, nor that we have no answer: it just means these matters are subject of court proceeding and the courts do not like it when parties start to argue their cases outside the court. We of course are confident in the merit of our case which is why we began it.

A certain amount of housekeeping has taken place this week and last week, and this follows the payment of debt and cleaning of the balance sheet earlier in the year. From now on announcements will be about new initiatives and developments rather than looking to the past. Step by step, little by little, we will turn this company around after the damage done the last few years as we have battled the worst markets for the mining and exploration sector, and especially for junior miners and explorers, that most people can ever remember.

Please enjoy your weekend and we look forward over the next few months to giving you more news and we hope progressively happier news.

Yours,

Andrew Bell