2008 ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2008

MARCH 31ST, 2009

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ABOUT THIS ANNUAL INFORMATION FORM

This Annual Information Form ("AIF") focuses on the financial year of La Mancha Resources Inc. ended December 31, 2008.

Unless otherwise specified, capitalized words and terms used in this AIF are defined in the Glossary. Unless the context indicates otherwise, the terms "our", "we", "LMA", the "Company" or "La Mancha" refers to La Mancha Resources Inc. and its subsidiaries.

FORWARD LOOKING STATEMENTS

This AIF contains or incorporates by reference certain information that may constitute "forward looking statements". All statements other than statements which are reporting and commenting on results as well as statements of historical fact set forth herein, including, among others, statements that relate to analysis and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions for management.

In certain cases, forward looking statements can be identified by the use of words such as "considers", "plans", "expects", "estimates", "forecasts", "projects", "predicts", "anticipates" or "believes", or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or their negatives or other comparable words. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of La Mancha to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. See *"Risk Factors"*. Risks and uncertainties that could cause results or future events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, factors associated with fluctuations in the market price of precious metals, mining industry risks, exploration risks, risks associated with foreign operations, environmental risks and hazards, uncertainty as to calculation of mineral reserves, requirement of additional financing or additional permits, authorizations or licences and risks of delays in construction and production.

Any forward-looking statement speaks only of the date on which it is made and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except if required by securities legislation. New factors emerge from time to time, and it is not possible for the Company to predict which factor will arise. Readers are cautioned not to place undue reliance on forward-looking statements.

GLOSSARY

General Terms

"ABCP" means asset backed commercial paper, a financial investment recently restructured as notes which is backed by assets such as real estate or other corporate assets.

"AMC" means Ariab Mining Co. Ltd., a corporation incorporated under the laws of Sudan in which Cominor holds a 40% equity interest.

"AREVA NC" means Compagnie Générale des Matières Nucléaires, a company incorporated under the laws of France.

"**AUD**" means the Australian dollar.

"**August 2006 Circular**" means the notice of meeting and management information circular of La Mancha dated August 21, 2006 available on SEDAR at www.sedar.com.

"BRGM" means Bureau de Recherches Géologiques et Minières, France's leading public institution involved in the Earth Science field for the sustainable management of natural resources and surface and subsurface risks.

"BUMIFOM" means Bureau Minier de la France d'Outre Mer

"**CAPL**" means Cogema Australia Pty Ltd. (now AREVA NC Australia Pty Ltd.) a corporation incorporated under the laws of Australia who prior to the RTO Transaction, was a wholly-owned subsidiary of CFMM and owned 100% of MRA.

"**CFMM**" means Compagnie Française de Mines et Métaux (a wholly-owned subsidiary of AREVA NC), a corporation incorporated under the laws of France, which owns 63.36% of La Mancha Resources Inc as of December 31st, 2008.

"COFRAMINES" means Compagnie Francaise des Mines S.A., a subsidiary of France's Bureau de Recherches Geologiques et Minieres (BRGM)

"COGEMA" means Compagnie générale des matières nucléaires, a French company created in 1976 from the production division of the French government's Atomic Energy Commission. In 2001, Cogema was merged with Framatome and CEA Industrie to form the larger group Areva.

"**Cominor**" means Compagnie Minière Or SA, a corporation incorporated under the laws of France, which owns 45.9% of SMI and 40% of AMC, respectively and which is a wholly-owned subsidiary of La Mancha.

"**Common Shares**" means the common shares in the authorized share capital of La Mancha.

"**Company**" or "**La Mancha**" means La Mancha Resources Inc., a corporation incorporated under the *Company Act* (British Columbia) on October 10, 1996 and transitioned under the *Business Corporations Act* (British Columbia) on March 31, 2005, including, where the context indicates, any or all of its subsidiaries.

"**Conveyancing Agreement**" means the conveyancing agreement dated May 19, 2006, entered into between La Mancha and CFMM.

"DCS" means the 2007 Definitive Feasibility Study for the Frog's Leg project which was published on December 04, 2007.

"**Dioro**" means Dioro Exploration NL, a public company listed on the Australian Stock Exchange and the Toronto Stock Exchange.

"**Esperanza**" means Compañia Minera Esperanza S.A., a company incorporated under the laws of Argentina, which company is a La Mancha Subsidiary conducting exploration in Argentina.

"Frog's Leg Mine" is an Australian mine, part of the Mungari East Joint Venture agreement between La Mancha and Dioro.

"**Gold Business**" means the gold mining assets which La Mancha holds, directly and indirectly, (i) in Australia through LMA Australia (formerly MRA), and (ii) in Sudan and the Côte d'Ivoire through Cominor.

"**Gold Business Companies**" means, collectively, LMA Australia (formerly MRA), Cominor, SMI and AMC.

"Hassaï mine" a Sudanese mine, operated and mined by the Ariab Mining Co. Ltd.

"**Hualilan Gold Project**" means a mining property of the Company located in the Ullum Administrative District of the San Juan Province in the Republic of Argentina.

"Ity mine" a mine in Côte d'Ivoire, operated and mined by the Société Minière d'Ity

"**La Mancha Argentina**" means La Mancha Resources Argentina Inc., a corporation incorporated under the *Business Corporations Act* (British Colombia), which is wholly-owned by La Mancha and which owns 45% of Patagonia.

"**LMA Australia**" means La Mancha Resources Australia Inc., formerly Mines & Resources Australia Pty Ltd., a corporation incorporated under the laws of Australia. On November 3, 2007, MRA changed its name to La Mancha Resources Australia Pty Ltd.

"MRA" means Mines & Resources Australia Pty Ltd., a corporation incorporated under the laws of Australia who prior to the RTO Transaction was a wholly-owned subsidiary of CAPL. On November 3, 2007 MRA changed its name to La Mancha Resources Australia Inc.

"Note" means a debt security that promises to pay interest during the term that the issuer has use of the money, and to repay the principal on or before the maturity date.

"NSR" means Net Smelter Return, the amount of money which the smelter or refinery pays the mining operator for the mineral product and is usually based on a spot, or current price of the mineral, with deductions for the costs associated with further processing.

"**NI 43-101**" means National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators, including the companion policy and form of technical report associated therewith.

"**Patagonia**" means Minera Patagonia S.A., a corporation incorporated under the laws of Argentina, 55% owned by, or on behalf of, La Mancha and 45% owned by La Mancha Argentina. On July 17, 2007, a

petition of bankruptcy was filed against Patagonia before the commercial courts of the city of Buenos Aires. As of December 31st, 2008, the procedures of bankruptcy were not completed.

"**PDAP**" means Placer-Dome Asia Pacific Ltd (now Barrick (PD) Australia), a company incorporated under the laws of Australia, which is a wholly-owned subsidiary of Barrick Gold Inc.

"**Red Lion**" means Red Lion Management Ltd., a corporation incorporated under the *Canada Business Corporations Act*, which holds approximately 4.23% of the Company's issued and outstanding Common Shares and which is wholly-owned by Berukoff Holdings Ltd. of which Walter H. Berukoff, former director of La Mancha, is a shareholder, director and officer.

"**RTO Transaction**" means the transaction pursuant to the Conveyancing Agreement whereby La Mancha issued to CFMM 90,000,000 Common Shares and 7,000,000 Warrants in exchange for the transfer to La Mancha of all the issued and outstanding shares of Cominor and MRA.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators and CDS & Co., www.sedar.com.

"**SDTF**" means the Sudan Divestment Task Force, which promotes disinvestment from publicly traded companies with operations in Sudan.

"**SMI**" means Société des Mines d'Ity, a corporation incorporated under the laws of Côte D'Ivoire in which Cominor holds a 45.9% equity interest.

"SODEMI" means Société pour le Développement Minier de la Côte D'Ivoire, a company incorporated under the laws of the Côte D'Ivoire.

"**US$**" means the U.S. dollar.

"**Usufruct Agreement**" means the rights to the economic benefits, as set forth under section 338 of the Argentinean Mining Code, of the Hualilan Gold Project established by agreement dated August 1, 2003 between CMEC and Patagonia.

"White Foil project" a 100% La Mancha owned advanced project in Australia

Technical Terms

"**Au**" gold.

"**belt**" a specific elongate area defined by unique geologic characteristics.

"CIL" means Carbon in leach, a recovery process in which a slurry of gold ore, carbon granules and cyanide are mixed together.

"**CIP**" means carbon in pulp, a technique for recovery of gold which has been liberated into a cyanide solution.

"**core**" a long, solid, cylindrical sample of rock, ranging from approximately 3.0 to 8.5 centimetres in diameter, brought to the surface by diamond drilling.

"DD" means diamond drilling, refers to the technology whereby rock is cut by a bit that is impregnated with diamond chips.

"**deposit**" a mineralized body which has been physically delineated by sufficient drilling, trenching and/or underground work and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing mineral reserves until final legal, technical and economic factors have been resolved.

"**feasibility study**" means under NI 43-101 a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production.

"**footwall**" the underlying side of a fault, orebody or mine, especially the wall rock beneath an inclined vein or fault.

"**g**" grams.

"**g/t**" grams per tonne.

"**g/t Au**" grams of gold per tonne.

"**geochemical**" pertaining to the chemistry of geological solids.

"**gossan**" an iron-bearing weathered product overlying the sulfide deposit.

"**grade**" the amount of mineral in each tonne of ore.

"**hanging wall**" the overlying side of a fault, orebody or mine, especially the wall rock above an inclined vein or fault.

"**host**" the body of rock in which mineralization of economic interest occurs.

"**kg**" means kilogram.

"**laterite**" a highly weathered red sub-soil.

"**leach**" to dissolve minerals or metals out of ore with chemicals.

"**lens**" a body of ore or rock that is thick in the middle and converges toward the edges, resembling a convex lens.

"lodes" a vein of mineral ore deposited between clearly demarcated layers of rock

"**mineral reserve**" the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Proven mineral reserve: The economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Probable mineral reserve: The economically mineable part of an indicated mineral resource, and in some circumstances a measured mineral resource, demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

"**mineral resource**": A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

Measured mineral resource: That part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Indicated mineral resource: That part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred mineral resource: That part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

"**mineralization**" the concentration of minerals within a body of rock.

"**ore**" a metal or mineral, or a combination of these, of sufficient value as to quality and quantity to enable it to be mined at a profit.

"**ounces**" Troy ounces = 31.103 grams.

"**oz**" Troy ounce(s).

"**pit design**" an open-pit contour surface based on an optimized pit shell which has been engineered in detail by adding access ramps and by smoothing of the pit walls. Pit designs are supported by detailed mining plans.

"**pulp**" a mixture of ground ore and water capable of flowing through suitably graded channels as a fluid.

"RAB drilling" meaning Rotary Air Blast Drilling, is a standard rotary drilling technique using compressed air as a drilling circulation medium.

"RC drilling" means reverse circulation drilling, a type of drilling that uses a large rotary drill and a compressor to blow the rock chips produced by the bit to the surface.

"**recovery**" a term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore.

"**reserves**" see "mineral reserves".

"**resources**" see "mineral resources".

"**saprolite**" a soft earthy, typically clay-rich, thoroughly decomposed rock.

"**SBR**" means silica-barite rock, an ore type found at the Hassaï mining complex of AMC.

"**silicification**" the introduction or replacement by silica, generally resulting in the formation of a fine grained quartz, chalcedony or opal, which may both fill pores and replace existing minerals.

"**stockwork**" a mineral deposit consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.

"**strike**" a horizontal direction or trend of a geologic structure.

"**sulphide**" a mineral compound in which one or more metals are found in combination with sulphur.

"**t**" metric tonnes.

"**tailings**" the material that remains after recoverable metals or minerals of economic interest have been removed from ore through milling.

"**vein**" a sheet-like body of minerals formed by fracture filling or replacement of host rock.

"VMS" means volcanogenic massive sulphides, a type of metal sulfide ore deposit which are associated with and created by volcanic-associated hydrothermal events in submarine environments

Currency and Exchange Rates

Throughout this AIF, references to "dollars", "CDN" or "$" means Canadian dollars, unless otherwise specified.

	Noon rate of exchange as reported by the Bank of Canada on March 27, 2009			
	U.S. Dollar	**Euro**	**Australian Dollar**	**Argentinean Peso**
Canadian Dollar	0.8070	0.6065	1.1620	3.0722

Metric Conversion Table

The following table sets forth certain factors for converting metric measurements into imperial equivalents. To convert from metric to imperial units, divide the metric unit by its corresponding value in the middle column. To convert from imperial to metric units, multiply the imperial unit by its corresponding value in the middle column.

METRIC Description and abbreviation		IMPERIAL UNITS Description and abbreviation
Length		
Millimetres – mm	25.400	Inches – in
Metres – m	0.3048	Feet – ft
Metres – m	0.9144	Yards – yd
Kilometres – km	1.609	Miles – mile
Area		
Square centimetres – cm^2	6.4516	Square inches – in^2
Square metres – m^2	0.0929	Square feet – ft^2
Hectares – ha	0.40469	Acres – acre
Square kilometres – km^2	2.5900	Square miles – sq mile
Weight		
Tonne (1,000 kg) - t	0.907185	Short ton (2,000 lbs) – st
		Troy ounce (31.103 gram) – oz

CORPORATE STRUCTURE

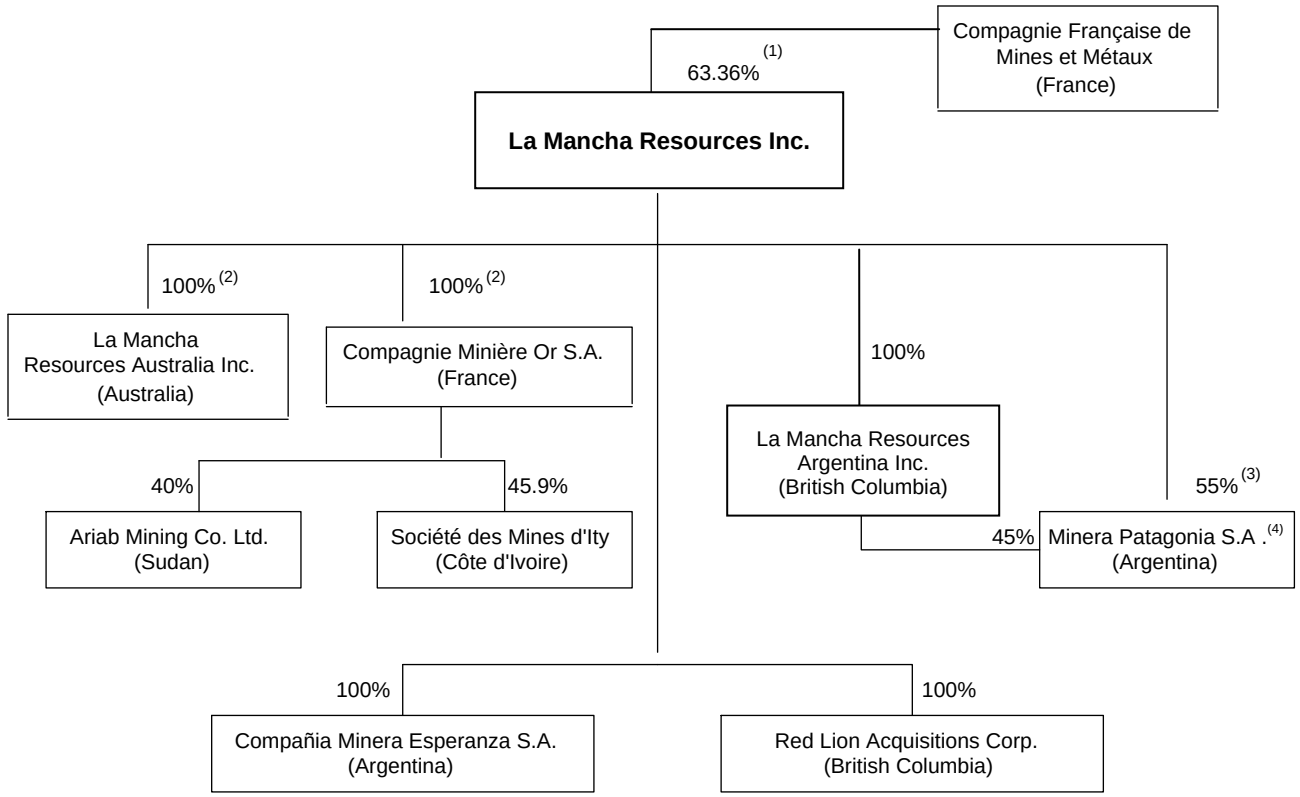
Name, Address and Incorporation

La Mancha Resources Inc.'s registered and record office is located at 550 Burrard Street suite 2900, Vancouver, British Columbia, V6C 0A3. Since February 5th, 2007, La Mancha's executive office is located at 2001 University, bureau 400, Montreal, Quebec H3A 2A6.

The Company was incorporated under the *Company Act* (British Columbia) on October 10, 1996 as 528944 B.C. Ltd. By articles of amendment filed November 27, 1996, the Company changed its name to "La Mancha Resources Inc." On March 31, 2005, it transitioned to the *Business Corporations Act* (British Columbia).

Intercorporate Relationships

The following diagram illustrates the current corporate structure and intercorporate relationships of La Mancha:



(1) Following the RTO Transaction, CFMM became the principal shareholder of La Mancha. As of the date of this AIF, CFMM owns approximately 63.4% of all outstanding Common Shares, and 59.5% on a fully diluted basis. CFMM is a wholly owned subsidiary of AREVA NC.

(2) Subsidiaries acquired by La Mancha in the context of the RTO Transaction.

(3) In accordance with Argentinean law, 5% of these shares are held under the name of Walter H. Berukoff on behalf of La Mancha.

(4) On July 17, 2007, a petition of bankruptcy was filed against Patagonia before the commercial courts of the city of Buenos Aires. As of December 31st, 2008, the procedures of bankruptcy were not completed.

GENERAL DEVELOPMENT OF LA MANCHA'S BUSINESS

Three Year History

Prior to the closing date of the RTO Transaction on September 28, 2006, the Company held three mineral exploration projects in the San Juan Province, Argentina namely, the Hualilan Gold Project, the Ortiguita Gold Project and the San Francisco Gold Project.

On May 19, 2006, La Mancha and CFMM (a wholly owned subsidiary of AREVA NC) entered into the Conveyancing Agreement providing for the terms and conditions of the RTO Transaction pursuant to which La Mancha acquired all of the issued and outstanding shares in MRA and Cominor in exchange for the issuance by La Mancha to CFMM of 90,000,000 Common Shares and 7,000,000 common shares purchase warrants ("Warrants"). In June 2006, La Mancha completed a private placement of approximately $26.8 million subscription receipts for gross proceeds of approximately $40.3 million which were held in escrow pending closing of the RTO Transaction. Shareholder approval for the RTO Transaction and related matters was obtained on September 20, 2006. On September 27, 2006, the Company acquired the remaining 49% interest in the White Foil mine from GKL Resources Pty Limited. Closing of the RTO Transaction occurred on September 28, 2006 which triggered the exchange of the subscription receipts for Common Shares. Following the RTO Transaction, CFMM became the principal shareholder of La Mancha owning approximately 63.4% of the outstanding Common Shares, and 57.8% of the outstanding Common Shares on a fully diluted basis (taking into account the Warrants and other outstanding options and rights to acquire Common Shares). As a result of the acquisition of the Gold Business Companies upon closing of the RTO Transaction, La Mancha became a producing mining company (See *"Description of the Business"* and the August 2006 Circular *"The Transaction and Related Matters – Conveyancing Agreement"*) with two mines in production, the Hassaï mine in Sudan, the Ity mine in Côte d'Ivoire.

On September 4, 2007, La Mancha was informed that two notes held by the Company, which were due and payable on September 4, 2007, for a $12.0 million principal amount of Canadian non-bank sponsored asset backed commercial paper ("ABCP") remained outstanding as a result of the inability for the issuers to complete a rollover on the due date because of lack of liquidity for ABCP. At the date at which that Company acquired the investments, the notes were rated R-1 (High) by DBRS, the highest credit rating for commercial paper. In 2007 a group representing banks, asset providers and major investors had agreed in principle to a long-term proposal and interim standstill agreement to convert the ABCP into term floating-rate notes ("FRNs") maturing no earlier than the schedules maturity dates of the underlying asset. Since, as of December 31st, 2007, the restructuration of the ABCP into term flotation rate notes had not been completed, the ABCP no longer qualified as cash equivalents and were therefore reclassified as long term investments. On January 12, 2009, the Superior Court of Ontario granted the Implementation Order for the Restructuring Plan and on January 21, 2009, the Restructuring Plan was completed. (See "*Risk Factors*" *– Restructuring of the ABCP market*")

In 2008, the Frog's Leg project was successfully converted into an underground mine with the first gold pour occurring on May 13, 2008, achieving commercial production standards on January 1, 2009.

Through its interest in AMC, SMI, and LMA Australia, La Mancha operates the Hassaï mine in Sudan, the Ity mine in Côte d'Ivoire, and the Frog's Leg mine in Australia, respectively. Over the years ended on December 31, 2006, 2007 and 2008, La Mancha respectively produced 62,300, 53,900, and 71,550 ounces of gold.

2009 Outlook

La Mancha expects to produce between 85,000 and 100,000 ounces of gold in 2009, with the bulk of the production increase expected to come from the newly-producing Frog's Leg mine in Australia. Improved performance at the Ity mine in Côte d'Ivoire is also expected to help increase La Mancha's attributable production, while gold production at the Hassaï mine in Sudan is expected to remain stable as the transition from siliceous-baritic rock (SBR) to quartz ore continues.

Significant Acquisition

During the financial year ended December 31, 2008, the Company did not complete any significant acquisition for which disclosure was required under Part 8 *Business Acquisition Report* of National Instrument 51-102, *Continuous Disclosure Obligations*.

DESCRIPTION OF THE BUSINESS

General

The Company is an international gold producer based in Canada with operations, development projects and exploration activities in Africa, Australia and Argentina. La Mancha's Common Shares trade on the Toronto Stock Exchange ("TSX") under the Symbol "LMA".

La Mancha is involved in the mining, exploration and production of gold and defines its operating segments on a country-by-country basis, being Sudan (where it carries on mining production and has exploration tenements), Côte d'Ivoire (where it carries on mining production and has exploration tenements), Australia (where it carries on mining production, possesses a former mining project under development for the resumption of mining and has exploration tenements), and Argentina (where it possesses exploration tenements). Relative to its other mineral projects in Sudan, Côte d'Ivoire and Australia, La Mancha does not consider any of its activities in Argentina as material per section 5.4 of 51-102F2 *Annual Information Form* and section 2.4 of *Companion Policy 43-101CP* to NI 43-101.

The Company pursues more specifically the following activities: exploration for and delineation of mineral deposits; development and pre-production of deposits; construction of facilities required for mining; underground and open pit mining; drying, milling and concentrating to produce a commercial product and marketing of minerals, metals and concentrates.

The following table summarizes certain characteristics of each of the mining properties located in Australia, Côte d'Ivoire and Sudan that the Company considers to be its reportable segments.

	Mineral Project			
	Frog's Leg	**White Foil**	**Ity Mine**	**Hassaï Mine**
La Mancha equity	51% [(1)]	100%	45.9% [(2)]	40%[(2)]
Location	Australia	Australia	Côte d'Ivoire	Sudan
Subsidiary	LMA Australia	LMA Australia	SMI	AMC
Stage: exploration, development or production	Producing and actively exploring	Development, feasibility study completed February 2009	Producing and actively exploring	Producing and actively exploring
Period of operation	Year round	Year round[(3)]	Year round except for average of 49 days per year due to rainfall	Year round
Mine type	Underground	Open pit	Open pit	Open pit

(1) Through the Mungari East Joint Venture. (See "*Mineral Projects – Frog's Leg (Australia)*").
(2) Through Cominor, a wholly-owned subsidiary of La Mancha.
(3) White Foil is not yet in production. The Company expects to restart production at White Foil upon the conclusion of a favourable milling agreement.

Specialized Skill and Knowledge

Most aspects of La Mancha's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, mine development, mining, milling, metallurgy, production, smelting and refining, metals marketing, mechanics, electrical power generation, transportation, finance and accounting. La Mancha's management has many of these skills, however, it is necessary to locate and retain employees or consultants to assist in these areas.

Competitive Conditions

Competition in the mineral exploration and production industry is important. La Mancha is a junior mining company that competes with other mining companies, many of which have greater financial resources and technical facilities, for the acquisition and development of, and production from, mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants.

Environmental Protection

All phases of La Mancha's operations are subject to environmental regulation in the jurisdiction in which it operates. Environmental legislation is evolving in a manner, which requires stricter standards and enforcement, and more stringent environmental assessments of proposed projects and a heightened degree of responsibility for corporations and their officers, directors and employees. While manageable, the Company expects that this evolution might result in increased costs and decreased production and revenue to La Mancha in the current and ensuing years.

La Mancha has implemented an environmental management system covering all aspects of the mining cycle. The environmental management system implemented at its Australian mines is fully compliant with West Australian legislative requirements as cited by the Department of Environment and Conservation (Environmental Protection Act 1987). In high-risk areas, such as the design and operation of tailings dams, La Mancha contracts independent review boards to oversee design and ongoing operating practices. La Mancha also has emergency plans to deal with any incidents.

Employees

As of December 31, 2008, the Company had more than 1200 employees operating three gold mines in Africa and Australia and actively developing another gold project in Australia.

Foreign Operations

La Mancha's business is dependent on its foreign operations in Africa, Australia, and Argentina.

Bankruptcy and Similar Procedures

Except as disclosed below, there are no proceedings against the Company or its subsidiaries in the nature of bankruptcy, receivership or similar proceedings within the three most recently completed financial years and up to the date of this Annual Information Form.

On July 17, 2007, a petition of bankruptcy was filed against Patagonia before the commercial courts of the city of Buenos Aires. Patagonia was the beneficiary of a usufruct over properties located in Argentina referred to as the Hualilan Gold Project, which is comprised of two mining complexes, Hualilan I and Hualilan II. Patagonia was committed to a mortgage payable associated with the Hualilan I mining complex. The mortgage payable was initially to be discharged by a series of monthly payments, commencing January 2005, denominated in ounces of gold. The petition of bankruptcy, filed on July 17, 2007, against Patagonia by the mortgage holder before the commercial courts of the City of Buenos Aires refers to an estimated debt in the amount of US$8,626,341 plus interest and fees. This petition of bankruptcy was registered by the court on December 12, 2007 and on November 20, 2008, the court accepted the petition and officially declared Patagonia bankrupted. The court has assigned a trustee to present a plan to the creditor for the distribution of the assets. To date, no plan was presented. The procedures of bankruptcy are not completed. Following the loss of control over the entity, La Mancha has de-consolidated all the assets and liabilities associated with Minera Patagonia S.A. from its consolidation and presented the resulting liability as a current liability.

Reorganizations

Since the completion of the RTO Transaction on September 28, 2006, the Company and its subsidiaries have not undergone any material reorganization and there is no proposed material reorganization for the current financial year.

Social or Environmental Policies

La Mancha has adopted a pro-active approach of continuously assessing the impact and consequences of the mines it operates in the environment where they are located. La Mancha's objective aim is to create value not only for its shareholders but for all its stakeholders. Therefore, in addition to respecting the traditional profitability concerns of widely-held corporations, La Mancha has elected to become a positive force for the community where it operates through regional development, worker health and safety and environmental responsibility.

This responsible approach becomes particularly important with respect to the Company's operations in Sudan. The severity and complexity of the country's internal dynamics forces La Mancha to assess the impact of its investment in the Hassaï mine on a continual basis. La Mancha has adopted a policy on its ongoing operations and investment in Sudan. This policy is available on our web site at www.lamancha.ca.

In 2007, La Mancha's pro-active approach in Sudan was acknowledged by SDTF, a project of the Genocide Intervention Network.

RISK FACTORS

Investment in exploration, development and production is highly speculative and subject to numerous and substantial risks. The Company's operations and financial performance are subject to the normal risks of mining and are subject to various factors which are beyond the control of the Company; the section below provides a description of the most material risks affecting La Mancha.

Changes in the market price for gold may affect La Mancha's operations

La Mancha's operations may be significantly affected by changes in the market price of gold. Gold production from mining operations and the willingness of third parties, such as central banks, to sell or lease gold affect the supply of gold. Demand for gold can be influenced by economic conditions, gold's attractiveness as an investment vehicle and the strength of the US dollars and local currencies. Other factors include the level of interest rates, exchange rates, inflation and political stability. The aggregate effect of these factors is impossible to predict with accuracy. Worldwide production levels also affect gold prices. In addition, the price of gold has on occasion been subject to very rapid short-term changes because of speculative activities. Fluctuations in gold prices may adversely affect La Mancha's financial performance and result of operations. Any gold price decline would delay or reduce La Mancha's production.

Use of commodities or derivative instruments

On February 4, 2009, La Mancha announced that it would implement a partial hedging program designed to secure significant cash flow from approximately 34% of its 2009 gold production while maintaining significant exposure to future gold price increases. The program was designed to guarantee a minimum selling price of AUD1,210 and €580 per ounce for approximately 50% of La Mancha's combined 2009 attributable production respectively from the Frog's Leg and Ity mines. It is important to note that the program allows La Mancha to fully benefit from any future rise of up to AUD1,795 and €893 in the gold price per once for production from the Frog's Leg and Ity mines, respectively.

For the remainder of the not hedged production, as a general rule, La Mancha will sell its gold production at market prices. Management may make the decision to not use commodity or derivative instruments to protect against low gold prices with respect to its production. If La Mancha does not use such hedging instruments, it will be exposed to the impact of any significant reduction in the price of gold.

In general, hedging reduces the risk of exposure to volatility in the gold price. Hedging also enables a gold producer to fix a future price for hedged gold that generally is higher than the then-current spot price. For the portion of production that is not hedged, La Mancha will not be protected against decreases in the gold price, and if the gold price decreases significantly, La Mancha will run the risk of reduced revenues in respect of gold production that is not hedged.

Additional financing may be required to fund La Mancha's activities

A portion of La Mancha's activities will be directed to the search for and the development of new mineral deposits, and the producing of the mining properties acquired through the Gold Business Companies and significant capital investment will be required to achieve successful commercial production from such properties. In addition, significant capital investment may be required in order to maintain or expand the operations of La Mancha. There is no assurance that La Mancha will have, or be able to raise, the required funds to engage in these activities.

Restructuring of the ABCP market

It might not be possible for the Company to monetize the notes inherited by La Mancha following the restructuring of the ABCP Market. If La Mancha was unable to monetize such notes, its financial position may be adversely impacted which, in turn, could adversely affect the ability for the Company to implement its business plan as currently contemplated. (*See "General Development of La Mancha's Business" – Three Year History*).

Australian Milling Capacity

La Mancha does not own any milling equipment in Australia, therefore the Company's Australian Frog's Leg mine and White Foil project will rely on external milling plants to treat the ore that they produce. Consequently, the Company's capacity to produce gold from the two Australian properties is directly linked to its ability to enter into economically viable mining, haulage, and milling agreements with local providers.

La Mancha's projects are located in foreign countries

Substantial portions of the assets of La Mancha are located in a jurisdiction outside of Canada. As a result, it may be difficult for investors in Canada to enforce judgments obtained against La Mancha in Canada if the damages awarded exceed the realizable value of La Mancha's Canadian assets.

Changes, if any, in mining or investment policies or shifts in political attitude in the countries where the Gold Business Company properties are located may adversely affect La Mancha's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

There is no assurance that future political and economic conditions in countries in which La Mancha operates or will operate and other countries in which La Mancha has or will have exploration properties and royalties will not result in their governments adopting different policies respecting foreign ownership of mineral resources, taxation, rates of exchange, environmental protection, labour relations, repatriation of income or return of capital. The possibility that a future government in any of these countries may adopt substantially different policies, which might extent to the expropriation of assets, cannot be ruled out. La Mancha's ongoing operations in Sudan, a country subject to economical and political sanctions, may limit the Company's growth and development in such country.

Mining

Mining operations generally involve a high degree of risk. La Mancha's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

Exploration and Development

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by La Mancha will result in a profitable commercial mining operation. Significant capital investment is required to achieve commercial production from successful exploration efforts.

The commercial viability of a gold deposit is dependent upon a number of factors. These include deposit attributes such as size, grade and proximity to infrastructure, current and future gold 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 complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in La Mancha not receiving an adequate return on invested capital.

Cash Production Costs Factors

Cash costs to produce an ounce of gold are dependent on a number of factors, including the grade of reserves. Furthermore, no assurance can be given that the intended or expected production schedules or the estimated direct operating cash costs will be achieved in respect of the operating gold mines in which La Mancha has an interest or in respect of operating gold mines or mines subject to royalties in which La Mancha has an interest. In addition to engineering, operating and capital cost factors, the revenues of La Mancha from its operating gold mines will depend on the extent to which expected operating costs in respect thereof are achieved. Short-term operating factors, such as the need for the orderly development of orebodies or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period.

Energy

La Mancha's operations consume significant amounts of energy and are dependent on suppliers to meet these energy needs. In some cases, no alternative source of energy is available. Although never impacted by serious energy shortage, La Mancha's operations remain subject to this risk.

Exchange Rate Fluctuations

La Mancha conducts all of its operations in currencies other than Canadian dollars. La Mancha's operations in Sudan are substantially paid for in Sudanese dinars, for which foreign exchange transactions are restricted. La Mancha's operations in Côte d'Ivoire are substantially paid for in Central African francs, which are pegged at a fixed rate to the Euro. La Mancha's operations in Australia are substantially paid for in Australian dollars. Many inputs to the mining industry, including but not limited to mobile equipment and spare parts, and mining processing plants, equipment and components, are priced in U.S. dollars or Euros. There has been an overall trend in the last five years of a deterioration of the exchange rate of the U.S. dollar against each of the Australian and Canadian dollar and the Euro. However, within shorter time frames each of these currencies has demonstrated significant variation against the U.S. dollar, and against one another.

The price of gold is denominated in United States dollars and, accordingly, La Mancha's results of operations, if any, will be denominated and paid in United States dollars. In order to earn or maintain property interests, certain of La Mancha's payments are to be made in the local currency in the jurisdiction where the applicable property is located. As a result, fluctuations in the United States dollar against the Canadian dollar and each of those currencies against the Australian dollar and the Euro, or local currencies in other jurisdictions where properties of La Mancha are located, could have a material adverse effect on La Mancha's financial results which are denominated and reported in Canadian dollars.

Reserve and resource estimates

La Mancha's reserve and resource estimates are based on a number of assumptions, changes to which may require revisions to such estimates.

Reserves and resources are an estimate of mineral content based on limited information, available at the moment of their calculation and acquired through drilling and other sampling methods. The figures for reserves and resources presented in this AIF 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 realized. The ore grade actually recovered may differ from the estimated grades of the reserves and resources. Such figures have been determined based upon assumed gold prices and operating costs. Future production could differ dramatically from reserve estimates for, among others following reasons: mineralization or formations could be different from those predicted by drilling, sampling and similar examinations; increases in operating mining costs and processing costs could adversely affect reserves; the grade of the reserves may vary significantly from time to time and there is no assurance that any particular level of gold may be recovered from the reserves; any declines in the market price of gold may render the mining of some or all of the reserves uneconomic.

Any of these factors may require La Mancha to reduce its reserves estimates or increase its costs. Short-term factors, such as the need for the additional development of a deposit or the processing of new different grades, may impair La Mancha's profitability. Should the market price of gold fall, La Mancha could be required to materially write down its investment in mining properties or delay or discontinue production or the development of new projects.

Environmental Hazard

La Mancha is vulnerable to various environmental incidents that can have a significant impact on its operations. All phases of La Mancha's operation are subject to environmental regulation. Environmental legislation is evolving in a manner which 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. Future changes in environmental regulation could adversely affect La Mancha's operations by increasing costs and reducing profitability. (See "*Description of the Business – Environmental Protection*".)

LMA Australia Joint Ventures

LMA Australia is a party to several joint venture agreements. Pursuant to the terms of each of the Mungari East, Polaris, West Kalgoorlie, Cutter's Ridge, and Kintore East joint venture agreements, LMA Australia has undertaken, in favor of its joint venture partner, to transfer its joint venture interest in each such joint venture to CAPL free of any cost to the other party to such joint venture agreement should LMA Australia cease to be, directly or indirectly, a majority held subsidiary of the AREVA Group.

Insurance and Uninsured Risks

La Mancha's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to La Mancha's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although La Mancha expects to maintain insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. La Mancha may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to La Mancha or to other companies in the mining industry on acceptable terms. La Mancha might also become subject to liability for pollution or other hazards which may not be insured against or which La Mancha

may elect not to insure against because of premium costs or other reasons. Losses from these events may cause La Mancha to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Communities

La Mancha's exploration and production mining operations will have an impact on the communities in which they are situated and will depend for their success on the support of those communities. While La Mancha's is committed to consulting and working constructively with local communities on such issues as safety and health, opportunities for local people and long-term sustainability there is no guarantee of receiving the support of these communities. (See "*Description of the Business – Social and Environmental Policies*").

Labour and Strikes

La Mancha is dependent on its workforce to extract and process minerals. La Mancha has programs to recruit and train the necessary manpower for its operations, and endeavours to maintain good relations with its workforce in order to minimize the possibility of strikes, lockouts and other stoppages at its work sites. Although never impacted by serious problems with strikes, lockouts or other work stoppages at its sites, La Mancha's operations remain subject to this risk.

Competition

The mining business is competitive in all of its phases. La Mancha competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than La Mancha, in the search for and the acquisition of attractive mineral properties. La Mancha'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 suitable producing properties or prospects for mineral exploration as those from the Gold Business Companies. There is no assurance that La Mancha will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Expansion through acquisitions

To the extent that La Mancha seeks to expand through acquisitions, it may experience problems in executing additional acquisitions or managing and integrating the acquisitions with its existing operations.

In order to expand its operations and reserve base, La Mancha may seek to make additional acquisitions of selected precious metal producing companies or assets. La Mancha's success at making any acquisitions will depend on a number of factors, including, but not limited to: negotiating acceptable terms with the seller of the business to be acquired; obtaining approval from regulatory authorities and the jurisdiction of the business to be acquired, as applicable; assimilating the operations of an acquired business in a timely and efficient manner; implementing uniform standards, controls, procedures and policies at the acquired business; and to the extent that La Mancha makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Any problems experienced by La Mancha in connection with an acquisition as a result of one or more of these factors could have a material adverse effect on its business, operating results and financial condition.

Foreign Subsidiary

La Mancha conducts operations through foreign subsidiaries and joint ventures, and substantially all of its assets are held in such entities. Accordingly any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict La Mancha's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist in the future, could have an adverse impact upon La Mancha's valuation and stock price.

Performance of Key Personnel

La Mancha is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on La Mancha. La Mancha is also subject to the risk of a highly competitive market for the hiring and retention of key personnel.

MINERAL PROJECTS

Frog's Leg (Australia)

Ownership and property description

The Frog's Leg gold deposit is part of the Mungari East Joint Venture agreement between La Mancha and Dioro. La Mancha is 51% owner and operator of the project while the remaining 49% is held by Dioro.

Location, Access, Climate and Infrastructure

The Frog's Leg gold deposit is located 20 kilometres (km) west of Kalgoorlie, in Western Australia, and is easily accessible by road. The climate permits exploration and mining activities to be carried out over twelve months of the year. Elevation is approximately 340 metres (m) above sea level. Terrain consists of salt lakes, salt flats, dunes and low ridges underlain by transported alluvium and lacustrine clay. Existing mine infrastructure at the Frog's Leg mine site consists of access roads and dewatering equipment for the pit. Power is provided by diesel generators.

Geological Setting and Mineralisation

The Frog's Leg deposit occurs in the southern portion of the Kundana mining district in the Norseman Wiluna Belt of the Eastern Goldfields Province, in the Archean-aged Yilgarn Craton. The Norseman-Wiluna granite-greenstone belt extends for 600km in a NNW direction and it hosts a globally-significant number of gold and nickel sulphide deposits. The Kundana mining camp generally hosts gold mineralisation in quartz lodes and veins, structurally emplaced within shale horizons and/or along lithology contacts. La Mancha's 100%-owned White Foil deposit is situated 2km southwest of Frog's Leg. La Mancha owns or controls several other smaller deposits in the area including Kopai South and Cutters Ridge. There are several significant operating or closed gold mines in the Kundana district, including Strzelecki, Barkers, and the Raleigh South and North Pits.

Frog's Leg mineralisation occurs in a number of structural styles along a nine-hundred metre-long NNW-trend. Mineralisation occurs as sub-vertical, tabular lodes along a faulted volcanoclastic/catrock basalt contact, which is divided into six zones referred to as Mist, Fog, Marsh and Bull to the north, and Rocket and Whistle to the south. Quartz lode mineralisation occurs within the volcanoclastic footwall east of the contact zone as somewhat irregular vein structures dipping towards the west into the sub-vertical contact zone. Less frequently quartz vein structures occur on the hanging wall side of the contact. These include the Fog lode, situated west of the Mist contact zone, and Whistle, west of Rocket. Structural styles and differences in rock properties play a major role in gold deposition. For example, competency contrasts

between more and less brittle rocks influence the formation of gold-hosting quartz veins during deformation, and the variable iron content in different host rocks influences the chemical precipitation of gold from ore fluids.

History

The Frog's Leg open pit deposit was discovered by air-core drilling in late 1999, followed by diamond drilling in January 2000. The discovery was preceded by an extensive geochemical sampling program following previous discoveries to the north (Rubicon, Pegasus and Hornet deposits). In total, 134,576m in 1,204 holes have been drilled to date with 25% of the drill metres consisting of RC drilling, 28% of RC drilling with diamond tail, 30% of diamond core, 10% aircore, and 7% aircore with diamond tail. A technical-commercial study was completed in 2002 by Mines and Resources Australia (MRA), the previous operators. Open pit production began in April 2004 and the first gold was poured in July 2004.

The prior open-pit operation minimized capital requirements by using a mining contractor, who supplied personnel and equipment, and by trucking ore to the Greenfields toll mill in the Coolgardie area 26km to the southwest. Mining infrastructure was minimal as the operation was run from the White Foil facilities, which included offices, workshop, wash bay and access roads. A second open pit at White Foil, 2km to the southwest of Frog's Leg, was exploited during 2002 to 2003 by previous operator Mines and Resources Australia (MRA).

During eighteen months of production, ended in 2005, 832,976t of Frog's Leg ore was milled at a head grade of 4.50g/t. Recovered gold totaled 116,611 ounces (oz) (96.8% overall recovery). The mined material consisted primarily of steeply-dipping quartz lodes located within the Rocket zone footwall, immediately east of the contact structure between the "catrock" basalt and volcanoclastic units.

Mining in the open pit was terminated in October 2005 with the last of the ore treated during fourth quarter 2005. The property remained on a care and maintenance basis until 2006, when La Mancha began a significant diamond drilling program, in order to define potential resources for an underground mining operation. Following conclusive drilling programs and resource increases, a positive feasibility study was issued in December 2007. Frog's Leg was successfully converted into an underground mine with the first gold pour occurring on May 13, 2008, less than 12 months after the beginning of construction. Since then, the mine has steadily increased its performance and was considered as having achieving commercial production standards on January 1, 2009. More information concerning the current underground mining operation is provided in the following *Mining Operation section*.

Mining Operation

The Frog's Leg deposit is mined by means of an underground decline. The 2007 Definitive Feasibility Study (DFS) indicates an average production rate of 545,000t per annum at full capacity. The average grade is 5.41g/t. The ore is produced by means of Longhole Open Stoping with fill. The high in situ stress environment and the competent rock quality result in a seismically active mining environment. This seismicity risk is being minimised by adopting a 'bottom up' mining sequence/retreat front which systematically pushes the stress field and requires the completion of most of the pre-mining development prior to stope extraction.

La Mancha's share of the Frog's Leg ore production is processed at the Greenfield plant, located 26km SW of the mine. The Greenfield mill is owned and operated by Higginsville Mining a subsidiary of FMR Investments. It utilises standard 3 stage crushing, ball milling, gravity and CIP circuits for gold recovery. In accordance to a three-year agreement entered between Higginsville and La Mancha, the Company is entitled to process a minimum of 300,000 tonnes of ore per year at the plant until June 2011.

As indicated in the December 2007 feasibility study, based on mineral reserves as at December 31, 2007, the Frog's Leg Mine is expected to operate until the end of 2016 with a yearly production of 73,743 ounces (37,609 ounces attributable to La Mancha). However, following the addition of 267,000 Measured and Indicated ounces (136,170 ounces attributable to La Mancha) in April 2008, a new mining plan is currently being studied.

The following table indicates operating information for La Mancha's share of the Frog's Leg Gold Mine for the last two years:

Frog's Leg Mine (51%)	2007	2008
Ounces (Au)	-	15,375
Tonnage milled (tonnes)	-	159,370
Grade milled (g Au/t)	-	3.3
Recovery (%)	-	92

Since its inauguration in May 2008, the Frog's Leg mine has generated 15,375 ounces of gold for La Mancha. During its first full year of commercial production in 2009, Frog's Leg is expected to generate up to 42,000 ounces of gold for La Mancha, at a cash cost of US$450 per ounce. Frog's Leg is expected to operate at full production capacity throughout 2009, in the wake of the mining momentum gained towards the end of 2008 in terms of increased underground tonnage mined per month and improved ore grade.

Mineral Resources and Mineral Reserves

The December 31st, 2008 global reserve and resource estimate for the Frog's Leg mine is shown in the following table:

Resources shown inclusive of reserves	100% basis			La Mancha's share (51%)		
	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Proven Reserves	936,788	5.63	169,445	477,762	5.63	86,417
Probable Reserves	2,414,125	5.33	413,472	1,231,204	5.33	210,871
Total proven and Probable	3,350,913	5.41	582,917	1,708,966	5.41	297,288
Measured Resource	429,420	7.20	98,940	842,000	7.20	194,000
Indicated Resources	1,770,720	6.70	380,970	3,472,000	6.70	747,000
Total Measured and Indicated	2,200,140	6.80	479,910	4,314,000	6.80	941,000
Inferred Resources	463,080	5.90	87,210	908,000	5.90	171,000

Measured and Indicated resources at the Frog's Leg gold project in Australia have increased by more than 30% compared to the June 2007 resource estimate and by more than 140% compared to the resource estimate of December 31, 2006. The project's measured and indicated resources now stand at 941,000 ounces of gold (479,910 oz attributable to La Mancha), up from the previously-stated 723,000 ounces of gold (368,700 oz attributable to La Mancha). Reported reserve figures have been calculated using an Au cut off grade of 3.0g/t and a gold price of US$675/oz.

As indicated in the December 2007 feasibility study, based on mineral reserves as at December 31, 2007, the Frog's Leg Mine is expected to operate until the end of 2016 with a yearly production of 73,743 ounces of gold (37,609 ounces attributable to La Mancha). However, following the addition of 267,000 Measured and Indicated ounces (136,170 ounces attributable to La Mancha) in April 2008, a new mining plan is currently being studied.

Year to date December 2008 Frog's Leg Proven and Probable reserves have been depleted 38,575 ounces (19673 ounces attributable to La Mancha). However we have mined 41,193 ounces. The difference is because we have discovered and mined additional ounces within and outside the measured and indicated region. La Mancha has milled 15,377 ounces year to date December 2008. In 2008 exploration has added 267,000 ounces of gold resource (136,170 ounces attributable to La Mancha).

Exploration and Development Activities

Priorities for 2009 include completing the review of the mining plan to integrate the 37% increase in measured and indicated resources announced in April, 2008. Expected at the end of the second quarter of 2009, the new mining plan is likely to allow an increase in the Frog's Leg production rate. Moreover, Frog's Leg delineation will continue with a new resource for March 2009, to include underground drilling from the southern extension and "Gap" region drilling. Future drilling underground during the 2009 period will be used to define the Lodes for stoping purposes.

Detailed and comprehensive mapping has been undertaken on Kalgoorlie tenement land holdings has indentified additional perspective drill targets around the Park Dam properties, co-owned with Barrick Gold. The Park Dam properties possibly hold the southern continuation of the Frog's Leg shear (Mungari Shear) and the Southern Cross Porphyry. Drill programs of RC will test across these tenements. Additional drilling will take place at the Firefly on the Kurranwang trend, a conceptual target that shows strong magnetic response in aerial magnetic and strong geological characteristic in multi-element and alteration data.

White Foil (Australia)

Ownership and property description

The White Foil gold mine development project is part of the La Mancha package of gold assets having been acquired from AREVA in the RTO. Mines and Resources Australia (MRA) was the previous owner of the deposit. La Mancha Resources Australia Pty. Ltd. is the 100% owner of the White Foil project having exercised a first right of refusal on the Placer-Dome Asia Pacific (PDAP) 49% interest in the Mungari West JV for Aus$2.5 million on 27 September 2006.

The Mungari West Project comprises ten tenements totalling 3,875.80 hectares enclosing the deposit. The tenements are made up of two granted mining leases, three granted miscellaneous licences, and five mining lease applications awaiting approval and reversion to a single Exploration Licence. Three of the tenements contain the White Foil mine and on these tenements environmental bonds have been lodged totalling Aus$859,000. A 2.5% royalty on production is payable to the state of Western Australia.

Location, Access, Climate and Infrastructure

The White Foil mine is located 20 kilometres (km) directly west of the city of Kalgoorlie-Boulder in Western Australia. The project is easily accessed by road and may be worked for 12 months of the year. Elevation is approximately 340 metres (m) above sea level. Terrain consists of salt lakes, salt flats, dunes and low ridges underlain by transported alluvium and lacustrine clay. Mining infrastructure consists of offices, workshop, wash bay and access roads. These facilities are utilized in conjunction with the Frog's Leg deposit, located 2.5 km to the north east.

Geological Setting and Mineralisation

The White Foil deposit occurs in the southern portion of the Kundana mining district within the Norseman Wiluna Belt of the Eastern Goldfields province – part of the Yilgarn Craton. Archaean in age, the Norseman-Wiluna granite-greenstone belt extends for 600 km in a NNWerly direction. The Kundana

mining camp generally hosts mineralization in quartz veins emplaced within shale horizons and/or along lithology contacts.

White Foil gold mineralization occurs within a stockwork of fine quartz veins and their alteration halos. Host rock for the vein network is a brittle quartz-rich differentiated portion of a gabbroic sill in and near the contact with Black Flag volcanoclastic strata. Alteration consists of silicification, leaching and strong sulphidation with pyrrhotite the dominant sulphide. The mineralized zone is approximately 300 m long, 60-70 m wide and dips westerly at -65º. The original feasibility called for a final pit depth 160 m below surface. However, drilling has confirmed mineralization to depths of 750 m. The zone trends NNWerly in the southern portion and NNEerly in the north with this latter trend coinciding with richer gold values.

History

Discovery of the White Foil deposit was made in 1996 preceded by an extensive geochemical sampling program followed by diamond drilling. Some 144,000 m were drilled in total with 51% consisting of RC drilling, 26% RAB, 12% diamond core and 10% aircore. A feasibility study was completed in 1999 with open pit production commencing February 2002 and the first gold pour in August 2002.

The initial open-pit operation used mining contractors who supplied their own mining equipment and trucked the MRA 51% share of ore to two custom toll mills in the Coolgardie area 24 km to the southwest: the Three Mile and Greenfields mills.

During the nineteen months of operation 1.66 million tonnes of White Foil ore were milled at a head grade of 2.43 g/t gold recovering 121,398 ounces of gold (93.8% overall recovery). MRA's net gold proceeds totalled 58,722 oz. PDAP trucked their portion of ore to their own Paddington mill facility.

Following excessive inflow of saline ground water into the pit, and while exhaust and saline water disposal capacities were limited, mining operations had to be suspended in August 2003. Following its acquisition by La Mancha in 2006, approvals to recommence mining were granted by Government authorities, the pit was fully dewatered and was followed by a drilling program.

For reasons of safety and viability, the original White Foil pit design cannot be followed. A smaller pit at the bottom of the current pit was identified as the best option for a direct continuation of the project. This is referred to as Phase 1. Phase 2, needing a cutback of the existing pit crest to create a larger pit, to exploit more of the White Foil resource is currently being rigorously examined.

Following a resource expansion in June, 2008, a feasibility study for White Foil Phase 1 was published on March 5th, 2009. As the first phase of the project is already fully permitted and requires minimal development, White Foil is expected to start production of 76,000 ounces of gold as soon as a satisfactory milling agreement is signed. More information concerning the feasibility study is provided in the following *Mining Operation section*.

Mining Operation (feasibility study highlights)

At the end of dewatering, a mining contractor was engaged to clean the pit of mud and debris. This work was completed in the first quarter of 2008. A bonus for the operation was recovering broken ore stocks left behind by previous mining. During the first quarter of 2008, 1,910 ounces of gold were recovered from the broken ore inventory that was hauled to and treated at the Greenfields mill. A total of 24,630 tonnes of ore were milled.

Going forward, management decided to split the potential of White Foil into two distinct phases, issuing the White Foil Phase 1 feasibility study on March 5th, 2009. Management considers that the mining envisaged in the Phase 1 feasibility study in no way precludes the possibility of mining a Phase 2 pit (i.e. a cutback of the existing pit crest) at some point in the future. Mining of a Phase 2 pit would eventually result in higher recovery of the White Foil resource.

Highlights of the study include:

White Foil Feasibility Study	
Production:	
Tonnage: Ore (tonnes)	980,000
Waste (tonnes)	1,770,305
Total (tonnes)	2,750,305
Average grade (g Au/t)	2.41
Gold reserves (in situ)	76,000 oz
Metallurgical recovery	91.0%
Gold recovered	69,160 oz
Annual production rate	30,740 oz
Mine life (Phase 1)	2.33 years
Financials*:	
Initial capital cost	CAD 1.3M
Cash costs per ounce	US 480/oz
Net Present Value @ 6% discount	CAD 22.0M
Net Present Value @ 6% discount per share	CAD 0.15/share

* All financial calculations are based on a gold price of US $810/oz and a US$/AUD exchange rate of 1.50 and exclude costs incurred prior to 2009.

Based on the Phase 1 Proven and Probable reserves (as shown in the following Mineral Resources and Mineral Reserves section), the feasibility study covers the extraction of 1.0 million tonnes of ore at a grade of 2.41 g Au/t for 69,160 oz recovered over a one-year period. The feasibility study considers ore treatment at a rate of around 35,000 tonnes per month over a 27-month period. This rate is commensurate with the most likely toll milling capacity scenario. All four milling alternatives currently available in the area are being considered by management.

It is expected that the White Foil pit will be mined using conventional open-cut mining techniques. All mining should be undertaken by a contractor under the supervision and control of La Mancha. Previous mining of the White Foil open pit was carried out by contractors utilizing a fleet consisting of 110-tonne excavators and 85-90-tonne dump trucks with associated ancillary and drilling equipment. Future mining at White Foil should be conducted with similar equipment. Mining equipment of this size is readily available both for hire and purchase in the Kalgoorlie area.

The toll milling capacity available should likely create a constraint on the mining of the Phase 1 White Foil project. Mining at rates to match available toll milling capacity results in significant underutilization of the mining fleet. The study option runs the mining fleet at optimal efficiency to realize economies of scale and stockpile ore as required, and therefore forces stockpiling of the ore during the first months of operation. While this results in lower cash flow in the initial stages of the operation, overall profit is maximized. Total monthly movement is forecast at 250,000 tonnes per month, with an associated mine life of 11 months. Due to the historical treatment of the White Foil ore body and the understanding of the current geological model, the metallurgical performance is well understood and future processing risk should be considered low.

As previously mentioned, White Foil's production remains subject to the conclusion of an acceptable mining and milling agreement.

Mineral Resources and Mineral Reserves

The December 31st, 2008 global reserve and resource estimate for the White Foil deposit is shown in the following table:

White Foil Project Resources shown inclusive of reserves	Tonnes	Grade (g/t Au)	Ounces
Proven reserves			
Probable reserves	980,454	2.41	76,031
Proven and probable reserves	980,454	2.41	76,031
Measured	–	–	–
Indicated	7,538,000	2.2	531,000
Total Measured & Indicated	7,538,000	2.2	531,000
Inferred	471,000	1.6	24,000

M&I resources at the White Foil gold project in Australia have increased by more than 33% compared to the resource estimate of December 31, 2007. The project's measured and indicated resources now stand at 531,000 ounces of gold, up from the previously-stated 399,960 ounces of gold. Reported reserve figures have been calculated using an Au cut-off grade of 1.2g/t and a gold price of US$810/oz.

This year's resource increase can essentially be attributed to the conversion of Inferred resources to the M&I category due to resource definition drilling conducted from the pit floor to test parts of the resource that could not be drilled from sites at the pit edge. The new resource calculation includes information from 73 holes drilled (comprised both of diamond and RC holes), for a total of 12,484m, drilled from June 2007 to March 2008, which confirmed the continuity of the mineralization.

The December 31st, 2008, White Foil mineral reserves as per the Phase 1 feasibility study are the result of the positive feasibility study highlighted in the press release issued on February 17, 2009.

Reported resource figures have been calculated using an Au cut-off grade of 1.2g/t and a gold price of AUD1,215/oz.

Exploration and Development Activities

The Phase 1 feasibility study was developed with the intention of taking advantage of favourable mining and milling service offerings in the Kalgoorlie area while minimizing the initial capital investment

required to resume production. Consequently, required capital to resume production at White Foil is estimated at $1.3 million, mainly for working capital purposes, and would be entirely financed by La Mancha's internal cash flow. As the first phase of the project is already fully permitted and requires minimal development, White Foil is expected to start production of 76,000 ounces of gold as soon as a satisfactory milling agreement is signed.

Ity Mine (Côte d'Ivoire)

Ownership and property description

The project is presently operated and mined by the Société Minière d'Ity (SMI). The SMI share capital distribution is 45.9% to COMINOR which is a wholly owned subsidiary of La Mancha. The remaining capital is held by SODEMI (44.1%) and the Côte d'Ivoire government (10%).

A Net Smelter Return (NSR) of 2% on revenue is payable to the BRGM in its role as former owner of COMINOR; and a NSR of 3% is payable to the Côte d'Ivoire government. In addition, a royalty is payable to Normandy Mining Group (now owned by Newmont) when Ity gold production exceeds 1 million ounces. This clause was in effect as of March 2002, the date SMI was acquired by COMINOR.

Location, Access, Climate and Infrastructure

The SMI mining operations are located near the village of Ity in the Ouest Danané department, close to the Liberian border. It is located 750 km northwest from Abidjan and is accessible via paved road from Abidjan, passing through Yamoussoukro, Daloa and Duekoué. The climate in Côte d'Ivoire is generally warm and humid, and is transitional from equatorial along the coast to tropical away from the coast. Tropical conditions prevail at Ity. Seasons are easier to distinguish by changes in rainfall and wind direction than by temperature. Generally speaking, two major seasons are defined: the rainy season from April to October when 20 cm of monthly rainfall is common, and the dry season from November to April.

History

In the 1950's, copper and gold discovered in places near the village of Ity attracted the attention of BUMIFOM (Bureau Minier de la France d'Outre Mer). Pit and drift exploration led to the discovery of gold mineralization, that lead the BRGM to estimate an in-house geological resource in 1970. However, various attempts to economically extract gold from the Flotouo deposit failed because of metallurgical problems, mainly due to the fineness of the gold and the geology of the ore. In 1983, SMI was incorporated in Côte d'Ivoire as a vehicle for developing the Flotouo deposit thanks to advances in technology (Palanque 2002). SMI was initially 60% owned by the Côte d'Ivoire government (SODEMI), and 40% owned by the BRGM subsidiary COFRAMINES. Further exploration conducted by BRGM and SMI in the 1980' yielded another in-house geological resource that confirmed and increased the mineralized zones found earlier. Mine construction began in 1990. The first gold from the Flotouo deposit was poured in January 1991. COFRAMINES was later replaced by Mine Or in 1993, and then by Normandy La Source, who raised its stake in SMI to 51% by acquiring 11% from SODEMI in 1997. Mining at Zia (the northeast extension of Flotouo) began in 2000.

COMINOR was created in 1999 by the BRGM in France to receive some of the assets (including SMI and other Côte d'Ivoire exploration properties) from the Normandy Mining Group. In 2000, COMINOR was transferred to COGEMA, and in March 2002, COMINOR acquired its 51% shareholding in SMI from the Normandy Mining Group. In September 2002, Côte d'Ivoire was essentially divided in half following civil unrest. The mine lay at the contact between opposing factions. The mine site was attacked and looted on November 30, 2002, and the mining operations and the entire site were abandoned from December 2002 to June 2003. During the mine closure, COMINOR took the opportunity to completely rebuild and update the geological database in order to develop a new mine plan. Production resumed in February 2004 after dewatering the open pit and refurbishing the mining equipments and offices.

Upon permit renewal in May of 2007, in accordance with the Ivorian mining law of 1995 that governs the grant of mining permits, the co-owners of the Ity mine agreed to transfer to the government 10% of their respective interest in the mine. Consequently, La Mancha's ownership in the Ity mine was reduced to 45.9%, SODEMI's ownership was reduced to 44.1% while the Ivorian government, gained a 10% ownership in the mine.

Mine production has yielded more than 0.6 Million ounces to date, mostly from gold-rich laterites and from the Flotouo–Zia deposit. In 2008, production shifted to the Mount Ity pit was inaugurated in mid-2008.

Geological Setting and Mineralisation

The gold deposits in the Ity area (Flotouo, Zia, Mont Ity) are found in the Birimian volcanosedimentary belt. The dominant component is part of the Ity sequence, with metabasalts in a fine-grained, carbonate-bearing environment near the base giving way to a sedimentary sequence with variable amounts of carbonate horizons. A thick lateritic profile covers the land. Saprolite ranges from 50–120 m thick and is overlain by a minimum of 10 m of laterite horizon (sensu stricto). The laterite is mineralized in the pit areas. In addition, karstic features are prominent in the carbonate sequence due to weathering of a carbonate-rich and sulphide-rich hypogene environment.

Two types of deposit types (saprolitic and lateritic) are observed in the Birimian series of the Ity area. The gold deposits were created by two successive hydrothermal events followed by a strong supergene enrichment. The Flotouo, Zia and Mont Ity deposits form a cluster of deposits in an area measuring 500 m by 1,250 m.

Mining Operation

The mine has produced more than 600,000 ounces of gold since it's opening in 1991. Three open pits are found on site. The Flotouo and Zia pits have been mined out while the Mount Ity pit, which contains most of the reserves, was inaugurated in mid-2008. All orebodies are in Laterite or Saprolite and are mined by shovel. Treatment of ore is achieved by heap leaching.

The following table indicates operating information for the Ity Gold Mine for the last two years:

Ity Mine		2007	2008
Ounces (Au)	LMA share	19,140	24,995
	100%	39,960	54,460
Tonnage milled (t) 100%		435,280	469,580
Grade milled (g Au/t)		3.6	4.4
Recovery (%)		79	82

The Ity mine produced a total of 54,460 ounces of gold in 2008 (24,995 ounces attributable to La Mancha) at a cash cost of US$406 per ounce, compared to 39,960 ounces of gold in 2007 (19,135 ounces attributable to La Mancha). This significant 36% increase in total gold production is mainly due to improved gold grade of the ore mined in the second half of the year, once the bulk of mining operations moved from the now-depleted Flotouo-Zia pit to the new, higher-grade Mount Ity pit, inaugurated in mid-2008.

The Ity mine is expected to produce between 50,110 and 61,000 ounces of gold in 2009 (23,000 ounces and 28,000 ounces attributable to La Mancha) at a cash cost of US$379 per ounce.

Mineral Resources and Mineral Reserves

The December 31st, 2008 global reserve and resource estimate for the Ity mine is shown in the following table:

Ity Mine Resources shown inclusive of reserves	100% basis			La Mancha's share (45.9%)		
	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Proven Reserves	1,771,000	5.21	296,875	812,889	5.21	136,266
Probable Reserves	427,000	5.00	68,609	195,993	5.00	31,491
Total proven and Probable	2,198,000	5.17	365,484	1,008,882	5.17	167,757
Measured Resource	3,981,233	4.24	543,100	1,827,386	4.24	249,283
Indicated Resources	2,759,144	2.54	225,000	1,266,447	2.54	103,275
Total Measured and Indicated	6,740,377	3.54	768,100	3,093,833	3.54	352,558
Inferred Resources	2,046,000	3.02	198,600	939,114	3.02	91,157

The December 31st, 2008 resource estimate includes the resource addition announced on January 5th, 2009, following the successful drilling campaign conducted on the property since the fall of 2007. In 2008, more than 16,900 meters of resource development drilling were completed at the Ity mine, targeting high potential zones. Of the 310 holes completed, 84% returned favourable intercepts, generating an increase of more than 245,000 ounces of gold in Ity's M&I resources (112,459 ounces attributable to La Mancha), or more than 45% since December 2007. The project's measured and indicated resources now stand at 768,100 ounces of gold (352,558 ounces attributable to La Mancha) compared to 523,091 ounces of gold at December 31, 2007 (240,099 ounces attributable to La Mancha). Reported reserve figures have been calculated using an Au cut off grade of 2.0g/t and a gold price of US$650/oz.

Proven and Probable reserves since December 31st, 2007, have decrease by 32,509 ounces (14,922 ounces attributable to La Mancha) as gold production has depleted 66,259 ounces of reserves (30,413 ounces attributable to La Mancha) and exploration has added 79 348 ounces of reserves (36 421 ounces attributable to La Mancha) while the difference is explained by changes in estimations variables.

Exploration and Development Activities

Exploration work will continue in 2009 on the grounds of the Ity mine, starting with the analysis of the recently-completed drilling. The focus this year will once again be on some targets in immediate vicinity of the current operation but will also venture onto the east side of the Cavaly river, which crosses the property. The first drill results are expected to be released in the second quarter of 2009.

Hassaï Mine (Sudan)

Ownership and property description

La Mancha owns a 40% equity interest in AMC (Ariab Mining Company ltd), while the Sudanese government owns a 56% equity interest and a private French company owns the balance equity interest of 4%.

The area is mined under 10 licenses that cover 18.5 square kilometres included in AMC's exploration licenses; these exploration licenses effectively encompass the entire geological district that expands over 20,000 square kilometres. Net Smelter Return (NSR) of 7% on revenue is payable to the Sudanese Ministry For Geology (GRAS); and a 2.25% NSR is payable to COMINOR as an incentive fee.

Location, Access, Climate and Infrastructure

The AMC mining operations are located in the desert of the Red Sea State in northeast Sudan, approximately 450 km north east of Khartoum. The Ariab district is accessible from Khartoum and from Port Sudan by road. The company maintains the local roads in the vicinity of the plant and mine sites. The property is in the desert of Northern Sudan, and precipitation is infrequent. The Hassai mine camp is approximately 1 km from the processing plant and accommodates about 800 personnel (expatriates and locals).

History

In 1981, a joint venture agreement was signed between BRGM and the Sudanese government to cover the mining development. Detailed exploration work was performed over these three areas from 1981 to 1984. Exploration work covered most of the gossans in the Ariab district. Initial work focused on the polymetallic potential of the underlying sulphides. In 1983, however, the discovery of noteworthy gold concentrations in silica-barite rocks associated with the gossan at Hassai shifted the interest towards gold. During the same period, the Ganaet and Kamoeb deposits were also explored in detail.

From 1984 to 1987, exploration efforts where concentrated on the Ariab district. In February 1985, sufficient data from surface trenching, percussion drilling, core logging and pits were collected at Hassai to justify the installation of a pilot plant. In March 1987, the first doré was poured at Hassai. The pilot operation program was satisfactorily completed in December 1989. A feasibility report for the Ariab Gold Project performed by BRGM was submitted in May of 1990. The report examined 10 known gold deposits in the district within a circular area measuring 25 km in diameter. In eight of these deposits (Adassedakh, Baderuk, Hadal Awatib W and E, Hassai South and North, Oderuk, Talaiderut), gold is associated with gossans, which are in turn the nearer-surface expressions of underlying massive-sulphide mineralization. At Kamoeb, gold is found in quartz veins, and at Ganaet, it appeared to be associated with barite lenses.

AMC was formed in 1990 as the vehicle for developing the gold deposits discovered under the auspices of a French-Sudanese technical assistance program. Mine production started in 1991 and has now yielded over 2.1 million ounces of gold from more than ten deposits, the most important of which are Hadal Auatib, Hadayamet, Hassai South, and Oderuk.

Geological Setting and Mineralisation

The geological district is characterized by a Late Proterozoic greenstone belt hosting two distinct mineralized environments. The first is associated with gold-enriched volcanogenic massive sulphide lenses and comprises the weathered and dominantly oxidized portions of the sulphide bodies. Weathering of the massive sulphides has produced surface gossans that act like "vaults" for the ore. High gold contents (2g/t – 30 g/t) are associated with silica-barite rocks (SBR). AMC has historically focused on this type of mineralization.

The second type of mineralized environment displays affinities with mesothermal gold deposits. Gold is hosted by quartz veins and stockworks in late-stage ductile-brittle deformation corridors. AMC has shifted its attention to this type of mineralization and has been mining the Kamoeb South deposit, which contains the most significant volume of quartz veins and stockworks in the district.

Mining Operation

The mine has produced more than 2.1 million ounces of gold since it's opening in 1991. Treatment of ore is achieved by heap leaching.

In light of diminishing SBR reserves, the Company shifted its attention towards mining the gold contained in abundant quartz veins from the Kamoeb deposit. A new quartz processing circuit was added to the mill in 2007. Several problems caused delays in operating the quartz line at full capacity. However, quartz production ramped up in the latter part 2008 as measures taken to enhance quartz line efficiency began to pay dividends.

The following table indicates operating information for the Hassaï Gold Mine for the last two years and that expected for 2009:

Hassaï Mine		2007	2008
Ounces (Au)	LMA share	34,760	29,270
	100%	86,900	73,175
Tonnage milled (tonnes)		888,620	809,285
Grade milled (g Au/t)		4.1	4.1
Recovery (%)		75	69

The Hassaï mine produced a total of 73,175 ounces of gold in 2008 (29,270 ounces attributable to La Mancha) at a cash cost of US$603 per ounce, while 86,900 ounces (34,760 ounces attributable to La Mancha) were produced the previous year. The decrease in gold output from 2007 to 2008 was essentially due to delays in completing the commissioning of the new quartz line and a decrease in gold recovery rates resulting from poor leaching kinetics due to water limitations imposed by drought in 2008. Management trusts that the two new recently-installed wells will provide the needed relief.

Measures taken to enhance quartz line efficiency started to pay dividends in the second half of the year, as the quartz mill throughput ramped up to levels greater than 44,000 tonnes per month by year end. Management plans on building on this improved performance to gradually increase the rate of the quartz line to its design capacity of 2,000 tonnes per day.

The Hassaï mine in Sudan is expected to produce up to 75,000 ounces of gold in 2009 (30,000 ounces attributable to La Mancha) at a cash cost of US$673 per ounce. During 2009, gold production will be supported by the efficiency of the recently-enhanced quartz line as the transition from the siliceous-baritic rock (SBR) to quartz ore continues.

Mineral Resources and Mineral Reserves

The December 31st, 2008 global reserve and resource estimate for the Hassaï mine is shown in the following table:

Hassaï Mine Resources shown inclusive of reserves	100% basis			La Mancha's share (40%)		
	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Proven Reserves	-	-	-	-	-	-
Probable Reserves	2,626,355	5.02	423,579	1,050,542	5.02	169,432
Total proven and Probable	2,626,355	5.02	423,579	1,050,542	5.02	169,432
Measured Resource	3,725,000	2.06	246,592	1,490,000	2.06	98,637
Indicated Resources	5,401,010	4.35	781,025	2,160,404	4.50	312,410
Total Measured and Indicated	9,126,010	3.50	1,027,617	3,650,404	3.50	411,047
Inferred Resources	4,949,522	3.34	530,703	1,979,809	3.34	212,281

The December 31st, 2008 resource estimate includes the resource addition announced on January 7th, 2009, following the successful classification of tailings into resources. The qualification of 7.1 of the 8.9 million tonnes of tailings accumulated on site during the first 15 years of mine production allowed the addition of 287,000 ounces of gold (114,000 ounces attributable to La Mancha) to M&I resources and 175,000 ounces of gold (70,000 attributable to La Mancha) to Inferred resources. Reported reserve figures have been calculated using an Au cut off grade of 1.5g/t and a gold price of US$650/oz.

Exploration and Development Activities

Gold

Drilling activities are scheduled to resume in April of 2009 to upgrade the tailings Inferred resource to the M&I category, and to qualify most of the remaining 1.8 million tonnes of tailings as resources. The Company expects to provide an update of resources contained into the tailings by the end of the second quarter of 2009.

This new resource, along with the gold contained into the Hassaï quartz-type deposit that will continue to be delineated in 2009, will constitute the basis for a CIP/CIL feasibility study expected to be delivered at the end of 2009. An eventual CIP/CIL plant would considerably increase the recovery rate at Hassaï, where gold is currently produced through heap leaching.

Volcanogenic massive sulphides Exploration Activity (Sudan)

Supergene deposits are the main type of mineralization in the region and are characterized by supergene gold in gossans and silica-barite rocks (SBR), both of which are the weathering products of underlying polymetallic massive sulphide deposits. The massive sulphides are volcanogenic in nature and are part of the Ariab Proterozoic greenstone belt.

A Volcanogenic massive sulphides (VMS) structure can be visually identified at the bottom of six pits that have been mined since the start of the Hassaï mine. The main VMS-type orebodies in the Ariab district are: Hadal Auatib Southwest and East, Hassai South and North, Oderuk, Baderuk, Talaiderut, and Adassedakh. La Mancha decided to initiate an exploration program entirely devoted to the VMS potential in December 2007 on the basis of historical results of drilling by BRGM in the 1980s and 1990s.

VMS - Hassaï pit

The objective of the first phase of the program was to test the potential of one of the six most prospective VMS structures identified at the bottom of the previously-mined pits. To that effect, twelve holes totalling 2,407 meters have been drilled under the Hassaï pit since the VMS program began in December 2007. Drill results obtained from the first of these six targets indicate a minimum conceptual deposit of 20 million tonnes of VMS at 1.3 - 1.5 g Au/t and 1.5% - 2.0% Cu. To date, results indicate that the VMS lens starting at the bottom of the Hassaï pit has a strike length of at least 1 km and an apparent width of 9.5 to 30 m. Its average true width is estimated to be 16-17 m. Preliminary results also suggest that the structure of the lens runs at least 250-300 m below the floor of the pit and remains open at depth.

This conceptual estimate of potential tonnes and grade is based on a manual polygonal method using parallel cross-sections spaced at 100m. The Hassai conceptual estimate of potential tonnes and grade to date has insufficient exploration to define a mineral resource compliant with National Instrument 43-101. It is uncertain if further exploration will result in the target deposit being delineated as a mineral resource. The estimate used current geological interpretation of the lens with the intersections of copper and gold mineralization from the 12 new holes drilled to date and 7 previously-drilled holes. The estimate excludes copper and gold values outside the interpreted zones and all lead zinc and silver values, and does not take into account possible enrichment from the upper part of the lenses. The estimate also excludes dilution and recovery.

At least, three main types of enrichment have been identified: a gold-enriched, copper-depleted zone close to the floor of the pit; a gold- and copper-enriched zone at depth; and localized zones of silver and zinc enrichment in addition to good Copper and Gold values. Secondary sulphides such as chalcocite have been identified; mineralogical studies are underway.

A drilling program aiming at defining the first inferred VMS resource at the Hassai pit was completed in early January, 2009. This program consisted of a total of 24 holes and 12,160 m of drilling. The program also tested the extension of the sulphide lens at depth (-600 m). The results of program should be released during the first half 2009.

VMS - Hadal Awatib pit

The 2-km long Hadal Awatib pit, which is also the largest, has been drilled during the second semester of 2008 both from surface and from the floor of the pit. Fifty-one reverse-circulation and diamond drill holes have been completed for a total of 6,450 meters. The results of program should be released during the first half 2009.

DIVIDENDS

The Company has not paid any dividends to date and does not anticipate that dividends will be paid on the Common Shares in the foreseeable future. The future payment of dividends will be dependent upon financial requirements of La Mancha to fund future growth, the financial condition of La Mancha and other factors the Board of Directors may consider appropriate in the circumstances.

CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. Each Common Share is entitled to one vote at meetings of Shareholders. Each Common Share is also entitled to receive dividends if, as and when declared by La Mancha's Board of Directors. Holders of Common Shares are entitled to participate in any distribution of the Company's net assets upon liquidation, dissolution or winding-up on an equal basis per share. There are no pre-emptive, redemption purchase or conversion rights attaching to the Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume

Common shares of La Mancha are currently listed on the TSX under the symbol LMA. The table below shows the range in share price per month and volume traded for the Common Shares of La Mancha during La Mancha's most recently completed financial year.

2008	High	Low	Volume Traded
January	$0.55	$0.38	761,935
February	$0.60	$0.42	1,103,424
March	$0.55	$0.39	364,056
April	$0.56	$0.43	524,451
May	$0.53	$0.42	429,945
June	$0.51	$0.21	885,437
July	$0.44	$0.30	444,600
August	$0.35	$0.25	261,058
September	$0.29	$0.15	1,292,354
October	$0.16	$0.04	10,581,582
November	$0.17	$0.06	10,837,094
December	$0.30	$0.12	3,212,923

Source: TSX connect

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth, for each of the names of the current directors and executive officers of La Mancha, the individual's name, the province or state and country of residence, the positions and offices which each presently holds with the Company and in the case of directors, the period of time for which each has been a director of the Company.

Under La Mancha's by-laws each director holds office until the next annual shareholder meeting or until his or her successor is elected.

At December 31, 2008 La Mancha's directors and executive officers as a group, beneficially owned, directly or indirectly or exercised control or direction over approximately 150,000 or 0.1% of the Common Shares issued and outstanding.

Name, Province Or State And Country Of Residence, And Position Held With The Company	Principal Occupation	Date Became A Director Of The Company
Michel Cuilhé[1] *Montreal, Québec, Canada* President and Chief Executive Officer	President and Chief Executive Officer and Chairman of the Board and Director La Mancha Resources Inc.	February 2007
Dominique Delorme *Paris, France* Director	Vice President, Strategy, AREVA NC	September 2006
Johanne Duchesne [2][3] *Montreal, Québec, Canada* Director	Corporate Director	December 2006
William Hess [2][4] *Montreal, Québec, Canada* Director	Managing Partner of the Canadian Public Venture Group	December 2006
Michael A. McMurphy *Montreal, Québec, Canada* Director	Senior Executive Vice-President of Mining, Chemistry, Enrichment Sector of AREVA NC	November 2008
Nicolas Nouveau *Paris, France* Director	Vice President Finance, AREVA NC (mining Business unit)	November 2007
Alan Peltz [2] *Naples, USA* Director	Corporate Director	November 2007
Sébastien de Montessus *Lavallois-Perret, France* Director	Head of AREVA's mining Business unit	November 2007

Name, Province Or State And Country Of Residence, And Position Held With The Company	Principal Occupation	Date Became A Director Of The Company
Agnès Russeil *Montreal, Québec,Canada* Chief Financial Officer	Chief Financial Officer La Mancha Resources Inc.	-
W.F. (Bill) Plyley *Perth, Australia* Chief Operating Officer	Chief Operating Officer La Mancha Resources Inc.	-
Martin Amyot *Montreal, Québec,Canada* VP Corporate Development and Corporate Secretary	Vice President Corporate Development and Corporate Secretary, La Mancha Resources Inc.	-

(1) Chairman of the board.
(2) Member of the Audit Committee and of the Corporate Governance and Human Resources Committee.
(3) Chairman of the Audit Committee.
(4) Lead director and Chairman of the Corporate Governance and Human Resources Committee.

Over the past five years, each of the foregoing persons has held his present principal occupation or a similar position with his present employer or its predecessors or affiliates with the following exceptions. Prior to May 2006, Mr. Cuilhé was Chief Executive Officer and Chief Financial Officer of FCI in Versailles, France. Prior to acting as Vice-President Strategy of Areva NC, Mr. Delorme acted as Vice-President, Mining Studies and Projects, of Areva NC until September 2007. From 2005 to January 2008, Johanne Duchesne worked at Gowling Lafleur Henderson as Special Advisor, Corporate Finance. From 2000 to 2005, Ms. Duchesne worked at the law firm of Lavery, de Billy as Special Advisor, Financial Markets. Since 2003, William Hess has been a managing partner of the Canadian Public Venture Group, which functions as a fund manager, investor and financial advisor to private and public corporations. From 2001 through early 2003, he was with the Montreal office of law firm McMillan Binch Mendelsohn as special advisor on matters relating to finance and corporate governance. Mr. McMurphy has been evolving in the Areva group of businesses in various functions since 1983. In 2003, he was appointed as President of Areva Inc. in the United States until his recent appointment in September 2008 as Senior Executive Vice-President of Mining, Chemistry, Enrichment Sector of AREVA NC in Paris. Since July 2007, Nicolas Nouveau acts as Vice-President Finance for AREVA NC's Mining Business Unit. From 2004 to 2007, Mr. Nouveau was Chief Financial Officer for AREVA NC's Clean-up Business Unit. Mr. Peltz retired in 2002 from Burndy Corp./Framatome USA where he acted as Chairman of the Board and CEO from 1997 until his retirement. He now seats on the board of several organizations. Mr de Montessus joined the AREVA group in 2002 where he evolved in progressive Strategy and Marketing positions. In 2007, he was appointed Head of AREVA's mining Business unit. Prior to January 31, 2007, Agnes Russeil held the position of Financial Controler – Gold Mining division at AREVA NC. Mrs. Russeil joined the AREVA group in 1992 where she held progressive finance positions. Prior to joining La Mancha, between 2005 and 2006, W.F. (Bill) Plyley operated a successful consulting business focused on delivering mining management, organizational change and leadership development to international mining clients. From September 2003 to August 2006, Mr. Plyley acted as general manager for Red Back Mining Inc. in Ghana. Prior to joining La Mancha, Martin Amyot consecutively acted as Vice-President Loan Structuration and Syndication at National Bank Financial until August 2005 and as Investor Relation Manager at Cambior until February 2007.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the Company's knowledge, no director or executive officer of La Mancha is, at the date of this AIF, or has been, during the 10 fiscal years prior to the date of the AIF, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days. To the Company's knowledge, no director, executive officer of the Company or shareholder holding a sufficient number of shares of the Company to affect materially the control of La Mancha is, at the date of this AIF, or has been, during the 10 fiscal years prior to the date of the AIF, a director or executive officer of any company (including La Mancha) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In addition to the Company's knowledge, no director, executive officer of the Company or shareholder holding a sufficient number of shares of the Company to affect materially the control of La Mancha has, during the 10 fiscal years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Finally, to the Company's knowledge, no director, executive officer of the Company or shareholder holding a sufficient number of shares of the Company to affect materially the control of La Mancha has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision. Moreover, in the opinion of the Company, no disclosure of a settlement agreement entered into by a director, an executive officer of the Company or a shareholder holding a sufficient number of shares of the Company to affect materially the control of La Mancha before December 31, 2000 would likely be important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors and officers of La Mancha may from time to time serve as directors of and have an interest, either directly or indirectly, in other companies involved in natural resource exploration and development which may give rise to a conflict of interest. The directors are required by law, however, to act honestly and in good faith with a view to the best interest of La Mancha and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with La Mancha and to abstain from voting as a director for the approval of any such transaction.

There are currently no known existing or potential conflicts of interest among La Mancha, its directors, officers, principal holders of securities and persons providing professional services to La Mancha, nor any associate or affiliate of the foregoing, which could reasonably be expected to affect a Shareholder's investment decision.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

During the financial year ended December 31, 2008, there were no legal proceedings the Company is or was a party to, or that any of its property is or was the subject of.

On July 17, 2007, a petition of bankruptcy was filed against Patagonia before the commercial courts of the city of Buenos Aires. As of December 31st, 2008, the procedures of bankruptcy were not completed. (*See "Description of the Business" - Bankruptcy and Similar Procedures*).

Regulatory Actions

In July 2007, La Mancha was placed on the SDTF highest offender list as a result of its operations in Sudan. Following La Mancha's representations made to the SDTF concerning the Company's positive influence in Sudan, La Mancha was removed from such list on October 1st, 2007. (See "*Description of the Business – Social and Environmental Policies*")

In addition, on December 5, 2007, La Mancha was included on the issuer's default list of the British Columbia Securities Commission ("BCSC") regarding certain deficiencies with its technical disclosure. Since then, La Mancha has filed the appropriate disclosure and was taken off the issuer's default list on March 26, 2008.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of La Mancha, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of La Mancha's outstanding voting securities (other than CFMM as described above under *"General Development of the Business – Three Year History"*) and no associate or affiliate of any of such persons or companies has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect La Mancha.

TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent of La Mancha is Computershare Investor Services, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

The sole contract of La Mancha entered into outside of the ordinary course of business, that is material to La Mancha is the Conveyancing Agreement entered into between La Mancha and CFMM on May l9, 2006.

INTERESTS OF EXPERTS

Names of Experts

Deloitte & Touche LLP, external auditors of the Company, reported on the audited consolidated financial statements of the Company for the year ended December 31, 2008.

William F Plyley, Martin Bennett, and Trevor I Eddie of La Mancha, and Elizabeth Haren of Haren Consulting working for CSA Global prepared the White Foil Report which was filed with the Canadian securities regulators on August 6, 2008.

Remi Bosc, who is an independent geologist, Maxime Dupéré from Geostat Systems International Inc. and Jean-Jacques Kachrillo, Trevor I Eddie and William F. Plyley from La Mancha prepared the AMC Report which was filed with the Canadian securities regulators on January 31, 2008.

Yann Camus, Eng., Gilbert Rousseau, Eng. Gaston Gagnon, Eng. and Claude Duplessis, Eng., of Geostat Systems International Inc. prepared the SMI Report which was filed with the Canadian securities regulators on January 31, 2008.

William F Plyley of La Mancha, and Gary MacSporran, Daniel Guibal, and Peter Roderick Williams of SRK Consulting (Australasia) Pty Ltd, prepared the Frog's Leg Report which was filed with the Canadian securities regulators on January 18, 2008.

William F Plyley of La Mancha, and Daniel Guibal of SRK Consulting (Australasia) Pty Ltd prepared the Frog's Leg 43-101 Report (Resource Update) which was filed with the Canadian securities regulators on January 15, 2008.

Martin Bennett of La Mancha prepared the following press releases: "More Extensional Wide High Grade Results From Frog's Leg Resource/Reserve Development Program", "La Mancha Reports Wide High-Grade Intercepts 150 Meters Below Current Resource At Frog's Leg" and "Positive Drill Results South Of Frog's Leg Mine" which were filed with the Canadian securities regulators on respectively January 31, 2008, and April 22, October 28 of 2008.

Jean-Jacques Kachrillo of La Mancha prepared the following press releases: "La Mancha Intersects High Grades At Ity That May Lead To A Significant Resource Upgrade", "La Mancha Reports More High-Grade Intersections At Its Ity Mine", "La Mancha's Exploration Program In Côte D'ivoire Continues To Generate Strong Results", "Preliminary Drill Results At La Mancha's Hassaï Mine Suggest A Conceptual Vms Deposit Of 20 Million Tonnes", and "Recent Vms Drilling Suggests The Presence Of A Supergene Zone At Hassaï" which were filed with the Canadian securities regulators on respectively February 22, April 8, June 3, July 30, December 10 of 2008.

Martin Bennett, and Trevor I Eddie of La Mancha, and Elizabeth Haren of Haren Consulting working for CSA Global prepared the "La Mancha's White Foil Resource Grows Significantly" press release which was filed with the Canadian securities regulators on June 19, 2008.

Interests of Experts

To the best of management's knowledge, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company when the experts prepared their respective reports except for William F Plyley, Trevor I Eddie, Martin Bennett, and Jean-Jacques Kachrillo who are employed by the Company.

AUDIT COMMITTEE DISCLOSURE

Charter

The Audit Committee charter is attached to this AIF as Schedule 1.

Composition of the Audit Committee

The members of the Audit Committee are: Johanne Duchesne, William Hess and Alan Peltz. La Mancha believes that these members are "independent" and "financially literate", as such terms are defined under Canadian securities laws. Each member of the Audit Committee has the ability to perform his responsibilities as an Audit Committee member based on his education and/or experience as summarized below.

Relevant Education and Experience

Johanne Duchesne (Chair)

Ms. Johanne Duchesne graduated from Université de Sherbrooke with an MBA in Finance. Ms. Duchesne has obtained significant financial experience and exposure to accounting and financial matters through her position as Director of Commercial Financing with the Scotia Bank, her eighteen years with the Quebec Securities Commission with her last position as its Director of Capital Markets where she was responsible for, among other matters, the financial reporting of public corporations, as well as through her previous role as Special Advisor, Financial Markets with the law firm of Laverly de Billy. Ms. Duchesne's role as Special Advisor, Corporate Finance with Gowling Lafleur Henderson, until January 2008, afforded her the opportunity to continue to gain experience in varied financial matters impacting corporations.

William Hess

Mr. William Hess holds his law degree from the University of Ottawa. Mr. Hess has obtained significant financial experience and exposure to accounting and financial matters through his prior practice as an attorney advising corporations on their financial disclosure obligations, as Chairman & Chief Executive Officer of the Alberta Securities Commission and later as the founding President & Chief Executive Officer of the Canadian Venture Exchange (now the TSX Venture Exchange). Mr. Hess' current position as managing partner of the Canadian Public Venture Group, a corporation which functions as a fund manager, investor and financial advisor to private and public corporations, affords him the opportunity to continue to acquire greater experience in varied financial matters impacting corporations.

Alan Peltz

Mr. Peltz has gained almost 30 years of significant financial and accounting experience with Burndy Corp./Framatome USA where he acted as Chairman of the Board and Chief Executive Officer from 1997 until his retirement in 2002. He now sits on the board of several organizations. Mr. Peltz holds an MBA from the Pace University and a B.A.A. in accounting from the Baruch School of Business and Public Administration. He also completed an Advanced Management Program at the Harvard Business School.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

As prescribed by 52-110 and as per the Company's Audit Committee Charter, the Audit Committee has the responsibility to pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditors. On March 25, 2007, the Audit Committee delegated its authority to pre-approve non-audit services to Johanne Duchesne, Chair of the committee, pursuant to section 2.5 of 52-110.

External Auditor Service Fees

The table below shows the fees that La Mancha's external auditor billed to La Mancha for various services for each year in the past two fiscal years.

(IN $ THOUSANDS)	2007	2008
Audit fees[(1)]	362.3	409.2
Audit-related fees[(2)]	1.4	-
Tax fees[(3)]	42.7	50.1
Other fees[(4)]	3.0	-
Total	409.4	459.3

(1) These fees include professional service provided by the external auditor for statutory audits of the annual financial statements and, review of financial accounting and reporting matters.
(2) These fees relate to non-statutory audits, certain regulatory initiatives, due diligence, and the review of financial accounting and reporting matters.
(3) These fees include professional services for tax compliance, tax advice, and assistance with tax audits and appeals as the case may be.
(4) These fees include any other fees for permitted services not included in any of the above-stated categories.

ADDITIONAL INFORMATION

Additional information, including details of directors' and officers' compensation, personal loans, principal holders of La Mancha's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in La Mancha's April 2008 Circular. Additional financial information is provided in La Mancha's financial statements and management discussion and analysis for 2008. These documents as well as La Mancha's annual and quarterly reports and news releases, may be obtained through SEDAR at www.sedar.com. Certain of these documents may also be obtained by visiting the Company's website at www.lamancha.ca.

For additional information, please contact: Martin Amyot, Vice President Corporate Development Tel: (514) 987-5115 E-mail: info@lamancha.ca.

SCHEDULE 1
AUDIT COMMITTEE CHARTER

LA MANCHA RESOURCES INC.
(the "Company")

1.0 MANDATE

The mandate of the Audit Committee is to assist the Board of Directors:

1.1 in its oversight of the Company's accounting and financial reporting principles and policies and internal audit controls and procedures;

1.2 in its oversight of the Company's financial statements and the independent audit thereof;

1.3 in selecting, evaluating and, where deemed appropriate, replacing the external auditors;

1.4 in evaluating the independence of the external auditors;

1.5 in its oversight of the Company's risk identification, assessment and management program;

1.6 in the Company's compliance with legal and regulatory requirements in respect of the above; and

1.7 in performing such other duties as may from time to time be assigned to the Audit Committee by the Board of Directors.

The function of the Audit Committee is oversight. The management of the Company is responsible for: (i) the preparation, presentation and integrity of the Company's financial statements; and (ii) for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. Each member of the Audit Committee shall be entitled to rely on: (i) the integrity of those persons and organizations within and external to the Company from which it receives information; (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors); and (iii) representations made by management as to non-audit services provided by the auditors to the Company.

The external auditors are ultimately accountable to the Board of Directors and the Audit Committee as representatives of shareholders. The Board of Directors, with the assistance of the Audit Committee, has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the external auditors.

The external auditors shall submit annually to the Company and the Audit Committee: (i) as representatives of the shareholders of the Company, a formal written statement delineating all relationships between the external auditors and the Company ("Statement as to Independence"); and (ii) a formal written statement of the fees billed in compliance with the disclosure requirements of Form 52-110F1 of Multilateral Instrument 52-110 - Audit Committees ("MI 52-110"). The external auditors must report directly to the Audit Committee.

The Audit Committee will review and assess, on an annual basis, the adequacy of this charter and recommend any proposed changes to the Board of Directors for their approval.

2.0 COMPOSITION

The Audit Committee shall consist of a minimum of three (3) members, each of whom shall be a director of the Company. Each member of the Audit Committee shall be independent and be financially literate as applicable laws and regulations define such terms. The Board of Directors shall make the determination as to whether a particular director satisfies the requirements for membership on the Audit Committee.

3.0 ELECTION

The Board of Directors appoints the members of the Audit Committee as well as the Chair of the Audit Committee during the first meeting of the Board of Directors immediately following the annual general meeting of shareholders of the Company.

4.0 TERM OF MANDATE

The mandate of a member of the Audit Committee as well as the Chair begins on the date of the meeting of the Board of Directors during which he is elected to this position and expires at the date of the first meeting of the Board of Directors during which his successor is duly elected or appointed, unless the member or Chair is replaced before the end of the term by resolution of the Board of Directors. The Board of Directors may remove a member of the Audit Committee at any time and may fill any vacancy occurring on the Audit Committee. A member may resign at any time and a member will cease to be a member of the Audit Committee upon ceasing to be a director.

5.0 DEATH, DISABILITY OR RESIGNATION OF A MEMBER

In the event that the Board of Directors must fill a Audit Committee vacancy resulting from the death, disability or resignation of a member, the member of the Audit Committee appointed to fill the Audit Committee vacancy is dispensed from the application of the independence and financial literacy requirements described in MI 52-110 for a period ending at the latest of the two following dates: a) the next annual shareholders meeting of the Company, or b) six (6) months after the event leading to the vacancy. The present article shall apply whenever the Board of Directors determines that the reliance on such exemption will not materially adversely affect the ability of the Audit Committee to act independently and to satisfy the other requirements of MI 52-110.

6.0 MEETINGS AND PROCEDURE

Meetings of the Audit Committee will be held at such times and places as the Chair may determine. The Audit Committee is required to meet at least four (4) times a year or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, and all other related matters. A member of the Audit Committee, the Chief Executive Officer, the Chief Financial Officer, or the external auditors may request the holding of a meeting at any time by sending the secretary notice to this effect and setting out in reasonable detail the business proposed to be conducted at this meeting so requested.

The secretary will determine the date, time and place of the meeting after consultation with the Chair and the members of the Audit Committee.

At least twenty-four (24) hours advance notice with the date, time, place and brief object of the meeting will be given to each member and the external auditors of the Company verbally, by telephone, by facsimile or email, unless all members are present and waive notice, or if those absent waive notice before or after a meeting of the Audit Committee. In advance of every regular meeting of the Audit Committee, the Chair, with the assistance of the secretary of the Company, will prepare and distribute to the members

and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials.

Members may attend all meetings either in person or by conference call. The quorum of the Audit Committee consists in the majority of members attending the meeting of the Audit Committee. The meeting of the Audit Committee is presided by the Chair, if present, and in his absence, by a member chosen among the members then attending any given meeting.

Each member of the Audit Committee will have one vote and decisions of the Audit Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. As permitted by the law of incorporation of the Company, a resolution of the Audit Committee may be passed without a meeting if each member entitled to vote on the resolution, consents to it in writing.

The Audit Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion of the affairs of the Audit Committee.

In compensation for their services on the Audit Committee the members receive the remuneration determined via a resolution of the Board of Directors of the Company.

7.0 AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee has the authority:

7.1 to engage independent counsel and other advisors as it determines necessary to carry out its duties;

7.2 to set and pay the compensation for any advisors employed by the Audit Committee; and

7.3 to communicate directly with the internal and external auditors.

8.0 DUTIES AND RESPONSIBILITIES

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned or delegated by the Board of Directors as permitted by applicable law. In particular, the Audit Committee shall have the following duties and responsibilities:

8.1 Financial reporting and disclosure

(a) to review the Company's financial statements, Management's Discussion and Analysis ("MD&A") and interim earnings press releases, prior to their review and approval by the Board of Directors;

(b) to review and recommend to the Board of Directors for approval, where appropriate, financial information contained in any prospectuses, annual information form, material change disclosures of a financial nature and similar disclosure documents;

(c) to ensure that the external auditors prepare and deliver annually a detailed report covering: (i) critical accounting policies and practices to be used; (ii) material alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; (iii) other material written communications between the external auditors and management such as any management letter or

schedule of unadjusted differences; and iv) such other aspects as may be required by the Audit Committee or legal or regulatory requirements;

(d) to consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the external auditors, including reports and communications related to:

- deficiencies noted following the audit of the design and operation of internal controls;
- consideration of fraud in the audit of the financial statement;
- detection of illegal acts;
- the external auditors' responsibilities under generally accepted auditing standards;
- significant accounting policies;
- management judgments and accounting estimates;
- adjustments arising from the audit;

(e) to meet with management and/or external auditors:

- to discuss the appropriateness and quality of the Company's accounting principles as applied in its financial reporting;
- to discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the external auditors or management, and the financial impact thereof;
- to discuss any matter relating to financial reporting and disclosure and considered material by the Audit Committee.

8.2 Internal controls and audit

(a) to satisfy itself that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements;

(b) to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;

(c) to establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(d) to review and assess the adequacy of the procedures in place regarding risk of fraud relating to the Company's operations including its operations in Soudan and Côte D'Ivoire;

(e) to review and assess the adequacy of the Company's system of internal control and management information systems through discussions with management and the external auditors;

(f) to review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures;

(g) to review on an annual basis, insurance programs relating to the Company and its investments.

8.3 External auditors

(a) to ensure that the external auditor reports directly to Audit Committee;

(b) to recommend to the Board of Directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company or if required, the revocation of appointment of the external auditors, as well as the compensation of the external auditor;

(c) to oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;

(d) to pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor;

(e) to review and approve the Company's hiring policies regarding partners, employers and former partners and employees of the present and formal external auditor of the Company;

(f) to review the independence of the external auditors, including the Statement of Independence.

9.0 REPORTING

The Chair of the Audit Committee will report to the Board of Directors verbally during a meeting of the Board of Directors following an Audit Committee meeting and by submitting a meeting report at the next meeting of the Board of Directors.

Approved by the Board of Directors on: March 26th, 2007