



**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2011**

MARCH 29TH, 2012

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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, 2011.

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. Unless otherwise specified, the information in this AIF is dated as of December 31, 2011.

FORWARD-LOOKING STATEMENTS

Certain information contained or incorporated by reference herein, including any operating performance of La Mancha may constitute forward-looking information and statements (“forward-looking statements”). All statements other than statements that are reporting results or statements of historical facts are forward- looking statements. The words “projected”, “attributable”, “potential”, “will”, “should”, “plans”, “anticipates”, “believes”, “predicts” and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates or assumption that, while considered reasonable by La Mancha, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or certain other commodities; change in national and local government legislation, taxation, controls, regulations and political or economic development in Canada or other countries in which La Mancha does or may carry on business in the future; business opportunities that may be presented to, or pursued by La Mancha or the ability to successfully integrate acquisitions; operating or technical difficulties in connection with, mining or development activities; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities of grades or reserves; adverse changes in the credit rating; and contests over title to properties. In addition, there are risks and hazards associated with the business of gold exploration, development and mining, including environmental hazards, industrial accidents, usual or unexpected formations, pressures, cave-ins, flooding and gold bullion losses (and the risk of inadequate insurance, or inability to obtain insurance to cover these risks). Forward-looking statements 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*”.

Any forward-looking statement speaks only of the date on which it is made and the Company disclaims any obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as required by applicable law. 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.

“**Alacer Gold**” means Alacer Gold Corporation, a public company listed on the Australian Stock Exchange and the Toronto Stock Exchange.

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

“**AREVA**” means AREVA S.A., a company incorporated under the laws of France.

“**AREVA Mines**” means AREVA Mines S.A.S. (a wholly-owned subsidiary of AREVA), a company incorporated under the laws of France.

“**AUS**” 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.

“**CFMM**” means Compagnie Française de Mines et Métaux (a wholly-owned subsidiary of AREVA Mines), a corporation incorporated under the laws of France, which owns 63.06% of La Mancha Resources Inc as of December 31st, 2011.

“**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.

“**DBRS**” means Dominion Bond Rating Service.

“**Frog's Leg mine**” is an Australian underground mine, part of the Mungari East Joint Venture agreement between LM Australia and Alacer Gold.

“**Hassaï mine**” a Sudanese mine, operated and mined by AMC.

“**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 SMI.

“**LM 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 32.30% of Compania Minera Esperanza S.A. and 45% of Patagonia.

“**LM Australia**” means La Mancha Resources Australia Pty Ltd (formerly Mines & Resources Australia Pty Ltd.), a corporation incorporated under the laws of Australia, which is wholly-owned by La Mancha and which wholly owns LM (Mungari East).

“**LM (Mungari East)**” means La Mancha (Mungari East) Pty Ltd. (formerly AREVA NC Australia Pty Ltd and Cogema Australia Pty Ltd.), a corporation incorporated under the laws of Australia, which is wholly-owned by LM Australia.

“**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 LM Argentina.

“**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.

“**PEA**” means the Preliminary Economic Assessment for the Company’s 40% owned VMS project at the Hassaï mine in Sudan, which was filed on SEDAR on October 22, 2010.

“**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 LM Australia.

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

“**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 La Société pour le Développement Minier de la Côte D’Ivoire, a state-owned company incorporated under the laws of Côte D’Ivoire.

“**TSX**” means the Toronto Stock Exchange.

“**US\$**” means the U.S. dollar.

“**White Foil project**” a 100% LM Australia owned open pit mine 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.

“**Cu**” copper.

“**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.

“**EPCM**” means an Engineering, Procurement, and Construction Management contract, a common form of contracting arrangement within the construction industry.

“**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, ore body 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.

“**mineral project**” means any exploration, development or production activity, including a royalty interest or similar interest in these activities, in respect of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal and industrial minerals.

“**mining inventory**” is the terms used in the PEA for the Company’s Hassaï VMS project to identify Mineral Resources including Inferred Mineral Resources falling within conceptualised mine plans from NI43-101 compliant Mining Reserves. La Mancha has been granted an exemption under Section 9.1 of NI 43-101 in order to prepare a preliminary assessment of the economic potential of the Inferred Mineral Resources to form the foundation of future developments of the Hassaï VMS project

“**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.

“**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 December 30, 2011

	U.S. Dollar	Euro	Australian Dollar	Argentinean Peso
Canadian Dollar	0.9833	0.7580	0.9593	4.2319

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		IMPERIAL UNITS	
Description and abbreviation		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	

1 CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

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).

La Mancha’s registered and record office is located at 550 Burrard Street suite 2900, Vancouver, British Columbia, V6C 0A3. La Mancha’s corporate office is located at 2001 University, Suite 400, Montréal, Quebec, Canada, H3A 2A6. La Mancha’s executive office is located at Tour AREVA, 1 Place Jean Miller, 37th floor, 92084 Paris-La Defense, France.

1.2 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 63.06% of all outstanding Common Shares, and 62.89% on a fully diluted basis.
- (2) Subsidiaries acquired by La Mancha in the context of the RTO Transaction. See “Description of the Business- Reorganizations”.
- (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. The company was finally declared bankrupt on July 20, 2009. See “Description of the Business-Bankruptcy and similar Procedures”.
- (5) On March 11, 2011, LM Australia acquired beneficial ownership of all of the issued shares of LM (Mungari East) from CFMM. See “General Development of La Mancha’s Business - Three Year History”.
- (6) As of December 31, 2011, Rodolfo Gabriel Saporiti owned 0.28% of all outstanding Common Shares.

2 GENERAL DEVELOPMENT OF LA MANCHA'S BUSINESS

2.1 Three Year History

2.1.1 General overview

The Company is an international gold producer incorporated in Canada with operations, development projects and exploration activities in Australia, Sudan, Côte d'Ivoire, and Argentina. Through its interest in AMC, SMI, and LM Australia, La Mancha operates the Hassaï, Ity, Frog's Leg and White Foil gold mines.

The following table presents the Company's total attributable gold production for its operating mines over the past three years.

Attributable production (oz)	2009	2010	2011
Frog's Leg Mine (51%)	46,120	66,444	66,505
Hassaï Mine (40%)	24,715	27,374	28,692
Ity Mine (45.9%)	23,735	17,040	16,860
White Foil Mine (100%)	-	11,713	9,388
Total	94,570	122,571	121,446

Through the development of its Australian asset base, the Company experienced its first growth phase between 2007 and 2010, growing its consolidated attributable production from 53,900 to 122,571 ounces of gold. See "*General Development of La Mancha's Business - La Mancha's first growth phase: Australian Asset Development*". La Mancha is currently preparing to undertake its second growth phase, which is expected to transform the Company into a mid-tier gold producer. See "*General Development of La Mancha's Business - La Mancha's expected second growth phase: Sudanese Asset Development*".

2.1.2 La Mancha's first growth phase: Australian Asset Development

Following the RTO transaction, La Mancha began a significant exploration program at the Frog's Leg property, (at the time held on a care and maintenance basis), in order to define potential resources for an underground mining operation. Following conclusive drilling programs and resource increases, a positive definitive feasibility study was completed 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 beginning construction. The mine achieved commercial production standards on January 1, 2009. See "*Mineral Projects – Frog's Leg (Australia)*".

In November 2007, La Mancha was granted approval by Government authorities to recommence mining at the White Foil property. A feasibility study for White Foil Phase 1 was published on March 5th, 2009. On January 25th, 2010, the Company announced that it had come to an agreement with toll-milling and toll-mining operators and as such the White Foil project restarted its mining activities in March 2010. See "*Mineral Projects – White Foil (Australia)*".

2.1.3 La Mancha's expected second growth phase: Sudanese Asset Development

On May 16, 2011, La Mancha announced a positive Definitive Feasibility Study for the first stage of developing the Hassaï mine into the Volcanogenic Massive Sulphide project. The initial development stage is the upgrade of the present heap leach plant to Carbon-In-Leach technology. As published in the Definitive Feasibility Study, the CIL plant is expected to produce on average 161,647 ounces of gold per year once commissioned, significantly more than the 71,731 ounces produced in 2011. The Company anticipates that an 18-month detailed engineering and construction period will be required from the time an agreement is signed with the Sudanese partner until the start of production. See "*Mineral Projects -Hassaï Mine (Sudan)*".

The Hassaï property contains 12 pits where the mining of the upper gold-rich cap rock has allowed us to visually identify VMS structures on the floor of the open pits. The second stage of development at the Hassaï mine therefore involves building a flotation plant to exploit this VMS resource.

On the heels of the initial 2009 resource estimate, a positive NI 43-101 compliant Preliminary Economic Assessment was published in October 2010. Following the PEA recommendation that identifying a larger resource, to a size that would result in a better utilization of the 5 Mtpa processing plant investment, would have a positive impact on the financial metrics of the project, a 100km drilling campaign was undertaken.

On February 22, 2012, the Company announced a significant VMS resource increase. Compared to the initial 2009 estimate, the total Indicated resource grew from 2.9MT to 80.7MT, increasing its total gold and copper contents from 86,700 ounces to 3,257,300 ounces and 36,800 tonnes to 900,350 tonnes, respectively. Extension drilling also added significantly to the Inferred resource base, which as of December 31, 2011 stood at 37.0 Mt containing 1,379,702 ounces of gold and 401,800 tonnes of copper. Management believes that this upgraded resource could extend the period during which the plant is used at its full design capacity beyond 10 years or increase the mill size required. See “*Mineral Projects -Hassaï Mine (Sudan) - Exploration and Development Activities*”.

2.1.4 Conditions that have influenced the general development of business activities

La Mancha temporarily interrupted activities at the Ity mine, in Côte d’Ivoire’s Zouan Hounien region, due to increased agitation surrounding the country’s political situation from December 17, 2010, to mid January 2011 and from February 24, 2011, to May 9, 2011. More information on the risks associated to operating in Côte d’Ivoire are available in section 4.5. See “*Risk Factors – Adverse Political factors*”.

2.1.5 Corporate Matters

In May 2009 the Company announced that in order to increase the efficiency of corporate support to its operations it had elected to move its executive office to Paris, France. The transfer of the executive office was successfully completed by the fourth quarter of 2009.

On August 7, 2009, the Company announced that its Board of Directors had formally accepted the decision of Michel Cuilhé to step down and retire, effective that same day, from his position as Chairman of the Board and President and CEO of La Mancha. The Board appointed Dominique Delorme to serve as President and CEO of La Mancha while William Hess, Lead Director of the Company since February 2007, was appointed to hold the position of Chairman of the Board. See “*Directors and Officers*”.

On September 16, 2010, the Company announced the retirement of its Chief Operating Officer, William F. Plyley, effective December 15, 2010.

In December 2010, AREVA undertook a corporate reorganisation of its Australian subsidiaries resulting in the divestment of assets and liabilities by LM (Mungari East) to wholly-owned subsidiaries of AREVA. Following the completion of that corporate reorganisation on March 11, 2011, LM Australia acquired beneficial ownership of all of the issued shares in LM (Mungari East) from CFMM for nominal consideration. LM (Mungari East) is not currently carrying on business and La Mancha does not presently have plans for it to commence to do so.

On May 3, 2011, the Company announced the appointment of Nigel Tamlyn as its Chief Operating Officer, effective May 5, 2011.

On June 30, 2011, Agnès Russeil resigned as Chief Financial Officer of the Company and Gonzague Thomasset was appointed as her replacement.

On March 29, 2012, Alan Peltz and Sébastien de Montessus resigned from La Mancha’s Board of Directors, for personal reasons. On that same date, Olivier Wantz was appointed as a director of the Company. The other vacancy will be filled by the board of directors of the Company in due course.

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. On January 12, 2009 the Superior Court of Ontario granted the Implementation Order for the Restructuring Plan of these ABCP. On January 21, 2009 the Restructuring Plan was completed. Pursuant to the terms of the Restructuring Plan, the Company exchanged its short-term notes for long-term notes (Master Asset Vehicle II notes). Based on the discounted cash flow model as at December 31, 2011, the fair value of the Company’s Notes was estimated at \$6.8 million. On February 8, 2012, the Company sold its notes for an amount of \$7.3 million, realizing a gain of \$0.5 million over its book value.

2.1.6 Auction Process

On March 14, 2012, La Mancha announced that, following a request received from CFMM, the Board of Directors of La Mancha established a Special Committee to conduct an auction process for the Company through which acquisition proposals are solicited in order to maximize value for all shareholders. The Special Committee retained BMO Nesbitt Burns Inc. in Canada as financial advisor and Fasken Martineau as Canadian legal advisor to assist it in carrying out its mandate. There is no assurance that the auction process will lead to any acquisition proposal being made to La Mancha for assets and/or shares of the Company or its subsidiaries, or that La Mancha’s Special Committee and Board of Directors will decide to pursue any transaction.

2.2 2012 Outlook

La Mancha expects to produce between 110,000 to 130,000 attributable ounces of gold in 2012 at an estimated average cash cost of US \$659/oz. A brief outlook for each operation is presented below on a country-by-country basis.

2.2.1 Australia

In 2012, the Company expects its share of Frog’s Leg mine production to be in the range of 60,000 to 65,000 ounces of gold at an estimated cash cost of US \$700 per ounce. As 2012 processing capacity is yet to be confirmed for White Foil, La Mancha is presently unable to confirm any 2012 production for White Foil. However, the Company is examining milling options that could eventually allow the mine to generate up to 10,000 ounces of production in 2012. No cash costs estimates are provided for White Foil in 2012 as no milling agreement is confirmed to date. See “*Mineral Projects-Frog’s Leg and White Foil Mines (Australia)*”.

2.2.2 Sudan

Hassaï production is expected to be in the range of 55,250 to 60,000 ounces of gold (22,100 to 24,000 ounces attributable to La Mancha) in 2012 at an estimated cash cost of US \$724 per ounce. No major change in production is expected at the Hassaï mine until the current heap leach plant is upgraded to Carbon-In-Leach technology. See “*Mineral Projects - Hassaï Mine*” section.

2.2.3 Côte d’Ivoire

Ity production is expected to be in the range of 60,784 to 67,538 ounces of gold (27,900 to 31,000 ounces attributable to La Mancha) in 2012 at an estimated cash cost of US \$521 per ounce due to an additional third milling shift in the fourth quarter 2011 and to a major overhaul of the crusher that is scheduled to be completed in the first quarter of 2012 (which should generate a 50% increase in Ity’s milling capacity, from 400,000 tonnes per annum to 600,000 tonnes per annum by March 2012). See “*Mineral Projects - Ity Mine*” section.

The above mentioned objectives are forward-looking. See “*Forward-Looking Statements*”

2.3 Significant Acquisitions

No significant acquisitions occurred for the 12-month period ended December 31, 2011.

3 DESCRIPTION OF THE BUSINESS

3.1 General

The Company is an international gold producer incorporated 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”) and the Deutsche Börse in Frankfurt (since 2008) 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, is actively exploring a VMS resource, and has exploration tenements), Côte d’Ivoire (where it carries on mining production and has exploration tenements), Australia (where it carries on mining production 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 Projects			
	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	LM Australia	LM Australia	SMI	AMC
Stage: exploration, development or production	Producing and actively exploring	Producing and actively exploring	Producing and actively exploring	Producing, developing VMS Project ⁽³⁾
Period of operation	Year round	Staged Mining to suit campaigned toll processing	Year round with adjusted production pattern during the rainy season (on average 49 days per year)	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) See “*Mineral Projects- Hassaï Mine (Sudan)*”

3.2 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. While recent increased activity in the mining industry has made it more difficult to locate competent employees and consultants, La Mancha has found that it has been able to locate and retain such employees and consultants and believes that it will continue to be able to do so.

3.3 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.

3.4 Use of Derivative Instruments

The Company implemented, for strategic reasons, a partial hedging program designed to secure a minimum level of cash flow, while retaining upside potential on gold prices, by entering into a series of gold costless collar contracts to manage its exposure to gold price volatility. A costless collar is a combination of two option contracts that limit the holder's exposure to changes in prices within a specific range. The "costless" nature of this derivative is achieved by buying a put option (the right to sell) for consideration equal to the premium received from selling a call option (the right to purchase). The Company's policy limits its overall hedging program to a maximum of 35% of its gold production subject however to a yearly limit of 25% of its gold production for any given year. The Company's hedging policy is for a one year term and is reviewed by the Board of Directors on a quarterly basis. At the time of implementation of each position, the Company aims at maintaining an upside of approximately 25% on the gold price in the various currencies.

As at December 31, 2011, the Company held gold collar derivative contracts for its African operations totaling 14,321 ounces for which the purchased puts and sold call options have average strike prices of €1,015/oz and €1,492/oz. On December 31, 2011, the London Gold Fixings P.M. rate was €1,217/oz. The Company also held gold collar derivative contracts for its Australian operations totaling 17,728 ounces that include purchased put and sold call options with average strike prices of AU\$1,445/oz and AU\$2,018/oz. On December 31, 2011, the London Gold Fixings P.M. rate was US\$ 1,574/oz. These contracts have maturities ranging from January through December 2012. The terms of the collar derivative contracts specify that the settlement is in cash, and is based on the London Bullion Market Association price ("vanilla" options) for the day in which the derivatives settle.

For accounting purposes, the collars are recorded at their current fair value at the end of each reporting period. The fair values are based on estimates using present value techniques and other valuation models such as the Black-Scholes model. Consequently, changes in intrinsic value and in time value of these collar contracts, if any, are recorded in other operating income (expense) in the consolidated statement of operations. Any change in accounting procedures may impact the financial result in the future. The credit risk, associated with the counterparties issuing the options, is taken into account in the evaluation of the fair value of the hedging instruments.

For the portion of production that is not hedged, as a general rule, La Mancha will sell its gold production at market prices. As market conditions change, the Company may reassess the situation and choose to change its commodity hedging policy. La Mancha also retains the right to use financial derivatives to hedge against factors affecting its core operations, such as, but not limited to, foreign currency, energy prices, and production consumables. See "*Risk Factors-Use of commodities or derivative instruments*".

3.5 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, 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.

Under La Mancha's sustainable development initiatives, the Company utilizes a sustainable development performance management system called Sustainability Tool for Advanced Reporting ("STAR") developed by AREVA to track all aspects of the mining cycle including environmental and worker safety key indicators. STAR breaks down the sustainable development commitments into a series of performance improvement goals and performance improvement criteria. Practices are then assessed based on each of these criteria on a scale of one to four, corresponding to the degree of completion for the criterion: initiated, deployed, mature and excellent. Performance improvement progress charts then give rise to a series of action plans to improve performance. The plans are used to monitor and report on progress.

Furthermore, the STAR environmental management system implemented at La Mancha's 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 that may occur in the course of its operations.

3.6 Employees

As of December 31, 2011, the Company had more than 1,250 employees.

3.7 Foreign Operations

La Mancha's business is dependent on its foreign operations in Africa, Australia, and Argentina. See "*Risk Factors-La Mancha's projects are located in foreign countries*".

3.8 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. On November 20, 2008 the commercial courts of the City of Buenos Aires accepted a petition for bankruptcy filed by the mortgage holder against Minera Patagonia S.A. which was finally declared bankrupted on July 20, 2009. On May 5, 2011, the trustee in bankruptcy requested the closure of the bankruptcy proceedings due to the lack of assets. No decision has yet been rendered by the court on this request. At the time of reporting, management is awaiting the court's final decision.

As a consequence of Patagonia's bankruptcy, on December 30, 2009, a petition to extend the bankruptcy to the Company and a former Director was filed in front of the commercial courts of the City of Buenos Aires. The Company was served with process of the extension of bankruptcy requested by the trustee on April 29, 2010. La Mancha filed its response to the complaint on August 11, 2010.

Following the loss of control over the entity, the Company de-consolidated all the assets and liabilities associated with Patagonia and recorded a liability in the amount of \$2.5 million in provisions for other liabilities and charges in the consolidated statement of financial position. Once the liquidation procedures will be completed and the Company is relieved from any obligation, the liability will be reversed into the consolidated statement of earnings.

3.9 Reorganizations

Since the completion of the RTO Transaction on September 28, 2006, neither the Company nor any of its subsidiaries have undergone any material reorganization and there is no proposed material reorganization for the current financial year. Upon closing of the RTO Transaction, La Mancha became a producing mining company with interests in two mines in production, the Hassaï and Ity mines respectively in Sudan and Côte d'Ivoire, two advanced Australian projects, Frog's Leg and White Foil, and a portfolio of 30 exploration properties. More information regarding the RTO Transaction can be found in the August 2006 Circular under "*The Transaction and Related Matters – Conveyancing Agreement*".

3.10 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 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 the Company's website at www.lamancha.ca.

4 RISK FACTORS

Investment in exploration, development and production mining companies 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. No guarantee is provided that other risks will not affect the Company in the future. Should any of these risks materialize into actual events, the Company's assets, liabilities, financial conditions, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment. Prospective purchasers or holders of La Mancha's Common Shares should give careful consideration to all risk factors enumerated below.

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

La Mancha's operations may be significantly affected by changes in the market price of gold and copper. 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 and copper can be influenced by economic conditions, their 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 and copper prices. In addition, the price of gold and copper have over the past three years been subject to significant price movements and rapid short-term changes because of speculative activities. Fluctuations in gold and copper 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.

4.2 Australian Milling Capacity

La Mancha does not own any milling equipment in Australia, therefore the Company's Australian Frog's Leg and White Foil mines need to 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. Furthermore, the Company's production may be impacted by adverse events at the toll treatment plant which are not under La Mancha's control, which include, but are not limited to, scheduling delays, mechanical breakdowns, and contract termination.

4.3 Additional Financing Is Likely To 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, including but not limited to the Company's VMS project. Significant capital investments is likely to be required to achieve successful development and commercial production from such properties. In addition, other capital investments 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 in a timely manner on commercially acceptable terms in the future to engage in these activities.

4.4 Mining Tax Jurisdiction Regimes Are Subject To Interpretation And Changes

The Company's interpretation of tax laws where it operates and as applied to its operations including the implications of the Company's transfer to France of its executive office may be different than that the tax authorities. As a result, tax treatment of certain operations or actions may be challenged and reassessed which could result in adverse tax consequences for the Company including a discrepancy in the level of taxes to be paid in addition to penalties and interests.

4.5 The Market Price of Common Shares may be subject to Wide Price Fluctuations

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of La Mancha, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for La Mancha, general economic conditions, changes in the gold price, in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, equity raising speculation, and other events and factors outside of La Mancha's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares. The outcome of the auction process announced by the Company on March 14, 2012 could also materially and adversely affect the market price for the Common Shares.

4.6 Influence by CFMM; Future Sales of Common Shares by CFMM

As of the date hereof, CFMM owns approximately 63.06% of all outstanding Common Shares. As a result, CFMM has the ability to significantly influence all matters submitted to the shareholders for approval, including without limitation the election and removal of directors, amendments to the articles of incorporation and by-laws and the approval of any amalgamation, arrangement or other business combination or going private transaction, and the ability to significantly influence the outcome of any takeover bid on the Company. The interests of CFMM may not in all cases be aligned with interests of the other shareholders of La Mancha.

CFMM may sell some or all of its Common Shares in the future. Subject to compliance with applicable securities laws, the acquirer of such Common Shares would not necessarily be required to make the offer to all shareholders by way of a takeover bid. No prediction can be made as to the effect, if any, future sales of Common Shares by CFMM will have on the market price of the Common Shares prevailing from time to time. However, the future sale

of a substantial number of Common Shares by CFMM, or the perception that such sales might occur, could materially and adversely affect the market price for the Common Shares.

As noted earlier in this AIF, following a request received from CFMM, the Board of Directors of La Mancha has established a Special Committee to conduct an auction process for the Company through which acquisition proposals are solicited in order to maximize value for all shareholders. There is no assurance that the auction process will lead to any acquisition proposal being made to La Mancha for assets and/or shares of the Company or its subsidiaries, or that La Mancha's Special Committee and Board of Directors will decide to pursue any transaction.

4.7 Use of commodities or derivative instruments

The Company is exposed to commodity price risk mainly arising from gold sales and energy supply and may use derivative financial instruments, including forward sales agreements and options, to reduce its exposure to commodity price volatility. The Company does not enter into derivative transactions for speculative purposes.

However the use of derivatives instruments involves certain inherent risks including the risk that, in respect of certain derivative products, an adverse change in market prices for commodities, currencies or interest rates could result in the Company's incurring an unrealized mark-to markets loss in respect of such derivative products. In the case of gold sales program, if the gold price rises above the price at which future production has been committed under a forward sales hedge program, the Company may have an opportunity loss. However, if the gold price falls below that committed price, revenues will be protected to the extent of such committed production. There can be no assurance that the Company will be able to achieve future realized prices for metal prices that exceed the spot price as a result of any forward sales hedge program. See "*Description of the Business-Use of Derivative Instruments*".

4.8 Adverse Political Factors

While La Mancha is a diversified international producer, its operations, its strategic plans, its current and future commercial production and its associated timetable, its ability to obtain access to mine supplies and employees, its financial results, and its share price may be significantly affected by adverse political events.

La Mancha's business plan, consisting of mining and exploration activities, remains vulnerable to adverse economical, political, and social factors in the countries in which it does business in. Although La Mancha has the ability to quickly suspend and restart activities in response to the evolution of the political situation surrounding its mines, there is no assurance that the mine will deliver production according to its business plan during times of political instability.

4.9 La Mancha's Projects Are Located In Foreign Countries

Substantially all 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 La Mancha's 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 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 extend to the expropriation of assets, cannot be ruled out.

4.10 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.

4.11 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.

4.12 Cash Production Costs Factors

The publication of total cash cost per ounce of gold or per pound of copper produced may enable investors to better understand year-over-year changes in production costs, which in turn affect profitability and cash flow. However, total cash cost per ounce of gold or per pound of copper produced does not have a standardized meaning prescribed by Canadian GAAP or IFRS. Investors are cautioned that total cash cost per ounce of gold or per pound of copper produced should not be considered in isolation or construed as a substitute to costs determined in accordance with Canadian GAAP or IFRS as an indicator of performance. The Company's method of calculating total cash cost per ounce gold or per pound of copper produced may differ from the methods used by other entities and, accordingly, the Company's total cash cost per ounce of gold or per pound of copper produced may not be comparable to similarly titled measures used by other entities.

Except as otherwise noted, total cash cost per ounce of gold or per pound of copper produced is calculated by dividing total cash costs by gold ounces or copper pounds produced for the relevant period. Total cash costs include mine operating costs such as mining, processing, administration, royalties and operating taxes, but exclude amortization, reclamation costs, financing costs and capital development and exploration.

Total 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 estimated direct operating cash costs will be achieved for operating mines or projects in which La Mancha has an interest. In addition to engineering, operating and capital cost factors, the revenues of La Mancha from its operating mines or projects 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 ore bodies or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular accounting period.

4.13 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.

4.14 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, or in Euros. 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.

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. The price of gold is denominated in United States dollars, 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 reported in Canadian dollars.

4.15 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.

4.16 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*".

4.17 Insurance and Uninsured Risks

La Mancha's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour 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.

4.18 Forecasts of Costs May Differ From Estimates

Cost figures included in this Annual Information Form, and other published documents, are in many instances estimates only and no assurance can be given that such estimates are accurate. Such estimates are expressions of judgment based on knowledge and experience. Estimates made at any given time may significantly change when new information becomes available or when parameters that were used for such estimates change. While the cost estimates disclosed by the Company from time to time are thought to be reliable, no assurance can be given that such costs will not be greater than those anticipated.

4.19 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*".

4.20 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 endeavors 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.

4.21 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. There is no assurance that La Mancha will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

4.22 Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Power sources, water supply, reliable roads and bridges are important factors for the operational success of the Company's activities. The lack of one or more of such components could adversely affect the Company's operation, operating costs, financial condition and results of operation.

4.23 Non-Controlled Assets May Not Comply With Company Standards

Some of the Company's assets are controlled and managed by joint venture partners who may have different business objectives. Management of non-controlled assets may not comply with La Mancha's management and operating standards, controls and procedures (including health, safety and environment standards). Failure to adopt appropriate standards, controls and procedures as regards these joint ventures or improper management of these assets could not only adversely affect the value of the joint venture and assets but could also lead to higher costs and reduced production as the case may be and adversely impact the Company's financial condition and reputation.

4.24 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.

4.25 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 the Company. La Mancha is also subject to the risk of a highly competitive market for the hiring and retention of key personnel.

5 MINERAL PROJECTS

5.1 Frog's Leg (Australia)

Information in this section is based on an independent technical report entitled Frog's Leg 43-101 Report (the "Frog's Leg Report"), prepared by Denis Grubic, of AMC Consultants, and Joe McDiarmid, Christopher R Honey, Rodney W Johns from La Mancha and Trevor I Eddie who was employed at La Mancha when this report was filed with the Canadian securities regulators on September 11, 2009. The stated authors of the Frog's Leg Report are all "qualified persons" as such term is defined in NI 43-101.

Information in this section arising subsequent to the date of the Frog's Leg Report is provided by the management of La Mancha under the supervision of Jean-Jacques Kachrillo and Nigel Tamlyn of La Mancha, who are both "qualified persons". Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Frog's Leg Report which is available on SEDAR at www.sedar.com.

5.1.1 Project Description and Ownership

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

Frog's Leg mineralisation occurs in a number of structural styles along a 900m 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 hangingwall 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.

5.1.2 Location, Accessibility, Climate, Local Resources, Infrastructure and Physiography

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. Existing mine infrastructure at the Frog's Leg mine site consists of access roads and dewatering equipment for the pit. Power is provided via the statewide grid.

5.1.3 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). 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.

During eighteen months of production, ended in 2005, 832,976 tonnes of Frog's Leg ore was milled at a head grade of 4.50g/t. Recovered gold totaled 116,611 ounces (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 definitive 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 beginning construction. The mine achieved commercial production standards on January 1, 2009.

In July 2009, a new upgraded mining plan was published based on the April 2008 resource increase, thereby increasing the Frog's Leg Proven and Probable reserves by 37% from the 2007 definitive feasibility study. More information concerning the current underground mining operation is provided under "*Mining Operation*" below.

In 2010, an extensive underground resource drilling program, involving 35,000 metres of diamond drilling across the entire 1,200-metre strike length of the deposit, was conducted. This exploration program added 348,000 Measured and Indicated ounces of gold (158,100 ounces attributable to La Mancha).

On March 22, 2012, the Company announced that Proven and Probable gold reserves at its Frog's Leg mine had increased by 36% following the successful completion of a new upgraded mine plan that incorporated the significant resource increase announced in 2011. See "*Mineral Resources and Mineral Reserves Estimates*" section below.

5.1.4 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 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.

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.

5.1.5 Mining Operation

A first mine plan was published in the 2007 Definitive Feasibility Study. Following a resource increase in April 2008, the Company published an upgraded mine design in July 2009, which boosted expected annual production by 29% over the previous mine plan while extending the mine life by 1.2 years.

A second mine plan was published on March 22, 2012, pursuant to the successful 2010 underground resource drilling program. The new mine plan added 208,000 ounces, net of mining depletion, to the mineral reserve since December 31, 2010 of which 106,000 ounces are attributable to La Mancha. According to the new mine plan, dated as at February 29, 2012, a total of 4.1 million tonnes of ore at a fully-diluted grade of 5.76 g/t Au, containing 765,500 ounces of gold (390,400 ounces attributable to La Mancha) are expected to be extracted over the remaining mine life which extends until 2019.

The new life-of-mine plan, dated as at February 29, 2012, was completed based on the resource estimate block modelling information compiled by La Mancha as at December 31, 2011. The mining method is longhole open stoping, progressing in a top-down sequence utilising cemented paste fill. Until mid-2010, the stopes were left open using sill and island pillars to provide stability. In 2010, more areas of ore development have opened up with dual parallel drives, while the number of stoping fronts has increased. Furthermore, in 2010, a paste backfill plant was constructed and put into operation, with the first stope filled in early May. The more effective mine stability that paste-fill provides over other backfill methods eliminates the need for pillars and enables higher extraction of ore at depths below the current resource.

La Mancha holds a toll milling agreement with Higginsville Mining, a subsidiary of FMR Investments, for the Greenfield mill, located 26km Southwest of the Frog's Leg mine. The mill utilizes standard 3 stage crushing, ball

milling, gravity and CIP circuits for gold recovery. The current toll milling agreement is for 350,000-tonne-per-annum and runs until the end of 2012. The toll milling capacity should be prioritized with Frog's Leg ore, while White Foil ore should fill the remaining capacity.

The following table indicates operating information for La Mancha's share of the Frog's Leg mine for the last three years:

Frog's Leg Mine (51%)	2009	2010	2011
Ounces (Au)	46,120	66,444	66,505
Tonnage milled (tonnes)	298,024	429,012	337,246
Grade milled (g Au/t)	5.2	5.2	6.6
Recovery (%)	93	94	93

The Frog's Leg mine generated 66,505 ounces of gold net to La Mancha in 2011 at a cash cost of US \$636 per ounce (AU \$619 per ounce) compared to 66,444 ounces at a cash cost of US \$602 per ounce (AU \$650 per ounce) in 2010. The Frog's Leg mine plan was refined following the introduction of cemented backfill in 2010, resulting in less dilution. As a result, tonnage mined was lower in 2011, but grades were higher, thereby compensating for a lower toll-mill throughput. Overall, 50 individual stopes were mined during 2011, down to a depth of 375 metres below surface.

In 2012, the Company expects its share of Frog's Leg mine production to be in the range of 60,000 to 65,000 ounces of gold at an estimated cash cost of US \$700 per ounce.

5.1.6 Mineral Resources and Mineral Reserves Estimates

The December 31st, 2011, 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	1,870,588	6.00	360,784	954,000	6.00	184,000
Probable Reserves	2,376,471	5.57	425,490	1,212,000	5.57	217,000
Total Proven and Probable	4,247,059	5.76	786,274	2,166,000	5.76	401,000
Measured Resources	2,137,255	7.26	498,039	1,090,000	7.26	254,000
Indicated Resources	2,392,157	6.28	482,353	1,220,000	6.28	246,000
Total Measured and Indicated	4,529,412	6.74	980,392	2,310,000	6.74	500,000
Inferred Resources	223,529	5.21	37,254	114,000	5.21	19,000

Reported reserve figures have been calculated using cut-off grades of 3.0 g/t Au for stope ore and 1.5 g/t Au for development ore, an average metallurgical recovery of 94.5%, and a gold price of US \$1,350/oz. Mineral resources were calculated using a cut-off grade of 2.7 g/t Au.

The new, February 29, 2012, upgraded mine plan added 208,000 ounces, net of mining depletion, to the mineral reserve since December 31, 2010 of which 106,000 ounces are attributable to La Mancha. At December 31, 2011, total proved and probable reserves stood at 4.2 Mt grading 5.76 g/t Au, for 787,000 contained ounces, up from 3.5 Mt at 5.14 g/t Au for 578,000 contained ounces. This Proven and Probable reserve estimate represents an 80% conversion of the Measured and Indicated resource reported as at December 31, 2011, compared to 62% for that reported as at December 31, 2010. Increased geological understanding of the orebody, through additional resource drilling and mapping of developed levels, has permitted improved interpretation of mineralisation, resulting in a higher grade resource estimate containing less dilution.

5.1.7 Exploration and Development Activities

The 2012 exploration objective has been to test the potential of extension of the resource at depth on a large grid down to 800 metres. As such, 11,500 metres of drilling to a depth of 800 metres are planned.

5.1.8 Drilling, Sampling and Analysis, and Security of Samples

The updated resource review and estimation conform to the requirements of NI 43-101 and CIM Best Practices for Estimation of Mineral Resources. There are numerous uncertainties inherent in estimating mineral reserves, including many factors beyond the Company's control. Resource estimation is a subjective process, and the accuracy of any resource estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Results from drilling, testing and production, as well as material changes in metal prices subsequent to the date of an estimate may justify revision of such estimates. To the best of La Mancha's knowledge, at the time of estimation there were no known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues that would materially impact on the eventual extraction of the mineral resources.

The drilling program was carried out by, and under the supervision of, Trevor Eddie B.Sc. (Geol.) MAusIMM, Geology Manager of La Mancha Australia who was employed at La Mancha until March 2011. The program was conducted in accordance with industry best practice standards.

La Mancha has established an Analytical Quality Assurance Program to control and assure the analytical quality of assays in its gold exploration. This program includes the systematic addition of blank samples and internal material references ("standards") to each batch of samples sent for analysis. Blank samples are used to check for possible contamination in laboratory, while standards determine the analytical accuracy. All samples are half NQ diamond drill core sampled based on geological intervals. Samples utilized for the resource update comprise half NQ2 diamond drill core. Samples were assayed at SGS Australia, Kalgoorlie, using a 50 g fire assay, followed by solvent extraction and flame AAS.

The Frog's Leg geological re-interpretation was completed by La Mancha Australia staff under the supervision of Trevor Eddie, and the block model, including the building of the wireframes for the model, resource estimation and classification was undertaken Trevor Eddie, also of La Mancha Australia until March 2011. Mr. Eddie had sufficient experience in the resources calculation, the style of mineralization and type of deposit to qualify as a Qualified Person as defined in the 2005 Edition of "National Instruments 43-101, Standards of Disclosure for Mineral Projects". Based on his information, Mr. Eddie had consented to the content of this AIF in the form and context in which it appears. He had read National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") and had ensured that this AIF has been written in compliance with the Instrument.

5.2 White Foil (Australia)

Information in this section is based on an independent technical report entitled the White Foil Revised Technical Report (the "White Foil Report"), prepared by Rodney W Johns of La Mancha and Trevor Eddie who was employed at La Mancha until March 2011, and William F Plyley who was employed at La Mancha until December 2010, Elizabeth Haren of Haren Consulting working for CSA Global, and Gary McCrae of Minecomp Pty Ltd, which was filed with the Canadian securities regulators on October 29, 2009. The stated authors of the White Foil Report are all "qualified persons" as such term is defined in NI 43-101.

Information in this section arising subsequent to the date of the White Foil Report is provided by the management of La Mancha under the supervision of Jean-Jacques Kachrillo and Nigel Tamlyn of La Mancha, who are both "qualified persons". Portions of the following information are based on assumptions, qualifications and procedures

which are not fully described herein. Reference should be made to the full text of the White Foil Report which is available on SEDAR at www.sedar.com.

5.2.1 Project Description and Ownership

The White Foil gold mine development project is part of the La Mancha package of gold assets acquired from CFMM in the RTO Transaction. LM Australia 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 AUD2.5 million on 27 September 2006.

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

A royalty of 2.5% of the net smelter return is payable to the State of Western Australia as a form of compensation reflecting upon facilities provided by the State. No additional royalties are payable to other parties.

La Mancha has complied with the environmental obligations mandated by the project and has kept their permitting requirements up to date.

5.2.2 Location, Accessibility, Climate, Local Resources, Infrastructure and Physiography

The White Foil mine is located 20 kilometres (km) 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. 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.

5.2.3 History

Discovery of the White Foil deposit was made in 1996 preceded by an extensive geochemical sampling program followed by diamond drilling. 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 LM Australia 51% share of ore to two custom toll mills in the Coolgardie area 24 km to the southwest: the Three Mile Hill 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). LM Australia'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. The property remained on a care and maintenance basis until November 2007 when approvals to recommence mining were granted by Government authorities.

An agreement between La Mancha and Barrick Gold allows saline water from White Foil to be pumped to the Barrick Gold transfer facility at Kundana, some 7km to the north. To accomplish this, a large capacity pipeline was constructed by La Mancha and high volume transfer pumps were installed. Barrick is responsible to on-pump the water to a permitted discharge at White Flag Lake which is another 7km further north. Over 5 million cubic metres of saline water of density 1.2 was pumped from White Foil during the de-watering exercise. La Mancha reimburses

Barrick a fee for the capital recoup and operating costs of the discharge pipeline. The White Foil pit is now free of stored saline water and operationally, will have to manage inflows of around 70 litres per second during mining and Care-and-Maintenance.

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.

Following a resource expansion in June, 2008, a feasibility study for White Foil Phase 1 was published on March 5th, 2009. On January 25th, 2010, the Company announced that it had come to an agreement with a toll-mill operator and as such the White Foil project restarted its mining activities in March 2010. More information concerning the mine plan is provided in the “*Mining Operation*” section.

5.2.4 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 NNWly 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 -65°. 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 NNWly in the southern portion and NNEly in the north with this latter trend coinciding with richer gold values.

5.2.5 Mining Operation

A feasibility study on the resumption of mining the White Foil pit was published on March 5th, 2009. The initial feasibility work was prepared with two main objectives: to resume production at White Foil as soon as possible, and to minimize the required initial investment. As such, the mining of the White Foil resource was separated in two phases. The first phase involves the mining of a small pit from the existing pit floor with toll treatment of the ore; the second phase involves a cutback of the existing pit from surface level.

Management considers that the mining envisaged in the Phase 1 of the feasibility study in no way precludes the possibility of mining a Phase 2 pit which would result in higher recovery of the White Foil resource. Ore at the White Foil mine is contract-mined using conventional open-cut mining techniques.

Based on the Phase 1 Proven and Probable reserves (as shown in the following “*Mineral Resources and Mineral Reserves*” section), the feasibility study covered the extraction of around 1.0 million tonnes of ore at a grade of 2.41 g Au/t for 69,160 ounce recovered over a 2.3 year period. The feasibility study considered an ore extraction rate of around 435,500 tonnes per year; however, La Mancha current toll milling arrangements limit the Company to reach these levels. In light of limited toll milling availability and higher cost structure associated to toll-milling, as of December 31, 2011, only 9% of the M&I resource was classified as reserves. At the date of this report, management was analyzing the possibility of constructing a mill on the Mungari mining complex which would allow larger Phase 2 Pit to be economically mined.

The following table indicates operating information for the White Foil mine for the last three years:

White Foil Mine	2009	2010	2011
Ounces (Au)	-	11,713	9,388
Tonnage milled (tonnes)	-	191,330	99,334
Grade milled (g Au/t)	-	2.1	3.2
Recovery (%)	-	90	93

In 2011, La Mancha continued to top off its excess mill capacity at the nearby Greenfields plant with stockpiled White Foil ore. White Foil's performance was, however, affected by deteriorating toll milling conditions in the Kalgoorlie area. As such, 99,334 tonnes were processed during the year compared to 191,330 tonnes in the 2010. However, due to a significant increase in gold grades (up to 3.2 g/t in 2011 from 2.1 g/t in 2010), White Foil produced 9,388 ounces at a cash cost of US \$821 per ounce (AU \$774 per ounce) in 2011 compared to 11,713 ounces at a cash cost of US \$928 per ounce (AU \$1,014 per ounce) in the 2010.

As of the date of this report, La Mancha is unable to confirm any 2012 production for White Foil since processing capacity is yet to be confirmed. The Company is examining milling options that could eventually allow the mine to generate up to 10,000 ounces of production in 2012. La Mancha expects to tender a mining contract for the second bench of the pit, representing approximately 310,000 tonnes of ore at an average grade of 2.0 g/t Au, as soon as processing capacity is confirmed.

5.2.6 Mineral Resources and Mineral Reserves Estimates

The December 31, 2011 global reserve and resource estimate for the White Foil deposit is shown in the following table:

Resources shown inclusive of reserves	Tonnes	Grade (g/t Au)	Ounces
Proven reserves	375,750	2.04	24,670
Probable reserves	371,420	1.78	21,210
Proven and Probable reserves	747,170	1.91	45,880
Measured	-	-	-
Indicated	7,200,000	2.17	503,000
Total Measured & Indicated	7,200,000	2.17	503,000
Inferred	471,000	1.58	24,000

Reported reserve figures have been calculated using an Au cut off grade of 1.2 g/t, an average metallurgical recovery of 91%, and a gold price of US \$810/oz.

Gold reserves and resources at the White Foil mine have remained unchanged over the 2010 estimate, as gold production came from stockpiled ore, which had been removed from the resource base in the previous resource estimate.

5.2.7 Exploration and Development Activities

While the current resource envelope extends to a depth of 250 metres, long hole drill results suggest that the mineralization extends to a depth of at least 500 metres. A long hole drilled in December 2011 intercepted 1.8 g/t Au over 73.0 metres. This result confirmed the potential outlined by a historical long hole that intersected 2.2 g/t

Au over 162.0 metres. In light of this potential, 24 holes totalling 10,900 metres are planned for 2012 to further grow the resource.

5.2.8 *Drilling, Sampling and Analysis, and Security of Samples*

In 2011, no drilling results were published. The latest information concerning Drilling, Sampling and Analysis, and Security of Samples is provided in the technical report entitled the White Foil Revised Technical Report, prepared by Rodney W Johns of La Mancha and Trevor I Eddie who was employed at La Mancha until March 2011, and, William F Plyley who was employed at La Mancha until December 2010, Elizabeth Haren of Haren Consulting working for CSA Global, and Gary McCrae of Minecomp Pty Ltd which was filed with the Canadian securities regulators on October 29, 2009 and is available on SEDAR.

La Mancha has established an Analytical Quality Assurance Program to control and assure the analytical quality of assays in its gold exploration. This program includes the systematic addition of blank samples, pulp duplicates and internal material references (“standards”) to each batch of samples sent for analysis. Blank samples are used to check for possible contamination in laboratory, duplicates allow the overall precision to be quantified while standards determine the analytical accuracy. All samples are either half HQ or NQ diamond drill core or RC cuttings sampled on a one metre basis. Samples were assayed at the Genalysis Laboratory in Kalgoorlie, which is ISO 17025 qualified, using respectively for gold fire assays on 30g sample followed by AAS and for base metals triple acidic digestion followed by AAS.

5.3 *Ity Mine (Côte d’Ivoire)*

Information in this section is based on an independent technical report entitled the Preliminary Feasibility Study and Certification of Reserves of the Ity mine – Côte d’Ivoire (the “Ity Report”), prepared by Yann Camus, Eng., Gilbert Rousseau, Eng. Gaston Gagnon, Eng. and Claude Duplessis, Eng., of Geostat Systems International Inc. which was filed with the Canadian securities regulators on January 31, 2008. The stated authors of the Ity Report are all “qualified persons” as such term is defined in NI 43-101.

Information in this section arising subsequent to the date of the Ity Report is provided by the management of La Mancha under the supervision of Jean-Jacques Kachrillo and Nigel Tamlyn of La Mancha, who are both “qualified persons”. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Ity Report which is available on SEDAR at www.sedar.com.

5.3.1 *Project Description and Ownership*

The project is presently operated and mined by the SMI. The SMI’s 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 NSR of 3% is payable to the Côte d’Ivoire government. In addition, a royalty is payable by AREVA NC to Franco Nevada (originally granted to the Normandy Mining Group) if and when the Ity gold production exceeds 1 million ounces. This clause was already in effect as of March 2002, the date SMI was acquired by COMINOR.

5.3.2 *Location, Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The SMI mining operations are located near the village of Ity in the Zouan Hounien 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.

5.3.3 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).

In March 2002, COMINOR acquired its 51% shareholding in SMI from the Normandy Mining Group with SODEMI owning the remaining balance. 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 obtaining an exploitation license renewal in May of 2007 the co-owners of the Ity mine agreed to transfer to the government 10% of their respective interest in the mine in accordance with the Ivorian mining law of 1995, which governs the grant of mining permits. 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 0.8 Million ounces to date, mostly from gold-rich laterites and saprolites from the Flotouo–Zia deposit. In 2008, production shifted to the Mount Ity pit which was inaugurated in mid-2008. Gold production from Ity is mostly from clay (saprolites).

In 2010, a new heap leaching area was constructed, and the ore crushing and agglomeration unit, and the carbon in column plant were relocated. These investments were necessary as the old heap leaching area was nearing completion.

La Mancha temporarily interrupted activities at the Ity mine due to increased agitation surrounding the country's political situation from December 17, 2010, to mid January, 2011 and from February 24, 2011, to May 9, 2011. More information on the risks associated to operating in Côte d'Ivoire are available in section 4.5 "Adverse Political Factors"

5.3.4 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.

5.3.5 Mining Operation

The mine has produced more than 800,000 ounces of gold since its 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 excavator. Treatment of ore is achieved by heap leaching.

The following table indicates operating information for the Ity mine for the last three years:

Ity Mine		2009	2010	2011
Ounces (Au)	LMA share	23,735	17,040	16,860
	100%	51,710	37,125	36,733
Tonnage milled (t) 100%		449,050	343,804	419,423
Grade milled (g Au/t)		5.0	4.2	2.9
Recovery (%)		72	80	93

The Ity mine produced a total of 36,733 ounces of gold in 2011 (16,860 ounces attributable to La Mancha) at a cash cost of US \$638 per ounce. Despite a 10-week shutdown due to political tensions in Côte d'Ivoire in early 2011, the year's production compares favourably to the 37,125 ounces of gold (17,040 ounces attributable to La Mancha) produced in 2010 at a cash cost of US \$540 per ounce, as a result of improvements made to the plant in 2010 and the addition of a third milling shift in the fourth quarter.

The aforementioned shutdown limited the Company's ability to grow its high-grade stockpile, as it does routinely during the dry season when mining conditions are easier. Consequently, the Company was required to process ore from its lower-grade stockpile during the rainy season. The mine's cash cost per ounce was therefore affected by lower processed gold grades (2.9 g/t in 2011 down from 4.2 g/t in 2010).

The above-mentioned improvements, along with a major crusher overhaul scheduled to be completed in the first quarter of 2012, should generate a 50% increase in Ity's milling capacity, from 400,000 tonnes per annum to 600,000 tonnes per annum by March 2012. Ity production is therefore expected to be in the range of 60,784 to 67,538 ounces of gold in 2012 (27,900 to 31,000 ounces attributable to La Mancha) at an estimated cash cost of US \$521 per ounce.

5.3.6 Mineral Resources and Mineral Reserves Estimates

The December 31st, 2011 global reserve and resource estimate for the Ity mine is shown in the following table:

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	-	-	-	-	-	-
Probable Reserves	1,166,552	4.85	182,000	535,450	4.85	83,540
Total Proven and Probable	1,166,552	4.85	182,000	535,450	4.85	83,540
Measured Resources	2,500,000	4.46	358,600	1,147,500	4.46	164,600
Indicated Resources	3,312,000	2.69	286,400	1,520,200	2.69	131,500
Total Measured and Indicated	5,812,000	3.45	645,000	2,667,700	3.45	296,100
Inferred Resources	8,832,000	1.60	454,700	4,053,900	1.60	208,700

Reported reserve figures have been calculated using an Au cut off grade of 2.0 g/t, an average metallurgical recovery of 80%, and a gold price of US \$650/oz.

At the Ity mine, seeing as the reconciliation miss-match, first noticed in 2010, between the mine plan and actual mining activity continued in the first half of 2011, a 32,000-metre drilling program began in the November, 2011, with the goal of revising the geological model and extending its resources. In absence of a revised mine plan as at December 31, 2011, the Company has been forced to declassify some reserves to resources until the geological and mine models are updated. As such, Ity's P&P reserves have decreased by 125,815 ounces (57,750 ounces attributable to La Mancha) since last year. A new resource estimate is expected to be calculated in the third quarter and the corresponding upgraded mine plan is expected to be completed by the fourth quarter of 2012.

5.3.7 Exploration and Development Activities

A 32,000-metre drilling program began in December 2011 with the goal of revising the geological model and extending the resources below and around the Mount Ity pit. A new resource estimate is expected to be calculated in the third quarter and the corresponding upgraded mine plan is expected to be completed by the fourth quarter of 2012. Drilling was also planned on its neighboring Tontou, Walter, and Zia deposits with the objective of growing their resources.

5.3.8 Drilling, Sampling and Analysis, and Security of Samples

Latest information concerning Drilling, Sampling and Analysis, and Security of Samples is provided in the technical report entitled the Preliminary Feasibility Study and Certification of Reserves of the Ity Mine – Côte d'Ivoire, prepared by Yann Camus, Eng., Gilbert Rousseau, Eng. Gaston Gagnon, Eng. and Claude Duplessis, Eng., of Geostat Systems International Inc. which was filed with the Canadian securities regulators on January 31, 2008 and is available on SEDAR.

La Mancha has established an Analytical Quality Assurance Program to control and assure the analytical quality of assays in its gold exploration. This program includes the systematic addition of blank samples, pulp duplicates and internal material references ("standards") to each batch of samples sent for analysis. Blank samples are used to check for possible contamination in laboratory, duplicates allow the overall precision to be quantified while standards determine the analytical accuracy. All samples are either half HQ or NQ diamond drill core or RC cuttings sampled on a one metre basis. Samples were assayed at the Veritas Laboratory in Abidjan or ALS laboratory in Bamako, which are ISO 17025 qualified, using respectively for gold fire assays on 30g sample followed by AAS and for base metals triple acidic digestion followed by AAS.

5.4 Hassaï Mine (Sudan)

Information in this section is based on the technical report entitled The Hassaï CIL Gold Project Definitive Feasibility Study (the "Hassaï CIL 2011 Report"), prepared by Nick Watson of Wardell Armstrong, Russell Beazley of Golder Associates, Aaron Massey and Nick Humphry of Sedgman Limited, Remi Bosc who is a Member of the European federation of Geologist and an independent consultant, and Clayton Reeves and Simon McCracken of CSA Global, and Jean-Jacques Kachrillo of La Mancha, which was filed with the Canadian securities regulators on July 4, 2011. The stated authors of the Hassaï CIL Report are all "qualified persons" as such term is defined in NI 43-101.

Information in this section is also based on The Hassaï Mine Envisaged Business Plan Report (the "Hassaï 2010 Report") prepared by Greame Baker and Dean David of AMEC Minproc Limited, Adam Coulson of AMEC Earth & Environmental, Ian Thomas of Sedgman Limited, Remi Bosc who is a Member of the European federation of Geologist and an independent consultant, and Clayton Reeves and Simon McCracken of CSA Global, Jean-Jacques Kachrillo of La Mancha, and William F Pyley who was employed by La Mancha until December 2010, which was filed with the Canadian securities regulators on October 22, 2010. The stated authors of the Hassaï Report are all "qualified persons" as such term is defined in NI 43-101.

Information in this section arising subsequent to the dates of the above mentioned reports is provided by the management of La Mancha under the supervision of Jean-Jacques Kachrillo and Nigel Tamlyn of La Mancha, who

are both “qualified persons”. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of Hassaï CIL 2011 Report and the Hassaï 2010 Report which are available on SEDAR at www.sedar.com.

5.4.1 Project Description and Ownership

La Mancha and the Sudanese government respectively own a 40% and a 56% equity interest in AMC while the remaining 4% equity interest in AMC is held by a private French company. The area is mined pursuant to AMC’s mining license which covers 18.5 square kilometres. The exploration licenses completely encompass the entire geological district that expands over 24,000 square kilometres. A NSR of 7% is payable to the Geological Research Authority of the Sudan (GRAS) and a 2.25% management fee is payable to COMINOR on the mine’s gross margin. These royalties do not cover the possibility of base metal production and any royalties payable would, therefore, be subject to future negotiations in the event of base metal production.

AMC currently conducts an open-pit gold heap leach operation at the Hassaï mine, which commenced in 1991 and produced a total of over 2.3 million ounces of gold to date from mining the upper gold-rich oxidized cap rock of multiple deposits. The Hassaï property now contains 12 open pits and VMS structures have been visually identified in most of the pit floors.

While gold from the oxidised part of the massive sulphides is nearing depletion, La Mancha has proposed a two phase business plan to transform the Hassaï mine into a world-class mining asset. The initial development stage is the upgrade of the present heap leach plant to Carbon-In-Leach technology. As published in the Definitive Feasibility Study, the CIL plant is expected to produce on average 161,647 ounces of gold per year once commissioned, significantly more than the 71,731 ounces produced in 2011. The Company anticipates that an 18-month detailed engineering and construction period will be required from the time an agreement is signed with the Sudanese partner until the start of production. For more information concerning this first development phase, please refer to the below section entitled “*Upgrade to Carbon-in-Leach (“VMS phase 1”)*”.

The second stage of development at the Hassaï mine involves building a flotation plant to exploit the aforementioned VMS deposits found below the current open pits. On the heels of the initial 2009 VMS resource estimate, a positive NI 43-101 compliant Preliminary Economic Assessment was published in October 2010. Following the PEA recommendation that identifying a larger resource, to a size that would result in a better utilization of the 5 Mtpa processing plant investment, would have a positive impact on the financial metrics of the project, a 100km drilling campaign was undertaken. On February 22, 2012, the Company announced a significant VMS resource increase which management believes could double the period during which the plant is used at its full design capacity beyond 10 years or increase the mill size required. See “*Mineral Projects - Hassaï Mine (Sudan) - Exploration and Development Activities*”.

5.4.2 Location, Accessibility, Climate, Local Resources, Infrastructure and Physiography

The AMC mining operations are located in the desert of the Red Sea State in northeast Sudan. The site is linked by road to Khartoum, approximately 450 km to the North-east and to Port Sudan, 200km to the west on the Red Sea.. AMC maintains the local roads in the vicinity of the plant and mine sites. The Hassaï mine camp is approximately 1 km from the processing plant and accommodates about 800 personnel (expatriates and locals).

The property is in the desert of Northern Sudan where precipitation is infrequent. The climate is arid with a very hot season from June to September during which the maximum temperatures range from 45°C to 55°C and rainstorms may occur. The coolest period covers the months of January and February with daytime temperatures of 30°C and cool nights ranging from 10°C to 15°C.

The existing infrastructure at Hassaï is not suitable for the implementation of a new processing plant, thus in addition to the existing bore fields and power stations, new water and power supply will be provided to service the

plant. General infrastructure at the site will also be provided along with the upgrade of existing roads and the implementation of a construction camp during the construction period.

Power requirements for the CIL processing plant, construction camp and all other relevant infrastructure will be generated by a fixed 16 MW Heavy Fuel Oil (HFO) power station.

Water for current operations is sourced from various points including fresh and saline water sourced from a series of wells located at distances up to 100 km from the Hassaï plant, Basins (hafirs) protected by earth dams that store run-off rainwater and recycled sewage water which has been used in the leach process since 1996. Raw water required for the operation will be pumped from the Nile River, approximately 164 km away via a new pipeline. The water pipeline has been designed for a capacity of around 2100 m³/d which is sufficient for the future VMS project.

5.4.3 History

In 1981, a joint venture agreement was signed between BRGM and the Sudanese government with respect to mining development. Detailed exploration work was performed over these three areas from 1981 to 1984. The exploration work covered most of the gossans in the Ariab district. Initial work focused on the polymetallic potential of the underlying sulphides. In 1983, the discovery of noteworthy gold concentrations in silica-barite rocks associated with the gossan at Hassaï 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 were concentrated on the Ariab district. In February 1985, sufficient data from surface trenching, percussion drilling, core logging and pits were collected at Hassaï to justify the installation of a pilot plant. In March 1987, the first doré was poured at Hassaï.

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, Hassaï South and North, Oderuk, Talaidrut), 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 2.2 million ounces of gold from more than ten deposits, the most important of which are Hadal Awatib, Hadayamet, Hassaï South, and Oderuk. It is believed that the oxide portion of the following deposits has been exhausted: Adassedakh, Baderuk, Baderuk N, Dim Dim 4, Dim Dim 5, Hadal Awatib E, Hadal Awatib W, Hadal Awatib N, Oderuk, Oderuk W, Talaidrutk, and Umashar. At the time of the Report, most of the mining reserves (excluding stockpiles) are in three deposits: Kamoeb South, Hadal Awatib Pipe, and Hadal Awatib Link.

In December 2007, the Company, through its interest in AMC, initiated an exploration program devoted to the volcanogenic massive sulphides (“VMS”) structures visually identified under the six open pits at the Hassaï mine in Sudan. The main VMS-type orebodies in the Ariab district are: Hadal Awatib West and East, Hassaï South and North, Oderuk, Baderuk, Talaidrut, and Adassedakh. A first NI 43-101 VMS inferred resource, based on the drilling campaign carried out between December 2007 and mid-2009, was published for the VMS structures under the Hassaï South and Hadal Awatib pits on respectively September 10 and November 4, 2009.

In September 2010, the Company published a positive preliminary economic assessment (“PEA”) for the Hassaï VMS project. The study split the mine’s potential into two development phases. The initial development stage is the upgrade of the present heap leach plant to Carbon-In-Leach technology. The second stage involves building a flotation plant to exploit the VMS resource.

On May 16, 2011, La Mancha announced a positive Definitive Feasibility Study for the first stage of developing the Hassaï mine into the Volcanogenic Massive Sulphide project.

On February 22, 2012, the Company announced a significant VMS resource increase. Compared to the initial 2009 estimate, the total Indicated resource has grown from 2.9MT to 80.7MT, increasing its total gold and copper contents from 86,700 ounces to 3,257,300 ounces and 36,800 tonnes to 900,350 tonnes, respectively. Extension drilling also added significantly to the Inferred resource base, which now stands at 37.0 Mt containing 1,379,702 ounces of gold and 401,800 tonnes of copper. Management believes that this upgraded resource could extend the period during which the plant is used at its full design capacity beyond 10 years or increase the size of the mill.

5.4.4 Geological Setting and Mineralisation

Hassaï is located in the Neoproterozoic Arabian-Nubian Shield that is host to other VMS type deposits such as Jbal Sayid in Saudi Arabia and Bisha in Eritrea. 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.

5.4.5 Current Mining Operation

Production commenced in 1991, with a total of over 2.2 million ounces produced to date from multiple deposits. The current operation comprises mining, crushing and stacking at a rate of 0.8 Mt/a. Supporting infrastructure includes diesel-powered electric generators, a camp for approximately 800 persons, and water supplied from a nearby borefield which accesses a near-surface aquifer, augmented by a dam to capture any surface run-off.

Due to diminishing SBR reserves, the Company began to shift its attention towards mining the gold contained in abundant quartz veins from the Kamoeb deposit. To that effect, a new quartz processing circuit was added to the mill in 2007. Plant feed currently consists of Quartz Ore, SBR Oxide Ore and Acidic Ore.

Treatment of ore is achieved by heap leaching with a processing capacity of roughly 800 kt of ore per annum with gold recovery averaging 73%.

The following table indicates operating information for the Hassaï mine for the last three years:

Hassaï Mine		2009	2010	2011
Ounces (Au)	LMA share	24,715	27,374	28,692
	100%	61,790	68,434	71,731
Tonnage milled (tonnes)		725,303	812,440	773,867
Grade milled (g Au/t)		3.8	3.7	3.9
Recovery (%)		70	70	74

The Hassaï mine produced a total of 71,731 ounces of gold (28,692 ounces attributable to La Mancha) at a cash cost of US \$795 per ounce in 2011 compared to 68,434 ounces in 2010 (27,374 ounces attributable to La Mancha)

at a cash cost of US \$731 per ounce. The higher gold output was mainly due to a higher gold recovery rate and to a lesser degree to higher processed gold grades, which more than compensated for a lower mill throughput. Hassaï production is expected to be in the range of 55,250 to 60,000 ounces of gold (22,100 to 24,000 ounces attributable to La Mancha) in 2012 at an estimated cash cost of US \$724 per ounce.

While gold from the oxidised part of the massive sulphides is nearing depletion, La Mancha has proposed a two phase business plan to transform the Hassaï mine into a world-class mining asset. See “*Mineral Projects - Hassaï Mine (Sudan) - Exploration and Development Activities*”.

5.4.6 Mineral Resources and Mineral Reserves Estimates

Hassaï’s resource base can be split into two distinct categories: gold-rich ore and VMS ore. Gold from traditional ore sources contains three different ore types: traditional ore sources (silica-barite rocks and quartz ore), acidic gold ore, and heap leach residue accumulated since the mine’s start-up.

The December 31st, 2011 gold reserve and resource estimates for the Hassaï mine are shown in the following table:

Resources shown inclusive of reserves	100% basis					La Mancha's share (40%)				
	Tonnes	Grade (Au g/t)	Gold (ounces)	Grade Cu %	Copper (t)	Tonnes	Grade (Au g/t)	Gold (ounces)	Grade Cu %	Copper (t)
Gold-rich Resources										
Proven Reserves	2,456,000	2.15	169,720	-	-	982,400	2.15	67,890	-	-
Probable Reserves	11,204,000	2.30	827,100	-	-	4,481,600	2.30	330,840	-	-
Proven & Probable	13,660,000	2.27	996,820	-	-	5,464,000	2.27	398,730	-	-
Measured Resources	2,456,000	2.15	169,700	-	-	982,400	2.15	67,900	-	-
Indicated Resources	13,783,000	2.59	1,148,000	-	-	5,513,200	2.59	459,200	-	-
Measured & Indicated	16,259,000	2.52	1,317,700	-	-	6,503,600	2.52	527,100	-	-
Inferred Resources	5,478,000	2.76	486,600	-	-	2,191,200	2.76	194,600	-	-
VMS Resources										
Proven Reserves	-	-	-	-	-	-	-	-	-	-
Probable Reserves	-	-	-	-	-	-	-	-	-	-
Proven & Probable	-	-	-	-	-	-	-	-	-	-
Measured Resources	-	-	-	-	-	-	-	-	-	-
Indicated Resources	80,700,000	1.26	3,257,300	1.12	900,350	32,280,000	1.26	1,302,900	1.12	360,140
Measured & Indicated	80,700,000	1.26	3,257,300	1.12	900,350	32,280,000	1.26	1,302,900	1.12	360,140
Inferred Resources	37,000,000	1.17	1,379,700	1.09	401,800	14,800,000	1.17	551,900	1.09	160,720

Reported reserve figures have been calculated using an Au cut off grade of 0.8 to 1.5 g/t, an average metallurgical recovery of 63 to 95%, and a gold price of US \$1,079/oz. Reported VMS resource figures were calculated using cutoff grades of 0.5% Cu Eq and 1% Zn, and long-term gold, copper, and zinc prices of respectively US\$1100/oz and \$2.72/lb, and \$1,911/t.

Gold reserves at the Hassaï mine have increased by 205% since last year, largely due to the announcement of the positive Definitive Feasibility Study (“DFS”) for the proposed upgrade to Carbon-In-Leach (“CIL”) technology, as published in the May 16, 2011, press release.

A major advantage of the CIL plant is that it should allow the processing of ore that cannot currently be economically processed with the heap leach method. As such, the DFS has allowed for the conversion of 761,000 ounces (304,400 ounces attributable to La Mancha) to mineral reserves. Gold resources are expected to increase further in 2012 as, at the date of this report, a 5,000-meter drilling program was underway at the Kamoeb pit, with the goal of increasing total resources and converting the current Inferred resource to the Indicated category.

It is important to highlight that an extra 1.2Mt of heap leach residue grading 2.06 g/t Au for 79,475 ounces of gold contained) remained in the inferred category as of December 31, 2011, as the access required to conduct the

necessary drilling was impeded by the active heaps and the tonnage, grades and recoveries were therefore not supported by sufficient testwork to meet the requirements of a feasibility study according to the NI 43-101 standard.

On February 22, 2012, the Company announced a significant VMS resource increase, calculated as at December 31, 2011. Compared to the initial 2009 estimate, the total Indicated resource has grown from 2.9MT to 80.7MT, increasing its total gold and copper contents from 86,700 ounces to 3,257,300 ounces and 36,800 tonnes to 900,350 tonnes, respectively. Extension drilling also added significantly to the Inferred resource base, which now stands at 37.0 Mt containing 1,379,702 ounces of gold and 401,800 tonnes of copper. See section below “Upgrade to Carbon-in-Leach (“VMS phase 1”)”.

5.4.7 Exploration and Development Activities

5.4.7.1 Upgrade to Carbon-in-Leach (“VMS phase 1”)

5.4.7.1.1 Project Description

La Mancha published a positive DFS for the proposed upgrade of its present heap leach plant to Carbon-In-Leach technology on May 16, 2011.

The DFS planned for commissioning of the CIL mill in early 2013, however as ownership negotiations with the State of Sudan were still pending as at the date of this report, the initial reference to the start date of 2013 has been referred to as “Year 1” in this report. It should be noted that corresponding production schedules and statistics in this report could be materially impacted by commissioning delays as traditional ore sources become depleted through the heap leaching plant.

The CIL plant should provide two major advantages to the mine: A) it should allow the processing of ore that cannot currently be economically processed with the heap leach method (notably heap leach tailings), thus significantly increasing the mine’s reserves as described in the “Mineral Resources and Mineral Reserves Estimates” section above, and B) the increased capacity (3.0 Mtpa vs. 0.8 Mtpa) should allow the mine’s average gold production to increase by 136% to 161,647 ounces of gold per year while significantly reducing cash costs per ounce.

It is important to highlight the low mining risk associated with this project, as 75% of the intended feed for the plant is already stockpiled in proximity to the planned plant location.

The table below highlights the positive impact of upgrading the current plant to CIL technology, as described in the DFS.

	Current Operation (as of December 31, 2011)	CIL Upgrade (as of March. 31, 2011)
Processing Plant		
Process type	Heap leaching	CIL
Capacity per year (Mtpa)	0.8 – 1.0	3.0
Design metallurgical recovery	Non-tailings: 70%, Tailings: <30%	Non-tailings: 90%, Tailings: 63%
Production		
Gold reserves (oz)	327,000	1,088,000
Yearly production (oz)*	71,731	161,647
Mine life (years)	Until 2014	2013-2018
Average cash cost (US \$/oz)**	795	571

*Current operation: Realized 2011 production shown; CIL: Excludes low production projected in last year of operation;

** Current operation: Realized 2011 cash cost shown, CIL: Cash cost excludes capitalized mining costs associated to acidic ore stockpiles

The Company anticipates that an 18-month detailed engineering and construction period will be required from the time an agreement is signed with the Sudanese partner until the start of production.

5.4.7.1.2 Mining Operation

The CIL processing facility has been designed to process 3.0 Mtpa using conventional processes. The plant is set to be strategically located in proximity to the heap leach residue stockpiles. Hassai's gold reserve is composed of three different ore types: traditional gold ore, acidic gold ore and heap leach residue accumulated since the mine's start-up.

The table below provides a breakdown of the ore types comprised in the DFS reserve base for the CIL mill throughput.

	Tonnes	g/t Au	Ounces
Traditional Ore*	1,940,000	3.87	241,000
Heap leach residue (tailings)	11,629,000	1.67	626,000
Acidic Ore	530,000	6.06	103,000
Total	14,099,000	2.14	970,000

*Traditional ore is composed of silica-barite rock ("SBR") and Quartz ore

Metallurgical testing indicated that gold recovery rates would differ according to Hassai's various ore types, as described above. As such, the gold recovery rate over the life of the CIL phase is expected to average 72%, with rates varying over time depending on ore throughput composition. Metallurgical gold recovery rates for the traditional ore, heap leach residue and acidic ore are 85%, 63% and 95% respectively.

Moreover, metallurgical testwork carried out on a total of 23 composite samples taken from the tailings during the preparation of the DFS showed recoveries of significant quantities of silver (on average 4.4 ounces of silver per ounce of gold recovered). It is important to note that the tailings have never before been tested for silver content and silver recoverability. Further analysis is required to quantify the silver as a resource since tonnage, grades and recoveries are not supported by sufficient testwork to meet the requirements of the NI 43-101 standard. In the DFS, Sedgman outlined this potential as another "Improvement Opportunity", and the carbon circuit of the plant has been scaled to allow the recovery of silver and gold by increasing its carbon loading.

The table below shows the gold production expected over the life of CIL phase, with the corresponding cash cost per ounce, as published in DFS.

	Y1	Y2	Y3	Y4	Y5	Tot /Avg
Tonnage Milled (t)	3,000,000	3,000,000	3,000,000	3,000,000	1,982,152	13,982,152
Gold Grade (g/t)	2.58	2.61	2.28	1.75	1.28	2.16
Recovery (%)	75.2%	73.8%	73.5%	66.5%	63.0%	71.9%
Gold Production (oz)	187,198	185,691	161,464	112,235	51,513	698,099
Cash Cost (US \$/oz)	498	509	565	681	839	571

Since the mine is already in production and water pipeline permits were granted on April 5, 2010, no additional permits are necessary.

5.4.7.1.3 *Capital Costs*

The total capital development budget is \$187.3 million for the upgrade of the plant and infrastructure. The main capital items are presented in below.

Capital Cost Estimate	
Plant	\$83.8 M
Nile pipeline	\$44.5 M
Power	\$18.7 M
Indirect costs	\$26.4 M
Contingencies	\$13.9 M
Total	\$187.3 M

Estimated to $\pm 15\%$ accuracy

As shown above, one of the main capital investments addresses the need for water. As the mine is located in the Red Sea Desert, nearby water sources are limited. Strict management of the underground water sources found around the mine have met the water requirements of the existing heap leaching operation but would not be sufficient for a CIL plant. In order to meet the water requirements of the upgraded plant, a 160 km pipeline is planned. With a projected capacity of 7.7 million cubic metres of water per year, the pipeline is designed to provide sufficient water for an eventual addition of the 5 Mtpa flotation plant required to process Hassaï's VMS deposits, which would consume 4.1 million cubic metres of water per year. The construction of a single, final pipeline (rather than two smaller lines over time) is planned to reduce overall capital requirements.

The DFS is based on power supply from the construction of a fixed 16 MW Heavy Fuel Oil on-site power station. The planned power station is designed to generate 11 kV and should consist of 12 generators in a 10-operating/2-spare configuration, each rated at 1.6 MW (continuous).

5.4.7.1.4 *Project Economics*

Sedgman built a financial model for the project, using the financial parameters and available operating assumptions provided by La Mancha. The results shown are based on conservative gold price assumptions ranging from \$1,200 to \$1,000 per ounce of gold. The net present value (NPV) and Internal Rate of Return (IRR) are presented for the after-tax scenario.

The table below presents the financial highlights associated with the plant upgrade.

	DFS Financial Highlights
Main assumptions	
Gold price	2013: \$1,200/oz 2014: \$1,100/oz ≥2015: \$1,000/oz
Royalties: Gold	5%
Corporate tax rate	10%
Financials:	
Revenues	\$753.5 M
Operating income	\$146.1 M
Net earnings	\$131.2 M
Cash flow from operations	\$339.9 M
Free cash flow to equity	\$148.8 M
Investment analysis:	
Initial capital cost	\$187.0 M
Total sustaining capital	\$4.2 M
After-tax internal rate of return	36%
Payback*, years	1.8
After-tax NPV @ 0% discount rate	\$148.8 M
After-tax NPV @ 5% discount rate	\$116.3 M

*Calculated from the commencement of production

Although the corporate tax rate and gold royalty fee are currently 15% and 7% respectively, assumptions of 10% and 5% respectively were used in the DFS, based on La Mancha management's best estimates of future rates. Should the rates remain at current levels, the NPV discounted at 5% would be \$98.0 million and the IRR would be 31%.

The sensitivity of the project's NPV/IRR to changes in the gold price was tested and is presented in the table below.

Change in gold price	Gold price forecast (US \$/ oz)			NPV @ 5%	IRR
	2013	2014	≥2015		
-10%	1,080	990	900	\$58.1 M	21%
+0%	1,200	1,100	1,000	\$116.3 M	36%
+10%	1,320	1,210	1,100	\$173.8 M	49%
+20%	1,440	1,320	1,200	\$231.1 M	62%
+30%	1,560	1,430	1,300	\$288.4 M	75%
+40%	1,680	1,540	1,400	\$345.7 M	87%

5.4.7.2 Development of Volcanogenic massive sulphides ("VMS phase 2")

5.4.7.2.1 Project Description

The Hassaï mining area has been in operation since 1992, with over a dozen open pits developed over the years to extract high-grade oxide ore. Most of the ore mined to date comes from the enriched upper zone of a much larger mineralized system. The deeper VMS type orebodies visually identified at the bottom of previously mined pits in the Ariab district are: Hadal Awatib Southwest and East, Hassaï South and North, Oderuk, Baderuk, Talaidurut, and Adassedakh.

La Mancha began drilling on two of the most promising VMS targets in late 2007 with the intention of confirming and quantifying their potential. In September 2009, a NI 43-101 compliant resource estimate was released for the first target, at the bottom of the Hassaï South pit, and in November 2009, a second estimate followed for the target at the bottom of the Hadal Awatib pit. Phase 2 of the PEA was prepared by AMEC and SGS Lakefield and focuses on the economic viability of this VMS potential.

On the heels of the initial 2009 resource estimate, a positive NI 43-101 compliant PEA was published in October 2010. One of the objectives of the 2011 drilling campaign was to grow the VMS resource, and consequently its mine inventory, to a size that would result in a better utilization of the 5 Mtpa processing plant investment recommended by the PEA. Management believes that the upgraded 2011 VMS resource could extend the period during which the plant is used at its full design capacity beyond 10 years or increase the mill size required.

5.4.7.2.2 Updated VMS Mineral Resource

5.4.7.2.2.1 General

On February 22, 2012, the Company announced a significant VMS resource increase. The 2010-2011 drilling campaign surpassed its objectives, converting more than the initial 2009 inferred resource into the indicated category while significantly increasing the size of the total resource.

The table below highlights the main changes to the VMS resource.

	Tonnes	Au	Cu	Total Au	Total Cu	Total Au Eq	Total Au Eq (LMA share)
	(Mt)	(g/t)	(%)	(oz)	(t)	(oz)	(oz)
2009 Initial resource (as of Dec. 31, 2009)							
Indicated	2.9	0.93	1.27	86,700	36,800	248,914	99,566
Inferred	48.5	1.33	1.19	2,078,000	576,000	4,617,008	1,846,803
2011 Upgraded resource (as of Dec. 31, 2011)							
Indicated	80.7	1.26	1.12	3,257,300	900,350	7,226,042	2,890,416
Inferred	37.0	1.17	1.09	1,379,702	401,800	3,150,836	1,260,334

Reported resource figures were calculated using cutoff grades of 0.8% and 0.5% Cu Eq, long-term copper prices of \$2.00/lb and \$2.72/lb, and long-term gold prices of US\$750/oz and US\$1100/oz in 2009 and 2011, respectively. In addition to the gold and copper content reported in the above table, the Cu envelope for 2009 also contains 36,000 Inferred tonnes of zinc (14,400 tonnes attributable to La Mancha) calculated using a cutoff of 1% Zn and a zinc price of \$1,911/t. The 2011 Cu envelope also contains 497,500 Indicated tonnes of zinc (199,000 tonnes attributable to La Mancha) and 252,300 Inferred tonnes of zinc (100,920 tonnes attributable to La Mancha) calculated using a cutoff of 1% Zn and a zinc price of \$1,911/t. Gold equivalent ounces are estimated using a gold price of US\$1,250/oz and a copper price of US\$2.50/lb.

5.4.7.2.2.2 Hadal Awatib East Pit

In 2008-2009, the 6,716 metres drilled to delineate the VMS structure below the pit resulted in an Inferred resource of 28.3 million tonnes containing 1.1 million ounces of gold and 279,000 tonnes of copper. An additional 107 holes totaling 41,016 metres of drilling have been added to the database since the PEA was released at the end of 2010.

The table below shows the evolution of the resource below the Hadal Awatib East pit since 2009:

	Tonnes	Au	Cu	Total Au	Total Cu	Total Au Eq	Total Au Eq (LMA share)
	(Mt)	(g/t)	(%)	(oz)	(t)	(oz)	(oz)
2009 Initial resource (as of Dec. 31, 2009)							
Indicated	2.9	0.93	1.27	86,700	36,800	248,914	99,566
Inferred	28.3	1.18	0.99	1,072,000	279,000	2,301,832	920,733
2011 Upgraded resource (as of Dec. 31, 2011)							
Indicated	54.1	1.12	0.99	1,917,300	534,550	4,273,596	1,709,439
Inferred	12.9	1.10	1.27	440,200	165,400	1,169,283	467,713

The size of the total resource has significantly increased due to: 1) thicker-than-expected lenses in the central part of the deposit, and 2) large extensions at depth (up to 500 metres) that have exceeded expectations. The deposit is still open, mainly in its eastern part and at depth. In the western part, the Hadal Awatib West and North pit complexes remain to be tested, with historical drill holes showing interesting intersections.

Infill drilling has already converted 81% of the total resource to the Indicated category, which now totals 54.1 million tonnes, more than the previous Inferred resource base of 28.3 million tonnes. Metal grades have remained fairly stable, with the 2011 Indicated resource grading 1.12 g/t Au and 0.99% Cu compared to 1.18 g/t Au and 0.99% Cu for the 2009 Inferred resource.

It should be noted that 19 of the holes drilled since 2010 were not taken into account in the estimate of the above resource as their assays were not available at the time of the estimate. These 19 holes, mainly drilled in the eastern part of the pit, are expected to slightly improve the volume of the resource and to allow the requalification of a small part of the Inferred resource as Indicated.

The VMS structure below the Hadal Awatib East pit is complex, being made up of an overlay of several lenses, some over 150 metres in true width. It is worth mentioning that the very high-grade copper intercepts found in the central areas (up to 13% copper over 10 metres¹) of the deposit could not be individualized for the purpose of this resource estimate. Further drilling will be required and could result in an increase in the copper grade of the resource.

5.4.7.2.3 *Hassai South Pit*

In 2007-2009, the 8,104 metres drilled to delineate the VMS structure below the pit resulted in an inferred resource of 20.1 million tonnes containing 1.0 million ounces of gold and 297,000 tonnes of copper. An additional 135 holes totaling 39,176 metres have been added to the database since the PEA was released at the end of 2010.

¹ As published in the September 12, 2011, press release

The table below shows the evolution of the resource below the Hassaï South pit since 2009:

	Tonnes	Au	Cu	Total Au	Total Cu	Total Au Eq	Total Au Eq (LMA share)
	(Mt)	(g/t)	(%)	(oz)	(t)	(oz)	(oz)
2009 Initial resource (as of Dec. 31, 2009)							
Indicated	-	-	-	-	-	-	-
Inferred	20.1	1.55	1.48	1,006,000	297,000	2,315,176	926,070
2011 Upgraded resource (as of Dec. 31, 2011)							
Indicated	26.5	1.57	1.38	1,340,000	365,800	2,952,446	1,180,979
Inferred	15.6	1.31	1.03	657,000	159,000	1,357,872	543,149

The size of the total resource has significantly increased due to large extensions at depth. The Indicated resource now totals 26.5 million tonnes, more than the previous Inferred resource base of 20.1 million tonnes. Gold grades have remained fairly stable, with the 2011 Indicated resource grading 1.55 g/t Au compared to 1.57 g/t Au for the 2009 Inferred resource. In fact, one of the main features of this deposit is its gold grade, which exceeds 1.5 g/t on average and approaches 2.0 g/t in its richest parts. Although the copper grade of 1.38% for the 2011 Indicated resource is slightly lower than the 2009 Inferred resource grade of 1.48%, it remains very high.

Despite infill drilling having already converted 63% of the total resource to Indicated status, some areas of the structure require further drilling before being qualified as Indicated resource. This is the case of the oxide zone in the upper part of the deposit and a new unclassified copper oxide zone in the southern wall of the deposit; these represent small but rich areas that deserve to be studied in more detail, as they are shallow and easily accessible.

5.4.7.2.2.4 *Hadayamet Pit*

Except for a few preliminary holes drilled in the 1990s, the VMS structure below the Hadayamet pit had never been tested until 2011, and was therefore not included in the 2010 PEA. Fourteen holes totaling 4,021 metres were drilled at Hadayamet over the course of 2011, which means that this target is in the early stages of delineation. The purpose of this first round of drilling was to establish Hadayamet's potential to add to the VMS resource at Hadal Awatib East and Hassaï South.

The table below shows the evolution of the resource below the Hadayamet pit since 2009:

	Tonnes	Au	Cu	Total Au	Total Cu	Total Au Eq	Total Au Eq (LMA share)
	(Mt)	(g/t)	(%)	(oz)	(t)	(oz)	(oz)
2009 Initial resource (as of Dec. 31, 2009)							
Indicated	-	-	-	-	-	-	-
Inferred	-	-	-	-	-	-	-
2011 Upgraded resource (as of Dec. 31, 2011)							
Indicated	-	-	-	-	-	-	-
Inferred	8.4	1.05	0.93	282,502	77,400	623,681	249,472

More work is required to improve our understanding of the VMS structure below the Hadayamet pit, which offers considerable potential as it is open at depth. Currently-available data indicates that the structure is different than the first two targets due to its rhyolitic dome and richer zinc and silver content than the other two deposits.

5.4.7.2.3 Impact of the Updated Mineral Resource on the Project

The 43-101-compliant PEA issued in October 2010, see section “*PEA overview*” below, recommended the construction of a 5 Mtpa processing plant, even though the 2009 resource would only support a mining rate allowing a plant this size to operate at full capacity for four years. One of the objectives of the 2011 drilling campaign was to grow the VMS resource, and consequently its mine inventory, to a size that would optimize the investment in the plant by extending its period of utilization.

Not only is the 2011 VMS resource significantly bigger than the one used in the 2010 PEA, the new resource block model also suggests that a higher percentage of the resource could be economically mined compared to the previous resource estimate. Should this new resource be successfully converted into reserves, the project economics could improve considerably, as a higher tonnage would result in better plant utilization.

Management believes that the new 2011 VMS resource could extend the period during which the plant is utilized at its 5 Mtpa design capacity beyond 10 years, more than twice the period contemplated in the 2010 PEA. This is based on the following assumptions: A) the potential to significantly expand the size of the Hadal Awatib East open pit and B) the potential to mine Hassaï South, at least partially, as an open pit operation.

Between 2010 and 2011, the Hadal Awatib East resource nearly doubled. Moreover, the new 2011 VMS resource is showing very good continuity of the deposit through the full length of the pit, with a zone of thickening in its central part and zones of copper enrichment. This is producing a very robust geological model that could significantly expand the dimensions of the open pit without necessarily increasing the stripping ratio of the project. This could translate into an opportunity to significantly increase the pit’s mining rate and mine life.

At Hassaï South, the 2010 PEA scenario was to mine it by underground methods, mainly because the existing pit is too narrow to extend downward without a significant cutback. The discovery of copper oxide mineralization in the pit walls could considerably change the economics of an open pit scenario at Hassaï South. Furthermore, mining Hassaï South by open pit could for a much higher mining rate.

The project could also benefit from the addition of a third pit, Hadayamet. Even though the economic potential of the resource at Hadayamet is yet to be determined and exploration of other known sulphide occurrences below the previously-mined oxide pits lies ahead, any new resource could theoretically be metallurgically similar to Hadal Awatib East and Hassaï South, and could therefore represent additional sources of VMS feed for the plant, further strengthening the scenario of a radical increase in the project’s mining and milling rate.

5.4.7.2.4 PEA overview

The 2010 PEA was prepared by AMEC and SGS Lakefield and focuses on the economic viability of the VMS potential based solely on the 2009 resource estimate. See “*Updated VMS Mineral Resource*” section above. As the resources have significantly increased since 2009, the information contained in this section is expected to materially change. See “*Impact of the Updated Mineral Resource on the Project*” section above.

5.4.7.2.4.1 Mining Operation

The PEA expected the Hassaï South deposit to be mined by underground methods to a depth of 320 metres below the current pit floor, while the much wider Hadal Awatib deposit to be mined by open pit only.

The table below presents the 2010 PEA operational highlights:

	Total
Production :	
Waste mined, '000 t	79,536
Total ore mined, '000 t	29,362
Underground, '000 t	12,469
Open pit, '000 t	16,894
Ore milled, '000 t	29,362
Concentrate produced, '000 t	1,281
Metal in concentrate :	
Gold, oz	377,896
Copper, '000 t	322
Operating costs	
Underground mining (\$/t of ore)	26.17
Open pit mining (\$/t moved)	2.47
Milling (\$/t)	9.96

On the processing front, AMEC Minproc had used the results of the metallurgical testwork completed by SGS to assess the flotation plant characteristic to be used to produce the copper/gold concentrate. Their study indicated that results were optimized by a concentrator with a throughput of 5 million tonnes per annum, which would exhaust the mining inventory in 10 years.

The recovery rates used in the PEA differ slightly from those in the SGS report. The test results were adapted to the resource grades and applied to the concentrator mass balance model being used for the PEA. Based on the currently understood material variability, three ore types are expected for the concentrator feed: Hassaï South Supergene, Hassaï South Primary and Hadal Awatib. Tests have not been conducted on Hadal Awatib, but the mineralogy is expected to be similar. The test results were extrapolated to the three material types, and then modeled to generate the concentrate grades and metal recoveries shown below. Material grade differences and batch flotation test results were considered by AMEC Minproc when making the assumptions.

The table below shows the resulting production profile generated by Phase 2 of the project:

	Units	Value
Concentrator production start-up	year	2015
Average gold grade (milled)	g/t	1.11
Average copper grade (milled)	%	1.22
Gold recovery to concentrate (average)	%	36%
Copper recovery to concentrate (average)	%	90%
Gold production from VMS (2015 – 2025)	oz	377,896
Copper production from VMS (2015 – 2025)	tonnes	322,000

5.4.7.2.4.2 Capital Costs

The 2010 PEA estimated the initial capital investment at US \$319.4 million dollars, and to this is added an accuracy provision of US \$22.8 million. The main capital allocation is for the construction of the flotation plant (US \$117 million) and mine development.

The table below provides more details on the capital expenditures.

	US \$ 000's
Mine Development	142,157
Process Plant	78,194
Plant Infrastructure	38,834
Area Infrastructure	12,900
Regional Infrastructure & Miscellaneous	11,917
Indirect Costs	38,386
Accuracy Provision	22,790
Camp Improvement & Core Yard	3,000
Subtotal	348,178
Sustaining Capex	35,930
Total	384,108

5.4.7.2.4.3 Project Economics

Using all the operating assumptions prepared by AMEC Minproc, Sedgman and CSA, La Mancha built the financial model for the project. The results shown are based on the conservative price assumptions of \$950 per ounce for gold and \$2.19 per pound for copper. The net present value (NPV) and Internal Rate of Return (IRR) are presented for the after-tax scenario.

The table below presents the financial highlights of the VMS project:

	Phase 2: VMS
Main assumptions	
Gold price	USD 950/oz
Copper price	USD 2.19/lb
Royalties Gold	5%
Copper	3.5%
Corporate tax rate	10%
Financials:	
Revenues	\$1,848.7 M
Operating income	\$299.8 M
Net earnings	\$266.8 M
Cash flow from operations	\$612.0 M
Cash flow from investing activity	\$381.1 M
Free cash flow to equity	\$230.9 M
Investment analysis:	
Initial capital cost	\$319.4 M
Total sustaining capital	\$35.9 M
Internal rate of return	11%
Payback*, years	3.9
NPV @ 0% discount rate	\$230.9 M
NPV @ 5% discount rate	\$122.7 M

*Calculated from start of production

The sensitivity of the project's NPV/IRR to changes in the gold price was tested and is presented in the table below.

NPV in M\$ (VMS phase only)	\$1.81/lb \$4,000/t	\$2.18/lb \$4,800/t	\$2.54/lb \$5,600/t	\$2.91/lb \$6,400/t	\$3.27/lb \$7,200/t	\$3.63/lb \$8,000/t
US \$800/oz	-114	69	248	427	606	784
US \$950/oz	-59	123	302	480	659	837
US \$1,100/oz	-4	176	355	534	712	891
US \$1,250/oz	50	230	408	587	765	944
US \$1,400/oz	104	283	462	640	819	997
US \$1,550/oz	157	336	515	693	872	1,051

5.6.8 Drilling, Sampling and Analysis, and Security of Samples

The updated VMS resource review and estimation conform to the requirements of NI 43-101 and CIM Best Practices for Estimation of Mineral Resources. There are numerous uncertainties inherent in estimating mineral resource, including many factors beyond the Company's control. Resource estimation is a subjective process, and the accuracy of any resource estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Results from drilling, testing and production, as well as material changes in metal prices subsequent to the date of an estimate, may justify revision of such estimates. To the best of La Mancha's knowledge, at the time of estimation there were no known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues that would materially impact on the eventual extraction of the mineral resources.

La Mancha has established an Analytical Quality Assurance Program to control and assure the analytical quality of assays in its gold exploration. This program includes the systematic addition of blank samples, pulp duplicates and internal material references ("standards") to each batch of samples sent for analysis. Blank samples are used to check for possible contamination in laboratory, duplicates allow the overall precision to be quantified while standards determine the analytical accuracy. All samples are either half HQ or NQ diamond drill core or RC cuttings sampled on a one metre basis. Samples were assayed at the Intertek Laboratory in Indonesia, which is ISO 17025 qualified, using respectively for gold fire assays on 30g sample followed by AAS and for base metals triple acidic digestion followed by AAS.

For the calculations, the following assumptions were used:

- 1) The sulphide cutoff was Cu Eq 0.5%, and the oxide cut-off was 1.0 g/t Au.
- 2) The sulphide block model was filtered at a variable % cut-off comprised between 2 and 5% Cu depending on the bodies.
- 3) Values were rounded to two or three significant figures to reflect the relative estimation precision of each resource classification.

6 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.

7 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.

8 MARKET FOR SECURITIES

8.1 Trading Price and Volume

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

Range in share price per month and volume traded for the Common Shares on the TSX

2011	High	Low	Volume Traded
January	\$2,37	\$2,12	1,342,876
February	\$2,75	\$2,17	2,880,507
March	\$2,54	\$1,70	1,576,030
April	\$2,41	\$2,16	1,003,115
May	\$2,46	\$2,10	1,415,713
June	\$2,35	\$2,10	919,811
July	\$2,28	\$2,07	841,456
August	\$2,45	\$2,16	1,923,884
September	\$2,52	\$2,14	2,062,587
October	\$2,37	\$2,05	1,967,205
November	\$2,79	\$2,16	3,565,821
December	\$2,94	\$2,31	2,633,737

Source: TSX connect

9 DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holding

The following table sets forth, for each of the names of the directors and executive officers of La Mancha as of December 31, 2011, 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.

As of December 31, 2011 La Mancha's directors and executive officers as a group, beneficially owned, directly or indirectly or exercised control or direction over approximately 193,500 or 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
William Hess ⁽¹⁾⁽²⁾⁽⁴⁾ <i>Montreal, Québec, Canada</i> Director	Chairman of La Mancha Resources Inc.	December 2006
Dominique Delorme ⁽⁶⁾ <i>Paris, France</i> Director	President and Chief Executive Officer La Mancha Resources Inc.	September 2006
Johanne Duchesne ⁽²⁾⁽³⁾⁽⁴⁾ <i>Montreal, Québec, Canada</i> Director	Corporate Director	December 2006
Mr. Yann Guilbaud <i>Paris, France</i> Director	Vice President, Legal, Mining Business Group of AREVA	September 2009
Nicolas Nouveau <i>Paris, France</i> Director	Vice President Finance, Mining Business Group of AREVA	November 2007
Alan Peltz ⁽²⁾⁽⁴⁾⁽⁶⁾ <i>Naples, Fl, USA</i> Director	Corporate Director	November 2007
Sébastien de Montessus ⁽⁴⁾ <i>Levallois-Perret, France</i> Director	Senior Executive Vice-President, Mining Business Group of AREVA	November 2007
Andreas Mittler ⁽⁵⁾ <i>Paris, France</i> Director	Vice President Expertise and Projects, Mining Business Group of AREVA	May 2011
Gonzague Thomasset <i>Vaucresson, France</i> Chief Financial Officer	Chief Financial Officer La Mancha Resources Inc.	-
Nigel Tamlyn <i>Versailles, France</i> Chief Operating Officer	Chief Operating Officer La Mancha Resources Inc.	-
Martin Amyot <i>Paris, France</i> Senior Vice President Corporate Development and Corporate Secretary	Senior Vice President Corporate Development and Corporate Secretary, La Mancha Resources Inc.	-

- (1) Chairman of the Board and Chairman of the Corporate Governance and Human Resources Committee
(2) Member of the Audit Committee
(3) Chairman of the Audit Committee
(4) Member of the Corporate Governance and Human Resources Committee
(5) Member and Chairman of the Reserves and Resources Committee
(6) Member of the Reserves and 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:

In August 2009, Dominique Delorme was appointed President and CEO of La Mancha. From September 2007 until August 2009, he held the position of Vice-President Strategy for the Mining activity of AREVA. From 2006 to 2007, he held the position of Vice-President Technical and Projects for the Mining activity of AREVA and, from 2000 to 2006, he held the position of General Manager of worldwide AREVA gold assets. Prior to September 2010, William Hess acted as Managing Partner of Canadian Public Venture Group, a fund manager, investor and financial advisor to private and public corporations. In June 2009, Yann Guilbaud was appointed as the Vice President, Legal of the Mining Business Group of AREVA. Prior to June 2009, he held the position of General Counsel for Veolia Water Solutions & Technologies. From 2005 to January 2008, Johanne Duchesne worked at Gowling Lafleur Henderson as Special Advisor, Corporate Finance. Since July 2007, Nicolas Nouveau acts as Vice-President Finance for AREVA's Mining Business Group. From 2004 to 2007, Mr. Nouveau was Chief Financial Officer for AREVA's Clean-up Business Group. Alan 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 sits on the board of several organizations. Sébastien de Montessus joined AREVA in 2002 where he evolved in progressive Strategy and Marketing positions. In 2007, he was appointed Director of AREVA's Mining Business Unit. He has been Senior Executive Vice President, Mining Business Group, and a member of AREVA's Executive Board since July 2011. Prior to joining AREVA's Mining Business Group in 2008 as Vice President of Finance & IT for AREVA Resources Southern Africa, Gonzague Thomasset held various senior financial executive and corporate controller positions. Prior to joining La Mancha, Martin Amyot 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. Prior to joining La Mancha, Nigel Tamlyn acted as Vice President & General Manager of Golden Star Resources in Ghana. He is a Chartered Engineer with the Engineering Council of the United Kingdom, a Professional Engineer with the Engineering Council of South Africa, and a member of the Institution of Mining and Metallurgy and the South African Institution of Mining and Metallurgy.

On March 14, 2012, La Mancha announced that, following a request received from CFMM, the Board of Directors of La Mancha established a Special Committee to conduct an auction process for the Company through which acquisition proposals are solicited in order to maximize value for all shareholders. The Special Committee was initially comprised of William Hess (Chairman), Johanne Duchesne and Alan Peltz.

On March 29, 2012, Alan Peltz resigned as Director, member of the Audit Committee, Corporate Governance and Human Resources Committee, Special Committee and Reserves and Resources Committee, and Sebastien de Montessus resigned as Director and member of the Corporate Governance and Human Resources Committee. On the same date, Nicolas Nouveau, who is a Director since November 2007, was appointed as member of the Audit Committee, and Olivier Wantz was appointed as Director of the Company and member of the Corporate Governance and Human Resources Committee. Olivier Wantz joined AREVA in 2005 as Chief Financial Officer of the subsidiary AREVA NP. In 2010, he was appointed Senior Executive Vice President of Engineering & Projects. He was named Senior Executive Vice President, Operations Support and a member of the Executive Board in July 2011. More recently, he was appointed as Senior Executive Vice President of the AREVA Mining Business Group.

9.2 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.

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.

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, 2010 would likely be important to a reasonable investor in making an investment decision.

9.3 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.

10 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

As a consequence of Patagonia's bankruptcy, on December 30, 2009, a petition to extend the bankruptcy to the Company and a former Director was filed in front of the commercial courts of the City of Buenos Aires. The Company was served with process of the extension of bankruptcy requested by the trustee on April 29, 2010. La Mancha filed its response to the complaint on August 11, 2010. See "*Description of the Business - Bankruptcy and Similar Procedures*".

On April 21, 2009, Compañía Minera El Colorado S.A.C.I. ("Colorado"), a former partner in the Hualian II project, filed a lawsuit against La Mancha before the commercial courts of the City of Buenos Aires for breach of contract. The amount claimed is unclear since Colorado claims for several concepts, some of which do not have a specific amount. The aggregate amount of those claims with specific amounts exceeds AR\$ 50,000,000 (approx. \$12,500,000). On March 23, 2011, the court held an evidence hearing to determine the facts that are disputed and to attempt a settlement. In the absence of a settlement, the evidence period was opened. In July 2011, the accountant appointed by the court filed his expert report and La Mancha filed the documentation requested by the court. The court held testimony hearings on September 28 and October 21, 2011. At the time of reporting, management does not have sufficient information to evaluate the possible outcome of this lawsuit. No accrual has been recorded with respect to this case.

11 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 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.

12 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.

13 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 19, 2006.

14 INTERESTS OF EXPERTS

14.1 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, 2011.

Jean-Jacques Kachrillo of La Mancha, William F. Plyley, who was employed by La Mancha until 2010, Remi Bosc who is a Member of the European federation of Geologist and an independent consultant, Graeme Baker and Dean David of AMEC Minproc Limited, Adam Coulson of AMEC Earth & Environmental, Ian Thomas, Clayton Reeves and Simon McCracken of CSA Global prepared the NI 43-101 Technical Report entitled "The Hassaï Mine Envisaged Business Plan (CIL Gold Plant and VMS Concentrator)" which was filed with the Canadian securities regulators on October 22, 2010.

Jean-Jacques Kachrillo and Nigel Tamlyn of La Mancha, Remi Bosc who is a Member of the European federation of Geologist and an independent consultant, Aaron Massey of Sedgman, Clayton Reeves and Simon McCracken of CSA Global prepared the NI 43-101 Technical Report entitled "The Hassaï CIL Gold project Definitive Feasibility Study" which was filed with the Canadian securities regulators on July 7, 2011.

Jean-Jacques Kachrillo and Dan Hamer of La Mancha prepared the press release entitled "La Mancha's VMS exploration program at Hassaï: Preliminary results show new mineralization at first target" which was filed with the Canadian securities regulators on February 1, 2011.

Trevor I Eddie who was employed at La Mancha until March 2011, Rémi Bosc, who is a member of the European federation of Geologist and an independent consultant and Karilyn Farmer of Arethuse Geology, Yann Camus of Systemes Géostat International Inc. prepared the press release entitled "The Frog's leg mine drives La Mancha's year-end resource higher in 2010 while the VMS project is the focus for 2011" which was filed with the Canadian securities regulators on March 29, 2011.

Jean-Jacques Kachrillo and Nigel Tamlyn of La Mancha, Remi Bosc who is a Member of the European federation of Geologist and an independent consultant, Aaron Massey of Sedgman, Clayton Reeves and Simon McCracken of CSA Global prepared the press release entitled "Positive feasibility study for the Hassaï mine: La Mancha set to boost production by 2013 which was filed with the Canadian securities regulators on May 16, 2011.

Jean-Jacques Kachrillo and Dan Hamer of La Mancha prepared the press release entitled "La Mancha's Hassaï VMS drilling update" which was filed with the Canadian securities regulators on September 12, 2011.

Jean-Jacques Kachrillo of La Mancha prepared the press release entitled “La Mancha intersects grades of up to 31g/t Au at its Sissedougou property in Côte d’Ivoire and up to 37g/t at Bondoukou” which was filed with the Canadian securities regulators on January 27, 2012.

14.2 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, Dan Hamer, Nigel Tamlyn, Martin Bennett, Joe McDiarmid, Rodney Johns and Jean-Jacques Kachrillo who are or were employed by the Company.

15 AUDIT COMMITTEE DISCLOSURE

15.1 Charter

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

15.2 Composition of the Audit Committee

As of December 31, 2011, the members of the Audit Committee were: Johanne Duchesne, William Hess and Alan Peltz, who La Mancha believes are “independent” and “financially literate”, as such terms are defined under Canadian securities laws.

On March 29, 2012, Alan Peltz resigned as member of the Audit Committee and was replaced by Nicolas Nouveau, who La Mancha believes is “financially literate”, as such term is defined under Canadian securities laws, but is not considered “independent” as a result of his position as Vice President Finance, Mining Business Group of AREVA, the indirect principal Shareholder of the Company.

The Company is relying on the exemption in section 3.5 of *National Instrument 52-110 – Audit Committees* from the requirement that every Audit Committee member be independent. Section 3.5 of said Instrument provides that, subject to the Board of Directors determining that the reliance on the exemption will not materially adversely affect the ability of the Audit Committee to act independently and to satisfy the other requirements of said Instrument, if the death, disability or resignation of an Audit Committee member has resulted in a vacancy on the Audit Committee that the Board of Directors is required to fill, an Audit Committee member appointed to fill such vacancy is exempt from the independence and financial literacy requirements for a period ending on the later of (a) the next annual meeting, and (b) the date that is six months from the day the vacancy was created.

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.

15.3 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 has served as a member or a chair of audit committees of a number of public companies.

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. Mr. Peltz has also occupied previous financial positions with RCA, Celanese and Baker Industries. He now sits on the board of several organizations. Mr. Peltz holds an MBA from the Pace University and a B.B.A. in accounting from the Baruch School of Business and Public Administration. Mr. Peltz is a graduate of the Harvard Business School Advanced Management Program.

Nicolas Nouveau

Mr. Nouveau cumulates extensive experience in finance and accounting gained mostly in an international environment. Mr. Nouveau currently acts as the Vice President Finance, Mining Business Group of AREVA. He holds an MBA from the School of Management of Lyon and an engineering degree from the Technicological University of Compiègne.

15.4 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.

15.5 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.

15.6 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)	2010	2011
Audit fees ⁽¹⁾	411.4	452.8
Audit-related fees ⁽²⁾	47.8	85.0
Tax fees ⁽³⁾	59.3	83.9
Other fees ⁽⁴⁾	-	-
Total	518.5	621.7

- (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.
- (4) These fees include any other fees for permitted services not included in any of the above-stated categories.

16 ADDITIONAL INFORMATION

Additional information, including details of directors' and officers' remuneration and indebtedness, principal holders of La Mancha's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in La Mancha's most recent information circular. Additional financial information is provided in La Mancha's financial statements and management discussion and analysis for its most recently completed year. 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, Senior Vice President Corporate Development and Corporate Secretary at 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, except as permitted under such laws and regulations. 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;
- 7.3 to communicate directly with the internal and external auditors; and
- 7.4 to access all records of the Company as well as personnel and officials

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 International Financial Reporting Standards ("IFRS") 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 Sudan 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 with management any major control deviations and discuss how such control breakdowns have been corrected;
- (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 former external auditor of the Company;
- (f) to review the independence of the external auditors, including the Statement of Independence.

8.4 Risk and uncertainty

- (a) To discuss with management the guidelines and policies utilized by management with respect to risk assessment and risk management
- (b) To review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures

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 29, 2012