



TEAL EXPLORATION & MINING INCORPORATED

161 BAY STREET, BROOKFIELD PLACE,
TORONTO, ONTARIO
CANADA
M5J 2S1

ANNUAL INFORMATION FORM

AS AT JUNE 30, 2008

(unless otherwise noted)

DATED: SEPTEMBER 29, 2008

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DATE, CURRENCY AND OTHER INFORMATION

Unless otherwise indicated, the information in this Annual Information Form (“AIF”) is given as at June 30, 2008, unless otherwise indicated. All amounts in the AIF are expressed in United States dollars, unless otherwise indicated. References to Canadian dollars are expressed as “C\$”, where applicable. References to South African Rands are expressed as “ZAR”.

Within this AIF, references to “TEAL” or the “Company” may include, collectively or individually one or more of the direct or indirect subsidiaries of TEAL Exploration & Mining Incorporated and, prior to November 15, 2005, mean the corporate entities and the business in respect of the non-South African mineral projects and related interests and assets of TEAL’s current holding company and major shareholder, African Rainbow Minerals Limited (“ARM”).

CAUTION WITH RESPECT TO FORWARD LOOKING STATEMENTS

This AIF contains certain forward-looking statements based on management’s current expectations. The forward-looking statements entail various risks and uncertainties which could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this AIF. Forward-looking statements often, but not always, are identified by the use of words such as “see”, “anticipate”, “believe”, “plan”, “estimate”, “expect” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. Examples of such statements include: all statements, trend analyses and other information contained in this report and the documents incorporated herein relative to markets for TEAL’s trends in revenue, gross margin and anticipated expense levels, as well as other statements about anticipated future events or results. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements.

With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things, the price of copper and other metals, economic and political conditions, continuity of operations and production levels. Although the Company believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statements or information referenced herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These risks, uncertainties or other factors include, but are not limited to, the actual prices of copper, gold and sulphuric acid, unanticipated grade, geological, metallurgical, processing, access, transportation of supply or other problems, political, economic and operational risks of foreign operations, availability of materials and equipment, the timing of receipt of governmental permits, force majeure events, the failure of plant, equipment or processes to operate in accordance with specific expectations, accidents, labour relations and risks in start-up date delays, environmental costs and risks, the outcome of acquisition negotiations, general domestic and international economic and political conditions, the factual results of current exploration, development and mining activities, results of pending and future feasibility studies, changes in project parameters as plans continue to be evaluated, and those factors disclosed in documents filed by the Company from time to time with the securities commissions of the provinces and territories of Canada, including, without limitation, those risks, uncertainties and other factors set out in this AIF. For resource figures appearing herein, varying cut-off grades have been used depending on the mine, method of extraction and type of ore contained in the orebody. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Some of these risks, uncertainties and other factors are described herein under the heading “Risk Factors”.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the control of the Company. Accordingly, readers should not place undue reliance on forward-looking statements or information. All forward-looking statements and information herein are qualified by this cautionary statement.

Forward-looking statements included in this AIF represent the Company's views as of the date of this AIF. While TEAL anticipates that subsequent events and developments may cause these views to change, the Company specifically disclaims any obligation to update forward-looking statements. These forward-looking statements should not be relied upon as representing management's views as of any date subsequent to the date of the AIF.

CORPORATE STRUCTURE

Name and Incorporation

TEAL was incorporated under the *Business Corporations Act* (Yukon) on June 1, 2005. TEAL's registered office is located at 200 – 204 Lambert Street, Whitehorse, Yukon, Canada. TEAL's principal corporate office in Canada is located at 161 Bay Street, Brookfield Place, Toronto, Ontario M5J 2S1. The Company has registered an external company in South Africa and maintains a branch office in Johannesburg, South Africa. The regional offices are located in: Chingola, Zambia; Windhoek, Namibia; and Lubumbashi, Democratic Republic of the Congo ("DRC").

Intercorporate Relationships

The following table illustrates the intercorporate relationships between the Company and its material subsidiaries and sets out the respective jurisdictions of incorporation of such subsidiaries and the percentage of their voting securities owned, controlled or directed, directly or indirectly, by the Company.

As at June 30, 2008

<u>Name of Subsidiary</u>	<u>Percentage of Voting Securities Beneficially Owned, Controlled or Directed by the Company</u>	<u>Jurisdiction of Incorporation/Continuance</u>
TEAL (Zambia) Limited	100%	Zambia
TEAL Development (Zambia) Limited	100%	Zambia
TEAL Exploration (Zambia) Limited	100%	Zambia
Konnoco Zambia Limited	100%	Zambia
Avdale Namibia (Pty) Ltd	92%	Namibia
TEAL Mining (DRC) s.p.r.l.	100%	DRC
Kasonta – Lupoto Mines s.p.r.l.	60%	DRC
TEAL Metals (DRC) s.p.r.l.	100%	DRC

GENERAL DEVELOPMENT OF THE BUSINESS

TEAL is a mineral development and exploration company with a strategic focus on projects and exploration areas in Zambia, DRC, Namibia and Mozambique. The Company has a portfolio of base and precious metal projects with complementary exploration areas, whilst it continues to seek other opportunities, mainly in southern and central Africa. TEAL has targeted specific core projects: the Lupoto Copper Project ("Lupoto") in the DRC; the Konkola North Copper Project in Zambia; and the Otjikoto Gold Project in Namibia. TEAL also has interests in various other mineral licence areas in Zambia, Namibia and Mozambique, on which the Company continues drilling and other exploration activities.

Three Year History

General

The Company filed a final prospectus dated November 4, 2005 and completed its initial public offering ("IPO") on November 15, 2005, pursuant to which the Company offered 17,800,000 common shares in the capital of the

Company (the “**Common Shares**”) to the public in each province and territory of Canada at a price of C\$2.25 per Common Share. RBC Dominion Securities Inc. and Haywood Securities Inc. (collectively, the “**Underwriters**”) acted as underwriters of the IPO. TEAL paid to the Underwriters a fee of C\$0.14625 per common share in consideration of the services rendered by the Underwriters in connection with the IPO. Including the gross proceeds raised upon the issuance of 1,100,000 Common Shares of TEAL upon the exercise by the Underwriters of an over-allotment option, TEAL raised aggregate gross proceeds of C\$42,525,000.

The Common Shares began trading on the Toronto Stock Exchange (the “**TSX**”) on November 15, 2005 under the symbol “**TL**”.

On March 31, 2006, the Company’s pre-listing statement was approved by the JSE Limited (the “**JSE**”) and the Common Shares began trading on the JSE under the symbol “**TEL**” on April 3, 2006.

TEAL has pursued a mineral exploration and development strategy in southern and central Africa, including Zambia, the DRC, Namibia and Mozambique. TEAL has developed an extensive database of local and regional geology, mineral deposits, operating mines and processing facilities, as well as a general awareness of corporate mining activities and developments in southern and central Africa.

Financial Year Ended June 30, 2006

- Technical studies commenced on the Mwambashi Copper Project feasibility study.
- TEAL announced a revision of the previously disclosed Otjikoto Gold Project resource estimation: the inferred resource was estimated and revised to 24.5 million tonnes at 1.13g/t gold for 890,000 ounces of gold.

Financial Year Ended June 30, 2007

- An initial scoping study of Lupoto, which forms part of the Kasonta-Lupoto Mines s.p.r.l. (“**Kalumines**”) licence area, was undertaken and it became evident that further exploration drilling to expand and verify the resource was required prior to a pre-feasibility study proceeding.
- Due to high copper grades close to surface in certain areas of Lupoto as defined by previous and current drilling, Kalumines was able to plan a small-scale mining operation to extract copper ore for screening, grading and sale to third parties, and as a result, during May 2007, phase one mining started at Lupoto.
- At the Konkola North Copper Project, the Company commenced the feasibility study, including accessing the underground area through an existing shaft, and to assess the viability of the development of mineable resources in the South and East Limb areas.
- The technical studies for a feasibility study for a 12,000 tonnes per annum copper producer at the Mwambashi Copper Project was completed in August 2006.
- The Company entered into a \$20 million bridging loan facility with Standard Chartered Bank valid for a duration of one year and guaranteed by TEAL’s major shareholder, ARM.

Financial Year Ended June 30, 2008

- TEAL’s wholly-owned subsidiary, TEAL Metals (DRC) s.p.r.l. (“**TEAL Metals**”), commissioned an electric arc furnace in Lubumbashi in December 2007.
- The exploration drilling program at Lupoto advanced significantly with 166 boreholes for 15,589 metres of drilling being completed.
- Phase one mining at the Lupoto produced (a) 46,404 tonnes of copper concentrates, the majority of which was sold; and (b) a stockpile of approximately 800,000 tonnes, at grades of between 4% and 6% copper.
- Following a review of the value being derived from the furnace in the DRC, a decision was made to put the furnace under care and maintenance and to negotiate a possible sale of this asset.

- The resource estimation for the South and East Limbs at the Konkola North Copper Project in Zambia was revised by SRK Consulting (South Africa) (Pty) Limited (“**SRK**”) in March 2008 in accordance with Canadian National Instrument 43-101 (“**NI 43-101**”).
- The technical studies for the Konkola North Copper Project’s South and East Limbs were predominantly completed and management started assessing various smelting and refining options. A decision was made to revise the study, however, to include the upgraded measured and indicated resource base (51 million tonnes at a grade of 2.35% copper) and to review of capital and operating costs, as well as to include the recently promulgated changes to the fiscal regime pertaining to mining companies.
- An 18,000 metre exploration drilling program started on Konkola North’s Area ‘A’.
- The Company deferred making a development decision on the Mwambashi Copper Project until a suitable off-take agreement is reached. Such an off-take agreement has not been concluded and consequently, expenditures on the project ceased and management is continuing to assess various alternatives.
- In April 2008, the Company acquired the 30% interest of Korea Zinc Company, Limited in the Copperbelt Joint Venture in Zambia for \$4 million and terminated the joint venture.
- In April 2008, the Company entered into a joint venture with Antofagasta Minerals S.A. (“**Antofagasta**”) for an initial 30% interest in two of the exploration areas located in Zambia, which had previously been held within the Copperbelt Joint Venture. Antofagasta paid \$5 million for its 30% interest and committed to additional expenditure of \$2 million. Antofagasta has a right to acquire an additional 20% interest should its additional expenditure total \$4.5 million.
- At the Otjikoto Gold Project, the inferred gold resource was increased during the year from 1.30 to 1.76 million ounces of gold, equating to 44 million tonnes grading 1.246g/t. This addition of 460,000 ounces of gold is principally related to the intersection of extensions, still open ended, to the vein system in the southern and eastern areas of the deposit.
- In 2007, EVI Mining Company Limited and EVI Gold (Pty) Limited (“**EVI**”) entered into an agreement to acquire a 10% equity interest in Avdale Namibia (Pty) Limited (“**Avdale**”), the company that holds the Otjikoto Gold Project and additional exploration areas for \$4.5 million in two tranches. EVI paid \$4.4 million for an 8% interest in December 2007 and had a right to acquire an additional 2% interest in Avdale in June 2008 for further consideration of \$1.1 million.
- In October 2007, TEAL’s bridging loan facility with Standard Chartered Bank was increased to \$50 million (the “**Second Facility**”), replacing the \$20 million facility with Standard Chartered Bank. ARM increased its guarantee of this facility to \$50 million.
- In October 2007, ARM loaned the equivalent of a total of \$1.5 million in South African Rands to the Company. The full amount, inclusive of interest, at the South African prime rate of 14%, was repaid with funds from the Standard Chartered Bank loan facility in October 2007.
- The Company was granted reconnaissance licences and exploration licences in the Republic of Mozambique for uranium and other minerals.
- In May 2008, it was announced that Mr. Rick Menell retired from the Company. As a result, he resigned from the positions of Director, President and Chief Executive Officer (“**CEO**”) of TEAL. TEAL director and Chief Financial Officer, Hannes Meyer, was appointed Acting CEO, while retaining his position of Chief Financial Officer.

Subsequent to June 30, 2008

- In July 2008, TEAL announced a first phase (to 80 metres depth) resource estimation for Lupoto, using a 0.5% copper cut-off:
 - **Indicated Resources:** 15.09 mt @ 2.32% TCu, 1.83% ASCu, 0.15% Co; and
 - **Inferred Resources:** 9.13 mt @ 2.09% TCu, 1.73% ASCu.

- During July 2008, TEAL announced an increase in the Otjikoto Gold Project's indicated gold resource from 460,000 ounces to 1.05 million ounces of gold, equating to 23.3 million tonnes grading 1.40g/t, with an additional 877,000 ounces contained in the inferred category at a grade of 1.41g/t.
- Further to EVI's request, the deadline for EVI to acquire an additional 2% interest in Avdale was extended initially to July 31, 2008 and subsequently to September 30, 2008 to enable the EVI's financiers to make the required funding available to EVI. The additional subscription is subject to the approval of EVI's financiers.
- On July 15, 2008, TEAL announced that a consortium of two lenders, Standard Chartered Bank and Standard Finance (Isle of Man) Limited, part of the Standard Bank Group, made available an \$85 million bridging loan facility (the "**Third Facility**") to the TEAL group of companies from July 18, 2008 to August 31, 2009. The Third Facility replaces and was used to settle the Second Facility. The Third Facility is unsecured and is guaranteed by ARM.
- A letter of financial support was made available to TEAL by ARM until September 30, 2009, which will allow the Company to cover liabilities and commitments in the ordinary course of business, amounting to ZAR385 million, equating to approximately \$48 million at an exchange rate of ZAR8 to \$1, which may be utilized after the bridging loan has been fully drawn and at any time thereafter up to September 30, 2009. Any drawings against this undertaking will bear interest at the South African prime bank overdraft rate. Such drawn amounts will be subordinated to the Third Facility and will only be considered for repayment after September 30, 2009. ARM has reserved its right to request security for amounts drawn.
- In July 2008, the Company and ARM entered into an interim loan agreement in terms of which ARM advanced the Company ZAR45 million, equating to approximately \$6 million at the time of the loan. The full amount of the loan, inclusive of interest was repaid to ARM in July 2008 from the proceeds of the Third Facility.

The Company anticipates that the following will occur during the current financial year:

- A feasibility study for the Konkola North Copper Project is expected before the end of November 2008. This study will include a revised mining plan based on the upgraded resource estimates within the South and East Limb areas.
- A feasibility study for the Lupoto Copper Project is expected before the end of September 2009.

Significant Acquisitions

The Company made no significant acquisitions in 2008.

DESCRIPTION OF THE BUSINESS

General

TEAL was created by ARM, a JSE-listed mining company, to create additional value in ARM's non-South African exploration and development portfolio. ARM is TEAL's holding company, owning a 64.9% interest.

Corporate Strategy

TEAL's objective is to create value for shareholders by pursuing the following strategies:

- Generating value from its existing mineral projects by progressing each through clearly defined and articulated milestones, including increasing mineral resources and completing feasibility studies, which will lead to the commencement of mining operations;
- Continuing exploration of high priority targets in the prospective areas currently controlled by TEAL; and
- Seeking additional development and production opportunities and complementary exploration properties.

Business Strengths

TEAL has developed a broad portfolio of mineral projects, certain of which are nearing development decisions. TEAL's key strengths include:

- **Near Production Mineral Projects:** Management believes that its mineral projects have the potential to be in production in the medium-term following completion of feasibility studies;
- **Significant Discovery Potential:** Management believes that significant discovery potential exists in its large exploration portfolio and continues its exploration programs, which have already started yielding positive results; and
- **Management Experience:** TEAL's management team and its Board of Directors have considerable operational experience in southern and central Africa and are supported by an experienced and knowledgeable technical team. TEAL has the benefit of extensive proprietary geological data and knowledge of the political, regulatory, economic and cultural aspects of the region.

Employees

Employees as at June 30, 2008 totalled 727 people, of whom 644 were permanent employees.

RISK FACTORS

Exploration, Development and Operating Risk

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 which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. There is no certainty that the expenditures made by TEAL towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; currency exchanges rates, which are volatile; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in TEAL not receiving an adequate return on invested capital.

TEAL's activities are primarily directed towards the exploration for and development of mineral deposits. Exploration programs entail risks relating to the location and definition of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and regulatory approvals, and the timely completion of capital projects, including the construction of mining and processing facilities at mining sites. Major expenses will be required to establish reserves by drilling and to construct mining and processing facilities at a particular site.

Mining operations generally involve a high degree of risk. TEAL undertakes limited mining operations at Kalumines' Lupoto Copper Project, while it intends to develop a larger mine at the Lupoto Copper Project following the definition of adequate resources and subsequent feasibility studies. TEAL is also investigating the development potential of the Konkola North Copper Project, the Mwambashi Copper Project and the Otjikoto Gold Project, subject to the completion of final feasibility studies. Such evaluation projects are subject to all the hazards and risks normally encountered in the exploration, development and production of copper, zinc, gold and other base or precious metals, including unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, 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 property, injury, loss of life, environmental damage and possible legal liability. Processing operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Insurance and Uninsured Risks

TEAL'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 TEAL's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although TEAL maintains insurance for protection against certain risks in such amounts as it considers being reasonable, its insurance will not cover all the potential risks associated with its operations. TEAL 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 political risk and risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to TEAL or to other companies in the mining industry on acceptable terms. Losses from these events may cause TEAL to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of TEAL's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. 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. There is no assurance that future changes in environmental regulation, if any, will not adversely affect TEAL's operations.

Environmental hazards may exist on the properties on which TEAL holds interests which are unknown to TEAL at present and which have been caused by previous or existing owners or operators of the properties. There can be no assurance that these hazards, if any exist, will not be TEAL's responsibility and, consequently, may adversely affect TEAL's operations.

Government Regulation

TEAL's mineral exploration and planned development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Government approvals and permits are currently, and may in the future be, required in connection with TEAL's operations. To the extent that such approvals are required and not obtained, TEAL may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on TEAL and cause increases in exploration expenses, capital expenditures or

production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Uncertainty in the Estimation of Ore/Mineral Reserves and Mineral Resources

There is a degree of uncertainty to the calculation of mineral reserves and mineral resources and corresponding grades being mined or dedicated to future production. Until mineral reserves or mineral resources are actually mined and processed the quantity of mineral and reserve grades must be considered as estimates only. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the properties. In addition, there can be no assurance that metallurgical recoveries or other metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuation in the prices of uranium, copper, gold and other base or precious metals results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of TEAL's ability to extract these mineral reserves, could have a material adverse effect on TEAL's results of operations and financial condition.

Commodity Prices

The development and success of the TEAL's projects will be primarily dependent on the future price of base and precious metals. Commodity prices are subject to significant fluctuations and are affected by a number of factors that are beyond the control of TEAL. Such factors include, but are not limited to, the sale or purchase of base or precious metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar (the currency in which resource prices generally are quoted) and other currencies, global and regional supply and demand, speculative trading, the overall level of forward commodity sales, international or regional political and economic events or trends and the political and economic conditions of major producing countries throughout the world. The price of base and precious metals has fluctuated widely in recent years, and future serious price declines could cause the continued development of and commercial production from TEAL's properties to be impracticable. Depending on the price of base and precious metals, projected cash flows from planned mining operations may not be sufficient and TEAL could be forced to discontinue development and may lose its interest in, or may be forced to sell, some of its properties. Future production from TEAL's mining properties is dependent on commodity prices that are adequate to make these properties economic.

In addition to adversely affecting TEAL's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Commodity and Exchange Rate Hedging

TEAL does not have a policy to hedge future metal sales or exchange rates. If one is put into place, there is no assurance that a commodity hedging program designed to reduce the risk associated with fluctuations in metal prices or exchange rates will be successful. Hedging may not protect adequately against declines in the price of the hedged metal. Although hedging may protect TEAL from a decline in the price of the metal being hedged, it may also prevent TEAL from benefiting fully from price increases.

Acquisition and Joint Ventures

TEAL's business strategy includes continuing to seek new acquisition and new joint venture opportunities. In pursuit of such opportunities, TEAL may fail to select appropriate joint venture partners or negotiate acceptable arrangements, including arrangements to finance such opportunities or, where necessary, integrate the acquired businesses and their personnel into TEAL's operations. TEAL cannot assure that it can complete any business arrangement that it pursues, or is pursuing, on favourable terms, or that any business arrangements completed will ultimately benefit TEAL's business.

No Assurance of Titles, Boundaries, Power or Water Rights

Titles to TEAL's properties may be challenged or impugned. The Company does not have title insurance on its properties. TEAL's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, TEAL may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

TEAL requires licences and permits in order to access each of its mineral projects and anticipates that it will need the ready availability of water and power if any of its mineral projects become operational. Management believes that its current surface rights and water rights are sufficient to carry on the activities of TEAL's current work program. However, the need may arise for TEAL to purchase or lease additional surface rights or obtain additional water rights or power in order to further explore and develop a particular mineral property, and its ability to further explore or develop such property may be dependent upon the Company's ability to secure such additional surface, power or water rights that may be required.

Illegal Mining

Illegal miners may trespass on TEAL's properties and create hazards and risks to themselves, including caves and alteration and use of exploration shafts without harnessing or safety devices. Although the Company has hired security personnel to protect all of its sites under development and is considering taking additional steps to deal with such activities, it is unable to monitor continuously the full extent of the Company's exploration properties. The presence of illegal miners could also lead to project delays and disputes regarding title and the development or operation of commercial base or precious metal deposits. The illegal activities of these miners could cause environmental damage or other damage to the Company's properties or personal injury or death, for which the Company could potentially be held responsible.

Limited History of Mining Operations

TEAL does not have a long history of mining operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Capital Requirements and Potential Dilution

TEAL will require significant capital in order to fund its operating costs, to service existing and future indebtedness and to carry out plans to develop its existing and future projects and future indebtedness. TEAL currently has no significant revenues and, until commercial production begins on its properties following the completion of a final feasibility study and the commissioning of such an operation, is wholly reliant upon external financing to fund all of its capital requirements. TEAL will require additional financing from external sources to meet such requirements. There can be no assurance that such financing will be available to TEAL or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of TEAL, the interests of shareholders in the net assets of TEAL may be diluted. Any failure of TEAL to obtain required financing on acceptable terms could have a material adverse effect on TEAL's financial condition, results of operations and liquidity and require TEAL to cancel or postpone planned capital investments, and could result in the loss of licence by failing to make the required expenditures.

Competition

The mining industry is competitive in all of its phases. TEAL faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than TEAL. As a result of this competition, TEAL may be unable to maintain or acquire additional attractive mining properties on terms it considers acceptable or at all. Consequently, TEAL's revenues, operations and financial condition could be materially adversely affected.

Foreign Investments and Operations

Mineral exploration and mining in certain countries may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investment. There can be no assurance that any of the governments of the countries in which TEAL has properties will not institute regulatory policies that adversely affect the exploration and development of TEAL's properties. Any changes in regulations or shifts in political conditions in these countries are beyond the control of TEAL and may adversely affect its business. Investors should assess the political and regulatory risks related to TEAL's foreign country investments. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine safety.

Dependence on Qualified Personnel

TEAL's success depends to a significant degree on the contributions of qualified technical personnel and its continued success will depend in a large part upon its ability to attract and retain highly skilled personnel in Zambia, the DRC, Namibia and Mozambique. Competition for such personnel in the mining industry is intense, and TEAL may not be successful in attracting and retaining qualified personnel locally or in obtaining the necessary work permits to hire qualified expatriates. Its inability to do so in the future may seriously harm its business and results of operations.

Additionally, TEAL depends on its key management for the operation of its day-to-day activities and personal connections and relationships of its key management are important to the conduct of its business. If TEAL were to lose a member of its key management, its business and results of operations might be adversely affected.

Increased Labour Costs

Wages and related labour costs account for a large proportion of TEAL's costs. Accordingly, TEAL's costs may be materially affected by increases in wages and related labour costs.

Compliance with Health and Safety Regulations

TEAL operates in the mining industry, which is a hazardous industry. While management believes that TEAL is in material compliance with all health and safety regulations, the adoption and enforcement of more stringent regulations in the future could adversely affect operational flexibility and costs.

Requirement for Permits and Licences

The operations of TEAL require licences, permits and in some cases renewals of existing licences and permits from various governmental authorities. Management believes that TEAL currently holds or has applied under applicable laws and regulations for all necessary licences and permits to carry on the activities that it is currently conducting in respect of its properties, and also believes that TEAL is complying in all material respects with the terms of such licences and permits. TEAL's ability to obtain, sustain or renew such licences and permits on acceptable terms, however, is subject to changes in regulations and policies and to the discretion of the applicable governmental authorities.

Risk of Expropriation and Enforceability of Contracts with Government, Parastatal Organizations or Joint Venture Partners

In each of the countries in which the Company currently holds mineral properties, it is possible that the current system of exploration and mine permitting may change resulting in expropriation of TEAL's properties without adequate compensation. In addition, there is a possibility that TEAL's agreements with governments, parastatal organizations or joint venture partners may be unenforceable against these parties. While the risk may appear remote at this time, this risk should not be discounted.

Health Issues

HIV/AIDS, malaria and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry of southern and central Africa. The per capita incidence of the HIV/AIDS virus in Zambia, for example, has been estimated as being one of the highest in the world. As such, HIV/AIDS remains a major healthcare challenge faced by TEAL's operations in the country. There can be no assurance that TEAL will not incur the loss of members of its workforce or workforce hours or incur increased medical costs, which may have a material adverse effect on TEAL's operations.

Country Specific Risks

TEAL's mineral projects areas are located in Zambia, the DRC and Namibia, which introduces both sovereign and domestic economic risk issues to its business. Investors in TEAL should, however, be aware of the specific country risk issues associated with each of these countries. While the directors of TEAL believe that the governments are committed to stable free market democracies, it is difficult to predict the future political, social and economic direction of these countries.

Risks Related to DRC

The northeast region of the DRC has undergone civil unrest and instability which could have an impact on political, social or economic conditions in the DRC. Although the Lupoto Copper Project is located in the remote southeast portion of the DRC, the effect of unrest and instability on political, social or economic conditions in the DRC could result in the impairment of exploration and mining operations and the development of the Lupoto Copper Project. Any such changes are beyond the control of the Company and may adversely affect its business.

Transportation and service infrastructure in the sub-region, and in particular in the DRC are not of the same standard as in developed countries. The transportation of equipment and supplies into the DRC and the transportation of resources out of the DRC may be subject to delays that adversely affect the ability of TEAL to proceed with its mineral project in the country in a timely manner. Failure in electrical power and shortages of the supply of diesel, mechanical parts and other items required for TEAL's operations occur frequently in the country. Extended periods without electricity or other necessary elements required to support its operations could have an adverse effect on TEAL's business, operating results and financial condition.

Administrative delays with government agencies in the DRC could also further delay the progress of TEAL's mineral project in the country. TEAL's interests in the DRC are accessed over lands that may be subject to the interests of third parties. TEAL's business and operations may be materially adversely affected in the event that it is unable to access its mineral interests, is delayed in accessing these interests or is in any way inhibited in carrying out its operational activities.

TEAL has taken reasonable steps to attempt to ensure that proper title to its mineral project in the DRC has been obtained and that all grants of mineral rights for its properties have been registered in the appropriate deeds offices. There is no guarantee that title to such mineral project and permits held by TEAL will not be challenged or impugned. Should TEAL's rights, or the agreements themselves, not be honoured or become unenforceable for any reason, or if any material term of these agreements is arbitrarily changed by the government of the DRC, TEAL's business, financial condition and prospects will be materially adversely affected. Any changes in laws or regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its

business. In relation to the DRC Commission appointed by the DRC Government to review mining agreements, no assurance can be given as to the outcome of any future discussions or negotiations.

On July 11, 2002 the transitional government in the DRC passed into law a new mining code (the “**New Mining Code**”) that was developed by the DRC Ministry of Mines and Hydrocarbons with the assistance of the World Bank. The New Mining Code came into force in January 2003 and the mining regulations thereunder came into force on March 26, 2003. The New Mining Code provides that only DRC entities can hold exploitation permits. Before a new exploitation permit is granted, a DRC company must therefore be incorporated, and an undertaking given to transfer 5% of the share capital of the company to the DRC government. Although it is unclear whether existing permit holders are subject to this 5% transfer obligation, and the Company believes that the 5% transfer obligation does not apply in the case of the Kalumines licence area, there is some uncertainty of the applicability of the 5% transfer obligation to an existing exploitation licence. As such, TEAL can give no assurance that its interest in Kalumines will not be reduced by 5%.

In February 2008, TEAL received a notification from the Ministry of Mines of the DRC pertaining to the review of mining contracts, which is discussed below under “Mineral Projects and Exploration Areas – Kalumines Area”. TEAL formally responded to the issues set out in the Ministry of Mines’ notification. The results of the issues raised by the Ministry of Mines have not yet been concluded. Additionally, in August 2008, Kalumines received correspondence from La Générale des Carrières et des Mines (“**Gécamines**”) proposing to meet in order to renegotiate certain terms of the joint venture agreement. This meeting is in the process of being scheduled. There can be no assurance that the outcome of the mining contracts’ review or the renegotiation of the Kalumines joint venture will be economically favourable to the Company, or that the results will not have a material adverse effect on TEAL’s operations.

Risks Related to Zambia

In Zambia, the *Mines and Minerals Development Act No. 7 of 2008* (the “**Zambian Mining Act**”) deals with native title under which there are restrictions with respect to local activities. Certain parts of TEAL’s prospecting areas are actively farmed and may fall within this definition of local activities. Under the new *Zambian Mining Act* the Ministry of Mines and Minerals Development may grant a mining right to a third party over a licenced area where the application relates to a different mineral.

In addition, Zambia has historically experienced relatively high rates of inflation. Since TEAL is unable to control the market price at which it sells the minerals it may produce (except to the extent that it enters into forward sales contracts), it is possible that significantly higher inflation in the future in Zambia, without a concurrent devaluation of the local currency against the United States dollar or an increase in the price of such minerals, could have an adverse effect upon TEAL’s results of operations and financial condition.

TEAL has effected transfer of ownership of various companies within Zambia. Although TEAL does not expect that such transfers will incur property taxes, there remains a risk that such taxes will be imposed.

Risks Related to Namibia

Namibia is part of the Common Monetary Area of Southern Africa (“**CMA**”). Exchange controls in the CMA require the prior approval of the payment of dividends, loans, repayment of loans and payment of all invoices to parties outside the CMA by companies registered in the CMA. The controls, as they relate to Namibia, are applied by the Bank of Namibia as agent for the South African Reserve Bank. There can be no assurance that TEAL will obtain the requisite approvals in the future to repay loans or pay invoices to parties outside the CMA, including companies within TEAL’s corporate group not resident in the CMA. The Company understands that Namibia may phase out exchange controls, however, while exchange controls remain, they may restrict TEAL from repatriating funds and using those funds for other purposes.

The Namibian Mining Act makes provision for the levying of royalty taxes on the exploitation of minerals and the Namibian Government has recently commenced imposing such royalty taxes on the exploitation of minerals other than precious stones and dimension stones. The payment of such royalty taxes could negatively affect the economic

return that the Company might achieve or render a project uneconomic altogether. Namibia is also considering the introduction of empowerment legislation, a draft of which is called the “Transformation Economic and Social Empowerment Framework”. The new legislation proposes to broaden the ownership base of companies to ensure that 25.1% of the equity of mining companies operating in Namibia is in the hands of individuals qualified as “deprived individuals”, with at least 10% earmarked for women, the youth and broad-based individuals within the designated groups over the next ten years.

MINERAL PROJECTS AND EXPLORATION AREAS

TEAL has three near to medium-term development projects which it considered material as of the date of this AIF, namely:

- the Lupoto Copper Project at Kalumines in the DRC;
- the Konkola North Copper Project in Zambia; and
- the Otjikoto Gold Project in Namibia.

TEAL intends to continue to progress these three projects with the goal of achieving production status in order to generate cash flow. TEAL also has interests in various additional mineral licence areas on which the Company intends to continue or undertake drilling and other exploration activities.

Kalumines Area - TEAL 60%

The information on the Lupoto Copper Project contained in this AIF is based in part on a technical report dated September 16, 2005, prepared by Mr. Julian Verbeek, Mr. Ken Lomberg and Mr. Colin Michael Jones in accordance with the requirements of NI 43-101. Messrs. Verbeek, Lomberg and Jones are independent qualified persons under NI 43-101. The technical report is available for review on SEDAR at www.sedar.com.

Overview

Kalumines’ Lupoto Copper Project and associated exploration and evaluation areas are situated in the DRC in proximity to Lubumbashi in the Katanga Province, DRC.

The area under licence comprises approximately 77 square kilometres and hosts four known areas of copper mineralization namely Lupoto, Kasonta, Niamumenda and Karavia. In addition to the known copper mineralization, the area is underlain by approximately 26 kilometres of outcropping strike of Series de Mine stratigraphy which generally hosts the copper ore in the DRC.

Property Description, Location and Ownership

A joint venture was created pursuant to an agreement dated May 6, 2003 between Avco s.p.r.l., now TEAL Mining (DRC) s.p.r.l. (“**TEAL Mining**”, an indirectly held, wholly-owned subsidiary of the Company), and Gécamines. The Kalumines joint venture company is called Kasonta-Lupoto Mines s.p.r.l. (“**Kalumines**”) and it is owned 60% by TEAL Mining and 40% by Gécamines.

The tenement consists of one mining licence, *Permis d’Exploitation* No. 2590 (“**P.E. No. 2590**”), held by Kalumines. Gécamines agreed to contribute all of the mining rights to the area located with the Kasonta Lupoto Polygon – P.E. No 2590 – and the licence, which was issued by Ministerial Decree on May 9, 2005 grants Kalumines the exclusive right to develop, mine and explore for copper, cobalt and associated minerals until April 3, 2009.

On August 18, 2005, Gécamines and TEAL Mining agreed that TEAL Mining would have until May 2007 to complete a feasibility study, a condition for TEAL Mining to maintain its rights in P.E. No. 2590. A feasibility study was presented before the requisite deadline, and accepted by Gécamines. The feasibility study (phase 1) examined the viability of mining a small, but high grade, portion of the Lupoto Copper Project, known through the

historical drilling undertaken by Union Minière du Haut Katanga (“UMHK”) and Gécamines in the past. The study also indicated the necessity to complete an extensive exploration drilling program to define a larger resource base.

In 2007, the shareholders of Kalumines agreed to extend the deadline for the delivery of an appropriate feasibility study for a larger mine at the Lupoto Copper Project and the addendum to the Kalumines joint venture agreement extending the deadline to September 2009 was finalized in 2008. Subsequent to a successful development decision, TEAL Mining would be obliged to arrange all financing for the development of a mine. Royalty payments of between 3% and 4.5% of gross sales must be made to Gécamines upon the commencement of production. TEAL Mining has the right to appoint a majority of members to the board of Kalumines and to any management committee established.

In February 2008, the Company received written notification from the Ministry of Mines of the DRC informing the company of the review by the DRC’s Mining Contracts Review Commission with respect to the Kalumines joint venture. Requests from the Ministry of Mines accompanying the notification are:

- Kalumines must submit to the Government the feasibility study for the project, which shall among other things, identify the real contribution of each of the parties in order to achieve a fair attribution of shares;
- Kalumines must present a plan of social actions with a visible impact; and
- Gécamines must actively participate in the daily management of Kalumines.

TEAL shortly thereafter responded formally to the Government.

In August 2008, Kalumines received correspondence from Gécamines proposing a meeting to discuss amending the Kalumines joint venture agreement, including amending the recapitalization of Kalumines, increasing the role of Gécamines, and providing a draft social action plan for the benefit of local communities. This meeting is in the process of being scheduled. The government has set various ‘Terms of Reference’, which TEAL is in the process of assessing.

Kalumines holds the necessary permits required to carry out its operations and operates in compliance therewith. Pursuant to its terms, P.E. No. 2590 can be renewed several times for a period of 15 years each time. TEAL has initiated the renewal process by submitting appropriate documentation to the relevant authorities. In June 2008, the Ministry of Mines of the DRC issued a favourable opinion in respect of the renewal.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Kalumines licence area is located approximately 23 kilometres northwest of Lubumbashi. Lubumbashi has an international airport and is approximately 180 kilometres to the southeast of the city of Kolwezi, which has a population of 385,000 and a regional airport. Paved roads connect Lubumbashi and Kolwezi to the Zambian Copperbelt, and access to the property is by way of a recently upgraded unsealed road. Rail lines connect Zambia with the major centres in the DRC Copperbelt, including the cities of Lubumbashi and Kolwezi.

The area around the project forms part of the drainage basin of the Congo River, a large, low-lying plateau with an average elevation of approximately 300 metres. The P.E. No. 2590 licence area is located on gently undulating topography with a mean elevation of 1,250 metres.

The climate of the region is tropical. The dry season is typically from April to October and the wet season is from December to March. In the southern parts of the DRC, the annual average rainfall is 1,000 to 1,500 millimetres. Between December and April, most fieldwork is restricted to areas served by good roads, effectively limiting exploration.

In Lubumbashi, local infrastructure and resources are relatively well established. High voltage lines capable of providing sufficient power for mine development are already in place within 20 kilometres of the project area. Water supplies sufficient for mine development are available from perennial streams and ground water within the project area.

The vegetation surrounding the area is Miombo woodland. Suitable areas for mining-related infrastructure are readily available near the Lupoto Copper Project.

History

The south-eastern portion of the DRC, including the Kalumines licence area, was first prospected on a systematic basis by Tanganyika Concessions Limited in the 1890s. Early reports mention the Lupoto, Kasonta, Niamumenda, Karavia and Kasombo prospects, all of which showed some evidence of previous exploitation by indigenous peoples. In 1906, UMHK undertook more detailed exploration work on the Kasonta and Lupoto prospects. This comprised mainly regional soil geochemistry work and mapping of the area.

Beginning in 1921, exploration (mainly surface exploration and mapping, but including some “electric prospecting” and underground exploration at the Lupoto and Karavia prospects) was carried out by UMHK, but it was not until 1930 that the Kasonta C1 Polygon was established and detailed geological investigations were initiated. UMHK had the exclusive rights to the C1 Polygon until its nationalisation in 1967 and, thereafter, Gécamines had exclusive rights.

From 1923 until 1967, UMHK undertook intermittent exploration work, including drilling on the Lupoto and Karavia prospects. Gécamines undertook intermittent drilling up to 1977 and the Lupoto resource (now the Lupoto Copper Project) was defined. Since this period, no drilling is known to have been undertaken on the Lupoto Copper Project, until TEAL started a drill program in 2003 and again in 2007. The high-grade Karavia prospect was mined on a small-scale and due to very high copper grades, between 1959 and 1963 by UMHK.

At Lupoto, a total of 73 diamond drill holes totalling over 9,100 metres in length form part of the historical database. Drill fences were completed at 100 metre intervals aligned predominantly east-west and this orientation was maintained despite changes in strike around the southern limb. Most drilling was focused on the south-eastern portion of the project where the surface mineralization is best developed. The majority of drill holes intersected mainly oxide copper mineralization. A few deep holes intersected sulphide mineralization at depths of greater than 100 metres.

Historical mineral resources were reported for the four known deposits within the Kalumines licence area. Apart from this work on the Lupoto Copper Project, no drilling was undertaken on Kasonta and Niamumenda. However, extensive geological work including trenching and pitting was carried out by UMHK and Gécamines before 1985. The historical estimates for the four prospects on the Kalumines licence area are shown below:

Kalumines Licence Area (P.E. No. 2590) Inferred Mineral Resource (Historical) Estimates

<u>Area</u>⁽¹⁾	<u>Tonnes</u> <u>('000)</u>	<u>Copper Grade</u> <u>(%)</u>	<u>Diamond</u> <u>Drill Holes</u>
Lupoto	6,700	3.13	73
Kasonta	1,500	5.18	none
Karavia	550	3.92	unknown
Niamumenda	40	5.38	none

Note:

(1) Historical estimates pre-dating National Instrument 43-101. The source of these estimates is Gécamines.

TEAL believes that these estimates indicate the potential for open-pittable mining of copper-cobalt mineralization and that the data supports a classification of the mineral resources as inferred.

Geological Setting

Regional Geology

Given the continuity of the mineralization style between the Copperbelt of Zambia and the DRC, reference should be made to the section entitled: “Copperbelt Joint Venture Exploration Area – Geological Setting.”

Local Geology

The Lupoto-Kasonta-Kasombo area is underlain by a northwest oriented zone of “mega breccia” that contains large rafts of Series des Mines (Lower Roan Formation), Katanga Sequence, stratigraphy. The rafts are often structurally complex, being tightly folded and exhibiting variable strikes and dips both within individual rafts and between neighbouring rafts.

Property Geology

Six main stratigraphic units are identified in the Kalumines licence area with copper and cobalt mineralization hosted by the SD, RSC and RSF units.

RSC is more resistant than the adjacent stratigraphy and the “mega breccia”. As a result, the RSC forms outcrops and low ridges that are prominent in the otherwise flat terrain. The “mega breccia” is composed of brecciated stratigraphy derived from various Katanga Sequence units. Clasts within the breccia range from microscopic size, to large rafts within which coherent stratigraphy is preserved. The breccia is easily weathered, accentuating the positive topography created by the RSC. A thrust fault separates the “mega breccia” zone and allochthonous Lower Roan Formation klippe from structurally underlying, but stratigraphically higher, Upper Roan Formation units.

Exploration

In 1999, TEAL commenced an investigation into the mineral potential of the Katanga Region. All available information was compiled, interpreted and evaluated. Field visits to most prospects were undertaken. From the results of these investigations, TEAL identified an area north-west of Lubumbashi as representing an unencumbered area of potentially significant economic mineral potential. This area contained the partially drilled Lupoto prospect with numerous untested extensions to this mineralization and is now the subject of the Company’s Licence P.E. No. 2590. Earlier fieldwork included reconnaissance diamond drilling, re-logging and sampling of pits, mapping, soil sampling and digitizing of data.

The Company resumed an exploration drilling program in March 2007 and the first set of copper drilling results from the exploration program at the Lupoto Copper Project were announced on July 11, 2007. To date, TEAL has drilled a total of 166 boreholes for 15,589 metres in addition to the 73 boreholes for 5,631 metres drilled by UMHK and Gécamines to define the copper oxide mineralization at its Lupoto Copper Project. The UMHK and Gécamines drilling resulted in a historical inferred resource, in terms of National Instrument 43-101, of 6.7 million tonnes at a grade of 3.13% copper, referred to above.

Deposit Type and Mineralization

In the DRC, although mineralization is broadly similar to that of the Zambian Copperbelt, the facies development in the northern portion of the Lufilian Arc is dominated by limestones and argillaceous rocks, rather than arenaceous and argillaceous rocks as seen in the Zambian Copperbelt. The rocks form a thick succession of shallow-water shales, dolomitic shales and reef dolomites, and the mineralized sediments display remarkable lateral continuity in thickness and metal content.

The two sedimentary units that host the mineralization each vary between 5 to 15 metres in thickness, and are developed on, below and above a resistant, siliceous dolomite bed. Within the weathered zone, the principal mineralization is malachite with subordinate pseudomalachite and chrysocolla, whereas the main cobalt minerals are heterogenite, spherocobaltite and erythrite. Oxidation generally extends to approximately 100 metres below the

surface in the region. In the mixed zone, oxide minerals progressively give way to sulphides with increasing depth. Supergene enrichment is common in parts of the oxide zone. Chalcocite, with associated digenite, is the major copper mineral in the mixed zone, where it is also associated with an increase in the dolomite content. The principal copper minerals within the sulphide zone are chalcocite and digenite with subordinate bornite and chalcopyrite. Carrollite is the principal cobalt sulphide mineral.

Drilling

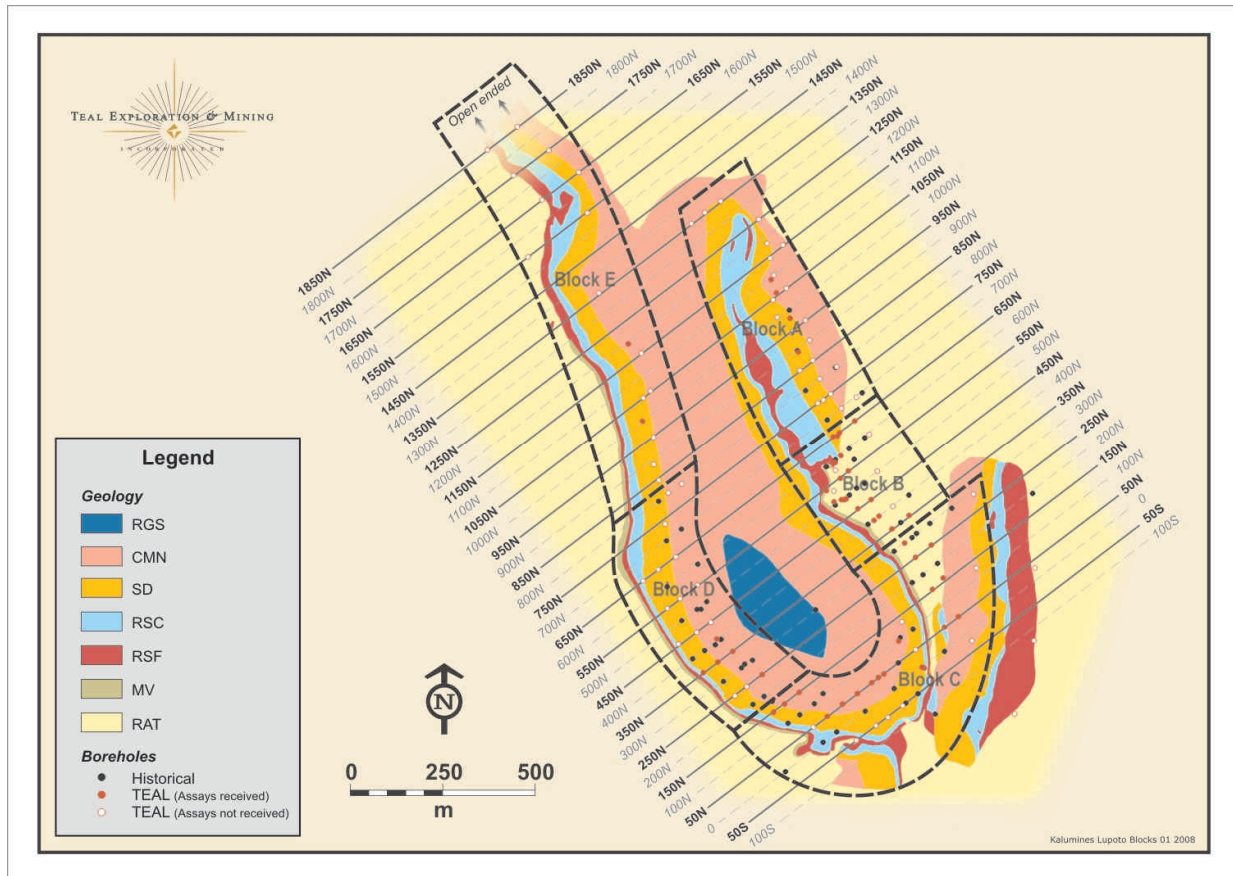
A reconnaissance drilling program was undertaken by the Company at Lupoto towards the end of 2003, prior to the acquisition of the mining right. This program was designed to test possible extensions to known mineralization, confirm previous drilling and provide data on the mineralization styles. All mineralized intersections were returned with below standard recovery, mainly due to unsuitable drilling equipment and lack of experience on the part of the contractors.

All three phases of the drilling campaign, which started in mid 2007, have been completed. The first two drilling phases were undertaken to confirm and verify the historical mineral resource estimate for the Lupoto Copper Project and to undertake infill drilling to upgrade the mineral resource confidence level. The third phase of drilling was aimed at increasing the resource along strike in areas previously not drilled. The Lupoto Copper Project resource is now being reviewed by SRK Consulting (South Africa) (Pty) Limited (“**SRK**”) to produce an Independent Competent Persons report compliant with the NI 43-101.

The UMHK/Gécamines boreholes were drilled on 100 metre spaced grid lines and TEAL has undertaken twin drilling, as well as further drilling also on 100m grid lines spaced between the UMHK/Gécamines grid lines. A total of 50 UMHK/Gécamines boreholes with assay values are presently in the geological model. TEAL has undertaken statistical null-hypothesis statistics to determine if the means and variances between the TEAL and UMHK/Gécamines data sets are similar. The statistical results indicate that the means and variance are from a similar distribution with a greater than 80% confidence limit indicating that the two data sets can be integrated.

The total strike length of the Lupoto structure measures approximately 3,698 metres. The copper orebody at Lupoto is about 25 metres thick and the dip varies from 90° to 65°. The first phase drilling only defined the copper orebody to an average vertical depth of 80 metres.

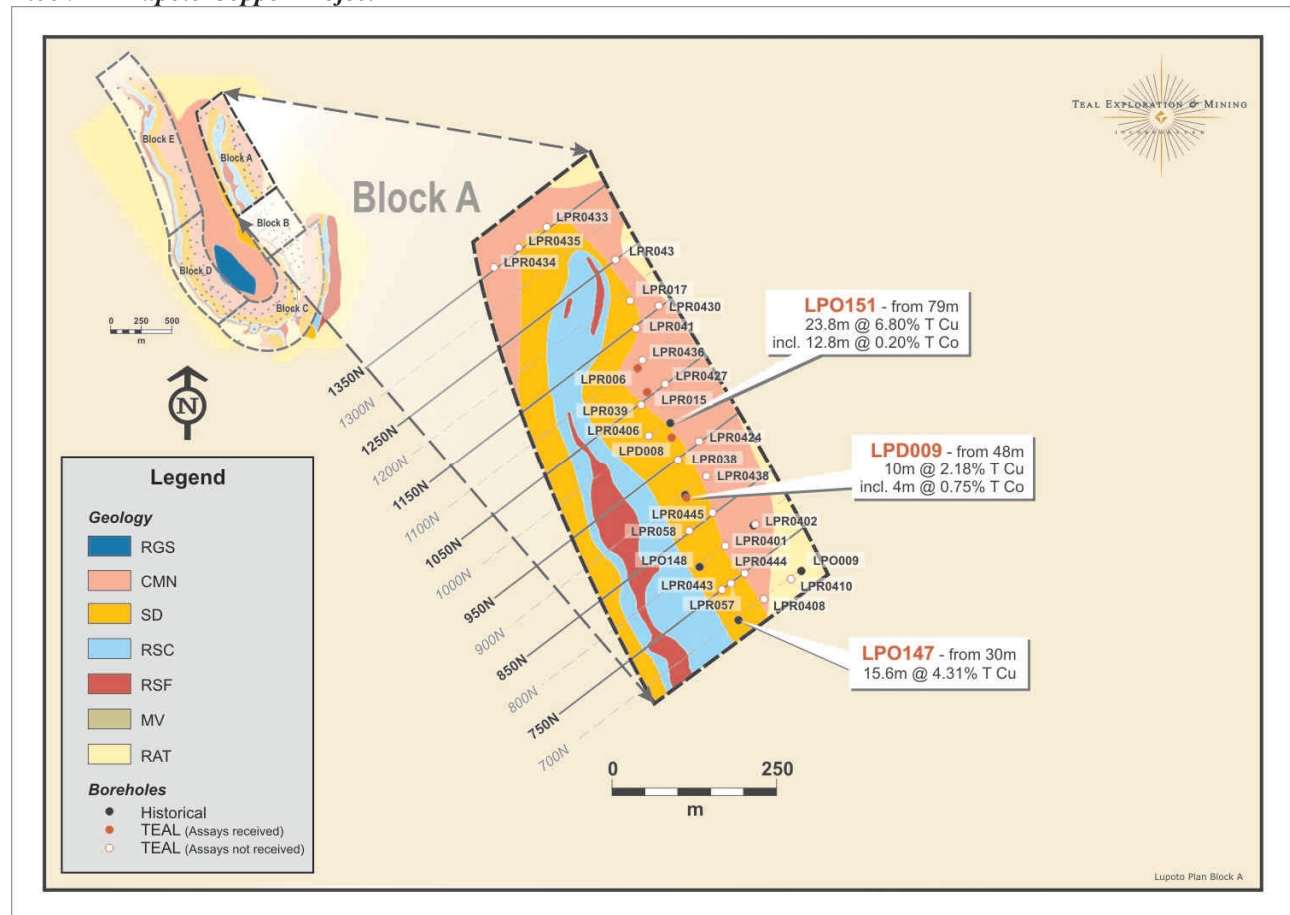
The diagram below is a geological map of the Lupoto Copper Project indicating the boreholes drilled previously and the recently drilled TEAL boreholes:



The geological structure has been categorized into Blocks ranging from A to E for presentation purposes.

The diagram below indicates the borehole collar positions of the historically drilled boreholes, commencing on line 100S with subsequent historical boreholes drilled on a 100 metre spaced line pattern, which in combination with the previous grid, results in a 50 metre spaced pattern for an area from line 100S to 800N on the west and east limbs, an approximate strike of 1,929 metres. It is anticipated that this 50 metre line spaced drill pattern will provide TEAL with an acceptable level of confidence in its mineral resource estimate definition. Once the results of the more widely spaced drilling north of line 800N become available, an additional drilling program will be planned to increase the confidence level of the resources on these strike-extensions of both the east and west limbs.

Block A – Lupoto Copper Project



Block A is defined between line 675N and 1350N with a defined strike length of 711 metres. Previous drilling in this area was limited to 4 boreholes (438 metres), but TEAL has now completed an additional 25 boreholes comprising 3,955 metres. Most of the assay results are being awaited, but selected total copper and cobalt results are. Oxide copper mineralization has been intersected from less than 20 metres to 120 metres drill depth.

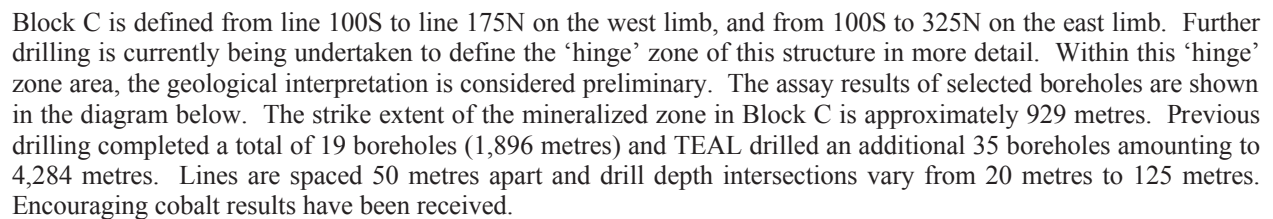
In this part of the eastern limb of the Lupoto structure, the geological formations are tightly folded and constitute a refolded limb of variable dip. Zones of thick oxide copper mineralization are very well developed in this area. Cobalt assay results are encouraging.

In borehole LPR/D 0410, collared at some distance to the east on line 700N to intersect the target geology at depth, massive sulphide copper mineralization, mainly chalcopyrite, between vertical depth 190.5 metres to 223 metres was intersected. This borehole indicates that the copper mineralization is well developed at depth in this area, but changes in nature from predominantly oxide copper to massive sulphide copper. Assays are being awaited from this intersection, and additional drilling will be undertaken to further evaluate the potential of sulphide copper mineralization.

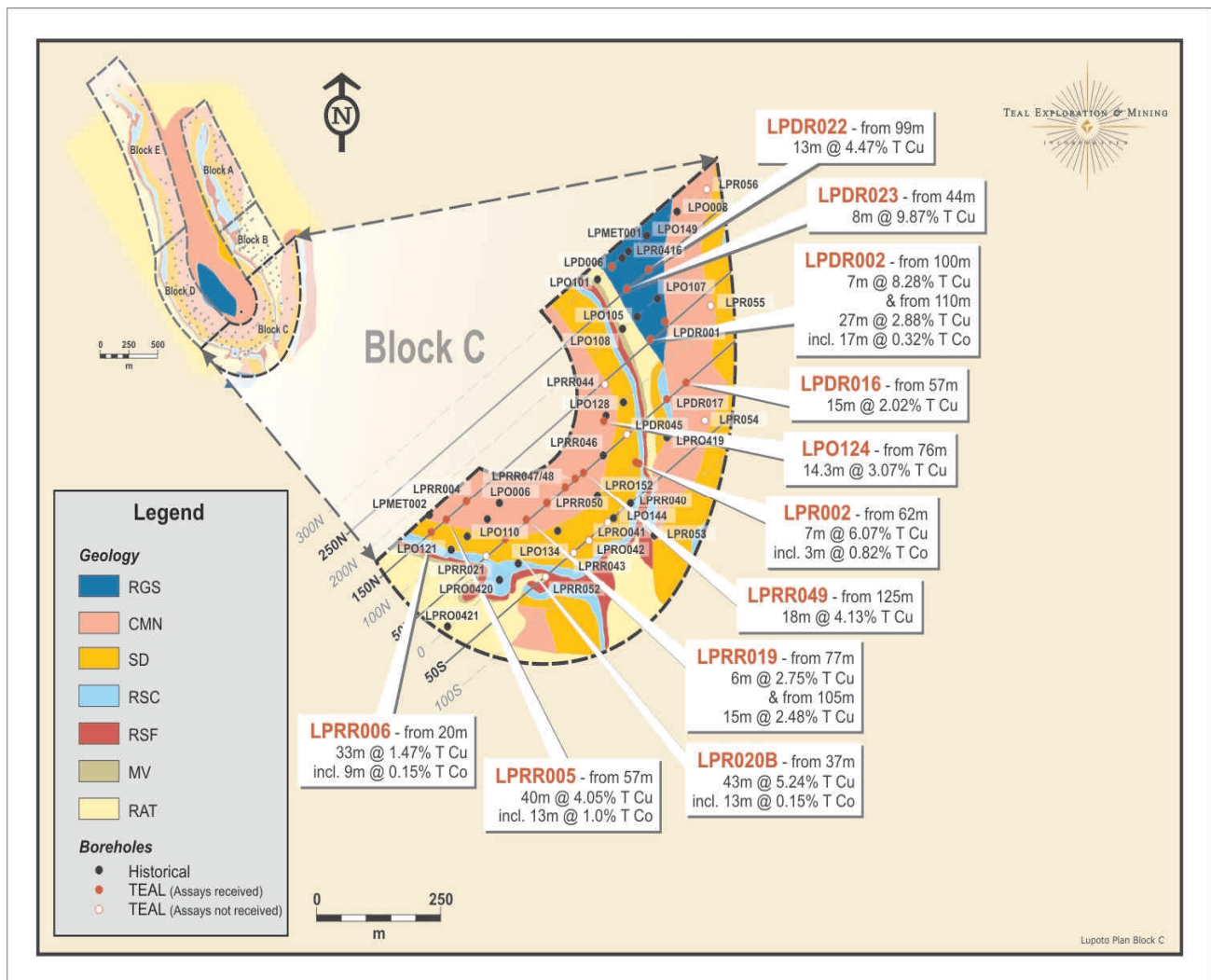
Block B – Lupoto Copper Project

Block B is defined from line 325N to 675N and line spacing is 50 metres apart. A total of 9 boreholes were drilled in the past in this area comprising 894 metres. TEAL completed an additional 24 boreholes for 2,986 metres. Block B is also the area where the current phase 1 mining is underway. Boreholes drill depth intersections vary from 4.5 metres to 220 metres. The assay results of selected boreholes are shown in the diagram below.

Block C – Lupoto Copper Project



Block C – Lupoto Copper Project

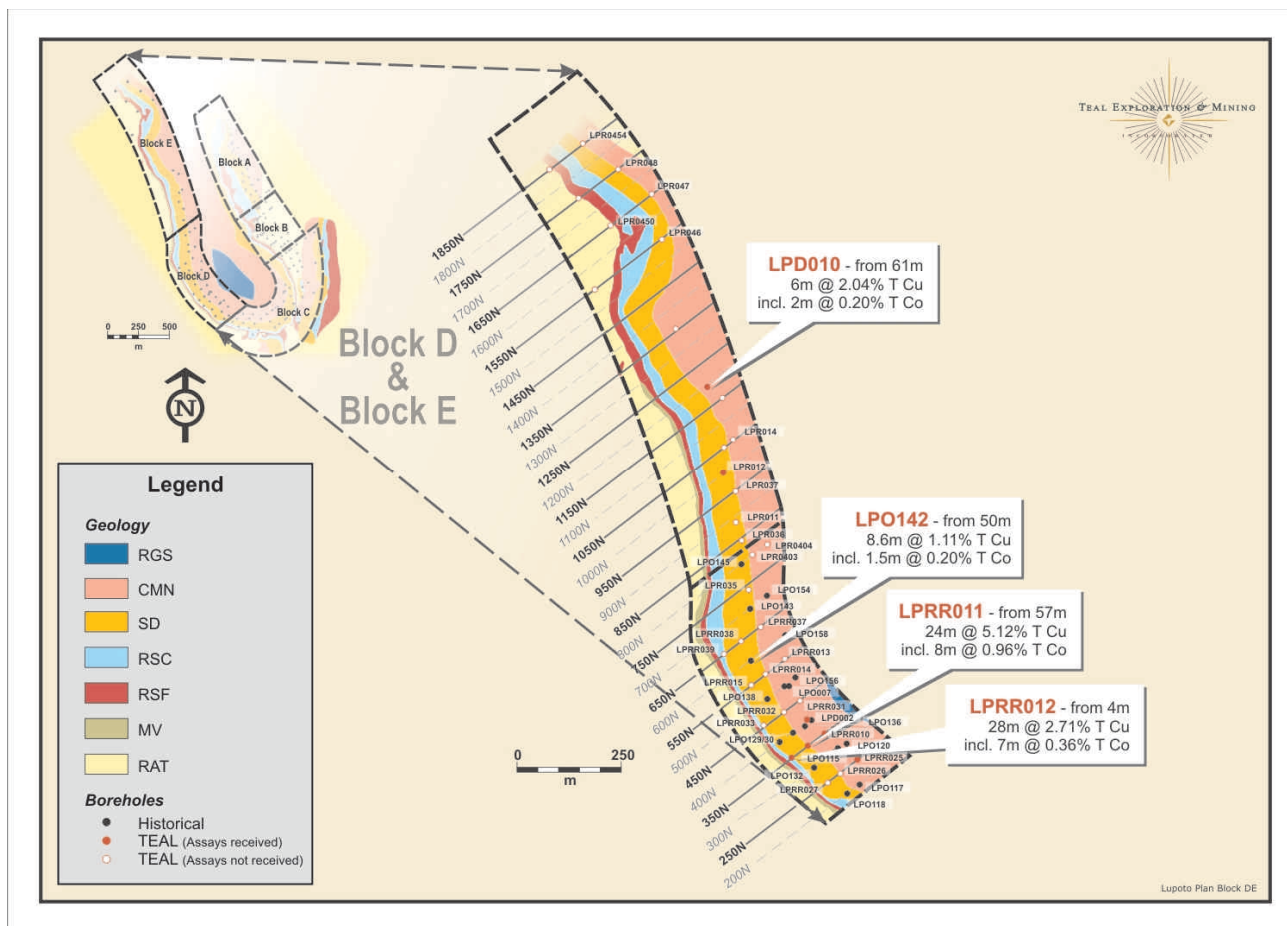


Blocks D & E – Lupoto Copper Project

Block D is defined between lines 175N and 825N on the west limb of the Lupoto structure. A total of 9 boreholes (1,019 metres) were drilled in this area in the past and TEAL has completed a total of 20 boreholes (2,188 metres). Selected results are shown in Figure 6, with additional assay results being awaited. High grade cobalt results were encountered in this area.

Block E is defined from 825N to line 1850N on the west limb. No previous drilling was undertaken on this limb, and TEAL has completed 18 boreholes totalling 1,978 metres. The results from borehole LPD 010 is shown in Figure 6. Further assay results are awaited and follow-up drilling will then be planned. The geological strike extensions beyond line 1850N are not defined and are considered open ended at this time.

Blocks D & E - Lupoto Copper Project



Phase two drilling at the Lupoto Copper Project is now in progress and four drill machines have been mobilized. The aim of this drilling program is as follows:

- Extension drilling to define the copper mineralization of the Lupoto structure in its totality;
- Infill drilling to further and better define the resource to a vertical depth of 150 metres; and
- Deeper drilling to define the sulphide copper previously intersected (the first results of two deeper boreholes that intersected copper sulphides were released by TEAL on May 30, 2008, and the press release can be found on the SEDAR website at www.sedar.com or at www.tealmining.com).

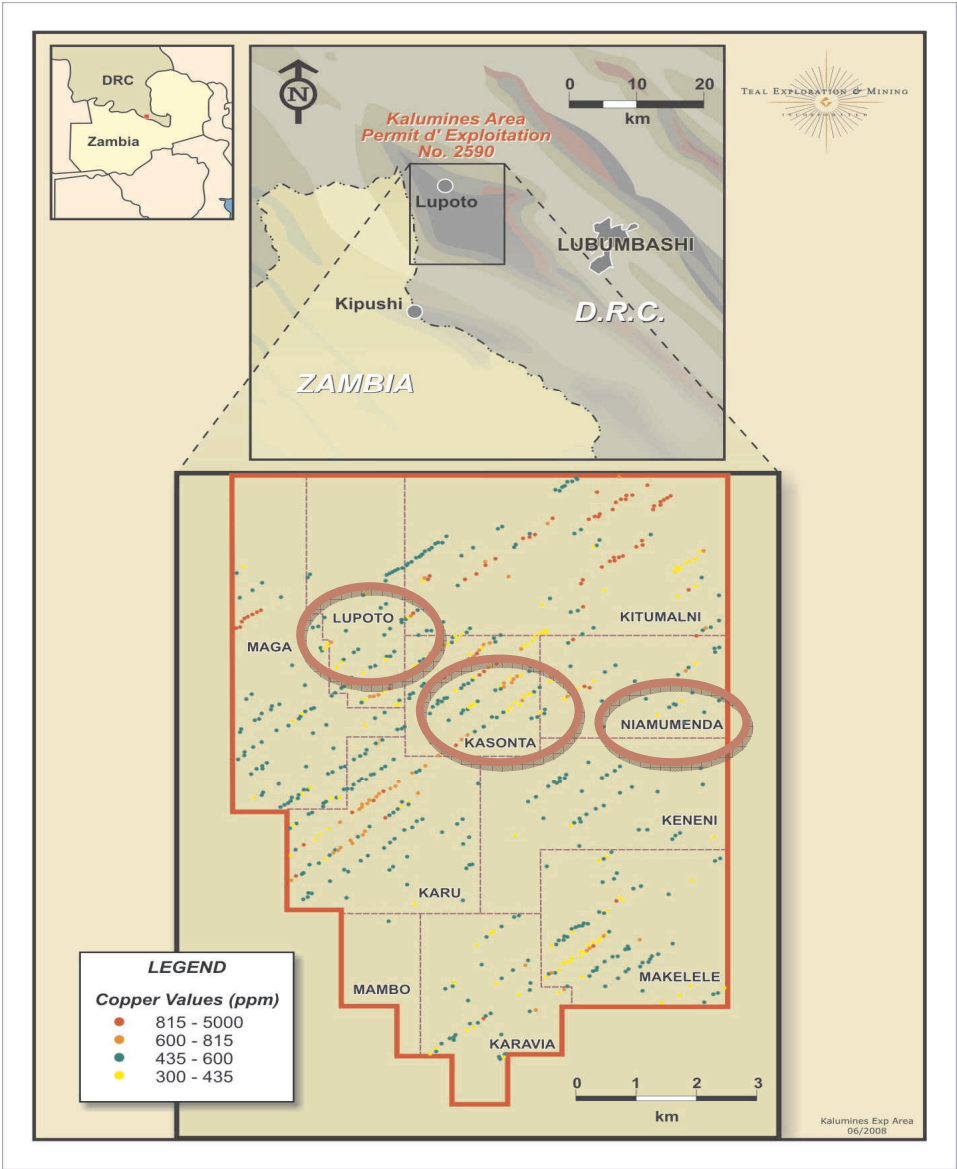
Kasonta Area

A preliminary drilling program was attempted on behalf of the Company at Kasonta in 2003. The holes were drilled as fences across the prospect, but no drill hole attained acceptable core recoveries. In addition, a significant portion of the highly weathered material close to surface was not recovered. The weathered zone contains significant copper mineralization. The drilling contractors used were KGHM Congo s.p.r.l. based in Lubumbashi, and Mission Sondage, the Gécamines drilling division.

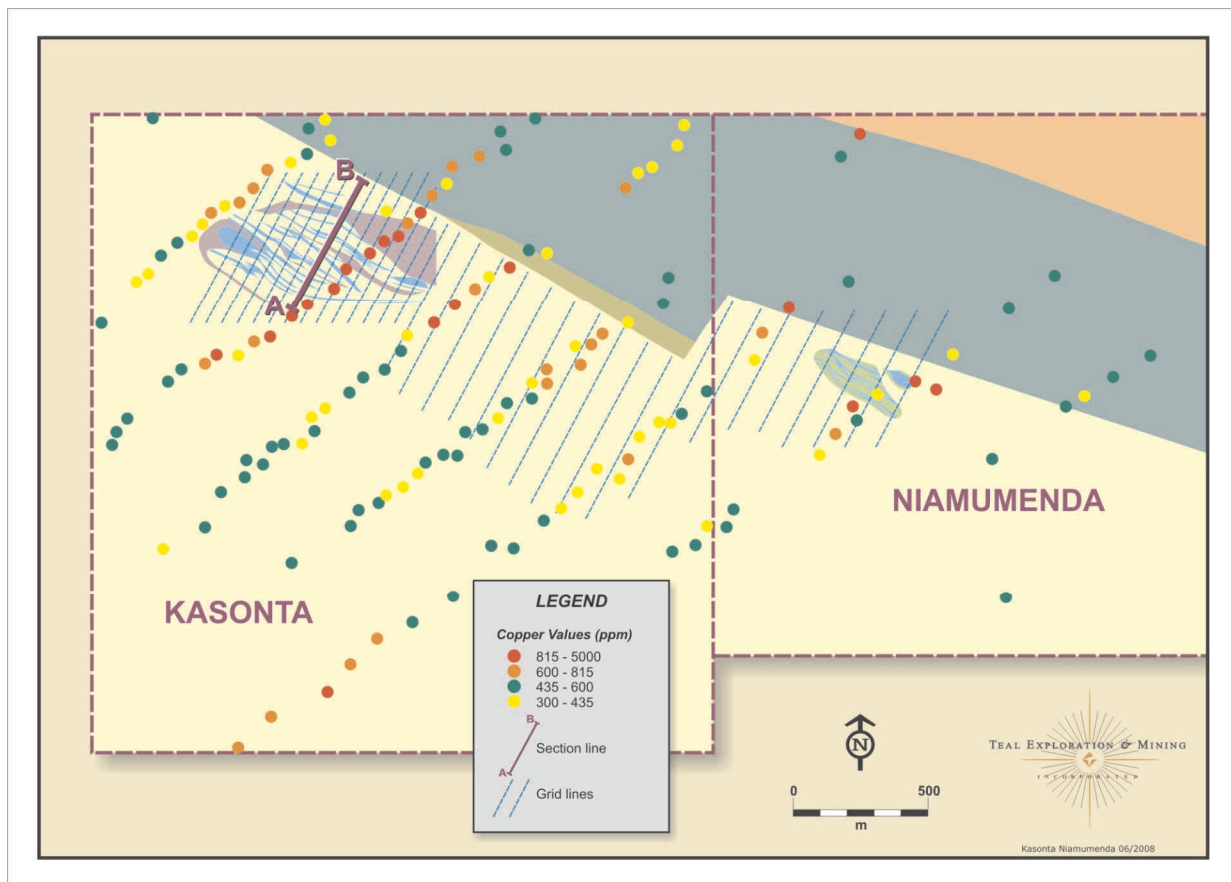
TEAL completed a 400 metre line spaced termite mound geochemical sampling programme to delineate possible evidence of copper mineralization below the extensively developed soil cover in this area. The results of this program are shown in the diagrams below. Good copper anomalies in termite mound soils, with values in excess of 600 ppm copper, are defined in an area now generally described as the Greater Kasonta Area, which is situated

about 500 metres to the east of Lupoto and stretches for more than 2,400 metres and which includes the copper-in-soil enriched area known as Niamumenda.

Kalumines area showing the localities of copper mineralization identified



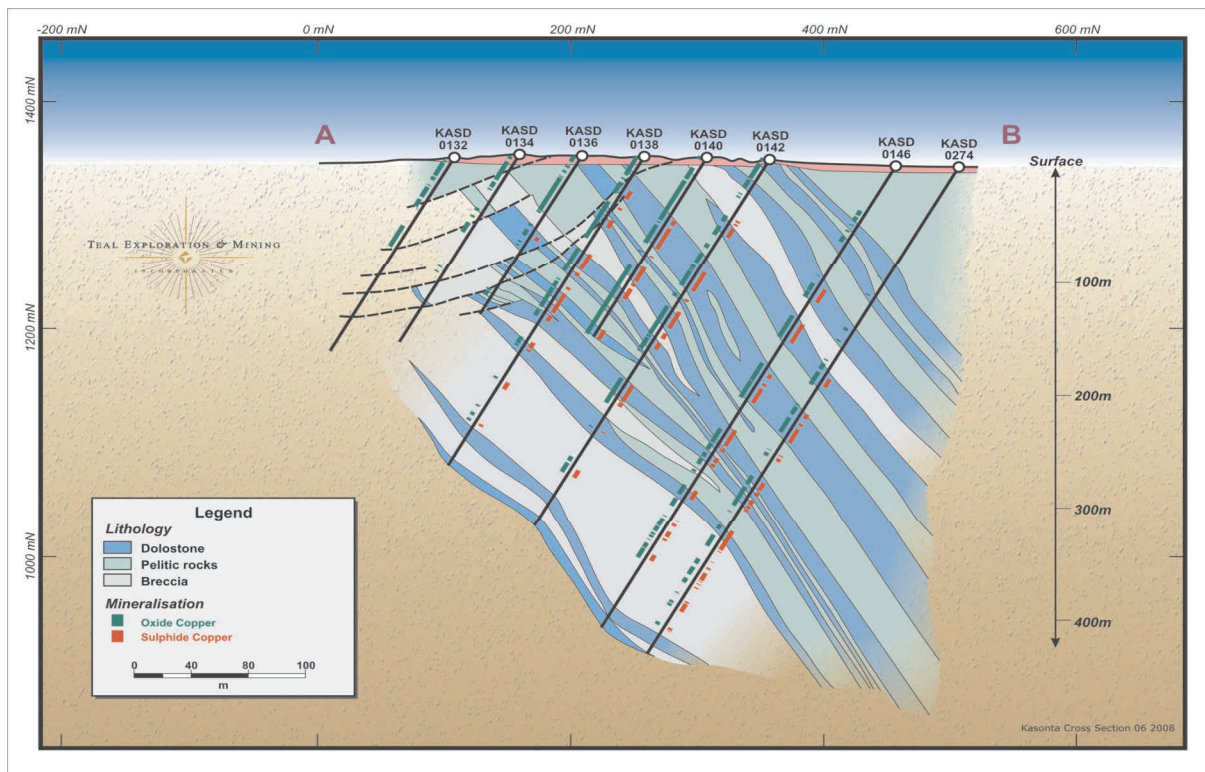
Greater Kasonta Area, which includes the Niamumenda prospect



The diagram above shows the results of the termite mound sample assays on 400 metre spaced lines for the Greater Kasonta Area. TEAL has established a grid over the areas initially spaced 100 metres apart, with closer spaced lines over the Kasonta prospect, for an initial drilling program.

Based on the historical inferred resource estimation as well as the soil sampling program, an initial drilling program of 41 boreholes for a total of 5,029 metres was completed. This drilling was aimed at broadly defining the copper mineralization, and to test the strike extension between the known copper occurrences of Kasonta and Niamumenda. The results of the drilling outline extensively developed copper mineralization comprising both oxide copper (malachite and chrysocolla) and sulphides copper (mainly chalcocite) situated in specific geological units comprising mainly dolostone and breccia, probably of the RGS unit of the upper Series des Mines. Importantly, the copper mineralization is extensive and to date remains open ended down dip and along strike between the known occurrences of Kasonta and Niamumenda, for a strike exceeding 2,400 metres.

Schematic geological cross section A-B (see see figure above)



The diagram above is a schematic geological cross-section showing the oxide and sulphide zones of copper mineralization. On average, the copper mineralized units dip between 50°-60° to the NE. The results of two boreholes, KASD 0134 and KASD 0136 shown above, have been received and are summarized below. The assay results are as follows:

Borehole	Depth from (m)	Intersection (m)	Copper (%)
KASD 136	0.00	10.50	3.20
	25.00	23.30	4.80
	52.00	6.00	4.39
	133.00	2.30	1.47
KASD 134	0.00	16.00	2.73
	26.50	16.50	2.02
	46.80	6.70	1.92
	59.50	2.30	1.55
	65.50	10.50	1.97

Sampling and Analysis

A total of 7,754 samples have been submitted to ALS Chemex, an internationally accredited laboratory, for assays of which a total of 5,594 assays have been received, which were incorporated in the grade model. A total of 2,160 assays or 28% are still outstanding. In addition, a strike length of about 1,350 metres remains open ended, with only selective drill holes having been completed.

A detailed description of sampling, analysis and sample security is provided under the heading entitled: “Sample Preparation and Analysis – Central African Projects”.

Mineral Resources

Historical mineral resources have been established on a number of deposits within the Kalumines property. See section above entitled: “Mineral Projects and Exploration Areas, Kalumines Area, History”.

Excluding the material mined in or during the phase 1 mining operation and the stockpile mentioned below, the first phase, or partial, resource estimation for the Lupoto Copper Project, at a 0.5% copper cut-off and to an average of 80 metres of vertical depth, is as follows:

- **Indicated Resources:** 15.09 mt @ 2.32% TCu, 1.83% ASCu, 0.15% Co; and
- **Inferred Resources:** 9.13 mt @ 2.09% TCu, 1.73% ASCu.

TEAL has appointed Sphynx Consulting cc (“**Sphynx**”) as an independent consultant to conduct the database verification, geological modeling, ore body modeling and resource estimation work. A phase 1 geological model has been created and the mineralized area has been modeled for the Lupoto Copper Project, and resource estimation work has also been completed. TEAL has appointed SRK as the Qualified Person to complete the Independent Qualified Persons Report on the Lupoto Copper Project. Further geological modeling and resource estimation work is in progress.

Mining

TEAL has focused to date on the Lupoto Copper Project area where it was announced on May 15, 2007 that small-scale mining had started. The mine consists of a single open pit, utilizing conventional open pit mining methods, a screening plant and a sorting area. The mined material is hand-sorted into three sections, differentiated by copper grade, which TEAL Mining refers to as a copper concentrate. This material is then sold and, depending on the grade, a certain percentage of the ruling London Metal Exchange copper price is derived. A portion of the material, which is deemed lower grade, is stockpiled. TEAL management continuously assesses the mining rate of this small-scale mining operation.

For the financial year ending June 30, 2008, 46,404 tonnes of copper concentrates were produced and sold.

The stockpile comprises approximately 800,000 tonnes of material, at grades of between 4% and 6% copper. Studies have commenced to assess various metallurgical options to process the stockpile.

In addition to the above, TEAL Mining is continuing with studies for a final feasibility study for a larger mine development at Lupoto. This study is, however, dependent upon the finalisation of an adequate resource definition for Lupoto. Drilling and evaluation is in process.

The table below provides summary of the limited mining operation, for the three and twelve month periods ended June 30, 2008, as well as the three months ended March 31, 2008, and the three months ended December 31, 2007:

		<i>Year ended</i>	<i>Three months ended</i>	<i>Three months ended</i>	<i>Three months ended</i>
		<i>Jun 30, 2008</i>	<i>Jun 30, 2008</i>	<i>Mar 31, 2008</i>	<i>Dec 31, 2007</i>
<i>Phase 1 mining operation</i>					
Total volume mined	<i>m³</i>	2 209 848	955 525	551 600	420 097
Material transferred to stockpile	<i>t</i>	799 783	364 948	205 604	158 828
Concentrates produced	<i>t</i>	46 404	23 413	11 978	9 060
Copper concentrates sold					
- Lumpy material	<i>t</i>	15 275	3 570	6 162	5 543
- Fine material	<i>t</i>	22 397	17 105	4 593	699
Grades (in sold product)					
- Lumpy material	<i>%</i>	22.89	19.47	23.37	25.31
- Fine material	<i>%</i>	11.48	10.93	12.52	17.77

A feasibility study of a larger open pit mining operation at Lupoto, together with a dedicated metallurgical processing facility at Lupoto, is in progress and is scheduled for completion after the verification, in-fill and expansion resource drilling, as well as the metallurgical test-work, have been concluded.

Processing

Kalumines processes the run-of-mine copper ore from Lupoto through a screening plant whereby lumpy malachite is separated and stockpiled and intermediate sized material is separated and stockpiled. These products are then bagged and sold. All fine grained material is stockpiled for future processing, or for possible sale.

TEAL Metals commissioned an electric arc furnace in Lubumbashi in December 2007. TEAL recently appraised the relevance of the furnace and decided to put the furnace operation on care-and-maintenance and to seek buyers for TEAL Metals, or its assets.

Tax Regime

The New Mining Code provides for a single fiscal and custom regime applicable to all industrial mining operations, including persons and entities implicated on small scale mining operations. The general corporate tax rate is 40%, while the corporate tax rate for mining companies is 30%. A 20% withholding tax applies to income, which is reduced to 10% for income generated from mining. The holder of an exploitation permit is also subject to tax on turnover from services rendered and sales realized in the DRC, although sales to a processing industry located in the DRC are exempt from tax on turnover. While the general turnover tax rate on sales is 10% and 18% for services rendered, the holder of the mining permit is liable to tax on turnover at a preferential rate of 5% when paying services and a rate of 3% when acquiring goods related to mining activities. The holder of the exploitation permit is also liable for the 10% tax on the remuneration of expatriates.

The introduction of a standard set of tax rates to be applied to mineral projects in the DRC replaced the previous system of individual project agreements. The holder of a mining exploitation (or exploration) licence in the DRC is subject to a tax on the surface area of the mining concession at the rate payable in Congolese Francs equivalent to \$4 per square kilometre for the first year (\$2 for exploration licences), \$6 per square kilometre for the second year (\$3 for exploration licences), \$7 per square kilometre for the third year (\$3.50 for exploration licences) and \$8 per square kilometre for each subsequent year (\$4 for exploration licences). In addition to the surface area tax, holders

of mining permits are liable to an annual area rights tax based on the size of the mining perimeter ranging from \$194.40 to \$424.68 per square kilometre for exploitation permits.

The New Mining Code imposes a royalty tax payable on the sale of minerals, at the rate of 0.5% for iron ore ferrous metals, 2% for non-ferrous metals and 2.5% for precious metals.

Konkola North Copper Project - TEAL currently 100%

The information on the Konkola North Copper Project contained in this AIF is based in part on a technical report dated March 2008, prepared by Mr. Victor Simposya and Mr. Peter Hart in accordance with the requirements of NI 43-101. Messrs. Simposya and Hart are both independent qualified persons under NI 43-101. The technical report is available for review on SEDAR at www.sedar.com.

Overview

The Konkola North Copper Project is located within the greater Konkola area of the Zambian Copperbelt and consists of a single large-scale mining licence covering an area of approximately 44 square kilometres.

Pursuant to an agreement dated March 6, 1997 among Zambia Consolidated Copper Mines Limited (previously “ZCCM”, now “ZCCM-IH”); Avmin Limited, a subsidiary of ARM; Konnoco Zambia Limited (“Konnoco”); and the Government of Zambia, Konnoco acquired the Konkola North Copper Project in consideration of an initial payment on signing of \$500,000. Additional payments, which have been made, include another payment of \$500,000 upon the commencement of a feasibility study. Konnoco has also made a commitment to pay a further \$7,500,000 upon the taking of a development decision after the completion of a final feasibility study. Konnoco undertook to spend certain amounts to complete a pre-feasibility study, which the Company has done, and produce a feasibility study within a further 24 to 28 months. Pursuant to an amending agreement dated September 19, 2005, the parties agreed to extend the date on which Konnoco was required to produce a final feasibility study until November 15, 2007. In November 2007, Konnoco submitted an executive summary of a feasibility study to ZCCM-IH. In December 2007, ZCCM-IH agreed to a further extension for delivery of the feasibility study until November 13, 2008. The Company is seeking the Zambian Government’s agreement to the extension.

Should a feasibility study be completed and a mine development decision be taken by Konnoco, then TEAL will be obligated to subscribe for that number of new Konnoco shares so as to equity finance one third of the total financing requirements for mine development and, as well, settle all inter-company loans between Konnoco and TEAL. Thereafter, ZCCM-IH has the right to a 15% or 20% equity interest in Konnoco, of which 5% shall be a carried interest. ZCCM-IH’s residual 10% or 15%, respectively, “paying” equity interest will obligate ZCCM-IH to fund its share of equity to develop a mine, although ZCCM-IH may elect to be debt funded by TEAL at an interest rate of LIBOR plus 4.5% (should ZCCM-IH elect to have a 15% interest) or a fixed rate of 20% (should ZCCM-IH elect to have a 20% interest).

Surface rights leases for the Konkola North Copper Project over LML No. 20 are held by TEAL. The Company is in the process of updating the surveys on the existing lease areas.

At the South and East Limbs, TEAL is focusing on the assessment of the orebody and the possibility to mine this area by re-equipping the existing shaft as well as other mine infrastructure, which includes a 423 metre vertical shaft and related development.

Property Description, Location and Ownership

The Konkola North Copper Project is located in Zambia in the northern part of the Copperbelt near the DRC border. The project consists of a large scale mining licence (“LML”) covering an area of approximately 44 square kilometres. The project is situated near the town of Chililabombwe adjacent to the mine operated by Konkola Copper Mines plc (“KCM”).

Konnoco holds the exclusive rights to the Konkola North Copper Project through LML No. 20, which was issued on May 30, 1997 and expires on May 29, 2020. The licence provides for the exclusive right to mine for copper, cobalt, gold, silver, selenium, tellurium and sulphur.

Konnoco completed a base line environmental study in 1997 and thereafter undertook an Environmental Project Brief (“EPB”) as required by the *Mines and Minerals Act, Chapter 213* (1995) and the Mines and Minerals Environmental Regulations of 1997 (Zambia). The proposed mining of the South and East Limbs is unlikely to cause significant negative impacts on the community and the environment, and in fact the impacts are likely to be largely positive. Owing to this limited impact, the EPB and not a full environmental and social impact assessment report was submitted to the Environmental Council of Zambia (“ECZ”). Most of the socio-economic impacts of the EPB will be positive, and include securing jobs and income; increasing local government service delivery capacity; increasing the role for community-based organisations; providing local upliftment; and increasing business opportunity and confidence. Potentially negative socio-economic impacts are the inconveniences and possible dangers relating to traffic, dust and noise. There may be negative impacts on water, soils, waste, air quality and traffic, and these include a change in water run-off patterns; possible soil contamination; increased waste production; increased ambient dust concentrations; and decreased road safety.

A full Environmental Impact Assessment (“EIA”) was commissioned and was submitted in January 2008 for approval by ECZ. The EIA was completed in accordance with Equator Principle standards, and in June 2008, ECZ granted environmental approval for the Konkola North mine and concentrator plant.

Tax Regime

In 2008, Zambia made amendments to its taxation regime, including changes to the taxation of mineral properties. The new fiscal regime increases the mining royalty to 3% and includes a number of other proposed additional imposts including a 15% tax on the exports of unrefined copper, a “variable profit tax” and a “windfall tax” based on the price of copper. Variable profit tax is not applied on income that has been subject to windfall taxes. The corporate tax rate is 30%.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Konkola North Copper Project can be reached directly by a national road that is surfaced, in good condition and connects the town of Chililabombwe, about 11 kilometres south of the project, with the village of Konkola, which is adjacent to the project. Chililabombwe and Konkola have estimated populations of 50,000 and 4,000, respectively. The nearest railhead to the project is located in Chililabombwe which is situated about 75 kilometres north of Kitwe, a major town with a population of 373,000, having amenities including medical, dental, school, engineering and other services for the mining industry. Cellular and fixed line telecommunications are readily available on most of the Zambian Copperbelt.

Zambia has a sub-tropical climate. A high plateau with hills and mountains dominates the topography. The area subject to the Company’s licence is located on a gently undulating topography with a mean elevation of 1,250 metres above sea level. The length of the rainy season varies but averages 190 days in the project vicinity with annual rainfall varying between 1,000 and 1,500 millimetres.

The village of Konkola is serviced with electricity connections and a 11 kilovolt substation is located next to the project. Potable water is pumped from the water reservoir at Chililabombwe to Konkola. In addition, a water treatment plant is also situated close to the project. The Konkola North Copper Project is located some 10 kilometres north of an operating mine, which possess all necessary utilities to support a major mining operation.

The area surrounding the Konkola North Copper Project is gently undulating and comprised of Miombo woodland. The area is suitable for the construction of mining infrastructure.

History

A prospective outcrop at the Konkola North Copper Project was discovered in 1924. Extensive surface mapping, pitting and trenching continued until the 1930s. Between 1936 and 1938, 26 drill holes totalling 6,640 metres in length were completed by Bancroft Mines Limited, the first registered owner of the project. In 1953, Bancroft Mines Limited sank the No. 2 shaft to a depth of 423 metres and completed two ventilation shafts and three development levels into the South Limb deposit. In 1959, the mine was put under care and maintenance due to the depressed copper market. Between 1967 and 1978, a further 10,900 metres were drilled by Anglo American Corporation and ZCCM, principally in the central portion of the Konkola North Copper Project.

Starting in 1972, the mining industry in Zambia was progressively nationalized and ZCCM acquired ownership of the Konkola North Copper Project from Anglo American Corporation.

Geophysical surveys were conducted in 1985 on the Konkola North Copper Project by the University of Zambia on behalf of ZCCM. This work achieved limited depth penetration but was able to identify numerous north-east/south-west trending resistivity lows, interpreted as faults. The most important north-east/south-west trend is interpreted as the Lubengele Fault.

During the privatization of state-owned mining enterprises that began in the mid-1990s, the government of Zambia undertook to divide the greater Konkola deposit and surrounding area into two parts. The inferred position of the Lubengele Fault, coinciding with the local 40,000 metre North grid line, was then defined as the boundary between Konkola Copper Mines in the south, owned by KCM, and the Konkola North Copper Project. As part of the government's privatization effort, TEAL acquired the rights to the Konkola North Copper Project in 1997.

In Zambia, all rights of ownership in searching for and mining minerals are vested in the President of Zambia, who holds these on behalf of the Republic of Zambia. No person may prospect for minerals or carry on mining operations except under the authority of a mining right granted under the *Zambian Mining Act*. The *Zambian Mining Act*, which was passed into law on 1 April 2008, replaces the *Mines and Minerals Act, Chapter 213* of the laws of Zambia. However, the *Zambian Government's* policy is not to participate in mineral exploration or other mineral activities or to hold any shares in mining companies other than in a regulatory or promotional role. The right to explore for, or extract, or process minerals is authorised by licences granted under the *Zambian Mining Act*. There are several categories of mining licence that may be acquired in the country, including prospecting licences and large-scale mining licences. The *Zambian Mining Act* also introduces two new categories of non-mining rights, one of which is a mineral processing licence. The responsibility for issuing mining licences, depending on the type of licence being issued, falls to both the Director of Mines and the Director of Geological Survey.

The *Zambian Mining Act* seeks to encourage foreign investment in mineral exploration and new large-scale developments, and to encourage private investment in smaller-scale mining. The *Zambian Mining Act* also reserves certain mining rights to citizens of Zambia or companies that are citizen-owned, and encourages giving preference to citizens of Zambia in relation to the provision of materials, products and services. The legislation provides for such rights as secure title to mining rights, rights to renewal upon satisfaction of licence conditions, rights to remedy licence defaults, deferment of royalty in certain circumstances, rights to assign licence interests and confidentiality of mining information. Under the *Zambian Mining Act*, the Director of Mines must maintain at the Ministry of Mines a register detailing all mining rights. Ownership of mining rights is effected by the registration of such rights in the register.

Once a licence is registered over an area, it is possible for another mining right to be granted over the same, but only with the consent of the holder of the mining right. The holder of a mining right over an area in respect of which an application is made for another mining right shall, within 90 days of the application, consent to the application where (i) the minerals or metals applied for are different from those detailed in the holder's licence, (ii) the geographical position of the minerals or metals applied for is different from the holder's ore body position, (iii) the geological position of the minerals or metals applied for is different from the position of the holder's plant and infrastructure, (iv) the mineral applied for is an industrial mineral and the holder is not eligible under the Act.

Additionally, a framework for responsible development has also been created through publication of the *Environmental Protection and Pollution Control (Environmental Impact Assessment) Regulations, 1997*, which

apply to mining operations and, among other things, govern emissions and require applicants for mining rights to submit environmental impact studies for approval. The Environmental Council of Zambia issues permits and licences for the discharge of effluents and waste water, air pollution control, and the transportation of wastes and waste disposal sites. Rights to use water are issued by the Water Board and require renewal every five years.

Geological Setting

Regional and Local Geology

The regional and local geological setting is described in detail under the heading entitled: “Zambia – Exploration Areas – Copperbelt Joint Venture Exploration Area”.

Property Geology

The Konkola North Copper Project deposit is developed on a south-west trending dome/anticline controlled by basement topography a short distance to the north of the Konkola Mine. The general stratigraphy is comprised of thick successions of Lower Roan Formation clastic units comprising conglomerates, upward fining arenite and quartzite. Repeated upward fining cycles indicate unstable tectonic conditions triggering periodic influx of sediments into fault-bounded grabens.

The Nchanga Formation commences with the OS 1 Member (also known as the “Ore Shale”), which indicates the first major marine transgression of the area. The Nchanga Formation on the Konkola North Copper Project comprises six sedimentary upward-fining cycles of which the siltstone/shale units comprise the top of each cycle and are termed the OS 1-6 Members.

The Upper Roan Formation unconformable overlies the Nchanga Formation. This unconformity is marked by the Konkola Conglomerate Member, followed by interbedded siltstones, arkose, grit and dolomite units. The lower most dolomite unit, locally known as the Chingola Dolomite, is the main aquifer in this area.

The Mwashia Formation unconformable overlies the Nchanga Formation and comprises dolomitic siltstones, carbonaceous shale, intercalated limestone and dolomitic units.

Exploration

The Konkola North Copper Project has been extensively explored and TEAL has re-logged the previously drilled borehole core, re-assayed where possible, and incorporated this data into its digital database. TEAL completed a regional high resolution airborne magnetic program over the region, the results of which were used in the interpretation of the regional stratigraphy and the definition of linear and other structures. The good quality of the data allowed the Company to make significant advances in the geological understanding of the area. The survey was flown by Geodass Exploration Geophysical Services (Pty) Limited.

TEAL completed a two-dimensional seismic survey on four profiles across the project. The aim of this survey was to map the structure of the deposit. Although the results were inconclusive, they contributed to the understanding of the regional geology. The survey was undertaken and completed by Geoplan Limited.

TEAL further defined the deposit by way of a diamond drilling campaign where a total of 47,689 metres of core was drilled. The drilling results provided the basis for the current resource base and intersected further copper mineralization throughout the Konkola North Copper Project. Boart Longyear Canada Inc. carried out all the drilling on the project.

Deposit Type and Mineralization

The mines on the Zambian Copperbelt are generally hosted within and immediately adjacent to the OS 1 Member. Copper mineralization hosted in the OS 1 Member occurs at the Konkola North Copper Project, as well as at several

nearby mines in Zambia. RSG Global (Pty) Limited has confirmed in the Technical Reports (as defined below) that resources at certain of these mines are in excess of 100 million tonnes.

The mineralized portion of the OS 1 Member (Ore Shale) is usually between 15 and 20 metres thick and, at individual mines, may have a strike length of over 10 kilometres. A complex paragenesis of copper oxides and sulphides is present. Copper also occasionally occurs in its native form. The OS 1 Member is the lowest well-defined and continuous shale/siltstone/schist unit of the Katanga Sequence and has been interpreted as a reducing impervious trap and depositional site for mineralizing fluids.

The resources at the Konkola North Copper Project are situated in the East and South Limb deposits. The mineralization of the East Limb deposit comprises chalcocite (63% by volume), acid-soluble copper minerals (27%) and minor other copper sulphide minerals. The sulphide mineralogy of the South Limb deposit comprises chalcopyrite (74% volume), chalcocite (17%), acid-soluble copper minerals (7%) and minor other copper sulphides.

Drilling

In 1997 and 1998, 78 diamond drill holes, totalling 47,689 metres in length, were completed at the Konkola North Copper Project. This drilling was conducted for exploration and resource estimation purposes. The results and their interpretation have led to the mineral resource estimation of the East and South Limb deposits.

In January, 2007 TEAL contracted Redrilza (Zambia) Ltd., to conduct underground diamond drilling from existing development at TEAL's No. 2 shaft within the southern limb of the Konkola North deposit (453 metres were completed). This drilling provided geotechnical information, from the hanging wall to the mineralization, and samples for metallurgical test work.

Further, geotechnical information was gained from five surface diamond drill holes completed by Boart Longyear (Zambia) Ltd. Three holes were positioned to test ground conditions at the planned eastern limb decline location. The two remaining holes were utilised for geohydrological and geotechnical modelling of the hanging wall stratigraphy. This surface diamond drilling totalled approximately 940 metres. The geotechnical and geohydrological work was conducted by African Mining Consultants.

SRK reviewed drill core previously drilled in Area 'A' in order to undertake an initial geotechnical appraisal of the geological formations. Murray & Roberts Cementation (South Africa) (Pty) Limited completed a conceptual engineering design work for a 1,200 metre deep shaft, with costing, and TEAL subsequently completed a financial scoping model of a conceptual mine, and a metallurgical processing facility with related infrastructure. The positive result of this assessment study has contributed to the motivation of the 18,000 metre exploration drilling program for the Area 'A' Extension.

TEAL contracted, in May, 2007, Stanley Mining Services (Zambia) Ltd a subsidiary of Layne Christensen Company, and Boart Longyear (Zambia) Ltd, to undertake additional exploration drilling work required to increase the geological confidence of the Area 'A' inferred resource previously defined. TEAL has commenced with an 18,000 metre exploration drilling program. This drilling is aimed to explore and further define the high grade intersections returned by previous boreholes in the Area 'A'. This drilling program commenced in September 2007 and to date an additional seven boreholes were completed for 11,400 metres. Drilling centres are spaced 600 metres apart and infill drilling on 300 metre spacing has commenced. The 18,000 metre drilling program is expected to be completed in the 2008 calendar year.

The assay results of drill holes are shown in Table 1:

Table 1: Assay results Area ‘A’ (1% T Cu cut-off)

<i>Borehole no.</i>	<i>Depth from (m)</i>	<i>True Thickness (m)</i>	<i>Total Cu (%)</i>	<i>AS Cu (%)</i>
KLB 82*	749.81	9.74	3.82	2.57
<i>Including:</i>		7.00	4.79	3.08
KLB 85*	816.00	12.28	2.37	0.68
<i>Including:</i>		2.20	4.90	3.09
KLB 91*	1038.76	6.20	1.87	0.48
KN 10*	905.54	0.96	1.07	0.96
KN 2*	1131.05	8.87	3.12	0.28
<i>Including:</i>		4.14	4.31	0.35
KN 16*	1280.34	9.75	5.62	3.08
KN 1A*	1163.09	9.81	2.10	0.09
KN 39	No intersection			
KN 40	942.58	11.71	4.17	0.91
<i>Including:</i>		6.42	6.26	0.84
KN 41 D2	1055.00	8.18	3.62	0.34
<i>Including</i>		5.03	4.25	0.47
KN 42	934.65	6.05	1.41	0.09
KN 42 D2	932.00	8.66	1.11	0.13
KN 43	1169.60	9.86	2.31	0.09
KN 44	Drilling in progress			
KN 45	972.20	6.54	1.98	0.18
KN 46	Drilling in progress			
KN 47	727.00	3.39	1.73	0.46
KN 48	Drilling in progress			

** Previously drilled boreholes*

Sampling and Analysis

A detailed description of sampling, analysis and sample security is provided under the heading entitled: “Sample Preparation and Analysis – Central African Projects”.

Mineral Resources

Mining Consulting Services, a subsidiary of Gijima AST Limited (“**GijimaAST**”), has completed data validation, geological modelling studies and a geostatistical resource model of the Konkola North East and South Limb deposits. The GijimaAST geostatistical resource estimation model uses the existing resource blocks previously defined in the technical report that was published at the time of TEAL’s initial public offering in November 2005, completed by RSG Global (Pty) Limited. At that time, the entire Konkola North resource was categorized as an inferred resource.

Thereafter, TEAL approached SRK for an independent technical review of the Mineral Resources and for the compilation of an Independent Technical Report which conforms to the requirements of NI 43-101 for the Konkola North Copper Project.

A geologist from SRK, Mr Victor Simposya, the Qualified Person (“QP”) visited the site during the period October 3-5, 2007 and was shown exposures of mineralised zones in open stopes and underground haulage developments as well as collar positions of selected holes drilled from the haulages visited. The QP also examined the drill cores from selected surface holes drilled under the TEAL program and visited the core shed, the repository of all the TEAL drilling and examined the sample preparation facilities that were used in the preparation of the pulp samples prior to shipment to the laboratories.

SRK reviewed the technical studies undertaken on the Konkola North Copper Project leading to the estimation of Mineral Resources. SRK has found the work undertaken to be of acceptable quality to allow for the classification of Mineral Resources according to the guidelines and definitions of the South African Mineral Resources Estimation (“SAMREC”) Code.

SRK examined the distributions of the composite data against the block model estimates and found that generally there is good correspondence between the estimates and the composite data in areas where there is adequate drill-hole coverage, but is less so in sparsely drilled areas, specifically the area referred to as Area ‘A’. SRK’s has noted that dense drilling highlights the local grade variability inherent in the project. SRK therefore recommended that the level of drilling be increased to provide coverage to relatively the same detail as shown in the densely drilled areas of the South and East Limbs.

The Mineral Resources for the Konkola North Copper Project were estimated by Mr. Paul van der Merwe, the QP for ARM, TEAL’s major shareholder.

SRK has not re-estimated the Mineral Resource grades, but reviewed the process leading up to the estimates and consider the work done to be satisfactory. SRK has reviewed the data and grade distribution, the spatial continuity, bulk density and the QA/QC results with respect to the categorization of the Mineral Resources. SRK has slightly modified the classification of the Mineral Resources taking into account the foregoing. The table below presents SRK’s independently audited Mineral Resources for TEAL’s Konkola North Copper Project:

<i>Area</i>	<i>Resource Category</i>	<i>Tonnes (million)</i>	<i>Total Cu (%)</i>	<i>Contained copper (Mlb)</i>
South and East Limbs	Total measured and indicated	51.0	2.35	2,642
	Total inferred	26.9	2.46	1,459

<i>Area</i>	<i>Resource Category</i>	<i>Tonnes (million)</i>	<i>Total Cu (%)</i>	<i>Contained copper (Mlb)</i>
Area ‘A’	Total inferred	219.5	2.64	12,775

Metallurgy, Mining Plan and Feasibility Study Update

The Konkola North deposits are characterized by essentially two different types of deposits. Chalcocite (63% by volume) is the dominant copper-bearing mineral in the East Limb deposit. Chalcopyrite (74% by volume) is the dominant copper-bearing mineral in the South Limb deposit.

Extensive metallurgical laboratory testing has confirmed that the mineral composition of the East Limb deposit and the shallow part of the South Limb deposit are similar and suggests that these deposits are conducive to an acid leach or bio-leach extraction process. This differs from the mineralization of the deeper part of the South Limb deposit, which is more conducive to sulphide concentration.

Flotation work done on the East and South Limb deposits indicated that the overall average copper recoveries were in the 70% range at a concentrate grade of 35% copper, mainly because of the relatively high proportion of oxide copper present in the mineralized zone. The overall copper recovery was increased to 80% (grade 26%) with the use of sodium hydrogen sulphide as a sulphidising agent. The overall copper recovery results increased further to 90% when acid leaching of the flotation tails was employed. Flotation of South Limb samples was more complex and challenging. This was largely associated with the variable and generally finer liberation characteristics of this deposit.

Heap leach tests were conducted at Oretest Laboratories, Perth, Australia. The results indicated that the concentrate leached well with a modest acid consumption. Indications were that +90% recovery of the leachable copper is achievable.

Billiton Process Research in Johannesburg, South Africa, conducted test work in order to determine the amenability of the concentrate from the Konkola North Copper Project to bio-leach treatment. Bio-leaching of East Limb concentrate with the thermophilic culture achieved a copper dissolution of 98% after a 22 day treatment period, indicating an improved rate and extent of copper dissolution compared to mesophilic bio-leaching. The mesophilic leach of the South Limb concentrate resulted in an average copper dissolution of 87%. The estimated chalcopryrite dissolution attained in the test was 59%. Pacific Ore Technologies has tested its own chalcopryrite bacteria on the concentrates from the project. A concentrate sample was oxidized very rapidly and over 90% copper dissolution was obtained within nine days of batch leaching. The extraction rate translates to a continuous bacterial leach operation with less than two days of retention time.

Existing infrastructure at the Konkola North South Limb area includes a 423-metre deep, vertical and concrete lined shaft, with head-frame, two ventilation shafts and three main access haulage levels, interlinked with several production sub-levels.

No. 2 shaft is a rectangular and concrete lined shaft with dimensions of 7.1 x 4.3 metres to a depth of 423 metres. The shaft has a concrete headframe about 40 metres high. Two ventilation shafts were sunk. Ventilation shaft VS 2A was sunk to a 100 metre level and then inclined to the 170 metre level. Ventilation shaft VS 2B was sunk in Lower Roan Formation rocks close to the East Limb to a depth of 120 metres. VS 2B is not connected to other workings. Both ventilation shafts are 3.6 metre diameter circular shafts.

Cross-cuts to load and footwall haulages were established on 100, 170 and 250 metre levels. Main level development dimensions are 3.7 metres by 3.5 metres and sub-level dimensions are 2.0 by 2.0 metres. Previous mining comprised sub-level open stoping with 15.2 metre strike length stopes and 6.1 metre pillars.

During the last financial year, the Konkola North Copper Project feasibility study, based on an operation to exploit the South and East Limbs, was advanced. However, the recently upgraded resource base within the South and East Limb areas, which was independently verified by SRK and totals 51 million tonnes at a grade of 2.35% copper, has justified a review of the work completed to date. This resource will now be used for mine planning and scheduling and the updated feasibility study will also include a review of capital and operating costs. The finalization of the revised feasibility study is expected before the end of November 2008.

TEAL has purchased a Koepe 'men and material' winder, a rock winder and a SAG mill. Considering the readily available infrastructure, which will be re-equipped, TEAL envisages starting mining after about 15 months following project release. TEAL has undertaken extensive metallurgical test work and the advanced feasibility study includes the construction of a metallurgical plant to produce two million tonnes of copper concentrate for the life of the mine resulting in a steady state refined copper metal production of, potentially, 25,000 tonnes per year.

The ECZ has approved the Environmental Impact Study for the Konkola North Copper Project. TEAL has received a letter of commitment from the Copperbelt Energy Corporation for the supply of electricity. Discussions are continuing with the Zambian authorities regarding the recently legislated fiscal regime.

Mwambashi Copper Project - TEAL 100%

Overview

The Mwambashi Copper Project was a joint venture with Korea Zinc Company, Limited (“KZC”). TEAL acquired KZC’s interest and the joint venture agreement was terminated in April 2008. The Mwambashi Copper Project area is now 100% owned by TEAL (Zambia) Limited (“TZAM”), an indirectly held, wholly owned subsidiary of TEAL.

The feasibility study for the Mwambashi Copper Project was largely completed in August 2006, and development has remained subject to an off-take arrangement for the treatment of the copper ore, which is primarily oxide-based in the early years of the mine life. Although the process to conclude an off-take agreement advanced over the last year, management has not secured suitable terms to the benefit of the Company. TEAL is now assessing various alternatives.

Property Description, Location and Ownership

The Mwambashi Copper Project is situated within a large scale mining licence LML No. 61, which is valid for a period of 25 years from October 26, 2006. The licence area is located on the Zambian Copperbelt between the towns of Kitwe and Chingola close to the national road that links these two towns. The Mwambashi Copper Project is situated 30 kilometres from Chingola, the nearest town. The total area under licence comprises 330 km².

In 2007, TZAM leased the surface rights for the Mwambashi Copper Project from the Republic of Zambia.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Mwambashi Copper Project is accessed by an upgraded secondary road, 12 kilometres from the paved road, which is in good condition and connects the towns of Kitwe and Chingola. The project is also situated 10 kilometres from the nearest railhead located at the Chambishi Mine. The town of Kitwe, situated about 35 kilometres from the project, has a population of approximately 370,000 and possesses most modern amenities expected of a regional town serving the mines of the Zambian Copperbelt. Available amenities in Kitwe include medical, dental, schools, engineering and other services. In addition, cellular and fixed line telecommunications are readily available throughout most of the Zambian Copperbelt.

Zambia has a sub-tropical climate. A high plateau with hills and mountains dominates the topography. The area subject to the Company’s licence is located on a gently undulating topography with a mean elevation of 1,250 metres above sea level. The length of the rainy season varies but averages 190 days in the project vicinity with annual rainfall varying between 1,000 and 1,500 millimetres.

Electricity is supplied in Zambia by the Zambia Electricity Supply Commission, a public utility, and the Copperbelt Energy Corporation, a private supplier to the mining industry. Water for mining operations and domestic consumption is readily available on the Zambian Copperbelt. Substantial mining infrastructure, including concentrators, smelters and refineries, exists in the surrounding area.

History

During the 1960s, systematic auger drilling of the Lower Roan strata of the Western Chambishi Basin resulted in the recognition of copper deposits such as Mwambashi.

Drilling in the Mwambashi area started in 1951 when three holes were drilled by Rhodesia Selection Trust. Between 1967 and 1970, 37 holes were drilled, defining two zones of mineralization. A further two holes were drilled in 1971 and 1972 by Roan Consolidated Mines. Airborne geophysical surveys were carried out before drilling recommenced between 1972 and 1973, and an evaluation study was completed. At this time, the property was relinquished due to the perceived high stripping ratio and other technical issues. Following the start of the nationalization of existing operating mines in the country in 1972, Noranda Inc. and state-owned Mindeco Limited

re-evaluated the deposit between 1974 and 1975, including the drilling of three new holes and the undertaking of additional metallurgical test work.

TEAL initially acquired rights to the Mwambashi Copper Project in 1995.

Geological Setting

Regional and Local Geology

The regional and local geological setting is described in detail in the section entitled: “Zambia – Exploration Areas – Copperbelt Joint Venture Project Exploration Area”.

Property Geology

The project lies on the western edge of the Chambishi basin to the west of the Kafue Anticline. The Lower Roan Formation lies unconformable upon the granite basement in this area, dipping approximately 35° towards the northeast in the vicinity of the mineralized bodies.

The mineralization occurs at the base of the succession where the Kafufya Member pinches out against basement ‘highs’ to the north and at depth to the east. These unconformities define the edges of the mineralized zones. The topography of the basement ‘highs’ was modified by syn-sedimentary growth-faults, and the host rocks are sheared and faulted.

Exploration

TEAL has conducted various drilling, soil geochemistry, induced polarization, ground magnetics, detailed grid based and road based gravity surveys, an aerial electromagnetic survey, and machine auger soil sampling on the Mwambashi Copper Project. The results of the geophysical surveys have been used by the Company to map the stratigraphy and structure of the area. The OS 1 Member forms an important marker horizon. Detailed geophysics has been used to delineate the growth fault structures that are thought to control the mineralization. TEAL began exploration drilling at Mwambashi in 1995 and this continued until recently, during which time a total of 74 diamond and reverse circulation (“RC”) drill-holes were completed.

The ore body is overlain by up to 30 metres of overburden, including some low grade refractory mineralization, and dips at about 35 degrees to the east-northeast to a depth of 300 metres. It has an average thickness of 15 – 20 metres.

During early 2007, TEAL completed a phase of infill diamond drilling of the Mwambashi Copper Project. This drilling was aimed at detailed evaluation the up-dip portions of the deposit. The area drilled represents the early stages of the planned mining schedule and therefore detailed grade distribution and mineralogical characteristics were required. Twenty-eight boreholes were drilled totalling 2,133 metres. The results were compiled into the projects SABLE database and results are currently being modelled in Datamine™.

TEAL conducted exploration RC drilling at the Pitanda and Mwambashi ‘A’ copper prospects located within LML No. 61. Twenty-three drill holes (for approximately 2,000 metres) were completed to assess the tonnage and grade potential of these deposits. Geological modeling is currently underway to scope the copper oxide potential for these prospects.

Deposit Type and Mineralization

Copper mineralization is hosted by arenaceous sediments in the ‘footwall’ of the OS 1 Member at the Mwambashi Copper Project, as in the case of the Chibuluma, Fitula and Mimbula mines. The host units are located in fault-bounded sub-basins to which the overlying shale has acted as an impermeable barrier and reductant for mineralized fluids. It is assumed that hydrocarbons trapped in the arenaceous footwall sediments may also have acted as reductant that have controlled precipitation of sulphide minerals from mineralized fluids.

The copper mineralization is wedge-shaped and varies from 30 metres thick in the shallower portions to less than 1 metre thick at depth. It has a strike extent of 500 metres and continues down dip for approximately 250 metres. The average thickness is 15 metres. Most of the copper mineralization occurs as medium to coarse grained, stratiform disseminated mineralization in argillaceous quartzite and conglomerate of the Kafufya Member. A minor component of the mineralization is hosted by veinlets that fill fractures at the base of the deposit. The upper portions of the deposit have undergone weathering with the result that copper sulphide minerals have been oxidized to form copper oxides, carbonates and silicates. A vertical mineral zonation occurs from entirely leached, through refractory, oxide, mixed supergene/oxide, supergene to sulphide mineralization. Primary sulphides (chalcopyrite, bornite, carrollite) are often rimmed by a 0.2 to 1 metre secondary zone of chalcocite at the upper and lower surfaces of the copper mineralization. Supergene enrichment processes are pronounced.

Drilling

TEAL began drilling the Mwambashi Copper Project in 1995 and continued to do so, through various phases of drilling, until 2007. Drilling contractors, Stanley Mining Services and Drill Africa (Pty), Limited, have conducted all drilling on TEAL's behalf on the project. A significant result of the latest drilling campaign by TEAL was the addition of shallow oxide copper resources not identified by previous explorers. The results of this recent drill program, together with the data from previous drilling, form the basis of the mineral resource estimate of the project.

TEAL commissioned an independent party to undertake the drilling of de-watering and water monitoring boreholes. Approximately 1,660 metres were drilled to complete 20 boreholes. Pump testing of the water boreholes was completed.

In 2007, TEAL completed a 1,502 metre infill, diamond drilling program conducted by Boart Longyear (Zambia) Ltd.

Sampling and Analysis

A detailed description of sampling, analysis and sample security is provided in the section entitled: "Mineral Projects and Exploration Areas – Sample Preparation and Analysis – Central African Projects".

Mineral Resources

In January 2006, GeoLogix Minerals Consultants (Pty) Limited ("Geologix") was contracted to carry out a SAMREC/NI 43-101 compliant resource re-estimation and classification study using more stringent wire-framing and geostatistical parameters. Following an audit and review of the geological drill-hole data, the complete database now consists of 123 RC and diamond drill-holes, drilled from surface at an average collar elevation of 1,270 metres. All drill-hole assay records have been merged with lithological records together with a total of 152 additional density determinations. Drill-holes were imported into Datamine™ and used for wire framing.

Outlier assay values were reduced using accepted statistical analytical methodologies to minimize the undue influence of high outlier assay values on the geostatistical analyses. Sample data was composited into two metre composites and imported into the 'GSLIB' geostatistical software package for variography and data analysis. Grade estimation was carried out using ordinary 'kriging'. The ore body is overlain by up to 30 metres of overburden, including some low grade refractory mineralization, and dips at about 35 degrees to the east-northeast to a depth of 300 metres. It has an average thickness of 15 – 20 metres.

At a 0.5% total copper grade cut-off, the measured and indicated copper resource for the Mwambashi Copper Project that GeoLogix has estimated, is as follows:

Measured and Indicated Mineral Resource Estimate for the Mwambashi Copper Project ⁽¹⁾		
<u>Tonnes (000)</u>	<u>Total Copper (%)</u>	<u>Acid Soluble Copper (%)</u>
9,202	2.02	0.77

Inferred Mineral Resource Estimate for the Mwambashi Copper Project⁽¹⁾

<u>Tonnes (000)</u>	<u>Total Copper (%)</u>	<u>Acid Soluble Copper (%)</u>
1.767	2.10	0.26

Note:

- ⁽¹⁾ The Mwambashi independent resource estimate was produced to SAMREC (South African Code for Reporting of Mineral Resources and Mineral Reserves, March 2000) standards by Mr Dexter Ferreira (geostatistics) and Mr Andre Deiss (geological modeling) of GeoLogix, and reconciled to the standards specified in the NI 43-101. Messrs Ferreira and Deiss are registered as professional natural scientists with the South African Council for Natural Scientific Professions (SACNASP).

Mineralogically the deposit displays a vertical zonation. Below the overburden, the first 15 – 20 metres of the ore body is predominantly oxide mineralization, consisting of mainly malachite. There is also a refractory component, which decreases with depth from approximately 0.2 – 0.3% in the oxide zone to 0.1 – 0.2% at a depth of 100 metres.

A zone of mixed sulphide-oxide mineralization exists below the oxide zone to a depth of approximately 200 metres below surface. Chalcocite is the predominant sulphide mineral, with minor bornite and occasional traces of cuprite and native copper. The abundance of the primary sulphides (bornite and chalcopyrite) increases with depth at the expense of chalcocite.

Metallurgy and Mining Plan

Due to the deep weathering and the variable nature of the deposit from the surface downwards to fresh sulphides at depth and the consequently variable mineralogical character of the deposit, four different mineralization zones were identified on which metallurgical test work has been done in the past. Anglovaal Research Laboratories (“AVRL”) in Johannesburg, South Africa undertook this test work.

The technical studies for a feasibility study for the Mwambashi Copper Project were largely completed in August 2006, and further development has remained subject to an off-take arrangement for the treatment of the Mwambashi copper ore, which is primarily oxide-based in the early years of the mine life. Although the process to conclude an off-take agreement advanced over the last year, management has not secured suitable terms to the benefit of the Company. TEAL continues to assess various alternatives.

Otjikoto Gold Project and Otavi Exploration Area

The information on the Otjikoto Gold Project contained in this AIF is based in part on a technical report dated September 17, 2007, prepared by Mr. M. Wanless, Ms. C. Winzar, and Mr. AJ van der Merwe in accordance with the requirements of NI 43-101. Ms. Winzar, Messrs. Wanless and van der Merwe are independent qualified persons under NI 43-101. In addition, the information on the Otavi Exploration Area contained in this AIF is based in part on a technical report dated September 16, 2005, prepared by Mr. Colin Michael Jones and Mr. Mr. AJ van der Merwe in accordance with the requirements of NI 43-101. Messrs. Jones and van der Merwe are independent qualified persons under NI 43-101. Both of the aforementioned technical reports are available for review on SEDAR at www.sedar.com.

Overview

The Otjikoto Gold Project is situated within the Otavi Exploration Area, which totals 3,800 square kilometres in north-central Namibia. TEAL has been expanding and upgrading the current resource base through further drilling.

References in this AIF to the Otavi area mean, collectively, the Otjikoto Gold Project and the Otavi Exploration Area.

Property Description, Location and Ownership

The Otavi area consists of five exclusive prospecting licences held by TEAL's indirectly held wholly-owned subsidiary, Avdale Namibia (Pty) Limited ("**Avdale**"), that cover a surface area of approximately 3,800 square kilometres in the north-central part of Namibia.

The Otjikoto Gold Project is located between the towns of Otjiwarongo and Otavi, approximately 300 kilometres due north of Windhoek, the capital of Namibia, which can be reached by direct commercial air travel from several countries. The Otavi area is situated between the Kombat Copper Mine and the Okoruso Fluorspar Mine. The Tsumeb copper smelter facility is located some 110 kilometres to the northeast of the project.

As stated above, EVI currently holds an 8% interest in Avdale, and had the right to acquire a further 2% interest in Avdale in June 2008 for consideration of \$1.1 million. The shareholders of EVI are broad-based and include various investment companies owned by Namibians. Pursuant to the terms of the agreement between TEAL and EVI, EVI may acquire an additional 5% interest in Avdale following the completion of a definitive feasibility study assessing the viability of gold mining at the Otjikoto Gold Project.

Exclusive prospecting licences are issued by the Namibian Ministry of Mines and Energy for an initial term of three years, and provide for the exclusive right to explore for base, precious and rare metals, as well as precious stones. The licences may be renewed twice, each for an additional two year term, and confer upon the holder the right to apply for a mining licence. Information in respect of the Company's Otavi area licences is as follows:

<u>Licence Number</u>	<u>Area km²</u>	<u>Date of Original Grant</u>	<u>Expiry Date of Current Licence</u>
2409	654	30/07/1997	30/07/2009
2410 ⁽¹⁾	906	15/09/1997	14/09/2008
2417 ⁽¹⁾	566	15/09/1997	14/09/2008
3177 ⁽¹⁾	959	24/06/2004	23/06/2007
3470	715	26/10/2006	02/11/2009

Note:

⁽¹⁾ Renewal currently under discussion with the Namibian authorities.

Renewals of exclusive prospecting licences in Namibia beyond seven years from the date of the original grant require the special approval of the Namibian Minister of Mines and Energy. Renewal discussions are in progress.

The Namibian Mining Act requires that a mineral licence holder enter into a written agreement with the land owner regulating the payment of compensation (a "**Compensation Agreement**") before the mineral licence holder may exercise its various statutory rights to access and conduct exploration activities within its licence area. Such Compensation Agreements are regularly formulated when access to specific properties is required. The surface rights to the Otjikoto Gold Project are held by a local farmer. A Compensation Agreement has been entered into with the landowner pursuant to which the Company has become entitled to exercise its statutory rights to conduct exploration and feasibility studies with respect to the Otjikoto Gold Project. The Company will negotiate and enter into additional Compensation Agreements, if necessary, to gain access to other surface rights in the Otjikoto Exploration Area. Should any negotiations with a specific surface right holder fail, the Namibian Mining Act permits a mineral licence holder to approach the Ancillary Rights Commission ("**ARC**") established under the Namibian Mining Act for the purposes of settling the terms of access and usage of the surface rights and other rights ancillary to a licence holder's comprehensive statutory rights. Given that in terms of the Namibian Constitution, the State is the owner of all natural resources in, on or under any land, by law, the ARC may not consider the underlying value of any minerals in establishing the value of surface access and usage rights.

The Company has conducted public participation meetings and expects to complete the EIA on the Otjikoto Gold Project by the end of December 2008.

No permits are needed to conduct TEAL's current work plan. All required environmental reporting procedures are in place and updated on a bi-annual basis. The Company is not aware of any environmental liabilities existing within the boundaries of the Company's licence areas.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Otjikoto Gold Project and the Otavi Exploration Area can be reached directly by a national road, the B1, which is a paved road in good condition and connects to Windhoek. The main national rail line, which runs to the north of the country, also intersects the Otavi area. This road and rail network acts as a good link from the Otavi area to the deep-water port facility at Walvis Bay.

The town of Otjiwarongo has a population of approximately 30,000 and possesses most modern amenities expected of a regional town serving a large agricultural community, including medical, dental, school and other services. Cellular and modern fixed line telecommunications are readily available in both Otjiwarongo and the town of Otavi. The cellular network coverage extends on to the Otavi area.

Tsumeb, a mining and processing centre, is located along the B1 highway approximately 60 kilometres to the northeast of Otavi. Tsumeb has a regional airport with scheduled and chartered flights to Windhoek. Namibia has a long history of mining and as such the Company anticipates that skilled labour will be available.

Namibia is an arid or semi-arid region. The climate of the Otavi area is considered semi-arid. As a result, the secondary roads within the Otavi area are generally accessible year-round and TEAL has conducted full field operations at all times of the year. Most of the country is located on a high plateau and the Otavi area lies within the eastern part of the Central Western Plains situated 1,500 metres above sea level.

In the event of any mining operations being initiated at the Otjikoto Gold Project or elsewhere in the Otavi area, water could be purchased from Namwater, a public utility, at commercial rates. Namwater would have to extend pipelines from current ground water resources or construct additional ground water extraction borehole sites. Depending on extraction rates or the aquifer used, the Company may need to obtain water permits from Namwater for water usage. Three main aquifers, one of which extends into the Otavi area, supply Namwater with water for public usage and distribution. TEAL has completed a preliminary ground water study and concluded that a minimum of 80,000 cubic metres of water per month would be extractable from the known aquifer closest to the Otjikoto Gold Project, an extraction rate that the Company believes will fall within the normal water re-charge of the aquifer and which should satisfy approximately 80% of the anticipated requirements for a mining and processing operation at the Otjikoto Gold Project. At present, the Company obtains sufficient water supplies for exploration operations from farm water boreholes.

Power is supplied in Namibia by Nampower, a public utility company.

The vegetation found on the Otavi area mainly comprises Black Thorn and Bastard Umbrella Thorn. Marble outcrops generally form topographical highs and shallow northeast and east-west elongated, valley-like features extend for kilometres throughout the Otavi area. The thin, but extensive calcrete cover and schistose aquitard bedrock formations provide many suitable areas for the construction of mining infrastructure, tailings dams and heap leach pads.

History

Little historical exploration work was conducted within the Otavi area prior to 1997 when TEAL first acquired certain of its current licences in the region. Of the 3,800 square kilometres that currently comprise the Otavi area, only approximately 750 square kilometres - primarily located in the northern most area of the project - formed part of prior exclusive prospecting licences or other exploration rights.

Each of Kennecott Exploration SWA (Pty) Ltd., Falconbridge of SWA (Pty) Ltd., Tsumeb Corporation Limited (now called Ongopolo Mining Limited), Anglo American Corporation of South Africa Ltd. ("**Anglo American**") and Goldfields Prospecting Corporation (Pty) Ltd. performed a variety of exploration activities during the period

from the mid-1960s to the mid-1980s, including mapping and drilling, all with limited success. All previous work was related to base metal exploration activities. There is no recorded history of prior gold focused exploration activity within or adjacent to the Otavi area.

No knowledge or information exists as to any historic mineral resources or mineral reserves estimated for any mineral occurrences on the Otavi area. In addition, no information with respect to any significant commercial mineral exploitation exists. Limited small-scale amethyst mining has taken place within certain of the Company's licence areas but not in the area of the Otjikoto Gold Project.

TEAL established an office in Namibia in 1992 and undertook base metal exploration programs in different parts of the country. Target generation work in the covered terrains of the Otavi region resulted in the Company making applications in 1997 for certain of the licences it currently holds.

The Namibian Mining Act imposes liability on the holder of licences for the pollution of the environment or other damages or losses caused. Prior to the issuance of all licences, with the exception of non-exclusive prospecting and reconnaissance licences, applicants are required to complete an environmental contract with the Ministry of Environment and Tourism. Environmental impact assessments must be made with respect to air pollution, dust generation, water supply, drainage/waste water disposal, land disturbance and protection of the local ecology. The Namibian Mining Act also requires, as a statutory condition of every mineral licence, an environmental management program including an environmental impact assessment indicating the extent of any damage to the environment, including pollution, as well as an estimate of any pollution likely to be caused by prospecting or mining operations before they are carried out. If any pollution is likely to be caused, an environmental management plan indicating the proposed steps to be taken in order to minimize or prevent such pollution must be prepared.

Geological Setting

Regional Geology

The Otavi area is set within the northeast-trending, intracratonic arm of the Damara Orogen. The project area is believed to traverse the Northern Central Zone and the Northern Zone of the Damaran tectonostratigraphic zones. The edge of the Northern Platform (also referred to as the “**Otavi Platform**”) is to the north of the project in the vicinity of the Kombat Copper Mine.

In this part of the orogen, fluvial sedimentation was initiated in intracontinental rift basins at about a billion years ago to form the Nosib Group. Subsequently, rifting gradually evolved into spreading and deepening of the basin southwards about 700 million years ago. Argillites and carbonate sediments were deposited in grabens south of the northern platform to form the Swakop Group. In the project area, the rocks are correlated with the North and North-Central Zone of the Damara Orogen. The Northern Platform remained an extremely stable carbonate shelf, forming the Otavi Group.

Damaran orogenic activity resulted from a reversal of spreading and the initiation of subduction of the Kalahari Craton below the Congo Craton. Episodes of granitoid intrusion, metamorphism and tectonic activity took place over an extended period from about 650 to 460 million years ago. Along the southern edge of the Northern Platform the Askeveld Formation is developed at the top of the Nosib Group. This formation consists of phyllites, intermediate agglomerate, tuff and epidosite (possibly edipositised lava or andesite).

The “platform facies” consist of dolomite and limestone with subordinate shale, arkose and greywacke (Abenab Subgroup); mixtite, with a variety of other rock types, such as quartz-mica schist, quartzite, conglomerate, dolomite, iron-formation and calc-silicate rocks (Chuoss Formation); dolomite and limestone, intraformation breccias or conglomerates (remainder of Tsumeb Subgroup). The Mulden Group unconformably overlies the uppermost part of the Tsumeb Subgroup. Isolated lenses of arkose may occupy palaeokarst features at the unconformable contact between the Mulden Group and the Huttenberg Formation. The “basin facies” of the region consist of the Okongwarri (schists and carbonates), Ghaub (diamictite), Karibib (marble and dolomite) and Kuiseb (schists and calcareous siltstones) Formations. Intrusions into the Damara Sequence in the Otjiwarongo-Otavi region are syntectonic and post-tectonic granites.

Local and Property Geology

Due to the lack of bed rock outcrop within the Otavi area, the current geological understanding of the area has been achieved by the GIS compilation of photogeological studies, outcrop mapping (where possible), geophysical interpretations and borehole data. Most of the drilling information to date has been related to the resource estimation of the Otjikoto Gold Project and, as a result, the geological understanding of this specific area is more advanced.

The Karibib Marble unit represents a useful marker horizon and, to a large extent, represents the only outcrop in the region. The package of meta-sediments hosting the mineralization of the Otjikoto Gold Project includes biotite schists, albitites and marbles that are correlated with the Okonguarri, Oberwasser and Okawayo Formations, respectively. The Karibib Marble is folded in an open, synformal structure immediately to the east of the deposit. Kuiseb Formation calcareous siltstones occupy the core of the main synforms in the area.

The Otjikoto Gold Project is hosted within extensively albitised schist of the basal Oberwasser and Okawayo Formations. There are broad similarities between the tectonic style of the Central Zone and that interpreted within the project area. Investigations suggest that late Damaran (D3/D4) deformation events played a critical role in focusing mineralizing fluids at the Otjikoto Gold Project.

Due to extensive areas covered by calcrete units, the geology hosting the Otjikoto Gold Project mineralization was unknown and unexplored prior to TEAL's work in the area.

Exploration

To date, the Company has conducted drilling and resource estimation at the Otjikoto Gold Project and reconnaissance mineral exploration work throughout the Otavi area. This work has relied mainly on airborne and ground geophysical surveys to target drilling as the bedrock geology of the area is largely covered by 10-15m calcrete units. Prior to 2004, the Company's regional exploration work plans and budgets were designed to focus on base metal exploration.

In 1997, TEAL commissioned airborne magnetic surveys and a magnetic anomaly centred on the farm Otjikoto 573 was identified. Extensive follow-up exploration and drilling of this magnetic anomaly led to the discovery of vein hosted gold mineralization. Following this discovery, much of the work completed by the Company has been related to the resource estimation of the Otjikoto Gold Project located wholly within Licence No. 2410.

Since 1998, TEAL has conducted airborne geophysics as well as field and photo-geological surveys of the Otavi area. Data obtained from these activities has been used by the Company to produce both direct exploration targets and stratigraphic and structural interpretations. Results from exploration activities have led to subsequent ground relinquishments which have reduced TEAL's licence holdings from over 10,000 square kilometres to its current holding of approximately 3,800 square kilometres.

In 2003, TEAL completed a diamond and reverse circulation resource estimation drilling program in excess of 15,000 metres that resulted in the delineation of the inferred gold resource at the Otjikoto Gold Project.

A SPECTREM™ AEM survey was completed during February 2005 by Spectrem Air Limited ("Spectrem") over prospective host stratigraphy and structurally favourable settings. The survey tested a total of 75 kilometres of strike in Licence Nos. 2409, 2410 and 2417. This survey covered the Otjikoto Gold Project and does assist with further exploration in the vicinity of the project. A team of geoscientists have interpreted data from this survey in order to identify high priority areas for ground follow-up exploration activities.

In January, 2007 a second SPECTREM™ AEM survey was completed over a large portion of Licence Nos. 3177 and 3470. This survey was targeting priority, favourable stratigraphic and structural settings within the Otavi Project Area.

The Otjikoto Gold Project possesses a distinct magnetic and electro-magnetic signature from both airborne and ground data. The application of SPECTREM™ AEM to the exploration of the project is enhanced by the absence of significantly conductive overburden and saline ground water. The results of the SPECTREM™ AEM surveys have identified a number of prominent magnetic and electromagnetic exploration targets have been identified from the geophysical interpretation. TEAL's exploration geologists and geophysical consultants will further characterize and prioritize these regional exploration targets after placing them into geological context.

The exploration work on the Otavi area is managed by TEAL geologists from an office in Windhoek. A project exploration office with supporting infrastructure has been set up in Otjiwarongo. TEAL has employed the following contractors in conducting its exploration work on the Otavi area:

- ALS Chemex and Anglo American Research Laboratories Ltd. (“**Anglo American Research**”) for assaying samples taken during initial regional exploration.
- SGS Lakefield Research (Pty) Ltd. (Johannesburg) (“**SGS Lakefield**”), Moruo Analytical Services Ltd. (Johannesburg) and Genalysis Laboratory Services Pty Ltd. (Perth) for assaying samples taken during advanced exploration and the resource estimation.
- Anglo American Research and SGS Lakefield for bulk density determinations using a pycnometer.
- Drillcon Africa (Pty) Ltd for percussion and RC drilling services.
- Afridrill (Pty) Ltd and Drillcon (Pty) Ltd for diamond drilling services.
- Xplor Drill (Pty) Ltd., RC drilling services.
- NRP Mining Drilling (Pty) Ltd., RC drilling services.
- MINTEK, Badger Mining & Consulting (Pty) Limited, Deswick Mining Consultants (Pty) Ltd, Ukwazi Consulting Group, SRK Consulting, AGES (Pty) Ltd, for metallurgical test work, metallurgical studies, mine design investigations and geotechnical and geohydrological investigations.
- A. Speiser Environmental Consultants is conducting an Environmental Impact Assessment.
- Geotail has been appointed to assess the mine residue disposal options, including the waste rock stock pile as well as the tailings facility.
- GRD Minproc is managing the pre-feasibility study, including process route optimization, as well as capital and operating cost estimation.
- Geodass Exploration Geophysical Services (Pty) Ltd, Fugro Airborne Surveys (Pty) Ltd, and Spectrem for various airborne magnetic, electromagnetic and radiometric surveys.

The above-mentioned service providers are well known throughout the southern African minerals business. TEAL implements numerous quality control and quality assurance programs in respect of all service providers.

Deposit Type and Mineralization

The Otjikoto Gold Project exhibits characteristics indicative of epigenetic gold mineralization, metamorphogenic mineralizing fluids, and skarn-type alteration mineral assemblages. The Otjikoto Gold Project does not precisely fit into any one of the pre-defined mineralization styles. RSG Global (Pty) Limited believes, however, that the best comparison is the Navachab Gold Mine, owned by Anglogold Ashanti Limited, which has similar mineralization and grade, and is located in Namibia, 260 kilometres southwest of the Otavi area.

Initial investigations of mineralization found in drill core at the Otjikoto Gold Project suggests similarities with the generally accepted Navachab style of mineralization. There is a spatial correlation between gold, pyrrhotite and magnetite at the Otjikoto Gold Project.

The gold mineralization is hosted by a series of thin (less than 10 centimetres) sheeted veins that lie essentially parallel to the NE-striking (locally 035°) foliation of the schists and granofels (metamarls) of the basal Oberwasser Formation. Specifically, the veins lie parallel to an S0/S1 transposition foliation. In the Otjikoto area, the shallow-dipping (~25°) Oberwasser Formation attains a thickness of approximately 1,000 metres and is overlain to the southeast by the calcareous marbles and calc-silicate rocks of the Karibib Formation, the most reliable (and best exposed) marker in the area. The calc-silicate fels immediately underlying the Karibib Formation marbles also host bedding-parallel auriferous quartz + pyrrhotite + pyrite + magnetite + carbonate veins.

The lithotypes at the Otjikoto Gold Project have been divided into three lithostratigraphic units: from bottom to top the OT'A' Zone (fels), the OT'B' marble and the OT'C' Zone (albitite-hornfels).

The OT'C' Zone hosts the mineralized vein system and is underlain by the 6 to 10 metres thick unmineralized OT'B' calcareous marble. Underlying the OT'B' marble is the albitised OT'A' Zone (fels) (approximately 30 metres thick), which hosts minor bedding-parallel veins with irregularly distributed gold values. At the base of the OT'A' Zone is the Footwall Marble (approximately 20 metres thick). The OT'A' Zone and the OT'B' marble are part of the Okawayo Formation, which is an important host to tungsten skarns in the Omaruru District and gold skarns in the Karibib District.

Drilling

TEAL has completed percussion, reverse circulation and diamond drilling on targets within the Otavi area. All field percussion and core drilling operations and sampling followed the Company's standard procedures. Percussion drilling was used to recover geochemical samples below the calcrete cover and allowed for geological and regolith assessment. Reverse circular drilling was used to test exploration targets as part of the advanced exploration and evaluation of the Otjikoto Gold Project. Diamond drilling was used to test both regional exploration targets and to provide detailed information on the vein mineralogy and geometry within the resource estimation at the Otjikoto Gold Project.

Sampling and Analysis

Percussion Sampling and Analysis

Percussion drilling is used for regional geochemical sampling, employing short holes to penetrate surface cover. Samples are collected as two metre composites through a cyclone with a continuous splitter. Each two metre sample approximates 40 to 50kg from which a representative 4kg is split into quarters. A 3kg sample is retained and stored as a reference sample. The remaining 1kg sample is split 200g to 400g sub-samples, which are dispatched for analysis. All samples are analyzed by ALS Chemex laboratory in Canada for gold by fire assay and for 31 other elements by the ICP method.

Where possible, percentage estimates are made of the regolith, bedrock, and any sulphides or oxides observed within the drill chips. This provides continuous geological control and holes are stopped when bedrock saprolite or weathered bedrock is intersected. In general, the deepest two to three samples (4 to 6 metres) of each hole are sampled for analysis.

Reverse Circulation Sampling and Analysis

Each one metre intersection sample is weighed before splitting on site, allowing for immediate monitoring of sample recovery while drilling. Should sample recoveries fall below approximately 80%, drilling is suspended and equipment checked. Each one metre sample is riffle split once, then recombined and riffle split twice in sequence to homogenize the material and create four sub-samples. All riffles are cleaned after splitting of each one metre sample. The four resulting sub-samples are then processed to provide material for geological logging, primary assay

sample and full field duplicate sampling. Provision is also made to retain a reference sample for project audits and material for metallurgical test work.

Core Sampling and Analysis

Core is oriented and a low point-line placed on the core at the maximum dip of the prevalent dip of the fabric. A second reference line is also placed down the entire length of the core to ensure that a standard half (the top half) of the core is always sampled. Metre depth marks are placed on the core and any core losses are corrected as appropriate. The core is then geologically logged. The orientated core is split in half along the low point line with core cutting saws. Depths are then marked with a permanent-marking pen and samples are taken on a consecutive metre basis and labelled with the “depth to” metre number.

Sample Quality and Density

On the Otjikoto Gold Project, resource evaluation drilling has been carried out and is ongoing. To end June 2007, TEAL drilled 170 vertical core boreholes and 115 vertical RC boreholes that intersect the shallow dipping (25°) sheeted vein array at representative core angles. Due to the coarse particulate nature of the gold mineralization, the evaluation program used large sample masses in sample preparation for assays.

In addition, a screen fire assay method was employed to all the advanced exploration and evaluation sample assays. An orientation study on material from the Otjikoto Gold Project was initially carried out to test the suitability of this assay method. Best practice international standards indicated that this method provides an appropriate technique to produce representative gold determinations where significant coarse particulate gold occurs.

The three laboratories used for gold assay determination gave comparable results with a similar slope and R^2 value for the trend line of the same size fraction. The coarse size fraction analysis indicated inferior repeatability for duplicate samples. This is due to the coarse particulate nature of the gold and not due to poor analyses by the laboratories. The three laboratories used were SGS Lakefield Research Africa (Pty) Ltd. and Moruo Analytical Services, both located in Johannesburg, South Africa and accredited with the South African National Accreditation System, and Genalysis Laboratory Services (Pty) Ltd., located in Perth, Australia and accredited with the National Association of Testing Facilities, Australia. Accredited laboratory, ALS Chemex, Johannesburg, South Africa are also used to assay core exploration samples.

Security of Samples

Transport of drill samples, core and RC chips, from the drill rigs to the core yard is undertaken daily by TEAL exploration staff, overseen by a senior geological technologist. The core yard is well fenced and secured. Transport of samples to Windhoek and on to independent laboratories is by independent courier. Samples are kept in sealed and labelled bags until received by a laboratory in Johannesburg or overseas. Analytical laboratories are instructed to check samples against the dispatch list and indicated weight. Half core, RC and metallurgical reference material are kept secure in the Otjiwarongo sample storage facility, which is a secure shed on the outskirts of town.

The sampling technique, equipment, field and core yard operations and analytical method undertaken throughout the development of the Otavi area is considered by RSG Global (Pty) Limited to be appropriate for this stage of the exploration program. Notably, the retention of representative geological and assay material allows for thorough auditing and check analysis. All of the laboratories used by the Company for assaying also reported their own internal quality control results.

Mineral Resources

No mineral reserves have been defined on the Otjikoto Gold Project to date. At the time of its IPO, TEAL disclosed an inferred mineral resource with 25.6 million tonnes at 1.06 g/t gold for 873,000 ounces of gold defined at the Otjikoto Gold Project. The Company stated that it believed the resource to be open-ended and had potential for the delineation of further resources. TEAL has also previously conducted airborne geophysics, using the SPECTREM™ AEM survey technology, together with geological compilation over the project, and has identified

targets, several of which are high priority and in proximity to the known resource. TEAL completed a first phase resource drilling (12,740 metres) in 2005, followed by metallurgical test work and conceptual mine design studies.

In April 2006, TEAL announced a revision of the previously disclosed Otjikoto Gold Project resource estimation, as well as progress with the on-going resource expansion drilling program, and the identification of coincident SPECTREM™ AEM and gold-in-soil anomalies, 2km to the southwest of the Otjikoto resource. In terms of the resource expansion drilling, TEAL announced at the time that it had completed an additional 29 core boreholes totaling 7,000 metres, out of a planned 38 boreholes totaling 9,000 metres, since October, 2005.

In June 2007, TEAL completed geological modelling and geostatistical evaluation from results obtained following ongoing drilling at Otjikoto. Results of the resource estimation provide approximately 2.7 million tonnes of oxide material with a grade of 1.31g/t gold and 41 million tonnes of sulphide material with a grade of 1.25g/t gold. The current inferred mineral resource estimate is approximately 44 million tonnes at 1.246g/t providing 1.76 million ounces of gold.

In July 2008, TEAL announced a further increase in the Otjikoto Gold Project indicated gold resource from 460,000 ounces to 1.05 million ounces of gold, equating to 23.3 million tonnes grading 1.40g/t, with an additional 877,000 ounces contained in the inferred category at a grade of 1.41g/t. This addition of 588,000 ounces of gold is principally related to the assay results now available from the 50 metres by 25 metres drilling pattern in the northern portion of the deposit. This 128% increase in the indicated gold resource category represents an interim phase of geological modelling and resource estimation until all assay results have been received. Specifically targeted drilling of the deposit is ongoing and management believes the exploration drilling will target further increases of the Otjikoto resource over the short-term.

At Otjikoto, various mineralized zones are defined: the Upper Zone, the Lower Zone, the Bottom Vein Zone, the Hanging Wall Zone, and the Footwall Zone. The assay data is composited to one metre lengths and the data indicated a log-normal distribution. Values exceeding 15g/t gold were reduced to 15g/t for the resource estimation grade calculation.

The current phase of exploration and infill drilling comprises some 16,000 metres of RC drilling and 9,500 metres of diamond core drilling. This drilling was designed to increase the indicated resources and to provide an area where mine planning and scheduling can be undertaken. Assay results of 408 boreholes drilled were used in this interim geological model. The boreholes were drilled at 50 metre spacing along strike, and at 25 metres spacing down-dip, in the north-eastern portion of the orebody. The drill grid opens up to 100 metres on strike and 50 metres on dip towards the south and in the south-western area of the deposit.

Of the 408 boreholes that constitute the resource estimation: 275 are within the Upper Zone; 357 boreholes are in the Lower Zone; 251 boreholes fall within the Bottom Zone wire-frame; 55 boreholes fall within the Hanging Wall Zone; and 27 boreholes fall within the Footwall Zone. No softening of boundaries was undertaken.

A break-down of the mineral resources, per zone and by oxidation state, is as follows:

<i>OXIDE</i>	<i>Tonnes</i>	<i>Au g/t</i>	<i>Moz</i>
Upper Zone 1	631,293	1.48	0.03
Upper Zone 2	446,070	1.43	0.0205
Lower Zone 1	1,338,609	1.31	0.0564
Lower Zone 2	59,268	1.37	0.0026
Bottom Zone 1	11,390	1.05	0.0004
Bottom Zone 2	5,334	0.69	0.0001
Hanging Wall Zone	155,164	1.19	0.0060
Footwall Zone	-	-	-
<i>Total</i>	2,647,128	1.36	0.116

<i>SULPHIDE</i>	<i>Tonnes</i>	<i>Au g/t</i>	<i>Moz</i>
Upper Zone 1	6,914,485	2.076	0.4615
Upper Zone 2	778,941	1.468	0.0368
Lower Zone 1	22,527,000	1.262	0.914
Lower Zone 2	398,481	1.145	0.0147
Bottom Zone 1	7,952,205	1.278	0.3267
Bottom Zone 2	576,482	1.123	0.0203
Hanging Wall Zone	627,283	1.374	0.0277
Footwall Zone	248,732	0.982	0.0079
<i>Total</i>	40,023,609	1.41	1.81
<i>Total Oxides + Sulphides</i>	42,671,149	1.403	1.925

The latest mineral resource estimate (at a 0.4g/t cut-off) is as follows:

	<i>Tonnes Mt</i>	<i>Au g/t</i>	<i>Moz</i>
MEASURED	-	-	-
INDICATED	23.27	1.401	1.048
INFERRED	19.40	1.406	0.877

Additional drilling is ongoing to further evaluate the higher-grade gold zones, and to further delineate these zones previously intersected within the south-western area of the Otjikoto area.

Metallurgy

Although the Otjikoto Gold Project is not yet considered a mine development project, significant metallurgical work has been performed that is considered material to the project. In 2005, the Company drilled 17 large diameter diamond drill holes in order to recover representative sample material for metallurgical test work. The sample material was selected to represent low, medium and high in-situ gold grades.

Detailed geological logging indicates that the typical percentage of vein material in the mineralization rarely exceeds 10% of the total volume within the deposit envelopes. The gold mineralization occurs as free gold grains associated with pyrrhotite, magnetite and pyrite in veins. It is therefore considered important to test the applicability of a pre-concentration stage prior to milling. Results from magnetic separation on the 12x6 millimetre and 6x2 millimetre size fractions of crushed material for the sulphides returned good gold recoveries (78% and 83%, respectively) and mass pulls of 55% and 60%, respectively. In-line pressure jig (“**IPJ**”) gravity separation resulted in recoveries ranging from 79.5% (12x6 millimetre size material) to 88.2% (6x2 millimetre size material).

TEAL intends to investigate further the suitability of magnetic, gravity and other separation techniques as a pre-concentration step for the Otjikoto Gold Project.

Flotation test work carried out on both oxide and sulphide material provided excellent recoveries in the mid-90% recovery range. Dissolution test work carried out on mill gold concentrates to simulate intensive leaching in an In-Line Leach Reactor (“**ILR**”) returned extremely good dissolution results with recoveries in excess of 95%. The abrasion test work results have shown that both oxide and sulphide material are relatively soft, with the sulphides being marginally harder than the oxide types. No specific problems are envisioned in milling operations.

TEAL completed 780 metre of diamond drilling for additional metallurgical test work samples. The locations of these boreholes were selected in an attempt to provide material representative of grade ranges and mineralogical associations. The primary focus of the test work, being undertaken by Mintek of South Africa, is to establish the optimum route for the pre-milling concentration of the gold mineralization.

Tax Regime

The standard corporate tax rate for non-mining companies in Namibia is a flat tax rate of 35%. The corporate tax rate for mining companies is 37.5%. Allowable tax deductions for mining companies are as follows:

- Exploration expenditure is carried forward to the year of commencement of production and deductible in that year.
- Further exploration is immediately deductible.
- Development expenditure is carried forward to the year of commencement of production. Such accumulated development expenditure is then written off over three years, commencing in the first year of production.
- Development expenditure thereafter is written off over three years commencing in the year in which the expenditure is incurred.

There is no taxation on local dividends from companies and distributions from close corporations paid to residents, but dividends accruing to foreign residents are subject to a non-resident shareholders' tax or withholding tax. The percentage of withholding tax applicable to a dividend is determined according to factors such as the existence of double tax agreements with countries where the foreigners reside and the percentage of effective shareholding. It is usually assessed at 10%.

In 2007, Namibia introduced a 10% (ten percent) withholding tax on interest income paid by certain accountable institutions (such as banking institutions), which will become effective on March 1, 2009.

Capital gains in Namibia are not taxable, and although municipalities and similar local authorities levy rates and taxes based on the valuation of immovable property in order to cover municipal expenses, these are not material. A royalty tax is payable on the sale of minerals, at a rate of between 0% and 5%.

The royalty tax rate for any particular mine is determined by the Minister of Mines and Energy. Royalties to the State Revenue Fund are payable on exports of certain rough or semi processed minerals as follows: (i) 10% on rough and uncut precious stones, (ii) 5% on rough or unprocessed dimension stone and (iii) up to 5% on any other mineral. In terms of the Namibian Mining Act, the last mentioned royalty tax appears to be a penalty tax, payable only in the event of (i) there being no further beneficiation of minerals in Namibia where such beneficiation is economically feasible, or (ii) minerals being sold below internationally prevailing market prices, or (iii) in the case of the payment of excessive brokerage fee. The Namibian Government is, however, of the view that the latter royalty is always payable and the mining industry may challenge this interpretation.

Zambia – Exploration Areas

Copperbelt Joint Venture Exploration Area

Overview

KZC was TEAL's joint venture partner in the Copperbelt Joint Venture in Zambia. In April 2008, the Company acquired KZC's 30% interest for \$4 million, payable in three annual instalments of \$1 million (already paid), \$2 million in April 2010, and terminated the joint venture.

At the same time, the Company entered into a joint venture agreement with Antofagasta for an initial 30% interest in two exploration areas, which had previously been held in the Copperbelt Joint Venture (excluding the Mwambashi Copper Project). Subject to certain conditions precedent, the Company and Antofagasta will create an incorporated joint venture to hold the two licence areas – PLLS 73 (Area 2) and PLLS 100 (Area 4) – as well as all previous geological data and information.

Antofagasta has paid the Company \$5 million for its 30% interest and committed to additional expenditure of \$2 million. Antofagasta has a right to acquire an additional 20% interest should its additional expenditure total \$4.5 million.

The Copperbelt Joint Venture Exploration Area now consists of two large scale prospecting licences, covering approximately 2,067 square kilometres adjacent to producing copper mines on the Zambian Copperbelt. TEAL is focusing its immediate exploration activities based on results obtained from the Company's application of two geological models: a newly-identified Kansanshi type copper and gold (polymetallic) style and the classical Zambian Copperbelt style of mineralization. TEAL has identified several high-priority targets where copper mineralization is known and intends to assess these targets through drilling.

Property Description, Location and Ownership

The lands subject to the Copperbelt Joint Venture Exploration Area licences are situated to the west of the Nkana, Chambishi and Chibuluma mines and extend northwards to Chingola, Chililabombwe and the DRC border. The licences are held by TEAL's subsidiary, TEAL (Zambia) Limited, and were issued by the Ministry of Mines for an initial term of two years and may be renewed, subject to a potential reduction of area. The licences provide for the exclusive right to explore for copper, gold, silver, cobalt, lead, zinc, uranium, selenium, cadmium, sulphur and nickel, and confer upon the holder the right to apply for a mining licence.

<u>Licence Number</u>	<u>Area km²</u>	<u>Date of Original Grant⁽¹⁾</u>	<u>Expiry Date of Current Period</u>
73	245	19/10/1999	13/02/2010
100	1,822	28/08/2002	13/02/2010

Note:

- (1) Originally granted under prior legislation. The original grant date refers to the date of grant under current legislation.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to and within the Copperbelt Joint Venture Exploration Area is readily achievable by motor vehicle. Well-maintained paved roads connect the major towns in the region and all-weather unpaved roads provide secondary access. However, during the height of the rainy season, unpaved roads may become water logged.

The climate is sub-tropical with three main seasons: cool and dry from April to August, hot and dry from August to November, and warm and wet from November to April. Between December and April, most fieldwork is restricted to areas serviced by good roads.

Copper and cobalt mining has been extensive on the Copperbelt. As a result, local resources and infrastructure close to major towns in the Zambian Copperbelt are generally good. Cellular telephone coverage is good in most developed regions of the Zambian Copperbelt and landline telecommunication is available throughout.

Fuel is readily available, although intermittent shortages have been experienced during the last few years. The area of the licences is in close proximity to high voltage power lines and substations with capacity to provide electricity to mining developments. Water for mining operations and domestic consumption is readily available on the Zambian Copperbelt.

With a long history of mining, skilled workers are readily available in Zambia and tertiary academic and technical training facilities are also available.

History

Various drilling campaigns were carried out on the Copperbelt Joint Venture Exploration Area by previous owners, including a subsidiary of Anglo American. There exists an exploration and drilling history for the Copperbelt Joint Venture Exploration Area licences, but the records are incomplete.

TEAL acquired the Copperbelt Joint Venture Licences in 1995 as part of the government privatization.

Geological Setting

Regional Geology

Sedimentary rocks of the Neo-Proterozoic Katanga Sequence, developed within the Lufilian Arc, host base metal mineralization in the Zambian and DRC Copperbelt provinces. The Lufilian Arc and Zambezi Belt form part of a network of supracrustal Pan African belts (Neoproterozoic age) that are host to important base metal provinces, such as the Katanga (DRC) and Zambian Copperbelt, and the Kabwe Zn-Pb-Ag terrain.

In Zambia, the Zambezi Belt is distinguished from the Lufilian Arc on the basis of its higher metamorphic grade and tectonic transport direction. The continent-scale Mwembeshi Dislocation Zone is generally taken as the boundary between the Zambezi Belt and the Lufilian Arc, although the Katangan stratigraphy has been correlated across this structure in broad terms. It is generally accepted that the sediments were deposited during the rift phase of the development of the Katanga Sequence in this area.

Throughout the Central African Copperbelt, the basal Katanga Sequence rocks are underlain by granite, intermediate metavolcanic and metasedimentary rocks dated at approximately 1,800 to 2,500 million years. The maximum age of the Katangan sedimentation is set by U-Pb dates on zircon from the Nchanga granite at approximately 877 million years.

It is postulated that extensive rifting occurred soon after the emplacement of the Nchanga granite. The development of isolated, structurally bounded basins in the shape of half-graben/graben structures, controlled initial sedimentation in the lowermost portion of the Katanga Sequence, the Roan Group. This basin margin configuration is especially important for the development of thick wedges of clastic sediments in the basal sequences composed of predominantly arenaceous and argillaceous rocks with relatively thin interbeds of rudaceous material. The growth faults are understood to have controlled prolonged and variable sedimentation into the basins.

Basin-wide development of the OS 1 Member of the Nchanga Formation marks the first major marine transgression and represents an important marker that can be traced throughout the Zambian Copperbelt. The arcuate structure of the Katanga Sequence in Zambia is considered to be the result of compression during basin closure. The entire sequence is intruded by diabase and dolerite sills and dykes, ranging in geological age up to the Karoo period.

Local Geology

The Copperbelt Joint Venture Exploration Area licences are underlain largely by rocks belonging to the Katanga Sequence.

Granite and schist from the Pre-Katangan basement are exposed in places. The lowermost units of the Roan Group on the Zambian Copperbelt comprise predominantly clastic formations. Conglomerate, arkose, sandstone and quartzite are extensively developed in what are locally referred to as “footwall clastics” and rapid facies and thickness changes occur.

The Nchanga Formation consists of six upward fining cycles which are known as the OS Members. These form the footwall to the Upper Roan Formation, which marks a change in the style of rifting to master rifts that represent the boundaries of a macro basin. On the Zambian Copperbelt, the OS 1 Member is 15 to 30 metres thick comprising well bedded shale and siltstone. This unit forms an effective permeability seal and redox boundary above the confined footwall clastics. The OS 1 Member is often extensively sheared, veined and deformed, forming schist in places. In these instances, the OS 1 Member is usually well mineralized, comprising ore bodies characteristic of the Zambian Copperbelt.

Higher stratigraphy in the Upper Roan Formation comprises predominantly marine deposits, and can be correlated over much of the Copperbelt. Dolomite, sandstone and siltstone/dolomitic siltstone become increasingly dominant upward in the stratigraphy. Gabbro intrusions are common in the Upper Roan Formation, but are also present from the basement through to the Grand Conglomerat unit. Dating of these bodies has provided ages of 765 to 740 million years, representing a minimum age for the Roan Group. Basin inversion is thought to have begun at around

650 million years ago with initial movement taken up along salt beds producing hybridised, basin-wide breccias in the Upper Roan and Mwashia Formations.

The structural evolution of the basin in the Zambian Copperbelt area was marked by continued compression. Deformation fold and thrust tectonics was followed by strike-slip faulting and prograde metamorphism.

Property Geology

Two important geological settings are found within the Company's Copperbelt Joint Venture Exploration Area licences: (i) classical Copperbelt stratigraphy (Lower Roan and Nchanga Formations) found in the eastern portion of the licences and associated with the margins of 'basement highs' in the central area of the tenements; and (ii) 'upper stratigraphy' (Mwashia and Kakontwe Formations) developed within the central and eastern areas.

Exploration

TEAL has conducted exploration on a number of focused anomalies throughout its Copperbelt Joint Venture Exploration Area licence holdings. These targets were specifically generated to test classical Copperbelt (Lower Roan hosted) styles of mineralization. This work has identified numerous small uncategorized resources and has provided much geological understanding, information and exploration experience within this region.

A number of targets were investigated by TEAL, including: Chambishi North, Chambishi Central, Chambishi Southwest, Samba Prospect, Nchanga West, Chililabombwe, Kalulushi South, Kalulushi West (Kabula syncline and Kabula Prospect, Devon Camp, Kasungu River, Sosa Hill, KF grid) and Chililabombwe South. TEAL has identified certain prospects that have not been assessed conclusively with respect to near-surface copper enrichments (Mwambashi 'A' and Pitanda) and expansion of chalcopyrite resources (Samba prospect).

TEAL was a co-sponsor of the recently completed AMIRA P544 project on Proterozoic sediment-hosted copper deposits. Along with the other sponsors such as BHP Billiton and Anglo American, TEAL has access to the results of these studies, which have emphasized other prospective areas within the Copperbelt. The AMIRA P544 study has, amongst others, shown the importance of growth faults and half-graben structures, associated with thickening of the Lower Roan Formation. These sub-basins are often associated with areas of significant mineralization.

TEAL will in the future conduct exploration for Kansanshi-style mineralization in the area. At Kansanshi, the resource occurs both within and between quartz-carbonate veins, hosted by a unit locally known as the "Kansanshi Mine Formation", which TEAL has correlated with the Grand Conglomerat. Albite and carbonate alteration is associated with the mineralization, and gabbros intrude the sequence. The Chipopo area in the northwest of Licence No. 100 (Area 4) has many geological similarities to the Kansanshi area, particularly its stratigraphic level and structural history. Northwest trending fold structures are associated with silicification (quartz veins), albitisation and dolomitisation. There are also widespread gabbroic intrusions in the area.

Copper occurrences are known and historical exploration (geochemical soil sampling) defined widespread high tenor anomalies (greater than 3,000 parts per million copper) that were never followed up with diamond drilling. On the basis of the above evidence, TEAL considers the Chipopo area to be prospective for copper-gold mineralization similar to that found at Kansanshi.

The Chipopo area was briefly explored in the 1950s by Roan Selection Trust ("RST") for classic Zambian Copperbelt style mineralization. RST undertook stream and soil sampling programs and numerous high level copper (greater than 3,000 parts per million copper) and zinc (greater than 1,500 parts per million zinc) anomalous zones were defined. These were subsequently followed up with a wagon-drilling program (to 10 metre depth) and further definitions of the zones of mineralization were outlined (up to 1.5 kilometres long). Gold and silver analysis was never routinely undertaken within these geochemical programs. The original assay documents are not available, but TEAL geologists are in possession of maps and reports describing the exploration results in this area.

Considering the extensive development of soils, which average 15 to 20 metres thick in the areas, and the effect of hydromorphic dispersion, TEAL is of the opinion that these anomalies reflect mineralization at greater than 20 metres depth and such primary mineralization can only be tested by deeper drilling.

As the Chipopo area is a high priority target for TEAL, the Company intends to carry out a thorough investigation of the mineralization previously recorded in the Chipopo area, including a detailed re-interpretation of the aeromagnetic data. Follow-up grid based soil sampling, geological and regolith mapping followed by drilling will be undertaken. Diamond and/or RC drilling will test subsequent high priority exploration targets.

Further reconnaissance exploration drilling (7 shallow holes for 1,213 metres) in the Katembula Dome area returned units thought to correlate with the Upper Roan. A number of intrusives were intersected within these boreholes.

TEAL has completed three scout diamond drill holes (724 metres) in the Chipopo area. This drilling was intended as initial stratigraphic assessment of this area. The units intersected are considered to represent Upper Roan and Mwashia sequences.

Results from this drilling are being compiled with data recovered from historical exploration in the region. The completion of this exercise will result in further focused target generation and refinement to TEAL's exploration models in this region. The resultant exploration targets will be tested and assessed by appropriate field mapping, geochemical surveys and drilling.

TEAL has also completed a scoping geological model of the Kabula copper prospect located within Licence No. 100. This model indicated areas for further exploration drilling. TEAL completed five diamond drill holes for 1,026 metres. This drilling confirmed localised copper mineralization hosted by Lower Roan units. The results suggest there is an important structural control on the copper mineralization. Data is being compiled and will be modelled. A further assessment of the Kabula prospect may be completed and motivate further drilling as appropriate. The relevant structural controls on the mineralization will be applied both prospect and regional scale exploration.

Deposit Type and Mineralization

Four mineralization styles have been identified in or near the region where the Copperbelt Joint Venture Exploration Area licences are located:

OS 1 Member (Ore Shale) – Hosted Mineralization

Copper mineralization hosted in the OS 1 Member occurs at Konkola, the Company's Konkola North Copper Project, Nchanga, Chambishi, Nkana and other mines in Zambia. These large deposits had pre-mining resources of several hundred million tonnes at grades of between 2 to 4% copper, with varying proportions of cobalt. After many decades of mining, several of these deposits have remaining resources in excess of 100 million tonnes. The mineralized portion of the OS 1 Member is usually between 15 and 20 metres thick and, at individual mines, may have a strike length of over 10 kilometres. A complex paragenesis of copper oxides and sulphides is present. The OS 1 Member is the lowest, well-defined and continuous shale/siltstone/schist unit of the Katanga Sequence and has been interpreted as a reductant, impervious trap and depositional site for mineralized fluids.

Footwall Quartzite Hosted Mineralization

Copper mineralization is hosted by arenite and quartzite in the footwall of the OS 1 Member at the Chingola 'B', Chibuluma, Fitula and Mimbula mines and at the Company's Mwambashi Copper Project. The host units are located in fault-bounded sub-basins to which the overlying shale has acted as an impermeable barrier for mineralized fluids. It has been postulated that hydrocarbons trapped in the arenaceous footwall sediments may have acted as reductants that have controlled precipitation of sulphide minerals from mineralized fluids. While generally having smaller resources than the OS 1 Member deposits, the grades are often higher at 2.5 to 4% copper, with varying cobalt grades.

Upper Ore Body – Hanging Wall Mineralization

At Nchanga, there is significant stratiform copper mineralization present in the hanging wall, where it is locally referred to as the Upper Ore Body. The attitude and thickness of the Upper Ore Body at Nchanga makes it an attractive target for open-pit mining. The Nchanga open-pit has been developed on this mineralization.

Stratabound Cu-Au (Kansanshi-type)

This newly recognised class of deposit has yet to be studied in the same detail as the stratiform sediment-hosted deposits. The recently opened Kansanshi Mine has a resource of 302 million tonnes at 1.17% copper and 0.2g/t gold and is an example of the economic potential of this under-explored class of deposit (First Quantum Minerals Limited, 2005). Crosscutting and concordant vein-hosted mineralization in these deposits is concentrated in the core of anticlinal folds within the Kakontwe Formation. Prior to the definition of the Kansanshi deposit, this epigenetic replacement style of copper and gold mineralization in the upper stratigraphic units was not considered a priority exploration target. Consequently, exploration in the Copperbelt region did not focus on this stratigraphic package. TEAL considers exploration for this style of mineralization a high priority. TEAL has identified equivalent stratigraphic units, associated with high-tenor copper anomalies, in its exploration licence areas on the Copperbelt such as the Chipopo and Kawiri areas.

Drilling

TEAL has undertaken numerous drilling programs on its Copperbelt Joint Venture Exploration Area licences. All drilling was focused on classical Copperbelt style exploration projects and was undertaken by Stanley Mining Service, DrillAfrica (Pty) Limited, DEE Drilling, RUC Drilling and Boart Longyear (Zambia) Limited.

Sampling and Analysis

A detailed description of sampling, analysis and sample security is provided under the heading entitled: “Sample Preparation and Analysis, Central African Projects”.

Mineral Resources

Historical mineral resources have been established on a number of small deposits within the Company’s Copperbelt Joint Venture Exploration Area licences. See “History”.

TEAL Exploration (Zambia) Limited – TEAL 100%

Overview

TEAL Exploration (Zambia) Limited (“**TEZAM**”) now wholly-owns two of the three exclusive exploration licences formerly held in the Kafue Joint Venture Exploration Area, pursuant to the joint venture agreements between TEZAM and Billiton Development (Zambia) Limited, a subsidiary of BHP Billiton, which were terminated in 2008. The third licence area was relinquished in early 2008.

These licences, over an area of approximately 2,168 square kilometres in central Zambia, cover geological terrains adjacent to the historic Kabwe Zinc and the operating Nampundwe Pyrite/Copper mines and within 50 kilometres of the Munali Nickel Deposit. TEAL has identified targets resulting from the application of the FalconTM airborne gravity survey technology. TEAL has completed a phase of drill-testing some of the high priority targets for base metal mineralization.

TEAL carried out diamond drilling of the ‘Y’ anomaly located within the Lusaka West prospecting Licence No. 127.

Property Description, Location and Ownership

Large scale prospecting licences are issued by the Ministry of Mines for an initial term of two years, provide for the exclusive right to explore for zinc and lead, copper, gold, nickel, chromium and platinum group metals (Licence No. 57), nickel, copper, lead, zinc, gold and silver (Licence No. 127), may be renewed for additional two year terms (with a potential 50% reduction in area), and confer upon the holder the right to apply for a mining licence.

Information in respect of TEZAM licences is as follows:

<u>Licence Number</u>	<u>Area km²</u>	<u>Date of Original Grant⁽¹⁾</u>	<u>Expiry Date of Current Period</u>
57	1,170	01/11/1999	13/02/2010
127	414	23/03/2000	13/02/2010

Note:

(1) Originally granted under prior legislation. The original grant date refers to the date of grant under current legislation.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

These exploration areas can be accessed directly by a paved national road, which connects Lusaka and the towns of Kabwe and Ndola on the Zambian Copperbelt. The main national rail line, which runs to the north of the country, also intersects the properties. Licence Nos. 57 is located near Kabwe, which has a population of about 176,000 and possesses most modern amenities expected of a regional town serving a large agricultural community, including medical, dental, school and other services. Licence No. 127 is near Lusaka, which is 200 kilometres south of Kabwe. Cellular and modern fixed line telecommunications are readily available in the Kabwe and Lusaka areas.

Central Zambia has a moderately sub-tropical climate and is dominated by high plateau topography. The TEZAM licence areas are located on gently undulating topography with a mean elevation of 1,225 metres above sea level. The length of the rainy season is about five months, and the annual rainfall varies between 800 and 1,000 millimetres.

The main electricity distribution lines from the Kariba North Bank and Kafue Gorge hydroelectric facilities run close to Licence No. 57. Close to the town of Kabwe is a small hydroelectric station, which feeds into the national grid. Licence No. 127 also has access to grid power. Water is readily available for all of the licence areas. The vegetation on the property is savannah grassland with acacia trees. Throughout the licence areas, there are numerous suitable sites for mining-related infrastructure.

History

Licence No. 57

Since the discovery of zinc-lead-silver mineralization at Kabwe (then named Broken Hill) in 1902, and the subsequent development of the Broken Hill Mine in 1904, several phases of regional exploration have taken place. Exploration was undertaken by Rhodesia Congo Border Concessions Limited, Luangwa Concession Limited, Roan Selection Trust, Mineral Search Africa (a Rio Tinto company) (“MSA”), ZamAnglo (Anglo American), Japanese International Co-operation Agency, Geomin, Mindeco Limited and most recently by Billiton Development (Zambia) Limited. Previous exploration has concentrated on the use of soil geochemistry, followed by pitting, limited geophysics and drilling. This exploration work resulted in the discovery of zinc-lead mineral occurrences at Chiwanda, Kabwe West, Carmanor and Millberg, and sediment hosted copper mineralization at Mufukushi and Sebembere (all within Licence No. 57).

Recent exploration in the Kabwe area by Billiton Development (Zambia) Limited, between 1994 and 1998, comprised soil geochemistry, geophysics and mainly shallow drilling. This exploration focused on previously

discovered prospects that were considered to have potential for broad tabular zones of disseminated mineralization amenable to bulk open-pit mining.

Licence No. 127

In the early 20th century, copper mineralization was discovered at the King Edward, Cheta, Peacock and Argosy deposits by small scale prospectors. The King Edward deposit was first developed as a copper mine in the 1930s. This mine is now known as the Nampundwe Mine, operated by KCM for the sulphur content of the pyritic ores.

The dolomite-hosted White Rock zinc occurrence was discovered between 1925 and 1945 and further assessed by MSA during the 1950s. MSA drilled 17 diamond holes into the deposit. Results from this work included intersections of 1 metre at 17% zinc and 2.4 metres at 21.4% zinc. In addition to zinc mineralization, copper mineralization was also encountered at Sanje Hill.

Chartered Exploration Limited (and later ZamAnglo), from the late 1950s into the 1960s, carried out regional stream sediment and soil sampling programs over the property. Analysis for copper, zinc, nickel and lead was routinely undertaken and numerous copper and zinc anomalies were identified. These targets were tested with trenching, limited ground geophysics and, in some cases, were followed up with drilling.

In 1998 and 1999, Billiton Development (Zambia) Limited completed an airborne magnetic and electromagnetic survey. Follow up work included induced polarization surveys, soil sampling and RC drilling.

Geological Setting

Regional and local geology is described under the heading entitled: “Copperbelt Joint Venture Exploration Area – Geological Setting”.

Property Geology: Licence No. 57

In the Kabwe area, the Katanga Sequence unconformable overlies granites and gneisses and Muva Sequence sediments, collectively termed ‘basement complex’. Both Lower and Upper Roan Formations occur in the area. The base of the Lower Roan Formation comprises weakly metamorphosed conglomerates, arkoses and sandstones grading upwards into argillite and siltstone. The Upper Roan Formation comprises siltstone, dolomitic siltstone and dolomite. From Sebembere northwards, the boundary between the upper dolomites and siltstones and the lower clastics is marked by schistose metavolcanic and mafic to andesitic intrusive bodies.

In the Kabwe Mine area, the Kabwe Dolomite is subdivided into massive and non-massive dolomites. The Kabwe Dolomite is overlain by phyllite and pyroclastic units, which probably correlate with the Mwashia Formation elsewhere.

The boundary between the Mwashia Formation and the Nguba Group (Lower Kundulungu Group) is the 740 million year old glacial diamictite horizon, known in Zambia and the DRC as the Grand Conglomerat. This unit is an important marker horizon, but is not recorded on the published maps of the Kabwe area. It has, however, been intersected in drill holes at Lukali and occurs at the historic Kabwe Mine.

The Nyama Formation occurs at the base of the Nguba Group and comprises grey, massive dolomite, similar to the Kabwe Dolomite, overlain by limestone and subordinate pelitic rocks. TEAL considers it to be the equivalent of the Kakontwe Formation and part of the globally developed cap carbonates above the diamictite. The Kakontwe Formation is host to the pipe-like Kipushi copper-zinc-lead deposit, located in the southern DRC Copperbelt.

Property Geology: Licence No. 127

Licence No. 127 is underlain by Zambezi Belt supracrustal sediments, which are thought to correlate with the Katanga Sequence. The sequence comprises limestones, dolomite, schists, shales, quartzites and evaporites. Numerous mafic and ultramafic bodies intrude the mid-amphibolite facies Zambezi Belt supracrustals in the Lusaka

region and several clusters are known on Licence No. 127. TEAL believes that some of the mafic/ultramafic bodies may represent feeder zones to overlying Karoo lavas (for example, the 'Y' anomaly) and that others may be older intrusives. Dunite, peridotite and gabbro occur within the 'Y' anomaly intrusion, evidence that differentiation has occurred. TEAL's interpretation of the field relationship, metamorphic contact aureoles and REE patterns is that the intrusion may form part of a feeder system to now eroded Karoo extrusives. Some of the trace element patterns are similar to the Karoo lavas, which provide further evidence that these intrusions could be feeder systems. An adjacent intrusion exhibits hyperbyssal olivine-gabbro textures in contact with magnesium-rich basalt and has been interpreted as a linked, higher level, secondary subvolcanic magma chamber.

A hybrid breccia and a 10 to 20 metre wide contact metamorphic aureole occur at the contact between the intrusions and surrounding limestone. Other intrusions show alteration and metamorphism, containing garnet, amphibole, chlorite and, occasionally, plagioclase relics and textures consistent with upper amphibolite regional metamorphism. These intrusives are locally termed diabase and correspond to the age of mafic intrusions on the Zambian Copperbelt.

Exploration

Licence No. 57

TEAL has identified the Kabwe area as being prospective for high-grade zinc-lead-silver mineralization similar to that previously exploited at the Kabwe mine. TEAL has also identified the potential for copper mineralization in the Lower Roan stratigraphy. The Kabwe area has many high tenor geochemical anomalies but due to the complex regolith development and metal mobility, many of these anomalies are unrelated to mineralization. Consequently, TEAL's exploration strategy has focused to date on state-of-the-art geophysical techniques.

Outcrop in the region is poor and important regional geological information was gained from remote sensing studies. Landsat™ and aerial photo interpretations were completed in 2001 by Image Processing for Mineral Exploration Limited. All available historical data has been digitized, geo-referenced and imported into TEAL's GIS database.

TEAL's geological staff has undertaken comprehensive metallogenic studies. Previously drilled core from the Kashitu, Airfield and Kabwe West prospects was re-logged. Mapping at the Kabwe Mine was also undertaken. This work has resulted in an increased understanding of the controls on mineralization.

TEAL recognizes the importance of understanding metal dispersion in the surface environment. Detailed regolith work at the Chiwanda, Carmanor and Sebembere metal occurrences has led to an understanding of the extent of hydromorphic dispersion of metals within the soils of the area. TEAL concluded that geochemical anomalies in this particular region are often false or unreliable.

In conjunction with Falcon™ operations, the parameters of a typical Kabwe style ore body were used to simulate the response that would result from an airborne gravity gradiometer survey. This work demonstrated that the Falcon™ airborne gravity system is successful in identifying mineralization targets. In 2004, a Falcon™ airborne gravity survey was completed over Licence No. 57. Following the interpretation of this data, and its integration with other datasets such as airborne magnetic and Landsat imagery, several high priority targets were identified.

TEAL completed 14 boreholes for 2,440 metres as the first phase of drill testing of exploration targets within Licence No. 57. The drilling intersected dolomites and in several cases mafic intrusions. Low tenor, disseminated zinc mineralization was intersected at the Millberg target.

A number of geophysical targets remain untested within Licence No. 57 and it is TEAL's intention to test these targets and anomalies.

TEAL has reviewed the historical drilling at the Sebembere copper prospect and is of the opinion that the near surface copper oxide potential has not been adequately evaluated. TEAL intends to drill test the up-dip shallow portion of this mineralization.

Licence No. 127

TEAL identified the area of Licence No. 127 as prospective for mafic-hosted nickel-copper bodies. TEAL completed petrographic and geochemical studies of mafic to ultramafic intrusives in the licence and elsewhere in the region. Litho-geochemical sampling has confirmed that some of the intrusions in the area show evidence of magmatic differentiation. Further rare-earth element investigations have indicated a possible lineage of some of these intrusions to the Karoo basalts in the region. The studies record the differentiation of primitive magma, resulting in layering of dunite, peridotite, olivine gabbro-norite, olivine-gabbro and gabbro.

Two types of intrusive rock have been identified on the licence area:

- Unmetamorphosed differentiated mafic/ultramafic rocks, with contact aureoles and possessing REE patterns similar to Karoo basalts.
- Metamorphosed mafic rocks, containing garnet and amphibole. These intrusions have no contact aureoles and the REE patterns are distinctly different from Karoo basalts.

The data indicates the segregation of a sulphide phase. This is further supported by the presence of pyrrhotite, pentlandite and chalcopyrite. The sulphide textures are typical of primary magmatic assemblages.

Based on the result of TEAL's exploration work in the 'Y' anomaly area, BHP Billiton recently commissioned a Falcon™ survey to map the mafic and ultramafic intrusives within Licence No. 127. TEAL intends to acquire and assess the data.

TEAL has identified coincident gravity and NSAMT anomalies associated with the 'Y' anomaly intrusive and drill tested this anomaly. Four boreholes for approximately 1,300 metres were completed in 2006. The drilling returned fractionated ultramafic units that explained the magnetic, gravity and geochemical anomaly. Significant serpentinization was developed within certain portions of the peridotites. Minor amounts of sulphide were observed in borehole core. Analytical results did not indicate significant nickel mineralization.

Whilst, no significant nickel sulphide mineralization was intersected at the Y anomaly target the fractionated and ultramafic nature of the intrusion illustrates the correct geological setting for potential nickel sulphide mineralization. TEAL's management is of the opinion that other geophysical and geochemical targets in the licence area have significant nickel potential.

The exploration results to date support the potential for the licence area to host nickel sulphide mineralization similar to the nearby Munali Nickel Deposit currently under development.

Deposit Type and Mineralization

Licence No. 57

The Neo-Proterozoic Pan African belts of Africa and Brazil contain some of the world's premier carbonate-hosted zinc-lead deposits. They are hosted at two levels in the stratigraphy, for example, in the cap carbonate to the global 740 million years ago glacial event (Kakontwe Formation/Tsumeb Formation, the largest of the Pan-African zinc-lead deposits), and in the lower carbonates of the Upper Roan Formation and Abenab Formations of Zambia and Namibia, respectively. Examples of tonnages and grades of Neo-Proterozoic deposits is shown in the following table:

Comparative Data for Stratabound and Polymetallic Deposits

Project	Deposit	Host Mineralization
Tsumeb (Namibia).....	33 Mt (8% Pb, 3% Zn, 2% Cu)	Ga, Ten, Sph, Cc, Bn, Py, enargite
Kipushi (DRC)	60 Mt (11% Zn, 6% Cu, 0.8% Pb)	Sph, Cp, Ten, Ge, Bn, Cc
Vazante (Brazil).....	28 Mt (18% Zn)	Wil, Sph, Frn

Upper Roan

Kabwe (Zambia).....	12 Mt (25% Zn, 11% Pb)	Sph, Wil, Ga
Star (Zambia)	0.288 Mt (19.7% Zn)	Wil, Gahn

Zinc mineralization in the Kabwe area (*e.g.*, on Licence No. 57) of Zambia occurs within carbonates of the Upper Roan Formation. Epigenetic sulphide, and hypogene silicate, zinc deposits are developed at various stratigraphic levels within carbonate host lithologies. Their location is commonly controlled by structures such as unconformable contacts, faults and paleo-karst features. The variation in mineral speciation and content may be linked to progressive cooling of the metamorphic metal-enriched fluids after peak metamorphism, with copper-bearing deposits forming early from relatively high temperature, sulphur-rich fluids. Consequently, the later metal-rich fluids were responsible for zinc and lead sulphides in preference to copper sulphides.

Deep tropical weathering in central Africa has resulted in modification of the upper parts of hypogene deposits. This leads to a higher metal content and this oxide mineralization may be easily mined using open-pit methods.

The upper parts of the Kabwe ore bodies were modified by replacement during weathering. Both sphalerite and willemite weather to a similar secondary “zinc oxide” assemblage comprising smithsonite, hemimorphite and hydrozincite. Anglesite, pyromorphite, vanadite, descloizite, mottramite, hematite, goethite and limonite also occur. Native copper, malachite, azurite, chrysocolla, hopeite, parahopeite and tarbuttite are developed sporadically. The grade of the mineralization in the oxidized upper parts of these deposits is typically around 20% zinc.

Licence No. 127

Mafic to ultramafic intrusives of various ages are found in the Lusaka region. Some of these show evidence of magmatic differentiation. Soil geochemical surveys indicate high tenor nickel and chromium anomalies associated with some of these intrusions. TEAL considers these intrusions prospective for nickel-sulphide deposits. The local presence of massive iron sulphides is important as it may trigger nickel-rich sulphide formation within the magma. The flow of large volumes of magma through restricted conduits (feeders) is also important for this style of mineralization.

Albidon Limited’s Munali nickel deposit is situated in the Zambezi Belt, approximately 50 kilometres south of Licence No. 127. This nickel mineralization developed on the margins of a gabbroic and ultramafic body that intrudes Katangan-age meta sediments. Hybrid contact assemblages, unusual brecciated and containing pegmatoidal ore textures, and serpentinised ultramafic units suggest intrusion of a volatile-rich primitive magma into carbonate/limestone/shale country rock. Munali provides evidence of the potential for nickel mineralization in the Zambezi Belt.

Drilling

Licence No. 57

TEAL has completed shallow open hole percussion and limited RC drilling beneath historical and previously untested zinc-lead soil anomalies at Chiwanda and Sebembere. At Chiwanda, 115 holes were drilled by DrillAfrica comprising of 82 metres of RC drilling and 1,022 metres of open hole percussion drilling. At Sebembere, 40 holes were drilled by DrillAfrica Limited, comprising 51 metres of RC drilling and 385 metres of open hole percussion drilling. At Kashitu West, 74 RC holes, totalling 2,524 metres in length, were completed over three anomalies at 25

metre grid spacing. The holes ranged between 34 and 53 metres deep. A summary of the results of the drill holes in willemite-enriched zones at Kashitu West is shown in the following table:

Selected Drilling Intersections at Kashitu West:

<u>Borehole Number</u>	<u>Zinc Grade</u>	<u>Intersect (m)</u>	<u>Cut-off (Zinc %)</u>	<u>From-to (m)</u>
KRC 70 ⁽¹⁾	4.47	10	1	16-26
KRC 74	6.38	6	1	9-15
KRC 74	1.62	4	1	21-25
KRC 75	6.04	4	1	9-13

Note:

(1) Included within KRC 70, is a 2 metre wide section from 18 to 20 metres with a zinc grade of 15.6% (cut-off 10%) zinc.

Five drill holes, totalling 476 metres in length, were drilled at Carmanor. The three deeper, southern most drill holes failed to intersect any base metal mineralization at depths predicted by the geophysical modelling. The two shallower drill holes both intersected zinc mineralization in dolomite above the shale horizon. The intersections from this drilling are shown in the following table:

Selected Drilling Intersections at Carmanor:

<u>Borehole Number</u>	<u>Zinc Grade</u>	<u>Intersect (m)</u>	<u>Cut-off (Zinc %)</u>	<u>From-to (m)</u>
Including				
CAM 22	11.25	7	1	28-35
CAM 22	18.70	1	1	39-40
CAM 23	2.58	4	1	25-29

DrillAfrica Limited conducted all drilling for TEAL on Licence No. 57.

Licence No. 127

TEAL has completed four stratigraphic drill holes on the ‘Y’ anomaly totalling approximately 1,300 metres, with an aim of gaining better understanding of the intrusive body.

Sampling and Analysis

A detailed description of sampling, analysis and sample security is provided in section entitled: “Sample Preparation and Analysis – Central African Projects”.

Mineral Resources

Material mineral resources have not been reported.

Additional Licences in Zambia

Overview

TEAL has two additional wholly-owned large scale prospecting licences held by TEAL Development (Zambia) Limited (“**TDZAM**”) and expiring on February 13, 2010. TDZAM considers the licence areas to have the potential for carbonate hosted, high-grade zinc silicate, sediment-hosted copper and magmatic nickel sulphides mineralization.

Licence No. 203 has been explored in the past and contains a known high-grade zinc silicate deposit. This licence grants the right to prospect for copper, lead, zinc, gold, sulphur and germanium.

Licence No. 242 grants the right to prospect for copper, cobalt, lead, zinc, nickel, gold and silver. TEAL has completed a geological compilation of this area and further geological work will be undertaken.

Property Description, Location and Ownership

Licence Nos. 203 and 242 are large scale prospecting licences in Central Zambia.

<u>Licence Number</u>	<u>Area km²</u>	<u>Date of Original Grant</u>	<u>Expiry Date of Current Period</u>
203	200	27/01/2003	13/02/2010
242	770	15/04/2005	13/02/2010

A portion of the licence area is subject to a prior claim with a small-scale licence holder. Subject to concluding an agreement with this holder, TDZAM intends to undertake a diamond drilling program to evaluate the anomalies previously defined and to extend the known resource.

Sample Preparation and Analysis – Central African Projects

Initial sample processing is carried out at the Company's core yard at Chambishi. Sampled half core is crushed in a jaw crusher into pieces less than 2 millimetres wide. The crusher is cleaned using compressed air and pure quartz before every use and with compressed air between samples. The crushed sample is repeatedly riffle split to yield a sub-sample of approximately 250 grams. Compressed air is used to clean the riffler after every sample. The sub-sample is pulverised to less than 106 microns using a sieb mill ("ring and puck" mill). The mill is cleaned after each sample using compressed air and a paint brush. After every tenth sample, the mill pot and rings are cleaned again using crushed pure quartz. The milled sample is placed in a labelled sample envelope for dispatch to the laboratory. RC and RAB samples are collected at 1 metre intervals and split to approximately 3 kilograms on site, prior to dispatch to the selected laboratory. Rock chip samples collected from outcrops are crushed and milled at the Company's Chambishi facility. Preparation procedures are the same as those described above for diamond drill core.

The following laboratories were used to analyse drill samples from drilling and soil sampling activities in Zambia and the DRC: Alfred H Knight Laboratories (previously the ZCCM Laboratory), ALS Chemex, AVRL (Anglovaal Research Laboratory, Johannesburg) for check, umpire and exploration samples, and AARL (Anglo American Research Laboratory, Johannesburg) for further check and umpire samples.

These laboratories are professional facilities that are well known to the minerals industry in Africa. The laboratories use conventional sample preparation and analytical methods. Standard base metal analysis techniques included a two acid digestion and analysis by atomic absorption and XRF analysis on fused beads and pressed powder pellets. Acid soluble copper is analysed by leaching with sulphuric acid, and extraction and analysis by atomic absorption. ALS Chemex runs two sets of appropriate standards with every sample batch. Blank and duplicate samples are also analysed and reported to the client. Rock chips are routinely analysed by a 'four acid' digestion procedure, with 27 element analyses by ICP-AES method at ALS Chemex in Toronto. These methods are considered conventional and appropriate for base metals analysis.

Sample Security

Transport of drill samples (core and RC chips) from the drill rigs to the core yard is undertaken by the Company's exploration staff, overseen by a senior geological technologist. The core yard is well fenced and actively secured. Transport of samples to laboratories in South Africa or elsewhere is undertaken by an independent courier service. Samples are kept in sealed and labelled bags until received by the laboratories in Johannesburg or overseas. Analytical laboratories are instructed to check samples against the dispatch list and indicated weight. Half of the

core percussion, RC and metallurgical reference material is kept secure in the Chambishi sample storage facility, which is a well-built and secure property situated between the towns of Kitwe and Chingola.

The sampling technique, equipment, field and core yard operations and analytical method undertaken are considered by RSG Global (Pty) Limited to be appropriate for this stage of the programs. In particular, the retention of representative geological and assay material allows for thorough auditing and check analysis. All of the laboratories used for assaying also reported their own internal quality control results.

Mozambique

Overview

TEAL recently announced that its applications for a number of mineral exploration licences in the Republic of Mozambique have been successful. These applications have been made primarily for uranium, with associated metals. Mozambique has become a favoured destination for mineral exploration and development projects due to the country's prospective geology, limited historical exploration and a stable investment climate. The recognition that the country's regional geology includes terrains that are known to host significant mineral deposits in surrounding countries such as Zambia, Zimbabwe and Tanzania, suggests that exploration potential within Mozambique is high.

Recent airborne geophysical surveys acquired by TEAL allowed for the identification of a number of exciting targets. These include targets for various styles of uranium mineralization, which are now held under exclusive exploration and reconnaissance licences totalling some 1,297 km².

TEAL commissioned a geological review of uranium exploration potential of southern Africa in 2007. The results of this study identified certain terrains in Mozambique that possess considerable potential for uranium mineralization. An airborne geophysical survey that was recently completed for the Government of Mozambique, which covered large areas of the country, has also been acquired by TEAL. Geophysical processing and geological interpretation identified a number of highly anomalous uranium targets. These include targets for various styles of uranium mineralization, which are now held under the following exclusive exploration licences, totalling 161 km²:

- Licence 1739L targeting uranium enriched nepheline syenites in Cabo Delgado Province;
- Licence 1740L targeting a significant uranium radiometric anomaly, which is hosted in upper Karoo sandstones; and
- Licence 1741L targeting a number of uranium radiometric anomalies that are underlain by alaskite intrusives in the Alto Ligonha area. The geology in this region shares many similarities with the general geological setting of the Rössing uranium deposit in Namibia.

Additionally, TEAL has been awarded various reconnaissance licences totalling 1,136 km² in the Tete Province. These licences, including 1743R (under review), 1744R and 1745R, are positioned to explore the Lupata Group, which forms a large arcuate belt of sandstones, conglomerates, trachytes and felsic volcanic rocks in central Mozambique. These units are recognized as having good potential to host uranium deposits as known in other similar settings throughout the world.

No previous exploration for uranium of this area is recorded and little detail is known of the constituent geology. Due to the large, terrain scale, area initial exploration will utilize remote sensing techniques with reconnaissance field work follow up. TEAL intends to commence field reconnaissance of the exclusive exploration licences and initiate remote sensing studies of the reconnaissance licences. TEAL has established a new company, TEAL Mining Moçambique, Limitada, to operate its exploration activities in the country.

DIVIDENDS

The Company has not declared or paid any dividends since its incorporation and has no present intention to pay any dividends in the near future. Any decision to pay dividends will be made by the Board of Directors of the Company on the basis of the Company's earnings, financial requirements and other conditions existing at the time.

CAPITAL STRUCTURE

TEAL is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series (the “**Preferred Shares**”). The following is a summary of the material provisions of the authorized share capital of TEAL.

Common Shares

The holders of Common Shares are entitled to one vote per share at all meetings of shareholders of TEAL other than those meetings where only the holders of shares of another class or of a particular series are entitled to vote. The holders of Common Shares are entitled to receive any dividends declared by the directors out of funds legally available, subject to the preferential rights of the Preferred Shares. In the event of the liquidation, dissolution or winding-up of TEAL, whether voluntary or involuntary, the holders of Common Shares will be entitled to receive all of the assets of TEAL remaining after the payment of all of TEAL’s liabilities, subject to the preferential right of the Preferred Shares or any other shares which may rank prior to the Common Shares.

Preferred Shares

The Preferred Shares may be issued from time to time in one or more series, each series comprising the number of shares, designation, rights, privileges, restrictions and conditions which the Board of Directors of TEAL determines by resolution. The Preferred Shares shall rank prior to the Common Shares with respect to payment of dividends and distributions in the event of the liquidation, dissolution or winding-up of TEAL. Except as required by law or allowed in respect of arrears of dividends, the holders of Preferred Shares as a class will not be entitled to receive notice of, to attend, or to vote at any meetings of the shareholders of TEAL.

MARKET FOR SECURITIES

The TSX is the principal exchange on which the Common Shares of TEAL are traded. The following table sets out the historical high and low trading prices and the volume of trading of the Common Shares of TEAL as reported by the TSX for the periods indicated:

TEAL (C\$)	High	Low	Volume
Jul-07	6.00	5.05	1,464,430
Aug-07	5.90	4.98	960,567
Sep-07	5.45	5.00	864,691
Oct-07	5.25	4.50	807,008
Nov-07	5.27	4.95	281,535
Dec-07	5.02	5.00	397,600
Jan-08	5.00	4.59	249,162
Feb-08	4.75	4.50	31,953
Mar-08	4.45	3.65	495,228
Apr-08	4.00	3.81	23,381
May-08	3.75	3.35	166,008
Jun-08	4.20	3.85	54,505

ESCROWED SECURITIES

The Company does not have any escrowed securities as of June 30, 2008.

DIRECTORS AND OFFICERS

TEAL has a senior management team that, together with its Board of Directors, brings many years of experience in discovering, acquiring, funding, developing and operating base and precious metals projects in southern and central

Africa. The following table sets out, for each of the Company's directors, the person's name, municipality of residence, positions with the Company and principal occupation:

Name and Municipality of Residence and Position with the Company	Principal Occupation	Commencement of Directorship and Expiry¹
Patrice T. Motsepe Bryanston, South Africa Chairman and director	Executive chairman ARM (Mining and exploration)	September 16, 2005
Joaquim A. Chissano Maputo, Mozambique Deputy chairman and director	Non-executive director ARM	September 16, 2005
Michael Arnold Randpark Ridge, South Africa ² Director	Chief financial officer ARM	July 7, 2008
Norman D. A. Hardie ^{3 4 7} Toronto, Ontario, Canada Director	Corporate director	November 15, 2005
Dr. Murray W. Hitzman ^{4 5} Golden, Colorado, USA Director	Professor, Geology and Geological Engineering Department at the Colorado School of Mines	November 15, 2005
George R. Jones ^{4 6 7} Toronto, Ontario, Canada Director	Corporate director	November 15, 2005
Michael W. King ^{4 6 7} Sandton, South Africa Director	Corporate director	September 16, 2005
Arné N. Lewis Fairland, South Africa Chief operating officer and director	Chief operating officer TEAL	July 27, 2007

¹ Each director is elected to hold office until the next annual general meeting of the shareholders of the Company or until his successor is elected or appointed.

² Mr. Arnold was appointed a director of the Company on July 7, 2008, following the resignation of Mr. Frank Abbott.

³ Member of the Compensation Committee; Mr. André J. Wilkens is the chairman of the Compensation Committee.

⁴ Members of the Technical Committee established by the board of directors on August 22, 2008; Mr. André J. Wilkens is chairman of the Technical Committee.

⁵ Member of the Sustainable Development Committee; Dr. Murray W. Hitzman is the chairman of the Sustainable Development Committee. Mr. Meyer was appointed as a member of the Sustainable Development Committee on July 7, 2008 following the retirement of Mr. Richard P. Menell on May 12, 2008.

⁶ Member of the Corporate Governance and Nominating Committee; Mr. George R. Jones is the chairman of the Corporate Governance and Nominating Committee.

⁷ Member of the Audit Committee; Mr. Michael King is the chairman of the Audit Committee.

Name and Municipality of Residence and Position with the Company	Principal Occupation	Commencement of Directorship and Expiry¹
Hannes O. Meyer ⁵ Randburg, South Africa Acting chief executive officer, Chief financial officer and director	Acting chief executive officer and chief financial officer TEAL	July 27, 2007
Daniel V. Simelane Midrand, South Africa Director	Executive: business development (Africa) ARM	August 28, 2007
André J. Wilkens ^{4 5 6 7} Bryanston, South Africa Director	Chief executive officer ARM	September 16, 2005

The following table sets out, for each of the Company's executive officers that are not mentioned above, the person's name, municipality of residence, position with the Company and principal occupation:

Name and Municipality of Residence	Position with the Company and Principal Occupation
Alyson N. D'Oyley Johannesburg, South Africa	General Counsel and Corporate Secretary
Julian C. Gwillim Fairland, South Africa	Vice President: Investor Relations and Corporate Development
G. Claus Schlegel Fairland, South Africa	Vice President: Exploration and Business Development

Aggregate Ownership of Securities

As at June 30, 2008, and to the best of the knowledge of the Company, the current directors and officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 42% of the issued and outstanding common shares of the Company. None of the directors or executive officers of the Company held shares of the Company's subsidiaries except shares required for qualification as a director of a subsidiary, or where otherwise required under local law.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the operations of the Company. In particular, certain of the directors and officers of the Company are involved in managerial and/or director positions with other mining companies whose operations may, from time to time, be in direct competition with those of the Company or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Company. Conflicts, if any, will be subject to the procedures and remedies available under the *Business Corporations Act* (Yukon). The *Business Corporations Act* (Yukon) provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the *Business Corporations Act* (Yukon). In addition, TEAL and ARM entered into the Corporate Opportunity Agreement to minimize conflicts with respect to

the pursuit of new projects within the continent of Africa. See “Material Contracts – Corporate Opportunity Agreement.”

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

TEAL is not the subject of any legal proceedings or regulatory actions material to TEAL, to which TEAL is a party or to which any of its properties is subject and no such proceedings are known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, no director or executive officer of TEAL or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with TEAL within the three years preceding the date of this AIF or in any proposed transaction which has materially affected or would materially affect TEAL. The Company’s Chairman, Mr. Motsepe, exercises control over 35,000,001 Common Shares held by ARM through his indirect holdings of shares of ARM. Mr. Motsepe indirectly controls 42% of the issued and outstanding shares of ARM through his control (through various family trusts) of African Rainbow Minerals & Exploration Investments (Proprietary) Limited.

TRANSFER AGENT AND REGISTRARS

The Canadian registrar and transfer agent for the Common Shares of TEAL is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario. The South African registrar and transfer agent is Computershare Investors Services (Proprietary) Limited in Johannesburg.

MATERIAL CONTRACTS

The following contracts are material contracts of TEAL and were either entered into or were in effect during the financial year ended June 30, 2008:

Corporate Opportunity Agreement

Pursuant to the terms and conditions of a corporate opportunity agreement made as of November 15, 2005 (the “**Corporate Opportunity Agreement**”) between ARM and TEAL, TEAL must refer opportunities to acquire interests in mineral projects within South Africa to ARM, while ARM must refer similar opportunities outside of South Africa to TEAL. ARM and TEAL entered into the Corporate Opportunity Agreement in an effort to minimize conflicts with respect to their pursuit of new projects within the continent of Africa. ARM is not obligated to refer opportunities to TEAL that involve the expenditure of \$100,000,000 or more for purposes of development or expansion as determined by a feasibility study. The parties further agreed that TEAL must refer to ARM all opportunities to acquire interests in projects that predominantly concern platinum group metals (“**PGM**”), ferrous metals and coal. Where a TEAL project develops into a PGM, ferrous metal or coal project, then ARM is entitled to acquire the project for two times TEAL’s expenditures to date, unless TEAL has expended a sum in excess of \$1,000,000. In the latter case, ARM is entitled to joint venture with TEAL where ARM can earn a 50% interest by expending two times TEAL’s expenditures to date. The Corporate Opportunity Agreement terminates on the date that ARM ceases to beneficially own at least 35% of TEAL’s outstanding Common Shares.

Maintenance Agreement

Pursuant to the terms and conditions of a maintenance agreement made as of November 15, 2005 (the “**Maintenance Agreement**”) between ARM and TEAL, ARM was granted the right (the “**Maintenance Right**”), subject to applicable law, to participate in future offerings and other issuances of Common Shares of TEAL or securities convertible into Common Shares of TEAL (subject to certain exceptions, including the issue of Common Shares of TEAL on the exercise, conversion or exchange of any previously issued securities convertible into Common Shares of TEAL or rights issued in a rights offering) by purchasing that number of securities in the offering necessary for ARM to maintain its relative percentage beneficial ownership of Common Shares of TEAL.

(on a fully-diluted basis in the case of an offering of convertible securities). The Maintenance Right is exercisable by ARM, from time to time, at any time during a period of ten business days following receipt of a triggering event notice until the date ARM ceases to beneficially own at least 35% of TEAL's outstanding Common Shares. In exercising its Maintenance Right, ARM must acquire its securities on the same terms and conditions as third party subscribers, subject to any applicable stock exchange or securities regulatory authority requirements. Subject to ARM selling all of its Common Shares of TEAL to a pre-determined buyer, ARM will be required to exercise the Maintenance Right to maintain its percentage beneficial holding of Common Shares of TEAL at or above the level established, from time to time, by the South African Reserve Bank ("SARB"), which, at November 15, 2005, was 50% plus 1 of the issued and outstanding Common Shares of TEAL, in order not to trigger the SARB requirement for ARM to sell all of its Common Shares of TEAL.

Shared Services Agreement

Pursuant to the terms and conditions of a shared services agreement made as of November 15, 2005 (the "**Shared Services Agreement**") entered into between ARM and TEAL, TEAL secured access to certain services to be provided by ARM, including cash and management investment services, accounting and financial services, risk management and insurance services, and human resources and staffing services, including payroll and benefits administration and such other services as may be required by TEAL and which ARM is able and willing to provide. ARM will provide the services and not avail itself of the termination provisions described below for so long as it holds at least 50% of TEAL's outstanding Common Shares. TEAL is required to pay ARM a monthly fee of ZAR 10,000 for the provision of professional services, as well as 130% of the allocated costs for addition personnel temporarily assigned to TEAL. There were no payments made for the period that commenced July 1, 2007 and ended on June 30, 2008. The term of the Shared Services Agreement is perpetual, but is subject to either party terminating the agreement by giving: (i) written notice to the other party not less than 180 days prior to the termination date designated in such notice; or (ii) notice with immediate effect, in the event that the other party, among other things, becomes insolvent or bankrupt or makes a general assignment for the benefit of its creditors.

The material contracts of TEAL also include the Second Facility and the Third Facility.

INTERESTS OF EXPERTS

The following persons prepared reports referenced earlier in this AIF, or included in a filing made under the Company's continuous disclosure requirements relating to the Company's most recently completed financial year.

- (i) Mr. Victor M. Simposya of SRK in connection with a technical report in respect of the Konkola North Project, dated March 2008;
- (ii) Mr. Peter Clyde Lyon Hart of Downing Reynard and Associates in connection with a technical report in respect of the Konkola North Copper Project, dated March 2008;
- (iii) Mr. M. Wanless of SRK in respect of the technical report for the Otjikoto Project, dated September 2007;
- (iv) Ms. C. Winzar of SRK in respect of the technical report for the Otjikoto Project, dated September 2007;
- (v) Mr. AJ van der Merwe of SRK in respect of the technical report for the Otjikoto Project, dated September 2007 and the technical report in respect of the Otavi exploration in Namibia, dated September 2005;
- (vi) Mr. Dexter Ferreira of GeoLogix Mineral Resources Consultants (Pty) Limited in respect of the resources re-estimation for the Mwambashi Copper Project, dated September 29, 2006;
- (vii) Mr. Andre Deiss of GeoLogix Mineral Resources Consultants (Pty) Limited in respect of the resources re-estimation for the Mwambashi Copper Project, dated September 29, 2006;
- (viii) Mr. Julian Verbeek of RSG Global (Pty) Limited in respect of the technical reports for the central African mineral properties, dated September 2005;

- (ix) Mr. Colin Michael Jones of RSG Global (Pty) Limited in respect of the technical report for the central African mineral properties and the Otavi exploration project in Namibia, dated September 2005;
- (x) Mr. Ken Lomberg of RSG Global (Pty) Limited in respect of the technical report for the central African mineral properties, dated September 2005; and
- (xi) Mr. G. Claus Schlegel in respect of the technical information contained in the Company's Management's Discussion and Analysis of the results of operations and financial position for the three and twelve months ended June 30, 2008.

To the best of the knowledge of the Company, none of the individuals noted above owned in excess of one percent of the common shares of the Company.

The Company's auditors, Ernst & Young LLP, report that they are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

AUDIT COMMITTEE DISCLOSURE

The composition of the Company's audit committee (the "**Audit Committee**") was initially structured to comply with the requirements of Multilateral Instrument 52-110 Audit Committees ("**MI 52-110**") of the Canadian Securities Administrators. The Audit Committee is comprised of Michael W. King (Chairman), Norman D.A. Hardie and George R. Jones, each of whom is financially literate and an independent director of the Company. MI 52-110 requires all of the Audit Committee to be independent subject to certain exceptions. The Audit Committee met four times during the twelve month period ended June 30, 2008.

The text of the Audit Committee's Charter is attached to this AIF as Exhibit "A".

Relevant Education and Experience

Mr. Michael W. King (Chairman)

Mr. King has over 32 years of experience in the mining industry. In 1974, he joined Anglo American Corporation of South Africa Limited as a manager in the company's finance division. He was finance director from 1979 until 1997 when he was appointed executive deputy chairman. Mr. King has been a director of a number of companies in the Anglo American group of companies including, from May 1999 until his retirement in May 2001, being the executive vice-chairman of Anglo American plc. He has been a director of ARM since August 2003. Mr. King holds a certificate in theory of accountancy from the University of Witwatersrand, South Africa and is a member of the South African Institute of Chartered Accountants and a fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Norman D. A. Hardie

Mr. Hardie is a business consultant, with over 32 years of experience as a mining company manager and executive. Since 1996, he has served on the boards of several companies including Pangea Goldfields Incorporated, Meota Resources Corporation, Moydow Mines International Incorporated, Tan Range Exploration Company, Crew Gold Corporation, Canada Dominion Resources Incorporated and Anatolia Minerals Development Limited. From 1996 to 1999, Mr. Hardie served initially as group general manager responsible for North America of Normandy Mining Limited, and subsequently as a consultant to the company. Between 1987 and 1996, he was vice president of Inmet Mining Corporation, coordinating marketing and operations of several mining projects. Prior to that, Mr. Hardie served as an executive and manager at Phillipp Brothers, Incorporated, a commodity and metals trading company, and at subsidiaries of the Anglo American Corporation of South Africa Limited. Mr. Hardie has been a director of Frontera Copper Corporation since 2007. He has a Bachelor of Science in mining engineering from the University of Witwatersrand, South Africa and a Master of Economics from Cambridge University.

Mr. George R. Jones

Mr. Jones has over 32 years of experience in the mining industry. He held various senior positions with Noranda Incorporated and its related companies beginning in January 1988, including being the president of Noranda Zinc from March 2000 until his retirement in July 2003. Mr. Jones is a director of Franc-Or Resources Corporation, Trinity Mining Holding AG, and Magminerals Potash Corp. and is also a trustee of Noranda Income Fund. Mr. Jones holds a Bachelor of Arts from Carleton University, an executive MBA from the University of Western Ontario and has studied advanced management at INSEAD, France.

Audit Fees

The Company has provided for a payment to its auditors of C\$251,794 for audit services for the period to June 30, 2008, while an amount of C\$233,948 was paid for the previous period ended June 30, 2007.

Tax Fees

The Company incurred a cost of C\$7,931 in respect of services provided by its auditors for tax-related services for the period ended June 30, 2008 (June 30, 2007: C\$5,961).

All Other Fees

There were no other fees and expenses payable to the auditors for the year ended June 30, 2008.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a procedure for the engagement of non-audit services performed by the Company's auditors and reviews annually its pre-approval policy in respect of such non-audit services. Until May 15, 2009, the Chairman of the Audit Committee is authorized to pre-approve non-audit services performed by the Company's auditors and shall report any such pre-approvals at the subsequent Audit Committee meeting.

ADDITIONAL INFORMATION

Additional information about the Company may be found on SEDAR at www.sedar.com.

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and interests of insiders in material transactions, where applicable, will be contained in the Company's information circular, which will be prepared in advance of the Company's annual general meeting anticipated to be held on November 13, 2008. Additional financial information is contained in the Company's audited annual financial statements for the year ended June 30, 2008 and the management's discussion and analysis of financial condition and results of operations related thereto, copies of which have been or will be filed with each provincial and territorial securities regulatory authority in Canada.

EXHIBIT “A”

TEAL EXPLORATION & MINING INCORPORATED

AUDIT COMMITTEE CHARTER

PART I

Establishment of Committee

1. Purpose

The Audit Committee (the “**Committee**”) is established by the Board of Directors (the “**Board**”) primarily for the purpose of overseeing the accounting and financial reporting processes of the Corporation and the reviews and audits of the financial statements of the Corporation. The Committee will also prepare and include in each annual information circular and management information circular used to solicit proxies for the purposes of electing directors of the Board the disclosure required by Multilateral Instrument 52-110 - Audit Committees (the “**Instrument**”).

The Committee shall assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring, among other things:

- (a) the quality and integrity of the internal controls and accounting procedures of the Corporation and its subsidiaries;
- (b) the quality and integrity of the Corporation’s financial statements and related disclosure of the Corporation;
- (c) compliance by the Corporation with legal and regulatory requirements that could have a material effect upon the financial position of the Corporation and that are not subject to the oversight of another committee of the Board;
- (d) the qualification, independence and performance of the Corporation’s external auditors;
- (e) the Corporation’s risk management policies and procedures;
- (f) the investment programs of the Corporation; and
- (g) related-party transactions.

2. Composition of Committee

The Committee shall consist of such number of directors as the Board may from time to time determine, but in no event shall the Committee consist of less than three directors. All of the members of the Committee must be “independent” and “financially literate” as such terms are defined in the Instrument, subject to the exemptions that may be available under the Instrument, from time to time, as determined by the Board.

3. Committee Members

The members of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance & Nominating Committee. The members of the Committee shall hold office for a period of one year or such other period as the Board may decide or until they cease to be directors of the Corporation.

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board on the recommendation of the Corporate Governance & Nominating Committee. The Board may remove and replace any member of the Committee.

4. Chair

The Board shall appoint a Chair for the Committee. The Chair may be removed and replaced by the Board. If the Chair is not present at any meeting of the Committee, a Chair shall be chosen by the members among themselves.

5. Secretary of Committee

The Corporate Secretary acts as Secretary for the Committee. In the absence of the Corporate Secretary, the Chair shall appoint a Secretary.

6. Meetings

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least quarterly. The Committee at any time may, and at each regularly scheduled Committee meeting shall, meet without management present and shall meet periodically with management, the Chief Financial Officer and the external auditor. If necessary, meetings may be held by telephone or other telecommunication device. A member of the Committee or the Chief Executive Officer may call a special meeting of the Committee.

7. Quorum

A majority of the members of the Committee, whether present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum.

8. Notice of Meetings

Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

9. Agenda

The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

10. Delegation

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate.

11. Access

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Corporation.

12. Attendance of Officers at a Meeting

At the invitation of the Chair of the Committee, one or more officers or employees of the Corporation may, and if required by the Committee shall, attend a meeting of the Committee.

13. Procedure, Records and Reporting

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board). The report may take the form of the minutes of the Committee meeting.

Without limiting the foregoing, the Committee shall report to the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements within the Committee's purview, the performance and independence of the Corporation's external auditors, or the performance of the Corporation's internal controls.

14. Outside Consultants or Advisors

The Committee when it considers it necessary or advisable, may retain, at the Corporation's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain or terminate such consultants or advisors, including the sole authority to approve the fees and other retention terms for such persons.

15. Funding for Audit and Oversight Functions

The Committee shall have the sole authority to determine (subject to the Board's confirmation, as required), and to require the Corporation to fund, (a) appropriate compensation to the external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services; (b) appropriate compensation to any advisors to the Committee; and (c) administrative expenses necessary or appropriate to carrying out the Committee's duties.

16. Annual Evaluation

The Committee's performance shall be evaluated annually, in accordance with a process developed by the Corporate Governance & Nominating Committee and approved by the Board, and the results of that evaluation shall be reported to the Corporate Governance & Nominating Committee and to the Board.

17. Review of Committee's Charter

The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

PART II

Duties and Responsibilities

18. Oversight in Respect of Financial Disclosure and Accounting Practices

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) meet with management and the external auditor to review and discuss, and to recommend to the Board for approval prior to public disclosure, the audited annual financial statements, including reviewing the specific disclosures in management's discussion and analysis of financial condition and results of operations and the annual earnings press release;
- (b) review, discuss with management and the external auditor, and recommend to the Board for approval prior to public disclosure:
 - (i) the annual information form;
 - (ii) the portions of the management proxy circular, for any annual or special meeting of shareholders, containing significant information within the Committee's mandate;
 - (iii) all financial statements included in prospectuses or other offering documents;
 - (iv) all prospectuses and all documents which may be incorporated by reference in a prospectus, other than any pricing supplement issued pursuant to a shelf prospectus; and
 - (v) any significant financial information respecting the Corporation contained in a material change report.
- (c) meet with management and the external auditor to review and discuss, and to approve prior to public disclosure, the unaudited quarterly and other financial statements, including reviewing the specific disclosures in management's discussion and analysis of financial condition and results of operations, and any quarterly and other interim reports and press releases; provided, however, that such approval form the basis of a recommendation to the Board for its approval at its next meeting;
- (d) review and discuss with management and provide to the external auditors for information prior to public disclosure:
 - (i) each press release that contains significant financial information respecting the Corporation or contains estimates or information regarding the Corporation's future financial performance or prospects;
 - (ii) the type and presentation of information to be included in such press releases (in particular, the use of "pro forma" or "adjusted" non-GAAP information); and
 - (iii) financial information and earnings guidance provided to analysts and rating agencies; provided, however, that such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made) and that the Committee need not discuss in advance each instance in which the Corporation may provide earnings guidance or presentations to rating agencies;

- (e) review with management and the external auditor major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;⁵
- (f) based on its review with management and the external auditor, satisfy itself as to the adequacy of the Corporation's procedures that are in place for the review of the Corporation's public disclosure of financial information that is extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of those procedures;
- (g) review with management and the external auditor (including those of the following that are contained in any report of the external auditor): (1) any analyses prepared by management or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (2) all critical accounting policies and practices to be used by the Corporation in preparing its financial statements, (3) all material alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of these alternative treatments, and the treatment preferred by the external auditor, and (4) other material communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;
- (h) review with management and the external auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures and transactions on the Corporation's financial statements;
- (i) review the plans of management and the external auditor regarding any significant changes in accounting practices or policies and the financial and accounting impact thereof;
- (j) review with management, the external auditor and, if necessary, legal counsel, any litigation, potential breach of contract, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- (k) review disclosures by the Chief Executive Officer and Chief Financial Officer during their certification process about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls;
- (l) discuss with management the Corporation's material financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's financial risk assessment and financial risk management policies; and
- (m) periodically meet with management separately from the Chief Financial Officer or the external auditor to discuss matters within the Committee's purview.

⁵ The Committee is not responsible to determine if the Corporation's financial statements are complete, accurate and in accordance with generally accepted accounting principles ("GAAP"). The Committee, after having conducted the necessary due diligence under the circumstances and satisfied itself that appropriate internal controls were implemented, relies on the accounting and financial expertise of the Chief Financial Officer and of the President and Chief Executive Officer who are responsible for the integrity of the information presented to the Committee.

19. Oversight in Respect of the External Auditor

Subject to confirmation by the external auditor of its compliance with Canadian regulatory registration requirements, the Committee shall be directly responsible (subject to the Board confirmation) for the appointment of, and for the oversight of the services of, the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing any audit report or performing other audit, review or attest services for the Corporation, such appointment to be confirmed by the Corporation's shareholders at each annual meeting. The Committee shall also be directly responsible (subject to the Board confirmation) for the approval of fees to be paid to the external auditor for audit services, and shall pre-approve the retention of the external auditor for any permitted non-audit service, subject to the provisions of Section 20 below.

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) review at least annually the independence of the external auditor, including the external auditor's formal written statement of independence delineating all relationships between itself and the Corporation, review all such relationships, and consider applicable auditor independence standards;
- (b) consider whether, in order to assure continuing auditor independence, there should be regular rotation of the auditing firm itself;
- (c) ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
- (d) review at least annually the external auditor's written report on its own internal quality control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years respecting one or more independent audits carried out by the external auditor, and any steps taken to deal with such issues;
- (e) review and evaluate the experience, qualifications and performance of the senior members of the audit team of the external auditor;
- (f) evaluate annually the performance of the external auditor, including the lead partner, taking into account the opinions of management and report to the Board on its conclusions regarding the external auditor and its recommendation for appointment of the external auditor for the purpose of preparing or issuing any report or performing other audit, review, or attest services for the Corporation;
- (g) meet with the external auditor prior to the annual audit to review the planning and staffing of the audit;
- (h) review with the external auditor the adequacy and appropriateness of the accounting policies used in preparation of the financial statements;
- (i) periodically meet separately with the external auditor to review any problems or difficulties that the external auditor may have encountered and management's response, specifically:
 - (i) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management;
 - (ii) any changes required in the planned scope of the audit; and

- (iii) the responsibilities, budget, and staffing of the internal audit function;

and report to the Board on such meetings;

- (j) when applicable, review the annual post-audit or management letter from the external auditor and management's response and follow-up in respect of any identified weakness;
- (k) inquire regularly of management and the external auditor whether there have been any significant issues between them regarding financial reporting or other matters and how they have been resolved, and intervene in the resolution if required;
- (l) receive and review annually the external auditor's report on management's evaluation of internal controls and procedures for financial reporting;
- (m) review the engagement reports of the external auditor on unaudited financial statements of the Corporation; and
- (n) review and approve the Corporation's hiring policies regarding partners and employees and former partners and employees of the present and former external auditor, including those policies that may have a material impact on the financial statements, pre-approve the hiring of any partner or employee or former partner or employee of the external auditor who was a member of the Corporation's audit team during the preceding three fiscal years and, in addition, pre-approve the hiring of any partner or employee or former partner or employee of the external auditor (within the preceding three fiscal years) for senior positions within the Corporation, regardless of whether that person was a member of the Corporation's audit team.

20. Oversight in Respect of Audit and Non-Audit Services

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) have the sole authority to pre-approve all audit services (which may entail providing comfort letters in connection with securities underwritings) and all permitted non-audit services, provided that the Committee need not approve in advance non-audit services where:
 - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than 5% of the total amount of revenues paid by the Corporation to the external auditor during the fiscal year in which the non-audit services are provided; and
 - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee;
- (b) disclose, through the Corporation's periodic reports filed with applicable regulatory agencies, the approval by the Committee of a non-audit service to be performed by the external auditor; and
- (c) if the Committee so chooses, delegate to one or more designated members of the Committee the authority to grant pre-approvals required by this section, provided that the decision of any member

to whom authority is delegated to pre-approve a service shall be presented to the Committee at its next scheduled meeting.

If the Committee approves an audit service within the scope of the engagement of the external auditor, such audit service shall be deemed to have been pre-approved for purposes of this section.

21. Oversight in Respect of the Internal Audit Function

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) approve management's appointment of an Internal Auditor and the terms of such appointment;
- (b) review the annual audit plans of the Internal Auditor;
- (c) review the significant findings prepared by the Internal Auditor and recommendations issued by an external party relating to internal audit issues, together with management's response thereto;
- (d) monitor compliance with the Corporation's conflicts-of-interest policies that may have a material impact on the financial statements, including the approval of the financial terms of agreements with affiliates, directors or management to ensure that the terms are at least as advantageous for the Corporation as if such agreements had been negotiated at arms' length;
- (e) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submission by employees regarding questionable accounting or auditing matters;
- (f) review the adequacy of the resources of the Internal Auditor to ensure the objectivity and independence of the internal audit function;
- (g) approve management's replacement, reassignment or dismissal of the Internal Auditor;
- (h) ensure that the Internal Auditor has access to the Chair of the Committee, the Chairman of the Board and the Chief Executive Officer, and periodically meet separately with the Internal Auditor to review any problems or difficulties he or she may have encountered and specifically:
 - (i) any difficulties that were encountered in the course of the audit work, including restrictions on the scope of activities or access to required information, and any disagreements with management;
 - (ii) any changes required in the planned scope of the internal audit; and
 - (iii) the internal audit function's responsibilities, budget and staffing;and report to the Board on such meetings.

22. Oversight in Respect of Legal and Regulatory Compliance

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) review with the General Counsel the Corporation's compliance policies, legal matters, and any reports or inquiries received from regulators or governmental agencies that could have a material

effect upon the financial position of the Corporation and that are not subject to the oversight of another committee of the Board;

- (b) establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submissions by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
- (c) periodically review the Corporation's public disclosure policy.

23. Oversight in Respect of Risk Management

The Committee shall report, and where appropriate provide recommendations to the Board on:

- (a) the Corporation's processes for identifying, assessing and managing risk; and
- (b) the Corporation's major financial risk exposures and the steps the Corporation has taken to monitor and control such exposures.

24. Oversight of Investment Programs

The Committee, to the extent required by applicable laws or rules, or otherwise considered by the Committee to be necessary or appropriate, shall:

- (a) review from time to time the spread of the Corporation's investment portfolio (such investment may be in the form of an investment with a financial institution, or the purchase of shares in a listed company, or the purchase of a going concern or an expansion programme at a subsidiary's operations);
- (b) develop and recommend to the Board criteria for the selection of investments best suited for the Corporation's requirements;
- (c) consider and review annually the performance of each current investment;
- (d) consider projects, acquisitions and disposal of assets;
- (e) review the results attained on completion of each project against the authorised work to be undertaken and any amendments thereto; and
- (f) perform such other functions as may be designated by the Board.

25. Non-Exhaustive List

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight responsibilities.