

PROSPECTUS

For the Offer of:

Up to 50 million new Shares in the Company at \$0.25 per Share to raise up to \$12,500,000.

Up to 25 million free attaching Options exercisable at \$0.25 per Share on or before 30th September 2013 to be allocated on a basis of 1 Option for every 2 new Shares issued.

Allotment of 4 million Employee Options exercisable at \$0.30 per Share on or before 18th February 2013.



Aziana
Limited

ACN 151 159 812

LEAD MANAGER



AFSL No. 239 052

This is an important document that requires your immediate attention and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

This Prospectus is dated 14th September 2011 and was lodged with ASIC on 14th September 2011.



CORPORATE DIRECTORY

Directors

Peter Cook (Non-Executive Chairman)
Dr. Antony Page (Executive Director & CEO)
John Morris (Executive Director)
Warren Hallam (Non-Executive Director)
Phillip Laskaris (Non-Executive Director)

Company Secretary

Fiona Van Maanen

Registered Office

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East Perth WA 6004

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Postal Address

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Perth WA 6001

E-Mail

admin@aziana.com.au

Website

<http://www.aziana.com.au>

Auditors

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Perth WA 6000

Telephone: +61 8 9429 2222
Facsimile: +61 8 9429 2436

Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway
Applecross WA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Home Exchange

Australian Securities Exchange Limited

Exchange Plaza
2 The Esplanade
Perth WA 6000

Trading symbol: AZK

Independent Geologist's Report

Coffey Mining Pty Ltd

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Telephone: +61 8 9324 8800
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Investigating Accountant

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Solicitor Australia

GTP Legal

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Telephone: +61 8 6555 1866

Solicitor Madagascar

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Immeuble Assist - 1st Floor
Ivandry
Antananarivo 101
Madagascar

Telephone: +261 20 224 3247
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Lead Manager

Patersons Securities Limited

AFSL No. 239 052

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Perth WA 6000

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Facsimile: +61 8 9325 5123

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“SUCCESSFUL
PRIVATE
EXPLORER TO
GO
PUBLIC”



COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration results is compiled by Aziana technical employees under the supervision of Mr Peter Cook (BSc (Applied Geology) (MSc (Min. Econ) MAusIMM). Mr Cook is not a full-time employee of the company. Mr Cook is an advisor to Aziana and the Non-Executive Chairman of Aziana. Mr Cook has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Cook consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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IMPORTANT NOTICE

This Prospectus is dated 14th September 2011 and was lodged with ASIC on that date.

Aziana Limited will apply to the ASX for official quotation of the Securities offered pursuant to this Prospectus on the ASX within 7 days after the date of this Prospectus.

Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

This Prospectus and the Application Form are available in paper and electronic formats. The electronic version can be found on the Company's internet website at **www.aziana.com.au**.

This Prospectus (and the Application Form) should only be accessed from within Australia (whether in printed or electronic form) as the Shares and Listed Options have only been qualified for issuance in Australia. Where this Prospectus has been dispatched to or accessed electronically in a jurisdiction outside Australia and that jurisdiction's securities legislation requires registration of this Prospectus, this Prospectus is provided for information purposes only. Non-residents of Australia should refer to Part 11 - Additional Information for further details. Application Forms which do not specify an Australian address for service (or which are accompanied by payment drawn on a foreign bank account) will be rejected and returned unless the Applicant provides evidence which satisfies the Company that the issue of Securities will not contravene the laws of any other jurisdiction.

No person is authorised to give any information or to make any representation in connection with the Offer, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised in connection with the Offer.

This Prospectus does not constitute an issue or invitation in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes (including nominees, trustees or custodians) who would, or otherwise intend to, forward this Prospectus to any jurisdiction outside Australia should seek appropriate advice before taking any action.

The Company reserves the right to refuse any Application, including an Application from a person where the Company has reason to believe that when the person was given the Application Form he was not provided with a complete and unaltered copy of this Prospectus and any relevant supplementary or replacement Prospectus. If you have received an Application Form without a complete and unaltered copy of this Prospectus, please contact the Company Secretary, Fiona Van Maanen, on (08) 9220 5650 who will send you, free of charge, either a printed or electronic version of this Prospectus.

The Corporations Act prohibits any person passing an Application Form from a prospectus or other digital media unless it accompanies a complete and unaltered version of this prospectus.

Applications for Shares under this Prospectus will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Offer opens. If the Exposure Period is extended by ASIC, Applications will not be processed until after expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Potential investors should read this Prospectus in its entirety before making an investment decision. Securities offered by this Prospectus should be considered speculative. Potential investors should consider the **risk factors** that may affect the physical and financial performance of the Company. A summary of these factors is contained in Part 6 – Risk Factors. Potential investors should consider carefully these factors in the light of the potential investor's personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Defined terms and abbreviations used in this Prospectus are explained in Part 13 - Glossary.



KEY INFORMATION

The Company is offering for subscription up to 50,000,000 new fully paid ordinary Shares in the Company at \$0.25 per Share to raise up to \$12,500,000 on the terms described in this Prospectus. A minimum subscription of 37.5 million new fully paid ordinary Shares to raise \$9,375,000 has been set before this offer can be completed.

A free attaching Listed Option exercisable at \$0.25 per share on or before 30th September 2013 will be allotted with all new Shares under this prospectus on a one (1) Listed Option for every two (2) Shares issued basis.

The Company will issue up to 4,000,000 Employee Options exercisable at \$0.30 per Share on or before 18th February 2013 to Aziana Directors and Officers under this Prospectus.

Applications must be received no later than 5.00pm WST on the Closing Date. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. The Offer may also be extended.

If you have any questions as to how to complete the Application Form, or if you require additional copies of this Prospectus, or if you are viewing a copy of this Prospectus online and would like a copy of this Prospectus to be sent to you, free of charge, please contact the Company Secretary Fiona Van Maanen on (08) 9220 5650.

CHAIRMAN'S LETTER

Dear Investor

Our Company¹ has been active in Madagascar since 2006 as a private explorer focused on gold and bauxite opportunities.

The founder of the Company, Dr Antony Page, has a long history in exploration, particularly in the Asia-Pacific region and has spent over five years accumulating the prospective package of titles in Madagascar as outlined in this Prospectus. Aziana is not just a new initial public offering with a package of permits requiring the need to raise funds to advance exploration. Rather, Aziana is, and has been, an unlisted private company that has been exploring in Madagascar for some time. Aziana's land holdings have been methodically reduced from 16,000km² to focus on eight priority areas over the last 4 year period. The directors believe the exploration projects have matured to a phase where they exhibit significant discovery potential and additional funding is required to continue their evaluation and advancement towards production. It is now proposed to seek Official Quotation of the Company's Shares on the Official List of the ASX.

Aziana is the owner of 22 gold and bauxite exploration permits covering 950km². All gold licenses are 100% beneficially owned and located in historical or recent artisanal gold production areas. Aziana is the first company to conduct any significant modern exploration within these areas. Aziana is the 99% beneficial owner of the exciting Manantenina Bauxite prospect in southern Madagascar where our exploration to date has shown significant potential for a large tonnage, high grade, bauxite/gibbsite development.

Prior to this Offer, Aziana has been funded by \$14.87 million of private equity and borrowings, which has now been converted into equity and has been spent on the acquisition, and early phase exploration, of a portfolio of highly prospective gold and bauxite bearing prospects.

The funds raised by this Prospectus will be applied to the continued exploration and development of the Company's gold and bauxite projects including drilling and resource estimation.

On behalf of my fellow Directors, I am excited to offer you the opportunity to become involved with the Company and the evaluation of its exciting gold and bauxite exploration and development projects in Madagascar. Rarely does an opportunity exist to acquire a gold province extensively worked by artisanal miners yet untapped and unevaluated by modern-day exploration techniques.

I also remind you of the risk and speculative nature of mineral exploration and refer you to the numerous parts of this prospectus which outline the potential risks of share investment (refer to Part 6 Risk Factors for further information).

Yours faithfully



Peter Cook
Chairman



¹ Throughout this Prospectus a reference to anything done by or to a state of affairs of Aziana prior to 20th July 2011 is a reference to something done by or to a state of affairs of Aziana Exploration Corporation ("AEC"), which as of 20th July 2011 is a wholly owned subsidiary of Aziana Limited ("Aziana")

INVESTMENT SUMMARY

2.1 INTRODUCTION

This Prospectus contains information on the Offer by Aziana of up to 50,000,000 Shares in the Company for subscription at \$0.25 each to raise up to \$12,500,000. For each two shares issued, the Company will grant one free attaching Listed Option exercisable at \$0.25 on or before 30th September 2013.

There is a minimum subscription of 37,500,000 Shares to raise \$9,375,000.

Metals X, currently a 25% shareholder in the Company has made a firm commitment for the allotment of 12.5 million Shares for \$3,125,000 under this Prospectus to maintain its 25% interest in the Company. Patersons Securities Limited has been appointed the sole lead manager to the Offer under this Prospectus.

Patersons will receive an issue management fee equivalent to 1% of the gross funds raised. Further Patersons will receive a selling fee of 4% of all other applications excluding applications by Metals X and Directors of the Company.

This Prospectus also relates to an offer of 4,000,000 Employee Options to the Directors and Officers exercisable at \$0.30 on or before 18th February 2013, under the Long Term Incentive Plan.

2.2 IMPORTANT DATES

Table 1: Important Offer Dates

IMPORTANT DATES*	
Offer Opening Date	Thursday 22 nd September 2011
Expected Offer Closing Date	Thursday 13 th October 2011
Expected date of allotment and dispatch of Securities	Tuesday 25 th October 2011
Expected date for ASX quotation and trading	Thursday 3 rd November 2011

* These dates are indicative only. The Company reserves the right to vary the days without notifying the recipient of this Prospectus or any Applicant. Official Quotation of the Securities offered pursuant to this Prospectus is conditional on ASX approval.

2.3 THE BUSINESS

The current business of the Company is exploration and development of gold and bauxite projects in Madagascar. Aziana's management has significant expertise and experience in most facets of the exploration and mining sector and is prepared to diversify should appropriate opportunities arise within management's area of expertise.

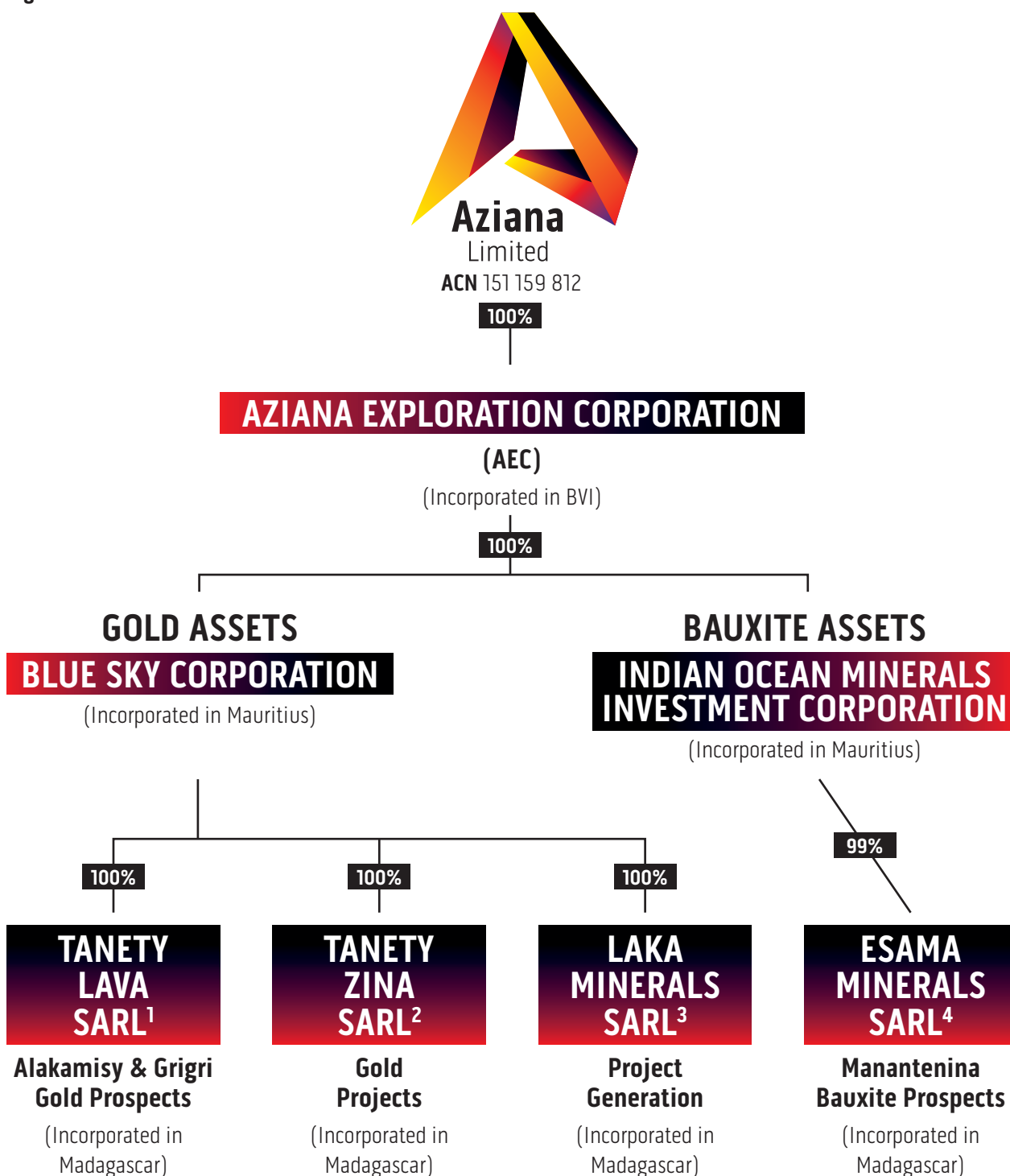
Aziana was incorporated on 30th May 2011 and acquired 100% of the issued capital of Aziana Exploration Corporation on 20th July 2011 in readiness for public listing. AEC was established in 2006 and has progressively acquired its exploration assets and funded its activities by private equity raisings since that time. The corporate structure of the Aziana Group is shown in Figure 1.

Aziana is an established explorer in Madagascar with a technical and support team of 40 staff located in Madagascar. Over 250 local people, working as registered and trained, but casual labourers, are actively working on projects where Aziana is exploring.

The exploration assets have been subject to various degrees of geological reconnaissance works and several targets have been advanced to a stage where drilling and resource definition is required.

AZIANA'S CORPORATE STRUCTURE AND BENEFICIAL INTEREST

Figure 1.



¹ 2% interest is held on trust on behalf of AEC by Tanety Lava General Manager (Rija Raherimandimby = 1%) and Director (Antony Page = 1%)

² 1% interest is held on trust on behalf of AEC by General Manager (Rija Raherimandimby = 1%)

³ 2% interest is held on trust on behalf of AEC by General Manager (Rija Raherimandimby = 2%)

⁴ 1% interest is held on trust on behalf of Aziana's Madagascar Staff by General Manager (Rija Raherimandimby = 1%)

2.4 THE OFFER

This Prospectus hereby offers 50,000,000 Shares at an issue price of \$0.25 per Share to raise \$12,500,000 on the terms described in this Prospectus. Investors will be offered one Listed Option exercisable at \$0.25 per Share on or before 30th September 2013 for each two new Shares issued under this Prospectus. This Prospectus also offers to Directors and Officers up to 4,000,000 Employee Options exercisable at \$0.30 on or before 18th February 2013 pursuant to the Long Term Incentive Plan, the terms of which are set out in Annexure "A" of this Prospectus.

Following completion of the Offer the Company's capital structure will be as follows (assuming that the Offer is fully subscribed and all the Employee Options offered under this Prospectus are granted):

Table 2: Share Capital and Options

ORDINARY SHARE CAPITAL	NUMBER OF SHARES
Shares on issue prior to this Prospectus	62,115,002
Shares issued under this Prospectus	50,000,000
Total Shares on issue following completion of the Offer	112,115,002

The Company also expects to have the following options on issue upon quotation on the ASX:

OPTIONS ON ISSUE	NUMBER OF OPTIONS
Listed Options — Seed Investors. Exercisable at \$0.25 on or before 30 th September 2013	31,097,500
Employee Options. Exercisable at \$0.30 on or before 18 th February 2013	4,000,000
Listed Options (1 Option for 2 Shares held) being granted under the Offer. Exercisable at \$0.25 on or before 30 th September 2013	25,000,000
Total Options on issue following completion of the Offer	60,097,500

The tables below set out the proposed funds to be raised and the use of funds based on minimum subscription and maximum subscription.

Table 3: Funding

FUNDS AVAILABLE AND RAISED	MINIMUM SUBSCRIPTION \$000,000'S	MAXIMUM SUBSCRIPTION \$000,000'S
Current Assets at 30 th June, 2011	1.32	1.32
Trade Creditors and Accruals	(0.34)	(0.34)
Proceeds of the offer	9.375	12.50
Total	10.355	13.48

APPLICATION OF FUNDS*	MINIMUM SUBSCRIPTION \$000,000'S	MAXIMUM SUBSCRIPTION \$000,000'S
Offer Expenses^	0.675	0.80
Exploration Expenses (over 2 years)^	7.42	10.13
Corporate Administration (over 2 years)^	1.30	1.40
Working Capital	0.96	1.15
Total	10.355	13.48

* Investors should be aware that all amounts are estimates only and the actual amounts expended may vary depending on actual events.

^ Refer to Part 3.8 (Application of funds) for details.

2.5 WORKING CAPITAL AND NET ASSET WORTH

Prior to the date of this Prospectus, in order to provide working capital, Aziana has been funded by \$14.87 million of equity and/or debt that has subsequently been converted into equity. There are no outstanding loans payable by Aziana or its subsidiaries.

As at 30th June 2011 the Company had current assets of approximately \$1.32 million (refer to Aziana balance sheet in Part 7 of the Prospectus).

On completion of this Offer as set out in the pro-forma balance sheet in Part 7 the Company will have current assets of approximately \$13.02 million assuming the maximum subscription, and \$10.02 million assuming the minimum subscription.

Based on expenditure to date and the budget and works schedules for exploration within the Exploration Projects, the Company believes that with its current available cash and the net proceeds of this Offer, it will have adequate funding and sufficient working capital to meet its stated objectives.

2.6 DIVIDEND POLICY

The Directors intend to give priority to maximising the exploration and development of the Company's gold and bauxite exploration assets in Madagascar. Accordingly the Directors do not anticipate paying a dividend in the immediate future.

2.7 ALLOTMENT POLICY

The Company reserves the right to issue and allot Shares under the Offer in its absolute discretion, including the right in respect of any Application to allot any lesser number of Shares or to decline participation.

The minimum allotment size for an Application will be 8,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares (\$250).

Application monies will be held in trust in a separate bank account on behalf of Applicants until the Shares are issued. If any Application is rejected (in whole or in part), the amount tendered in respect of Shares not issued will be repaid to the unsuccessful Applicant without interest.

2.8 MINIMUM SUBSCRIPTION

The minimum subscription value of all Applications received for the Offer is \$9,375,000 (37,500,000 Shares).

In accordance with section 723 of the Corporations Act, the Company will not allot any Shares until the minimum subscription has been reached. Should the minimum subscription not be reached within 3 months after the issue of the Prospectus, the Company will either repay the Application Monies to the Applicants or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application Monies. Interest will not be paid on Application Monies refunded.

2.9 LEAD MANAGER

The Offer is not underwritten.

The Offer is partially sponsored by Metals X who has made a firm commitment to maintain its 25% shareholding in Aziana. Metals X has agreed to subscribe for up to 12.5 million Shares or \$3,125,000 under this Prospectus for no fees.

Aziana has agreed to reimburse Metals X an amount of \$75,000 for technical services and support provided in connection with preparing the Company for listing.

Patersons has been appointed the sole lead manager to the Offer under this Prospectus.

2.10 HANDLING & BROKERAGE FEES

Patersons will receive an issue management fee equivalent to 1% of the gross funds raised pursuant to the Offer. Further Patersons will receive a selling fee of 4% of all other Applications excluding monies raised pursuant to the 25% firm commitment by Metals X and any subscriptions by Directors of the Company.

2.11 QUOTATION ON THE AUSTRALIAN SECURITIES EXCHANGE

The Company will apply within 7 days after the date of this Prospectus for admission to the Official List and for Official Quotation of its Shares and Listed Options on the ASX. If the application for admission to the Official List is not made within 7 days after the date of this Prospectus, or if the Shares and Listed Options are not granted quotation within 3 months after the date of this Prospectus, the Company will:

- (a) Refund all Application Moneys received without interest; or
- (b) Provide the Applicants with a supplementary or replacement prospectus and a 1 month notice period to withdraw their Applications and to refund Application Moneys received; or
- (c) Issue the Shares to the Applicants and provide a supplementary or replacement prospectus and a 1 month notice period to withdraw their Applications and to refund Application Moneys received.

The fact that ASX may grant quotation of the Shares and Listed Options is not to be taken in any way as an indication of the merits of the Company or the Securities.

Following the allocation of Shares, successful Applicants will receive a statement of shareholding that sets out the number of Shares they have been allocated in the Offer. It is expected that statements of shareholding together with any refunds of Application Money in the event of oversubscriptions will be dispatched by standard post as soon as practicable after the close of the Offer.

It is the responsibility of Applicants to determine their allocation before trading in the Shares. Applicants trading Shares before receiving a statement of shareholding will do so at their own risk.

Before receipt of a statement of shareholding, details of the **Shareholder Reference Number (SRN)** can be obtained by the successful Applicant's broker or from Security Transfer Registrars Pty Ltd. A processing fee may be payable to obtain this information.

The Company disclaims all liability whether in negligence or otherwise, to any persons who trade Shares before receiving their shareholding statement, whether on the basis of a confirmation of allocation provided by the Company or otherwise.

The Company participates in CHESS, and in accordance with the Listing Rules and the SCH Business Rules, maintains an electronic issuer-sponsored sub register and an electronic CHESS sub register. (See Part 11.7 for further details on the Company's participation in CHESS).

2.12 WITHDRAWAL

The Directors may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies without interest within 28 days of giving notice of withdrawal.

2.13 HOW TO APPLY

This Prospectus may be viewed online by Australian residents at www.aziana.com.au.

If you wish to apply for Shares you may either:

- Complete and return an Application Form which is attached to this Prospectus; or
- Print a copy of the online Prospectus and complete and return a copy of the Application Form.

Instructions for completing the Application Form are set out on the Application Form.

Shares will only be issued on receipt of an Application Form that was issued with the Prospectus. You must not give any person access to this Application Form unless you also give them access, at the same time and by the same means, to the Prospectus and any supplementary prospectus.

Applications for Shares must be:

- **For a minimum of 8,000 Shares and thereafter in multiples of 1,000 Shares; and**
- **Accompanied by cheque(s), in Australian dollars, in the amount of the Application Money made payable to "Aziana Limited - Subscription Fund" and crossed "Not Negotiable".**

Applications will only be considered if submitted on a duly completed Application Form and lodged with the Application Money in respect of Shares at Security Transfer Registrars Pty Ltd at 770 Canning Highway Applecross WA 6153. Envelopes should be marked "Aziana Limited - Share Offer".

Applications must be received no later than 5.00pm WST on the Closing Date. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. The Closing Date for the Offer may also be extended at the discretion of the Directors.

If you have any questions as to how to complete the Application Form, or if you require additional copies of this Prospectus, or if you are viewing a copy of this Prospectus online and would like a copy of this Prospectus to be sent to you, free of charge, please contact Fiona Van Maanen, the Company Secretary on (08) 9220 5650.

2.14 KEY RISKS

Prospective investors in the Company should be aware that subscribing for Shares in the Company involves a number of risks. Aziana Limited is an exploration company and an investment in the Company should be considered speculative. The key risks of the which investors should be aware are described in Part 6 of this Prospectus. Investors are urged to consider these risks carefully before deciding whether to invest in the Company.

In particular, investors should be aware of the following risks:

Sovereign and Political Risks in Madagascar

The Company is involved in exploration in Madagascar. These operations are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction.

Political Instability

The current government, the High Transition Authority (HAT), has promised elections in 2011 however the opposition parties have not yet agreed with the process and the South African Development Community (SADC) is acting as a mediator to find a compromise solution so an election date can be announced.

Any future political instability could adversely affect the performance of the Madagascar economy and could have a material effect on the market for the Shares and the Company's operations.

Legal Risks

The Company's operations in Madagascar are subject to the jurisdiction of the courts in Madagascar. The legal system may be affected by any political instability in Madagascar and additional legal risks such as political influence in obtaining effective legal redress in courts and the high degree of discretion on the part of government agencies, may arise as a result.

Permit Risks

The Bureau of Mines and Minerals of Madagascar (BCMM) is not currently accepting applications for new permits or transfer of permits under a politically imposed moratorium, although permit renewals are now being received. As a direct consequence of the moratorium, some of the Company's permits are still subject to completion of the legal process of transfer into the Company's name. While the Directors are confident that the legal transfer will be completed in due course in accordance with the applicable processes in Madagascar, there is a risk that the relevant Madagascar regulatory bodies will not renew or complete the transfer of some permits or otherwise that the renewal or transfer of the permits will be delayed. Artisanal miners could also adversely affect Aziana's ability to work its permits.

Geological Risks

Geological views and interpretations are expressions of judgement. Views and interpretations may change when new information becomes available and may adversely affect the Company's operations.



GOLD SOURCED BY
AZIANA PANNING
 IN THE SAKALEONE GOLDFIELD

INVESTMENT HIGHLIGHTS

3.1 INTRODUCTION

Aziana is one of the earliest modern explorers to enter Madagascar after the enactment and amendment of a new mining code. Aziana is well established within the country and has been able to carefully acquire its prospective gold and bauxite permit package. The gold assets are considered to have geological settings and mineralisation styles and geometries similar to the Tropicana project in Australia and Morro do Ouro (Paracatu) gold mine in Brazil, which both host multi-million ounce gold discoveries. The bauxite holdings cover a 218.75km² area and the Company's objective is to make a globally significant bauxite discovery.

Madagascar beckons as a whole new province for gold explorers. Although over 1,300 gold prospects are identified in maps produced in the 1960's, modern gold exploration did not start until after the enactment of the new Minerals Law in 1999, that was further amended in 2005.

Aziana has been an active explorer in Madagascar since 2006. Aziana has systematically reviewed the 10 main gold belts in the country, completed first stage field work on all its ground and methodically reduced its project portfolio from over 16,000km² to priority ground covering 950km² of issued permits.

In addition, the Aziana Group has recognized the potential for bauxite deposits within Madagascar. It has established a land position and identified the presence of widespread bauxite mineralisation.

3.1.1 MINERAL SECTOR AND LEGAL FRAMEWORK

Madagascar has a mining culture developed from centuries of informal artisanal mining, particularly for free gold and gemstones. French colonial pioneers, driven by the search for resources, made early mineral discoveries, leading to decades of semi-industrial gold mining, and subsequently to the creation of a strong geological survey.

In more recent times, Madagascar has opened up to modern exploration and large-scale mining. A revised and investor-friendly mining code was passed in 1999 and further amended in 2005. The mining code was supported by the World Bank, who launched and funded a program of mineral sector reform to develop new maps, produce entirely new regional geophysical and geochemical data and, for the benefit of investors, instigate an attractive mining tax model and establish a modern digital cadastral title system.

Recent investments in Madagascar include the \$5.5 billion Ambatovy (Sheritt International) nickel project and \$800 million for the QMM (Rio Tinto) mineral sands project.

3.1.2 GEOLOGICAL SETTING AND MINERAL POTENTIAL

Madagascar is formed by a collage of many crustal blocks of Archaean and Proterozoic ages. The central core of Madagascar comprises "granite gneiss terrains", "greenstone belts" and "volcanic sedimentary piles" of Archaean age plus younger volcano-sedimentary sequences of Proterozoic age. Major crustal shortening structures, big shear zones and major structural bends caused by indenting blocks, are a focus for gold mineralisation in Madagascar, as they are in Australia. Aziana's early reconnaissance and current project work is focused within these gold prospective environments.



DR ANTONY PAGE AND EMPLOYEES
ALAKAMISY
 FIELD OFFICE



VISIT BY MR JOHN MORRIS, MR WARREN HALLAM (AZIANA DIRECTORS)
 AND MR DEAN WILL (METALS X DIRECTOR) TO THE
 MANANTENINA BAUXITE PROJECT



RIJA RAHERIMANDIMBY
 GENERAL MANAGER,
 AZIANA MADAGASCAR

Table 4: Exploration Permits

PROJECT	COMPANY	PERMIT NUMBER (TN)	SIZE KM ²	REFERENCE
Alakamisy Gold	Tanety Lava SARL	20231	50	Part 5, Section 4 Part 9 Section 3.7
Alakamisy Gold	Tanety Lava SARL	20232	6.25	Part 5, Section 4 Part 9 Section 3.7
Alakamisy Gold	Tanety Lava SARL	21589	18.75	Part 5, Section 4 Part 9 Appendix 1(A)
Alakamisy Gold	Tanety Lava SARL	26232	18.75	Part 5, Section 4 Part 9 Appendix 1(A)
Alakamisy Gold	Tanety Lava SARL	26438	6.25	Part 5, Section 4 Part 9 Appendix 1(A)
Alakamisy Gold	Tanety Lava SARL	26669	6.25	Part 5, Section 4 Part 9 Appendix 1(A)
Alakamisy Gold	Tanety Lava SARL	28034	6.25	Part 5, Section 4 Part 9 Section 3.7
TOTAL ALAKAMISY PROJECT			112.5	
Manantenina Bauxite	Tanety Zina	20796	100	Part 5, Section 5 Part 9 Appendix 1(A)
Manantenina Bauxite	Esama Minerals SARL	25071	25	Part 5, Section 5 Part 9 Appendix 1(A)
Manantenina Bauxite	Esama Minerals SARL	25072	6.25	Part 5, Section 5 Part 9 Appendix 1(A)
Manantenina Bauxite	Esama Minerals SARL	25073	62.5	Part 5, Section 5 Part 9 Appendix 1(A)
Manantenina Bauxite	Esama Minerals SARL	25074	6.25	Part 5, Section 5 Part 9 Appendix 1(A)
Manantenina Bauxite	Esama Minerals SARL	25075	6.25	Part 5, Section 5 Part 9 Appendix 1(A)
Manantenina Bauxite	Esama Minerals SARL	25076	12.5	Part 5, Section 5 Part 9 Appendix 1(A)
TOTAL MANANTENINA PROJECT			218.75	
Grigri Gold	Tanety Lava SARL	21743	118.75	Part 5, Section 6 Part 9 Section 3.4, Appendix 2(B)
TOTAL GRIGRI PROJECT			118.75	
Antandrokazo Gold	Tanety Lava	21577	112.5	Part 5, Section 7.2 Part 9 Section 3.4, Appendix 2(B)
Antakasina Gold	Tanety Lava SARL	26234	12.5	Part 5, Section 7.3 Part 9 Appendix 1(A)
Anosivolo Gold-Copper	Tanety Lava SARL	26218	100	Part 5, Section 7.4 Part 9 Appendix 1(A)
Sakaleone Gold	Tanety Lava SARL	19386	93.75	Part 5, Section 7.4 Part 9 Section 3.6, 3.7
Sakaleone Gold	Tanety Lava SARL	39046	68.75	Part 5, Section 7.4 Part 9 Section 3.6, 3.7
Sakaleone Gold	Tanety Lava SARL	39047	12.5	Part 5, Section 7.4 Part 9 Section 3.6, 3.7
Marovato Gold	Tanety Zina SARL	21736	100	Part 5, Section 7.6.5 Part 9 Appendix 1(A)
TOTAL OTHER PROJECTS			500	

Figure 2.



- 3 PRIORITY PROJECTS (GOLD & BAUXITE)
- 5 ADDITIONAL GOLD PROJECTS (Au & Au-Cu)

AZIANA'S TENURE

950KM² OF EXPLORATION PERMITS



GEOLOGICAL STRUCTURE

ALAKAMISY GOLD PROJECT



AZIANA ALAKAMISY GOLD
IN PAN CONCENTRATE

3.1.3 GOLD IN MADAGASCAR

Madagascar has ten (10) recognized gold belts and artisanal miners extract visible gold from alluvial deposits and bedrock workings in the weathering profile in each. Artisanal mining has resulted in many gold discoveries which continue to this day. Artisanal workings are hand excavated surface pits, the larger workings measuring hundreds of meters in dimensions and some at locations not shown on mineral maps. A long-term community relations initiative has resulted in artisanal mining now becoming a minimal and entirely manageable issue on Aziana's licenses.

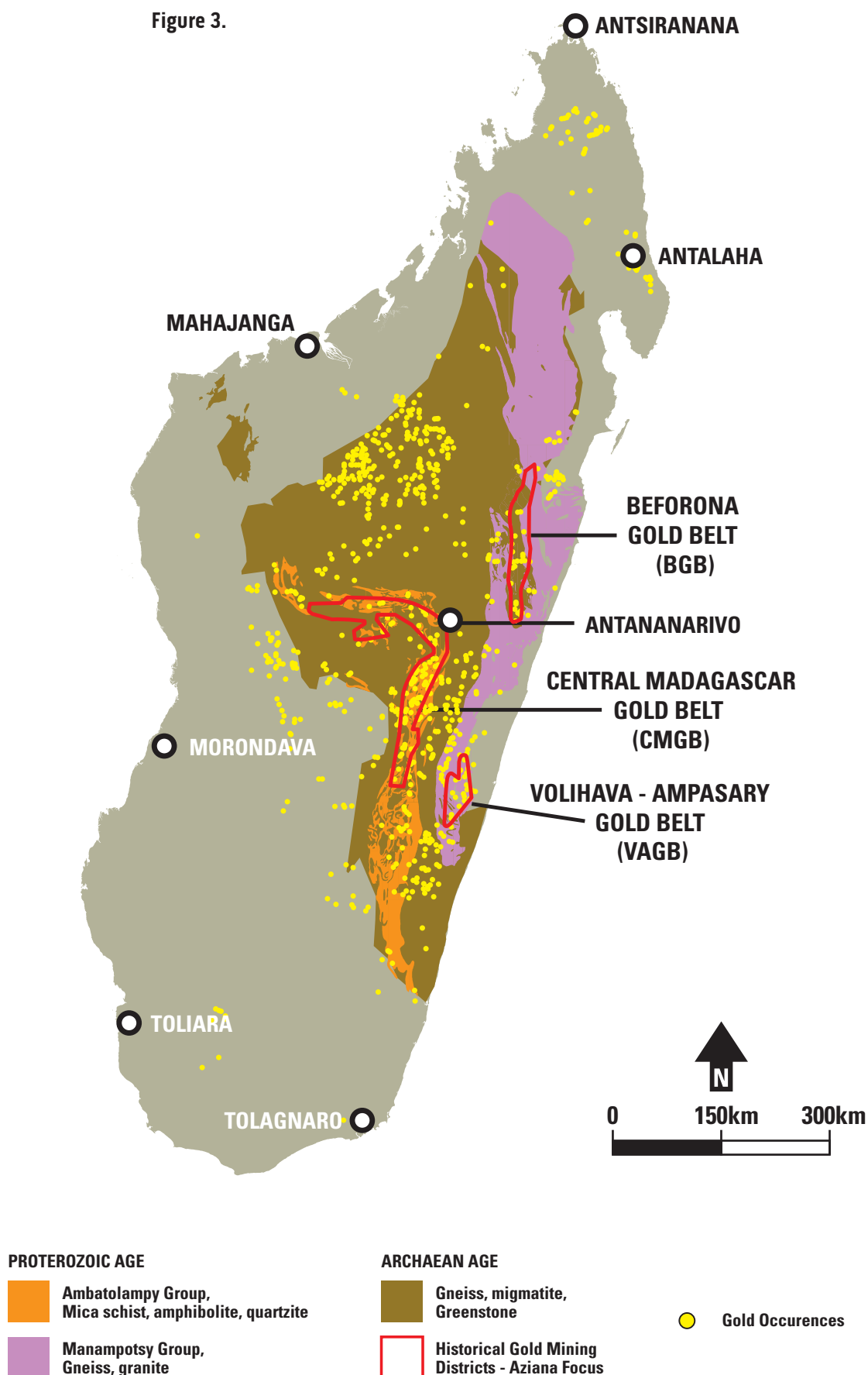
The early French administrators started to record gold mining output in Madagascar and records show gold production of about 2.5 Moz Au (70 tonnes) from 1900 to 1920, all by basic exploration and extraction techniques. Published estimates indicate gold production tailing off to 200 – 500 kg/year after the First World War and apparently continued at a low level during Madagascar's independence years. A French Government Funded Project "PRISMM" in 2008 estimated gold production of over 180,000 oz per year (over 5 tonnes) from "gold washing" (panning) alone.

In the past 5 years, Aziana has systematically reviewed the 10 main gold belts in the country, completed reconnaissance field work and selectively whittled down its permit portfolio from over 16,000km² to the current core area of 950km² of prospective gold tenure. Early stage fieldwork has returned promising results and Aziana continues to intensify its exploration activities on its core projects.

Aziana's gold exploration activities are focused on the **Central Madagascar Gold Belt (CMGB)**, **Beforona Gold Belt (BGB)** and **Vohilava-Ampasary Gold Belt (VAGB)**. Aziana's gold prospects include large areas where substantial artisanal mining and gold production have occurred and Aziana has set about the exploration of our prospective gold targets in a systematic and modern way.

The CMGB sits within the Ambatolampy Group of rocks and includes many of Madagascar's known artisanal gold mining sites and Aziana's key Alakamisy, Antandrokazo and Antakasina Gold Projects. The BGB lies north-east of the capital and hosts Aziana's Grigri Gold Project. The VAGB lies south-east of the capital and hosts Aziana's Sakaleone Project (Fig. 3).

Figure 3.



3.2 ALAKAMISY GOLD PROJECT

Alakamisy is Aziana's priority gold project in Madagascar. Intense artisanal mining over a large area has discovered a substantive gold system within deeply oxidized rocks of the Ambatolampy Group. Aziana believes Alakamisy has potential for a large low-grade gold discovery. Initial exploration results would support this view.

Permits TN 20231, TN20232, TN21589, TN26232, TN26669, TN28034 are further detailed in Part 9 - Solicitor's Report. Section 4 of the Independent Geologist's Report in Part 5 contains further information on the Alakamisy Gold Project.

The Alakamisy Gold Project is located less than 2 hours drive from the capital and a 20 minute drive off Madagascar's main north-south highway. Alakamisy comprises 7 exploration licenses (Permis de Recherche ("PR"s), covering 112.5km².

The licenses cover approximately 66km² of the prospective "Ambatolampy Group" of metamorphosed volcano-sedimentary rocks that host many artisanal gold discoveries in Madagascar.

The Alakamisy gold project covers 23km² of strike over the Ambatolampy group of rocks which have been substantively prospected by artisanal workers who have extracted high-purity visible gold from surface open pits and shafts, all excavated from the deeply weathered (up to 40m) and ferruginous laterite profile.

The Alakamisy Gold Project area can be broadly subdivided into three areas:

1. The "Northern Area" of historical artisanal workings.
2. The "Central Area" where Aziana's exploration has extended the gold anomaly, and;
3. The "Southern Area" which remains essentially unexplored.

The Northern Area is a "moonscape" of many hundreds of man-size closely spaced vertical pits, spread over 24 hectares, typically 5 to 15m deep. Together with the Central Zone, this area covers a zone of intense artisanal workings coincident with gold anomalies some 4km in length and up to 500m in width.

Aziana's early exploration focus has been on the evaluation of known near surface visible (free) gold within the deeply oxidized volcano-sedimentary rocks and their well-developed lateritic and saprolitic residuals. Work already completed by Aziana includes:

In the Northern Zone

Mapping and sampling of artisanal workings that has identified attractive drill target areas over 2.5km².

In the Central Zone

- a. Approximately 3.8kms of 3m deep trenching both along and across strike has been completed. A total of 3,825 trench floor samples and 1,760 vertical wall samples were systematically collected.
- b. Aziana has completed 26 mostly short diamond drill holes totalling 2,893m and with depths from 72m to 236m (average 111m depth). Of the first 15 holes assayed, 12 showed gold in the saprock (oxide zone). Results from trenching and drilling are presented in Table 5. Core sampling is on-going. Drill assays showed better than 1g/t Au in the oxide zone below the modern water table (typically 15m below ground level on the ridge) where artisans do not operate (Refer to Part 5, Section 4.4 for further details).

Optical and electron microscopy studies on the nature of gold grains have determined the gold to be free and finely disseminated. It is of high purity, low in copper (Cu) and silver (Ag) and possibly of secondary or supergene origin.

Alakamisy is an active exploration project, with a field office 5km from the site. The field team currently comprises a Malagasy Project Manager, 5 geologists, 3 gold panners, support staff and up to 100 casual employees who assist with the exploration activities.

In the current year Aziana has focused its exploration programs on the "Southern Area" and the "Central Area" with pitting and panning continuing to discover near surface gold mineralisation within the Ambatolampy Group rocks. Future planned works will include an aggressive drilling program based upon regolith mapping, soil sampling from shallow pitting on a tight grid, trenching and high resolution airborne magnetics for structural mapping. All samples will be panned as duplicates before assay. Air core drilling of gold targets (at least 6,000m program). Social engagement is considered to be a core attribute of Aziana's work strategy.

Aziana has budgeted \$2,800,000 for exploration work over two years, about half of which will be allocated to drilling and assay costs (Refer to Part 5, Section 4.6.2 for further details).

Aziana's geologists believe the Alakamisy gold project shows more geological similarities with the **Morro do Ouro (Paracatu)** gold mine in Brazil. It is noted that in Coffey Mining's Independent Geologist's Report Part 4.3.3, they note geological similarities with the **Tropicana** gold discovery in Western Australia. Aziana considers the Alakamisy Gold Project has potential for multiple large tonnage, low-grade oxide gold deposits.

PIT SAMPLING
ALAKAMISY



**ARTISANAL MINING
AT ALAKAMISY**



**AZIANA ALAKAMISY
PANNED GOLD SAMPLE**

Table 5: Selected Assays from Trenches and Drilling

ID	EASTING*	NORTHING*	DIP	AZIMUTH	FROM (m)	TO (m)	INTERVAL (m)	AU (g/t)
AKTR2G	510436	743971	0	5.5	21	28	7	5.42
AKTR2G	510436	743971	0	5.5	86	101	15	1.86
AKTR4A	510388	743942	0	94	40	43.1	3.1	3.41
AKTR5A	510444	744178	-90	0	0	2.7	2.7	2.25
AKDH11	510404	743945	-45	90	25	41	16	1.61
AKDH04	510557	743732	-45	90	33	39	6	2.01
AKDH07	510428	743991	-50	0	2	4	2	1.45
AKDH07	510428	743991	-50	0	9	14	5	1.11
AKDH20	510421	744189	-60	90	10	12	2	2.05
AKDH08	510378	743999	-50	90	36	38.1	2.1	1.19
AKDH01	510589	743690	-60	0	19.5	22.5	3	1.53
AKDH15	510445	744285	-60	90	29	31	2	1.41

* Coordinates are in the Laborde System.

3.3 GRIGRI GOLD-SILVER PROJECT

The Grigri Gold-Silver Project is located around an area that was previously mined during the French colonial era 100 years ago. Surface samples from around the old underground gold mine workings have identified gold and follow up drainage geochemistry found gold in streams draining 15km of the Grigri ridge near the axis of Aziana's exploration permits. The potential for volcanic hosted sulphide mineralisation (VHMS) has also been highlighted by silver-lead mineralisation in the volcanic rocks and by distinctive associated rock suites.

Permit TN 21743 is further detailed in Part 9 - Solicitor's Report. Section 6 of the Independent Geologist's Report in Part 5 contains further information on the Grigri Gold Project.

Aziana's Grigri Gold-Silver Project is located between Madagascar's central plateau and the eastern coastal region, 45km east of Moramanga town. Aziana is the beneficial holder of a permit covering 118.75km². The project has good access with the main road (RN2) from Antananarivo to Toamasina Port cutting the southern edge of the licenses. New tracks developed around the Ambatovy nickel mine provide access to the central part of the license area and the national railway runs within 4km to the north. Grigri lies on a distinctive north-north-west trending ridge 20km long and 400-800m above sea level. Aziana's licenses run the length of the ridge spanning it either side.

The first gold in the Grigri area was discovered in the early 1900's when a large outcrop of quartz vein containing gold, silver and copper was mined by a French company. Since that time, local villagers have continued to work the mine tailings and streams along the Grigri ridge for gold.

The Grigri Gold-Silver Project area has two historically worked gold prospects, both greenstone vein gold style, one of which is on Aziana's Permit TN 21743. The Grigri Mine (Au-Ag-Cu) lodes occur as a concordant set of lenticular quartz veins, hosted by amphibolitic gneiss and mica schist close to the eastern margin of a rhyolite. The main quartz vein produced at approximately 6-7g/t gold is about 10m thick and outcrops over 100m. Gold occurs as free grains and within pyrite and chalcopyrite.

Grigri is an active exploration project with a mobile field camp on the Grigri ridge. The field team currently comprises a Malagasy Project Manager, 3 geologists, 2 gold panners, support staff and more than 50 local casual employees engaged in exploration activities. Community leaders and local people have been very active in their support for the Aziana work program, and closely involved with its implementation.

Aziana's early work has focused on the evaluation of rock chip samples from the old mine waste dumps, plus sampling of stream sediments and soil sampling along the Grigri ridge. Reconnaissance work has demonstrated that visible gold can be found in streams at least 15km along the Grigri ridge. This suggests that more gold mineralisation is likely to exist.

Aziana believes that the lithological sequence and anomalous silver-base metal values suggest potential for volcanic hosted massive sulphide (VHMS) mineralisation.

Specific clues for VHMS style mineralisation include:

- a. Silver values of up to 33g/t (best result) in the meta-rhyolite along with elevated lead values.
- b. Geological similarities between the Bisha Complex in Eritrea and the Beforona Greenstone Belt in Madagascar.

Immediate gold drill targets exist around historical gold mine workings. Aziana's objective is to drill these existing targets, while defining additional drill targets based upon the sediment anomalies already identified.

Aziana has budgeted \$2,325,000 for exploration work over 2 years, about half of which will be allocated to drilling and assay (refer to Part 5, Section 6.5.2 for further details).

3.4 OTHER GOLD PROJECTS

In addition to the Alakamisy and Grigri Gold Projects, Aziana's extensive regional field work within the 10 main gold belts of Madagascar has resulted in the selection of four additional prospective gold projects:

1. Antandrokazo (Au) Permit TN21577,
2. Antakasina (Au) Permit TN 26234,
3. Sakaleone (Au) Permit TN 19386, TN 39046, TN 39047,
4. Anosivolo (Cu-Ag-Ag) Permit TN 26218.

All of these projects contain noteworthy assay and/or visible gold results. From Aziana's extensive review process over several years it has recognized various consistent geological and mineralisation characteristics that run through the gold belts of Madagascar. Aziana has applied this knowledge to identify additional opportunities, that will expand our already promising gold portfolio.

Further details of the other gold projects can be found in Independent Geologist's Report Part 5, Section 7 and Independent Solicitor's Report, Appendix 2(B).

The Antandrokazo and Antakasina gold projects lie within the Central Madagascar Gold Belt, in the same group of rocks, and associated with very similar structures to those hosting the Alakamisy Gold Project. At Antandrokazo artisanal bedrock workings are traceable over 1.8km in zones collectively up to 150m wide and at Antakasina, artisanal workings extend over an area of 500m x 150m. Surface geochemistry can quickly test bedrock gold targets at both projects.

The Sakaleone Project falls within what is believed to be Madagascar's largest alluvial gold producing area, and sits close to a major crustal suture and crustal fold bend. An initial visit to the Sakaleone area (Sakaleone River) yielded 359 pan concentrate samples with visible gold and only 71 without. A follow up visit to the nearby Marolambo area (Sandranambo River) of the Sakaleone Project yielded 119 out of 152 pans concentrates with visible gold. Widespread alluvial gold within these two restricted river basins will be followed up with the objective of locating bedrock targets, additional to those already found.

The Anosivolo (Au-Ag-Cu) Project comprises outcropping zones of quartz veining developed at the contact between sheared basic gneisses and marbles. In reconnaissance work these structural zones have delivered average grades from 16 samples of 1.52g/t Au, 12.8g/t Ag and 3.7% Cu.

An initial budget of \$2,300,000 has been set for upgrading these four gold projects during the next two years assuming maximum subscription. An initial budget of \$650,000 has been set assuming the minimum subscription. (Refer to Part 5, Section 7.7 for further details).

3.5 MANANTENINA BAUXITE PROJECT

Aziana believes the Manantenina region is one of the largest known but undeveloped bauxite fields bordering the Indian Ocean. Chemical and mineralogical compositions, combined with coastal proximity are attractive features. Our exploration program, implemented with the involvement of a local labour force and regional political support, is demonstrating the magnitude of the bauxite mineralisation which will allow the rapid definition of the bauxite potential.

Permit Numbers TN 20796, TN 25071, TN 25072, TN 25073, TN 25074, TN 25075 and TN 25076 are further detailed in Part 9 - Solicitor's Report. Section 5 of the Independent Geologist's Report in Part 5 contains further information on the Manantenina Project.

Aziana's Bauxite Prospects are located in south-eastern Madagascar and consist of 7 exploration permits covering 218.75km² in area. The Aziana permits lie 5-30km inland. Aziana has an accelerating exploration program, supported from an established exploration field office at Manantenina and second field camp at Soavary. The field team currently comprises a highly experienced expatriate Project Manager, 5 geologists including 3 expatriates, full support staff and more than 150 local casual employees, mostly engaged in test pitting. Included in Aziana's tenement portfolio are five areas which are held beneficially 99% for Aziana and 1% for Employees.

Bauxite is the natural source of raw material for the production of Alumina, the majority of which is subsequently used for the production of Aluminium metal. The most important mineral constituents of Bauxite are Gibbsite (Aluminium Hydroxide) and Diaspore (Aluminium Oxide Hydroxide). Bauxites that can be classified as an economic reserve usually contain available Alumina as Gibbsite, are low in reactive silica (R_xSiO₂), are easy to mine and cheap to transport.

Bauxite was discovered at Manantenina by the Geology Survey of Madagascar in 1961, by PECHINEY (1962-63) and first drilled in its eastern part by Pechiney in 1968-70. In the mid 1980s further study was conducted by Soviet company Guipronickel.

The Manantenina bauxites lie on top of alumina-rich, metamorphosed sedimentary rocks. The bauxite occurs on a coastal peneplain, 25m-100m above sea level, up to 40km wide. The area is sparsely populated, de-forested and the land is of poor agricultural value.

Aziana has been exploring its permits since 2007. Early reconnaissance work indicated the bauxite extends beyond historically known mineralisation, westward into the Aziana permit area.

Exploration work resumed in late 2010 with a 300m x 300m test program on permit TN 25072 (Esama) and 68 pits were excavated, mapped and sampled.

The average grade of the washed samples from Esama (with the exclusion of 3 poor holes) was 45.8% Al₂O₃ (total) with the best grades at typically 4-5m depth.

Orientation sampling in March 2011 determined the optimum grade material was the >2mm fraction, which generally contains greater Al₂O₃ (available) and lesser reactive Silica (R_xSiO₂) than either raw, unsieved material or fractions <2mm.

The survey also concluded that the better available alumina grades (>45% Al₂O₃) were found in spongy, nodular, in-situ bauxites and vuggy bauxites. The lower grades existed in clayey bauxites, at the base of the bauxite profiles. Aziana's loss on ignition results are consistent with Gibbsite dominant bauxite, confirming the findings of our XRD analysis.

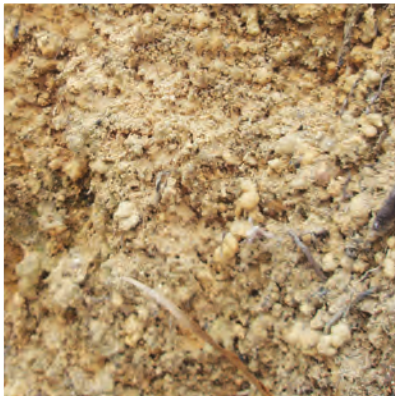
By June 30, 2011 over 150 test pits were excavated on permit TN25073 (Soavary). A systematic database of pits and individual samples continues to be compiled. Analysis from orientation sampling indicates the presence of 31-48% Al₂O₃ with an average bauxite thickness of 5.7m (range 1.0 - 9.3m).

ESAMA PERMIT

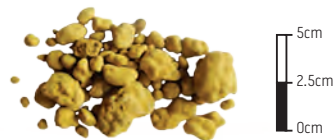
TN 25072 LOOKING EAST

INDIAN OCEAN (5KM)

|



**IN SITU BAUXITE
FROM THE ESAMA PERMIT**



**WASHED BAUXITE FROM
THE ESAMA PERMIT**

From the initial results on the Esama and Soavary permit areas in 2011, Aziana came to the conclusion that:

1. Bauxite is best developed or preserved along spurs and on hill slopes with average thickness of approximately 6m, but in places up to 10m.
2. Typically ridges are capped by a 1-3m layer of coarse bauxites, underlain by 1-6m of lateritic bauxites.
3. X-Ray Diffraction (XRD) studies determined the main alumina mineral to be Gibbsite. This is advantageous from an ore processing perspective.

Aziana has determined that the bauxite is broadly developed and is continuing to explore in order to establish the quantity and quality of mineralisation.

Aziana has budgeted \$2,700,000 for exploration work over two years assuming a maximum subscription and \$1,640,000 for exploration work over two years assuming a minimum subscription. (Refer to Part 5, Section 5.7.2 for further details). Concept study work will follow resource definition.

3.6 OPERATING PRINCIPLES

Aziana is a well established and active explorer in Madagascar. It adopts a people and culturally sensitive approach to the way it works and interacts with local and regional stakeholders. Aziana has active programs to build and maintain excellent staff, community and government relations. Goodwill is a fundamental pillar to our smooth country operations. Emphasis on Madagascar staff and community worker training continues to provide us with strong country roots. Most of the permanent staff are current Aziana shareholders.

The dividends from a people focused approach include the ability to operate exploration programs without interference, successful control of artisanal mining, on-going local communities and government support, and an excellent health and safety record in exploration.

3.7 SUMMARY

Aziana believes its prospects and operating style contain the key ingredients to unlocking the mineral riches of Madagascar. The regional geology is linked to the central-eastern Africa & Pan African orogenic event which is the host of many major ore deposits. The government of Madagascar is seeking to expand its resource sector. It established a new mining code in 1999, making additional amendments in 2005, and devised financial and fiscal incentive schemes to advance this objective. These initiatives are already having major impacts with major mine developments such as of the Ambatovy Nickel Project and the QMM mineral sand development.

Aziana's exploration team in Madagascar consists of 37 staff, including 18 on permanent contracts and more than 20 about to be made permanent employees. Most already have over 3 years experience with Aziana. Aziana has, and will continue to reap the benefits of their loyalty in building and retaining their corporate knowledge base. Aziana's **Chief Executive Officer (CEO)**, Dr Tony Page is a major driving force within Aziana and will continue to spend the majority of his time in Madagascar striving to create shareholder wealth with exploration success.

Aziana is an early mover in Madagascar, one of the first junior explorers to establish a sound base in one of the last frontiers of the resource hungry world. Aziana intends to capitalize on the expertise of the established technical team and generate shareholder value through targeted exploration, delineation and development of gold, bauxite and VMS base metal resources.

3.8 APPLICATION OF FUNDS

Aziana's exploration activities to date have advanced the geological knowledge and prospects at its permits to the stage where additional funds are required for drilling and resource definition programs.

The purpose of this Offer is to provide the Company with sufficient funds to enable it to conduct additional exploration, drilling and evaluation programs on its existing licenses, and to continue with project development activities that could result in additional project acquisitions.

The proposed application of funds for two years from the expected date of Listing is as follows:

Table 6: Application of Funds (\$)

EXPENDITURE (Maximum Subscription) ¹	YEAR 1	YEAR 2	2 YEAR TOTAL
Alakamisy Gold	1,300,000	1,500,000	2,800,000
Grigri Gold	1,160,000	1,165,000	2,325,000
Manantenina Bauxite	1,285,000	1,415,000	2,700,000
Other Gold Projects	1,250,000	1,050,000	2,300,000
Sub-Total Exploration & Technical Management	4,995,000	5,130,000	10,125,000
Expenses of The Offer	800,000	-	800,000
Corporate Administration	700,000	700,000	1,400,000
Total Expenses	6,495,000	5,830,000	12,325,000

EXPENDITURE (Minimum Subscription) ¹	YEAR 1	YEAR 2	2 YEAR TOTAL
Alakamisy Gold	1,300,000	1,500,000	2,800,000
Grigri Gold	1,160,000	1,165,000	2,325,000
Manantenina Bauxite	840,000	800,000	1,640,000
Other Gold Projects	375,000	275,000	650,000
Sub-Total Exploration & Technical Management	3,675,000	3,740,000	7,415,000
Expenses of The Offer	675,000	-	\$675,000
Corporate Administration	650,000	650,000	1,300,000
Total Expenses	5,000,000	4,390,000	9,390,000

¹ Refer to Part 5 Sections 4.62, 5.72, 6.52 and 7.7 for details. Investors should be aware that all amounts are estimates only and the actual amounts expended may vary with actual events.



CONTINUOUS CHANNEL SAMPLING

ALAKAMISY

TRENCH FLOOR

DIRECTORS AND OFFICERS

4.1 DIRECTORS OF AZIANA LIMITED

The Directors of Aziana are Peter Cook, Tony Page, John Morris, Warren Hallam and Phillip Laskaris. The Company Secretary is Fiona Van Maanen.

Brief profiles of the Directors are as follows:

Mr Peter Gerard Cook (Non-Executive Chairman)

Peter (48) is an exploration geologist BSc (Applied Geology) and mineral economist MSc (Mineral Economics) MAusIMM with considerable experience and a sound track record of success within the resources sector. He is currently the Non-Executive Chairman of Metals X, the Non-Executive Chairman of Pacific Niugini Limited and a Non-Executive Director of Westgold Resources Limited and Kingsrose Mining Limited. He brings the group considerable expertise in corporate and project management across a range of commodities at all stages of development.

Dr Antony Page (Executive Director & CEO)

Tony (48) is an exploration geologist BSc (Geological Science), Ph.D (Geology) with over 20 years' experience. He is the driving force behind the creation and continued growth of Aziana. Tony occupied leading roles in the identification and evaluation of projects across a wide range of commodities with Rio Tinto Zinc Corporation (RTZ) and ConZinc Rio Tinto Australia (CRA), before embarking on a career in the junior sector focused on precious metals and base metals. As a founder of Asia Minerals Corporation he co-led that company to a successful float on the Toronto Stock Exchange. He brings to the Aziana team considerable technical capability, a passion for exploration success and a strong commitment to Shareholders.

Mr John Roger Andrew Morris (Executive Director)

John (57) BSc (Mineral Engineering), CEng, MIMMM, FIQ has more than 30 years experience working in the resources sector. He was the Mineral Resources Director for the Gyproc Division of Saint-Gobain where he was responsible for a global network of mine and quarry operations. His previous roles have included general and project management with resource companies in Europe, Africa, Asia, the Former Soviet Union and the Gulf Region. He brings to the Aziana Group considerable experience in resource and operations management across a wide range of commodities.

Mr Warren Shaye Hallam (Non-Executive Director)

Warren (48) BSc (Applied Metallurgy) and MSc (Mineral Economics) has over 25 years' experience across a range of resource industry roles and commodities. He is currently the Managing Director of Metals X and over the past decade has been a senior executive of WMC Resources Limited, the Managing Director of Metals Exploration Limited, an Executive Director of Bluestone Tin Limited and is currently a Non-Executive Director of Westgold Resources Limited. Warren brings to the Board considerable commercial skills and technical experience in minerals processing.

Mr Phillip George Laskaris (Non-Executive Director)

Phillip (49) BA (Hons), LLB is a practicing Barrister admitted to practice in the High Court and Federal Courts of Australia and the Supreme Courts of New South Wales and Western Australia. He has considerable skills and experience in many facets of law both in Australia and internationally and brings these skills and a high-level of corporate governance and aptitude to the Company.

COMPANY SECRETARY

Mrs Fiona Jayne Van Maanen

Fiona (40) is a Certified Practising Accountant, holds a Bachelor of Business (Accounting) degree and a Graduate Diploma in Company Secretarial Practice. She has significant experience in accounting, financial management and corporate secretarial functions in the mining and resources industry. She is also the Company Secretary for Metals X.

INDEPENDENT GEOLOGIST'S REPORT



PART FIVE

Independent Geologist's Report

Prepared by Coffey Mining Pty Ltd on behalf of:

Aziana Limited

and its wholly owned subsidiary

Aziana Exploration Corporation

MINEWPER00903AA
16 August 2011

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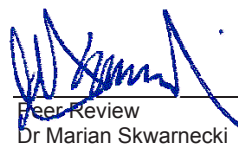
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Document Review and Sign Off


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Independent Technical Report

16 August 2011

The Directors
Aziana Limited
Level 3 Hyatt Centre
123 Adelaide Terrace
EAST PERTH WA 6004

Dear Sirs

Coffey Mining Pty Ltd ("Coffey Mining") has been commissioned by Aziana Limited ("Aziana") to provide an Independent Geologist's Report ("IGR") on mineral properties prospective for gold and bauxite production in Madagascar. The IGR has been prepared on information available up to and including 30th June 2011. This document has been prepared for inclusion in a prospectus to be prepared by Aziana and lodged with ASIC in September 2011. The nature of the issue is 50 Million shares at 25¢ each to raise a total of \$12.5 Million + 25 Million Free Options convertible at 25¢ on or before 30 September 2013 + an allotment of up to 4 Million Employee Options.

The Aziana Project tenements comprise 950km² of granted research permits (exploration licenses). The most advanced projects are the Alakamisy gold project and Manantenina bauxite project. The Grigri and Antandrokazo gold projects are less advanced gold projects containing historical and current artisanal gold workings which have never been tested at depth by drilling. The, Anosivolo copper-gold project, Antakasina gold project, Sakaleone gold project and Marovato gold project are early stage exploration projects over which limited work has been completed. The legal status of the assets in which Aziana has an interest, the various agreements covering those interests, and the exploration, mining and minerals processing legislation applicable in Madagascar have not been independently verified by Coffey. The present status of tenements, agreements and legislation described in this report is based on information provided by Aziana and its solicitors and the report has been prepared on the assumption that exploration and potential development of the projects will prove to be lawfully allowable.

Coffey Mining has based its review of the Projects on information provided by Aziana, along with technical reports prepared by government agencies, independent consultants, and other relevant published and unpublished data. Site visits were undertaken to the Projects by Coffey Mining between June 7th and 14th, 2011. Coffey Mining has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which the Independent Geologist's Report is based. A final draft of this report was also provided to Aziana, along with a written request to identify any material errors or omissions.

Aziana has provided exploration programs and budgets totalling \$7.4Million (minimum subscription) to \$10.1Million (maximum subscription) over two years to advance the Projects. Coffey Mining considers that the proposed exploration programs and budgets are appropriate given the prospectivity of the Projects. The budgets are sufficient to achieve the stated objectives and satisfy the expenditure requirements. Aziana intends to raise a minimum of \$9.4M and a maximum of \$12.5Million, of which at least half of the liquid assets held or the funds proposed to be raised by Aziana are understood to be committed to the exploration, development and administration of the Projects, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b). The proposed exploration budgets are also sufficient to meet the anticipated minimum annual statutory expenditure commitments on the project tenements.

Coffey Mining is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and financial institutions for over 50 years. The primary authors of this report are

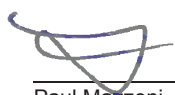
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Mr Paul Mazzoni and Dr Marian Skwarnecki. Mr Mazzoni is a professional geologist with over 35 years experience in the exploration, evaluation and development of mineral properties internationally. Mr Mazzoni is the Chief Geologist at Coffey Mining and is a Fellow of the AusIMM and a Member of the Society of Economic Geologists. Dr Skwarnecki is a professional geologist and geochemist with 22 years experience in exploration and evaluation of mineral properties in Australia and overseas, is a Senior Consulting Geologist with Coffey and is a Member of the Australian Institute of Geoscientists (AIG).

Each of the authors has the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" or "Specialist" under the definitions provided in the Valmin Code and as "Competent Persons" under the definition provided in the JORC Code. Neither Coffey Mining, nor the authors of this report have, or have had previously, any material interest in Aziana or the mineral properties or companies in which Aziana has, or is earning, an interest. Our relationship with Aziana is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

For and on behalf of Coffey Mining Pty Ltd



Paul Mazzoni
Chief Geologist

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Appendix A – Tenement Schedule

EXECUTIVE SUMMARY

Introduction

Aziana Exploration Corporation ("Aziana") commissioned Coffey Mining Pty Ltd (Coffey) to prepare an Independent Geologist's Report (IGR) on various gold, bauxite and base metal exploration projects in Madagascar. The Aziana Project tenements comprise 950km² of granted research permits (exploration licenses) shown in Figure 1. The most advanced projects by drilling and pitting are the Alakamisy gold project and Manantenina bauxite project. The Grigri and Antandrokazo gold projects are less advanced gold projects containing historical and current artisanal gold workings which have never been tested by drilling. The Anosivolo copper-gold-silver project, Antakasina gold project, Sakaleone gold project and Marovato gold project are early-stage exploration projects over which limited work has been completed. Aziana is an active explorer with 5 years of exploration commitment to Madagascar.

Project Background

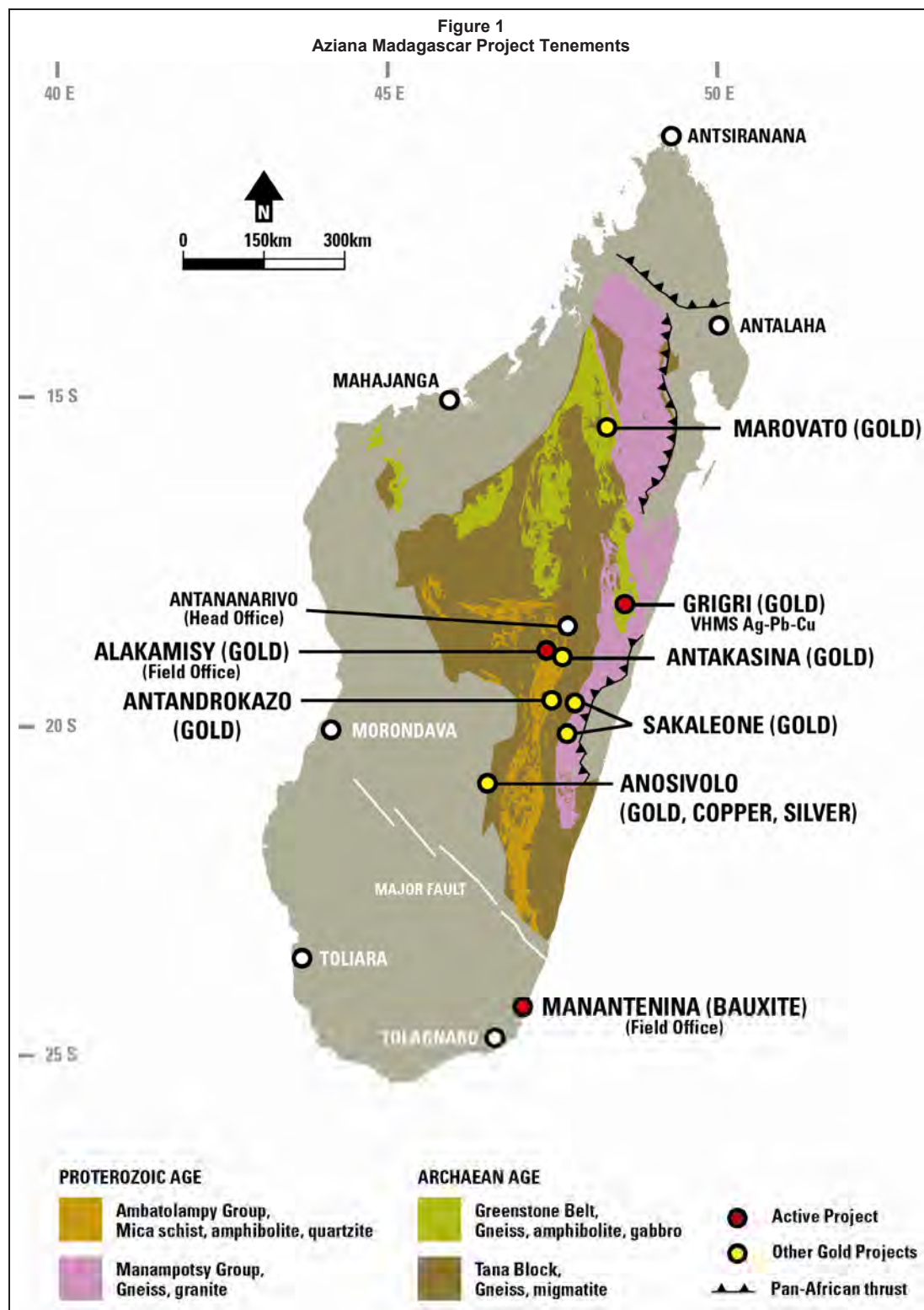
Madagascar is the fourth-largest island in the world, with an area of 587,040km², extending 1,601km NNE–SSW and 579km ESE–WNW. The population of Madagascar in 2010 was estimated at 21,281,844 and official languages are French and Malagasy. The country is known for its unique fauna and flora, and its multicultural ethnicity living in relative harmony. The Republic of Madagascar is nominally governed under a unitary, bicameral system comprising a National Assembly (Lower House) and a Senate, overseen by an Executive branch comprising a directly elected President and a Prime Minister and Cabinet.

Madagascar is typical of a developing nation. Export earnings are generated mostly by primary industries, including agriculture, fishing, forestry and mining. The small industrial sector accounts for about 12% of GDP.

Mining is the fastest growing sector of the economy. A new Mining Code and Large Scale Mining Investment Law have recently been enacted. Foreign investment has been attracted to two major new mine projects of over USD6Billion including the Rio Tinto mineral sands project near Fort Dauphin in the south and the Sherritt International Corporation nickel laterite project at Ambatovy in the east. The country's early stage minerals industry also produces chromite, gold and numerous gemstones. Major deposits of coal (Sakoa), bauxite (Manantenina) and iron ore (Soalala) are also known but are yet to be developed.

Madagascar has a long history of artisanal gold production with more than 150,000 artisanal miners currently extracting an estimated >5t/year gold from amongst >1300 gold prospects nationwide within 10 gold belts. A Gold Agency has recently been established to help regulate and formalize the artisanal gold mining sector. Gold smuggling is a serious problem and results in the government seeing very little revenue from the gold sector.

Madagascar has a long history of geological survey, work but very short history of modern mineral exploration. Madagascar's mineral potential therefore remains largely under explored and unexploited, due fundamentally to lack of attention by the international mining community and poorly developed infrastructure.



Project Geology

The eastern two thirds of Madagascar are underlain by Precambrian rocks of Archaean and Proterozoic ages, sporadically covered by Cretaceous through Neogene age volcanic rocks. The western third is composed of two large sedimentary basins of late-Palaeozoic to Recent age. The Aziana Projects are all in the eastern half of the country, underlain by crystalline high-grade metamorphic rocks of Precambrian age.

Gold Projects

Ten gold belts are identified in Madagascar. Aziana has focused its work on the Central Madagascar Gold Belt (CMGB), the Beforona Gold Belt (BGB) and the Vohilava-Ampasary Gold Belt (VAGB). The CMGB, also known as the Itasy Belt, sits within the Ambatolampy Group and has numerous historical bedrock gold workings dating back to the early 20th Century. The CMGB contains about half of Madagascar's known artisanal gold mining sites, including Aziana's Alakamisy, Antandrokazo and Antakasina Projects. The BGB lies north-east of the capital and hosts the Grigri gold project. The VAGB lies south-east of the capital Antananarivo and hosts Aziana's Sakaleone gold project.

The Neoproterozoic age Ambatolampy Group which is regionally anomalous in gold, as defined by extensive artisanal gold workings over its outcrop of 700km. The Ambatolampy Group is characterised by schists that give way further east to gneisses and migmatitic rocks. Bands of quartzite, magnetite quartzite, pyroxenite, amphibolite and gneiss are common. The Grigri gold-silver project is hosted by the Archaean age Beforona Group comprising rocks regarded as the gneissic equivalents of a typical volcano-sedimentary greenstone sequence, which were metamorphosed to upper amphibolite / granulite facies grade during the Pan African orogeny. The Anosivolo Project is located within a gneiss/marble belt which is part of the Palaeoproterozoic age Ikalamavony Unit metasedimentary sequence.

Gold Mineralisation

At the Alakamisy Gold Project, Aziana holds about 25km of strike length of the prospective Ambatolampy Group. Exploration to date has largely been restricted to a 4km strike length of substantial artisanal workings comprising seven known gold prospects (Alakamisy North, Alakamisy East, Central Zone, Antanisoa, Intermediate Zone, Ambatoranana and Ambatoranana East). Most of Aziana's activity in 2008 focused around the Central Zone and North Alakamisy historical workings, which have an aggregate 1.8km strike length and 500m width.

Gold mineralisation from drilling, trenching and channel sampling returned a number of significant near-surface intersections including 7m @ 5.42g/t Au and 15m @ 1.86g/t Au in a strike-parallel trench (AKTR2G) and 3.06m @ 3.41g/t Au in a trench orthogonal to the structure (AKTR4A). Shallow diamond drill intersections included 16m @ 1.61g/t Au from 16m in drillhole AKDH11 and 6m @ 2.01g/t in hole AKDH04.

In the near-surface environment, the gold mineralisation is associated with regolith and saprock developed on deeply weathered schists and gneisses, containing bands of quartzite and magnetite quartzite. Gold is associated with steep and shallow-dipping shear zones commonly characterised by broken and highly deformed quartz, quartzite and locally associated with the contact with magnetite quartzite bands. These units, however, have not been clearly identified in the two deeper drill intersections where weaker gold mineralisation is associated with zones of disseminated sulphides in quartz-biotite schists and hornblende-bearing gneisses. Due to voluntary curtailment of exploration at the end of 2008, not all fresh intersections have been logged, sampled and assayed. The nature of the primary mineralisation and the nature of its relationship with shallower gold intersections are not clearly understood and are now included in the focus of continued exploration.

At the Grigri Project, mineralisation is located around the old Grigri Mine, originally worked during the early French colonial era as an underground mine and currently as an artisanal mine. Mineralisation is characterised by disseminated gold within a concordant set of lenticular oxidised quartz-sulphide veins, hosted by amphibolitic gneiss and mica schist. The main mineralised zone is about 10m wide and is exposed over 100m of strike. Aziana rock samples contained up to 32.75g/t Au. Another gold prospect and historical mine lies just to the north outside of the Aziana ground at Maroventy, where small honeycomb-textured quartz veins in amphibolitic rocks carried up to 29.44g/t Au in rock samples. Aziana has also identified sediment gold anomalism associated with both contacts of a 20km long and 1km thick, N-S trending fine-grained meta-rhyolite unit on the western side of the permit. This unit contains fracture veinlets and blebby disseminations of partially oxidised sulphides with silver grades up to 33.6g/t Ag.

At the Antandrokazo Project, gold mineralisation has been outlined by extensive artisanal workings developed over apparent steeply-dipping shear zones containing oxidised, brecciated quartz sulphide veins and veinlets. There are at least two parallel shear zones about 10m apart and extending over more than 1.8km of strike in the western zone. Another more recently discovered gold zone lies several kilometres to the east. Grab samples of quartz assaying up to 24.9g/t Au were collected, with 41 samples averaging 1.53g/t.

Other early stage projects include Antakasina, Sakaleone and Anosivolo, where gold is known from stream sediment panned concentrates and scattered rock samples. Known bedrock gold-copper-silver mineralisation at Anosivolo is hosted by quartz veinlets near the contact of marbles and adjacent gneisses.

Bauxite

In the Manantenina region, bauxite has formed on top of alumina-rich, Neoproterozoic age metasedimentary rocks ("leptynites"). These comprise banded gneisses and homogeneous meta-psammities which have been intruded by two igneous phases. The region underwent a long period of uplift and erosion under tropical climatic conditions during the Cenozoic, resulting in the formation of bauxitic laterites and reworked bauxite. The bauxite is developed over the leptynites, which are intensely fractured and faulted, promoting drainage and weathering and the development of bauxite.

Bauxite Mineralisation

At the Manantenina Project, bauxite mineralisation is localised on two coastal peneplain platforms at approximately 25-50m and 50-100m above sea level. The two peneplains lie parallel to the coastline and the lower peneplain is 3-9km wide, whereas the upper peneplain located to the west is 4-20km wide and generally more dissected. Historical exploration and resource definition has focused on the lower peneplain, where one resource to the east of Aziana's permits has been subjected to various project development studies. The Aziana permits comprise a smaller area at Esama on the lower peneplain and larger areas such as Soavary on the upper peneplain. Preliminary orientation sampling by Aziana has established the previously undocumented widespread occurrence of bauxite on the upper peneplain. Analytical results from washed and >2mm screened pit channel samples returned up to 46.8% available alumina and 0.3% reactive silica. Mineralogical studies have confirmed that gibbsite is the dominant aluminium-bearing mineral. Aziana is currently completing a substantial test pitting program on a 300m x 300m grid, to determine the bauxite distribution.

Exploration Strategy and Budgets

Aziana has provided Coffey with copies of the proposed exploration programs and budgets for each of the Project areas. Exploration planned for the gold projects effectively focuses on following up existing gold mineralisation intersected in trenching and preliminary drilling as well as completing first pass geochemical and geophysical coverage over the full prospective permit areas to define targets for follow up. At Manantenina, the planned work is focused on completion of systematic pit and auger sampling to establish an initial (maiden) JORC compliant Resource Estimate. Exploration budgets have been defined for the first two years following listing. For the maximum subscription, these total \$10.1million, comprising \$2.8M for Alakamisy, \$2.3M for Grigri, \$2.7M for Manantenina and \$2.3M for the other gold projects. For the minimum subscription, exploration budgets total \$7.4M of which \$2.8M will be allocated to Alakamisy, \$2.3M to Grigri, \$1.6M to Manantenina and \$0.65M to the other gold projects.

Conclusions and Recommendations

Coffey Mining considers that the proposed exploration strategy for gold and bauxite and the planned expenditure are appropriate given the prospectivity of the project areas. The budgets are also sufficient to achieve the stated objectives and satisfy the expenditure requirements. Coffey Mining recommends that detailed regolith and landform mapping be completed over the project areas. Orientation geochemistry and detailed airborne magnetic survey coverage should be completed for the Alakamisy, Antandrokazo and Grigri Projects. Coffey Mining strongly supports the use of the airborne magnetic survey data to generate detailed litho-structural interpretation for each of the gold projects and that this structural targeting is used in conjunction with the surface geochemistry to define prospects for drill follow up.

Acquisition of a good-quality digital elevation model, to assist with regolith-landform mapping and resource estimations is recommended for the Manantenina bauxite project. A significant resource base will be required to support the development costs for the necessary infrastructure required to process and ship a beneficiated bauxite product.

The resumption of management of all geochemical and sampling data in a central database and compilation of a central GIS database, with all data attributed and in a common datum/projection is recommended. Coffey supports the continued implementation of a full QAQC program for all sampling from drilling, trenching and pitting, including the recording of sample weights (both wet and dry), along with the insertion of standards, blanks and duplicates into the sample stream.

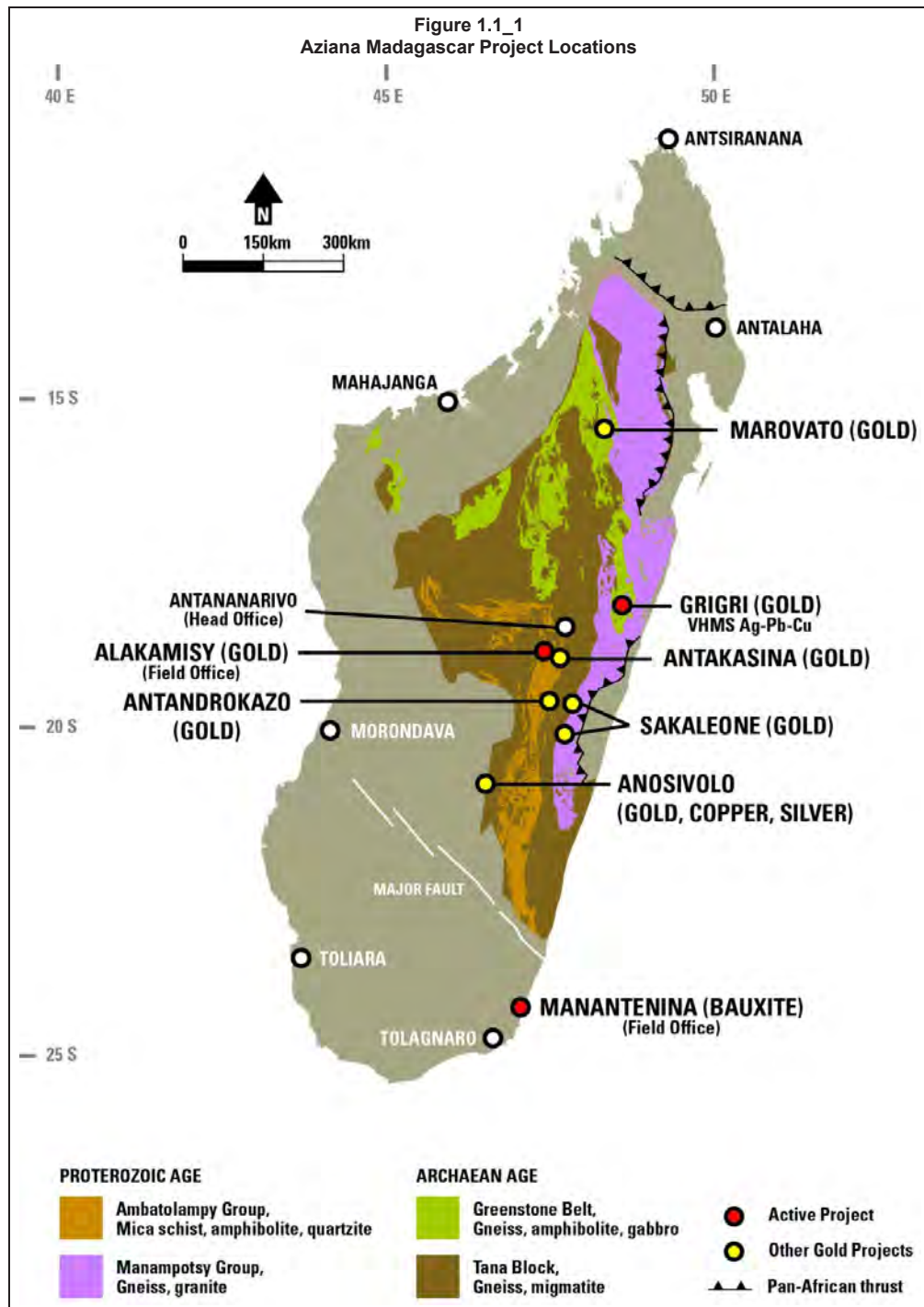
1 INTRODUCTION

1.1 Terms of Reference

Aziana Limited ("Aziana") has commissioned Coffey Mining Pty Ltd (Coffey) to prepare an Independent Geologist's Report (IGR) on various gold, bauxite and base metal exploration projects in Madagascar. The Aziana Project tenements comprise 950km² of granted research permits (Figure 1). A full tenement schedule is given in Appendix A. The most advanced projects are the Alakamisy gold project and the Manantenina bauxite project. The Grigri and Antandrokazo gold projects are less advanced gold projects containing historical and current artisanal gold workings which have never been tested at depth by drilling. The Anosivolo copper-gold project, Antakasina gold project, Sakaleone gold project and Marovato gold project are early stage exploration projects over which limited work has been completed and range between the target definition and target follow up stage. The Report has been requested to accompany a prospectus to be prepared by Aziana and lodged with ASIC in September 2011.

The legal status of the assets in which Aziana has an interest, the various agreements covering those interests, and the exploration, mining and minerals processing legislation applicable in Madagascar have not been independently verified by Coffey. The present status of tenements, agreements and legislation described in this report is based on information provided by Aziana and its solicitors, and the report has been prepared on the assumption that exploration and potential development of the projects will prove to be lawfully allowable. Coffey is not qualified to comment on the nature of the transactions or arrangements between Aziana, and other parties.

The Independent Geologist's Report has been prepared on information available up to and including 30th of June 2011. The conclusions expressed in this report are therefore only valid up to this date and may change with time in response to variations in economic, market, legal or political factors, in addition to on-going developments with respect to the planned exploration and development activities. All monetary figures included in this report are expressed in Australian dollars (A\$) unless otherwise stated.



1.2 Qualifications, Experience and Independence

Coffey is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and financial institutions for over 50 years.

The primary authors of this report are Mr Paul Mazzoni and Dr Marian Skwarnecki. Mr Mazzoni is a professional geologist with 35 years experience in the exploration, development and mining of base and precious metal properties and industrial mineral properties internationally. Mr Mazzoni is the Chief Geologist at Coffey Mining and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of the Society of Economic Geologists (MSEG). Dr Skwarnecki is a professional geologist and geochemist with 22 years experience in exploration and evaluation of mineral properties in Australia and overseas. He is a Senior Consulting Geologist with Coffey and is a Member of the Australian Institute of Geoscientists (AIG).

Each of the authors has the appropriate relevant qualifications, experience, competence and independence to be considered an “Expert” or “Specialist” under the definitions provided in the Valmin Code, and as “Competent Persons” under the definition provided in the JORC Code.

Neither Coffey, nor the authors of this report have, or have had previously, any material interest in Aziana or the mineral properties in which Aziana has an interest. Our relationship with Aziana is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Coffey is not in a position to make direct comment on any interest the directors and promoters of Aziana may have in the company or its assets, nor is Coffey qualified to comment on or confirm this aspect.

1.3 Principal Sources of Information

The principal sources of information used to compile this report comprise technical records, along with technical reports and data variously compiled by Aziana and its consultants, and government agencies, along with discussions with Aziana technical and corporate management. A listing of the principal sources of information is included in Section 8 of this report. In addition, site visits were undertaken to the project areas by Mr Paul Mazzoni between 7th and 14th of June, 2011.

All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Aziana, along with a written request to identify any material errors or omissions.

2 COUNTRY BACKGROUND

2.1 Geography

Madagascar is the fourth-largest island in the world, with an area of 587,040km², extending 1,601km NNE–SSW and 579km ESE–WNW. The island is located off the southeast coast of Africa, and is separated from the African mainland by the Mozambique Channel. Madagascar's capital city, Antananarivo ("Tana"), is located near the centre of the island and has an estimated population of 1.4 million.

The island's isolation from other land masses since breaking apart from the greater land mass that included Africa, India, and Australia more than 80 million years ago, together with the fact that it remained unpopulated by humans until several thousand years ago, has resulted in a flora and fauna unique to the island. Madagascar is one of the world's hotspots for biodiversity and endemism of plants and animals found nowhere else is about 80%.

2.1.1 Topography

Madagascar consists mainly of a block of crystalline rocks. It is generally described as a plateau, rising sharply from the narrow plain of the east coast, and descending in a series of steps to the strip of sedimentary rocks along the west coast. The high plateau is much dissected and, on the eastern edge, cut by deep gorges and waterfalls. There are numerous young volcanic outcrops that produce heights over 1,800m. The highest point is Mount Maromokotro (2,876m). The island's major rivers flow westward and are navigable for about 160km inland.

2.1.2 Climate

The climate of the eastern and northern coasts is dominated by the south easterly trade winds, which carry heavy rains during the austral winter (May to September). The central plateau and the western coast receive rain from the monsoon winds, which blow during the austral summer (October to April). The southern part of the island receives little rain and is, in places, a semi-desert. The central plateau enjoys a tropical mountain climate with well-differentiated seasons. Generally the climate throughout the island is moderated by altitude, with the coast being hotter (average temperatures 21– 27°C) and wetter than the plateau (average temperatures 13–19°C).

2.1.3 Population, Ethnicity, Languages and Religion

The population of Madagascar in 2010 was estimated at 21 million. The population is young-biased with 45% under 15 years of age. The annual population growth rate for 2010 was estimated at 3%, with a projected population for the year 2015 at 24,000,000. The population density in 2010 was 34 per km².

The Malagasy people are the result of the intermingling of immigrants, with earliest migrants from Malaysia-Indonesia. Later arrivals were Africans, Arabs, and, much more recently from Europe, China, and India. The distinct ethnic groups now recognised represent the political groupings forged before the arrival of the first Europeans. Malayo-Indonesian origin ethnic groups (Merina and Betsileo) dominate in the central highlands, whereas the coastal people are of predominantly African origin. The Merina have been the ascendant group since the late 18th century. Despite the varied ethnic origins, tribal and religious conflicts are rare in Madagascar.

The principal and official languages are French and Malagache. Malagache has different dialects and is spoken throughout Madagascar. Use of English has expanded over the last decade with the arrival of western investment.

Over half of the Malagasy are traditional tribal religionists, some exclusively and others practicing in conjunction with Christian beliefs. Christianity was introduced to the Malagasy in the early 19th century and most of the population is at least nominally Christian. Muslims, concentrated mostly in the north and northwest, constitute approximately 10% of the population and there is a Hindu minority.

2.2 History of Madagascar

France conquered the mainland of Madagascar in 1895. Subsequent to 65 years of French colonial rule, Madagascar became a sovereign independent nation on 26 June 1960.

In December 1975, Second Malagasy Republic was proclaimed and ties strengthened to the Soviet Union. Nevertheless France maintained a reasonably strong presence that continues to this day. Madagascar is nominally governed under a unitary, bicameral system comprising a National Assembly (Lower House) and a Senate, overseen by an Executive branch comprising a directly elected President and a Prime Minister and (PM appointed) Cabinet.

The December 2001 presidential election between incumbent president Didier Ratsiraka and Marc Ravalomanana, the mayor of Antananarivo, proved inconclusive and led to 6 months of conflict. Ultimately Ravalomanana was declared the winner and began a process of reorientating Madagascar politically towards the west. In December 2006, Ravalomanana won re-election with 55% of the vote. In early 2009 after a power struggle with opposition leader Andry Rajoelina, Ravalomanana resigned as president. He handed power over to the military, which in turn transferred control to Rajoelina. Rajoelina heads the High Transition Administration (HAT government). The Southern African Development Community (SADC) is acting as a mediator in a dispute between the political parties.

2.3 Economy and Infrastructure

Export earnings are primarily generated in the small industrial sector, which accounts for about 12% of GDP. In 2009, the GDP was estimated at \$20.5 billion. Agriculture, fishing, forestry and mining are the pillars of the economy. The unit of currency is the Malagasy Ariary (MGA or Ar) with an exchange rate of 1 Australian Dollar = 2,059.38 Ar (30 June 2011).

Infrastructure is steadily improving, but still remains poor on a national scale. Of a total of 50,000km of highways within the country, some 12% (approximately 6,000km) are sealed, with the remainder comprising a combination of seasonal and year-round unsealed roads. The country currently has 900km of railways, centred in the central eastern portion of the country between major population centres and the east coast. The Malagasy government has embarked upon the implementation of a Rural Transport Policy which will see the upgrading and repair of the roads and railway system. Electricity is provided by a combination of diesel-fired and hydroelectric power stations.

2.4 Mining Industry

Only recently has the country opened up to modern exploration and large-scale mining. A new investor-friendly Mining Law passed in 1999, advocated by the World Bank, and its amendments in 2005 encouraged foreign mineral investment. The World Bank launched the Mineral Sector Reform through funding the 'Mineral Resources Governance Project' (PGRM) at a total cost of approx. US\$38 Million. This Project, completed in 2010, aimed primarily at: (1) updating and developing new geological mapping, geophysical and geochemical open file data to the benefit of investors; (2) creating an attractive tax framework; and (3) establishing a modern digital cadastral system, the 'Bureau du Cadastre Minier de Madagascar' (BCMM) allowing for a transparent and reliable licensing process.

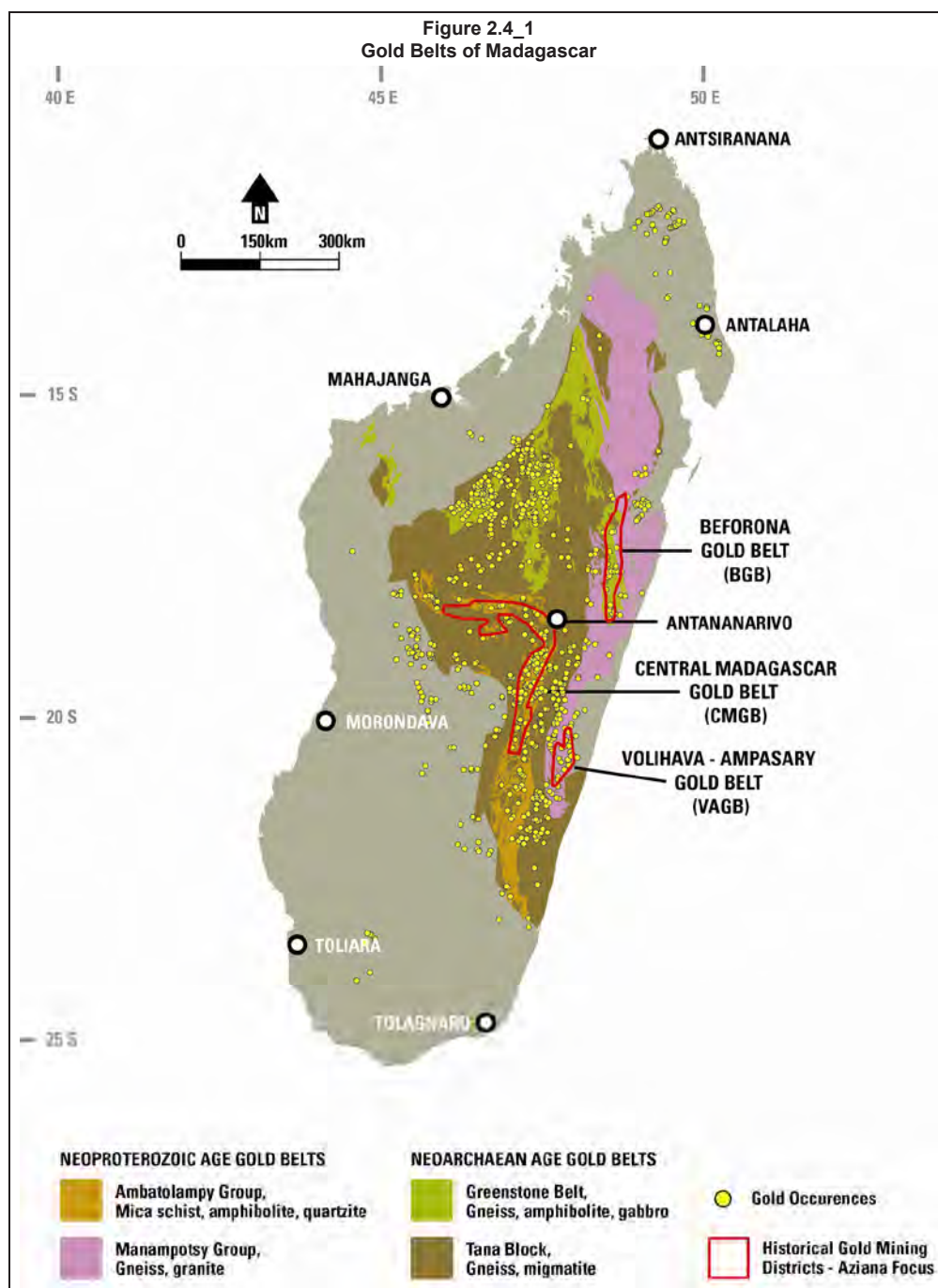
Madagascar has seen two recent major mine developments. In 2010 Rio Tinto commissioned a major mineral sands operation near Toalagnaro (Fort Dauphin) in the south, which is currently producing ilmenite and zircon concentrates. An international consortium led by Sherritt International Corporation (40%) is this year commissioning the \$5.5 billion Ambatovy nickel laterite project, which is expected to be producing nickel in Q1, 2012.

Significant deposits of iron ore (Soalala) and coal (Sakoa) are also known as well as smaller deposits of copper (Besavoa), lead, manganese, platinum, tin, titanium, zinc, and zirconium. Uranium occurrences are recognised in the western sedimentary basins.

Gold Mining

Madagascar is estimated to have produced as much as 70 tonnes of gold from ten gold belts between 1900 and 1920, in the early years of French colonisation. Most of this production was alluvial or colluvial with only a few underground mines developed. Gold is currently being extracted across the country by over 150,000 artisanal miners. Production is estimated at >5t per year of gold. More than 1,300 gold occurrences are identified nationwide in 10 main gold belts (Figure 2.4_1). Artisanal miners continue to make new gold discoveries. Gold smuggling is a major problem and true production difficult to estimate.

To help formalize the artisanal gold mining sector, the Government set up the Gold Agency under the Bureau du Cadastre de Minier de Madagascar (BCMM). The gold Agency's mission is to promote and regulate the downstream gold production from alluvial and eluvial deposits and upstream gold trading and processing. The Gold Agency empowers county (commune) governments to formally register gold washers and gold buyers and issues permits for gold trading posts and smelters. In reality artisans work both alluvial gold and bedrock gold in the weathering profile. Virtually all gold recovery is by panning.



The new Mining Law also introduced the new concept of “Gold Washing Corridors” (GWC), defined as “active riverbeds and recent alluvium inside a mining tenement in which surface striping and gold washing is permitted”. GWCs aim to give small-scale miners the opportunity to work legally and to increase and regulate the country's gold production. GWCs are typically established by counties (communes), with the assistance of the relevant Ministry departments. Consent from existing permit owners is compulsory.

Other Mining Activities

Gemstones and semi-precious stones are also widely mined mostly by artisans. Madagascar additionally produces and has produced chromite, phlogopite mica, high-quality crystalline flake graphite, natural abrasives, feldspar, kaolin, cipoline marble, salt and dimension stone.

2.5 Mining Legislation (Summary)

The 1999 Mining Code and 2005 amendments, plus implementing regulations created a new system of strictly defined permits and mining concessions. In 2000, the “Bureau du Cadastre Minier de Madagascar” (BCMM) was established, to serve as a one-stop service for mining operators.

The Mining Law clearly defines the nature and extent of mineral permits within Madagascar. The new system of licences (“**permits**”) is based on one or more standard surface units of 0.40km² (625m x 625m), termed a “*Square*” or “*Carré*”. Permits are applied for on a (UTM-based) graticular system, granted on a first-come first-served basis, are (partially) commodity-specific, and are classified as either ‘*Recherche*’ (Exploration) or ‘*Exploitation*’ (Mining) type. Summary characteristics of each type follows:

2.5.1 Exploration and Mining Permissions

- **Temporary Exploration Permits (‘AERP’)** are valid for three (3) months, with no drilling or pitting allowed (surface prospecting and remote sensing only). They are granted immediately upon application and are convertible upon expiry to either Research or Exploitation permits. The maximum area per application is 15,000km² (38,400 Squares) at a cost of A\$0.20/Square (maximum A\$7,700).
- **Exploration Permits (Permis de Recherche - ‘PR’)** allow exclusive prospecting rights within a maximum area of 10,000km² (25,600 Squares). The initial term is for five (5) years; renewable twice more for three (3) years each. A 200km² Exploration Permit (comparable to the WA EL equivalent) would comprise 512 Squares, for a total cost of A\$7,680 (for the first and second year each), with 25% (A\$1,920) payable on application and the remainder upon grant. A reclamation plan, baseline environmental study, an exploration work closure plan and other plans of action are required with the PR application (collectively termed an “*Environmental Impact Statement*” – EIS).
- **Mining Permits (Permis d’Exploitation - ‘PE’)** allow full-scale industrial mining of defined mineral deposits. These are valid for 40 years, renewable in 20 year instalments. Environmental protection criteria are more rigorous than for PRs, with turnaround on granting of licence varying according to project scale, commodity and location. PEs can be up to 1024km² (2,560 Squares), at a cost of A\$32 per square in the first year.

All permit coordinates are given in the Laborde Projection, an Oblique Mercator projection that is used solely in Madagascar. Coordinates in this report are in the Laborde Projection.

2.5.2 Environmental Permissions

Environmental obligations depend on the extent of exploration and/or mining activities. There are four different types of environmental impact assessments:

- PEE-PRE: artisanal techniques only; no chemicals, explosives or mechanical extraction (only for small scale miners);
- PEE-RIM: minimal impact on the environment, including <1000m³ excavation of trenches and pits; no explosives and no heavy equipment; portable drilling and temporary installations only; clearing of trees <50cm diameter permitted; this permit covers all early exploration activities;
- PEE-RS: required for advanced exploration operations with access roads >5km length, excavating more than 10,000m³ ground, and operation of pilot plants;
- EIE: environmental impact assessment for any kind of mechanised exploitation or exploration in sensitive zones; this impact assessment requires a simple environmental inventory and a socio-economic study of the affected communities.

Mineral commodities deemed to be of a strategic significance to the country, such as uranium, coal and oil, are available for acquisition under joint venture with the Malagasy government. The government has previously sought a 20% free-carried interest in a project (JV Rio Tinto titanium, exploration JV's uranium). The government agency through which this occurs is the '*Office des Mines Nationales et des Industries Stratégiques*' [OMNIS - 1976], a research and promotional organ of the Malagasy government. The most common structure involves the establishment of a stand-alone corporate entity in which OMNIS is allocated 20% equity. Government equity is not mandatory and the government is not a direct equity holder in the Ambatovy nickel project, the largest mine project in Madagascar.

2.5.3 Royalties and Wages

There is a 2% royalty on mineral production. Mining wages average US\$100pm, with overtime payable for work in excess of 40 hours/week.

2.5.4 Investment Incentives

As a complement to the new Mining Code, the World Bank further assisted the Government of Madagascar in drafting legislation specific to larger-scale projects. The '*Loi sur les Grands Investissements Minières*' (Large Investments in Mining Act - **LGIM**) was enacted in 2002, and provides for additional incentives to foreign entities undertaking significant (i.e. >US\$25M) resource investment projects in the country. Key points of this legislation are:

- Taxation and Legal stability guaranteed for 25 years from project initiation. This incorporates inter alia that the terms of Exploration, Exploitation and Environmental Permits will not be changed once granted/approved.
- International dispute arbitration and waiver of sovereign immunity on the enforcement of arbitrated awards.

- Ability to maintain and operate offshore bank accounts.
- Reduced corporate income tax; 10% for projects which transform minerals into value-added products, and 25% for straight mining and beneficiation operations.
- Investment tax credit based on capital investment, applied against taxes due and payable.
- Reduced royalty payments; 1% for value-added mineral products, a 50% reduction on standard royalty rates.
- Up to 75% debt-financing, from external or shareholder sources, and repayment of loan principal and interest without withholding tax; 10% withholding tax on dividends to foreign shareholders; elimination of value-added tax (VAT) for operations and subcontractors.
- Elimination of customs duties and dedicated customs posts for import/export, with the exception of 5% customs duty on consumables at the mine. Standard importation duties on equipment apply at a rate of 10%.
- In addition to the Mining Code and the LGIM, the government of Madagascar has updated corporate and labour laws. A new Company Code was enacted in 2003 and the Labour Code was enacted in 2004.

3 REGIONAL GEOLOGY

3.1 Geology of Madagascar

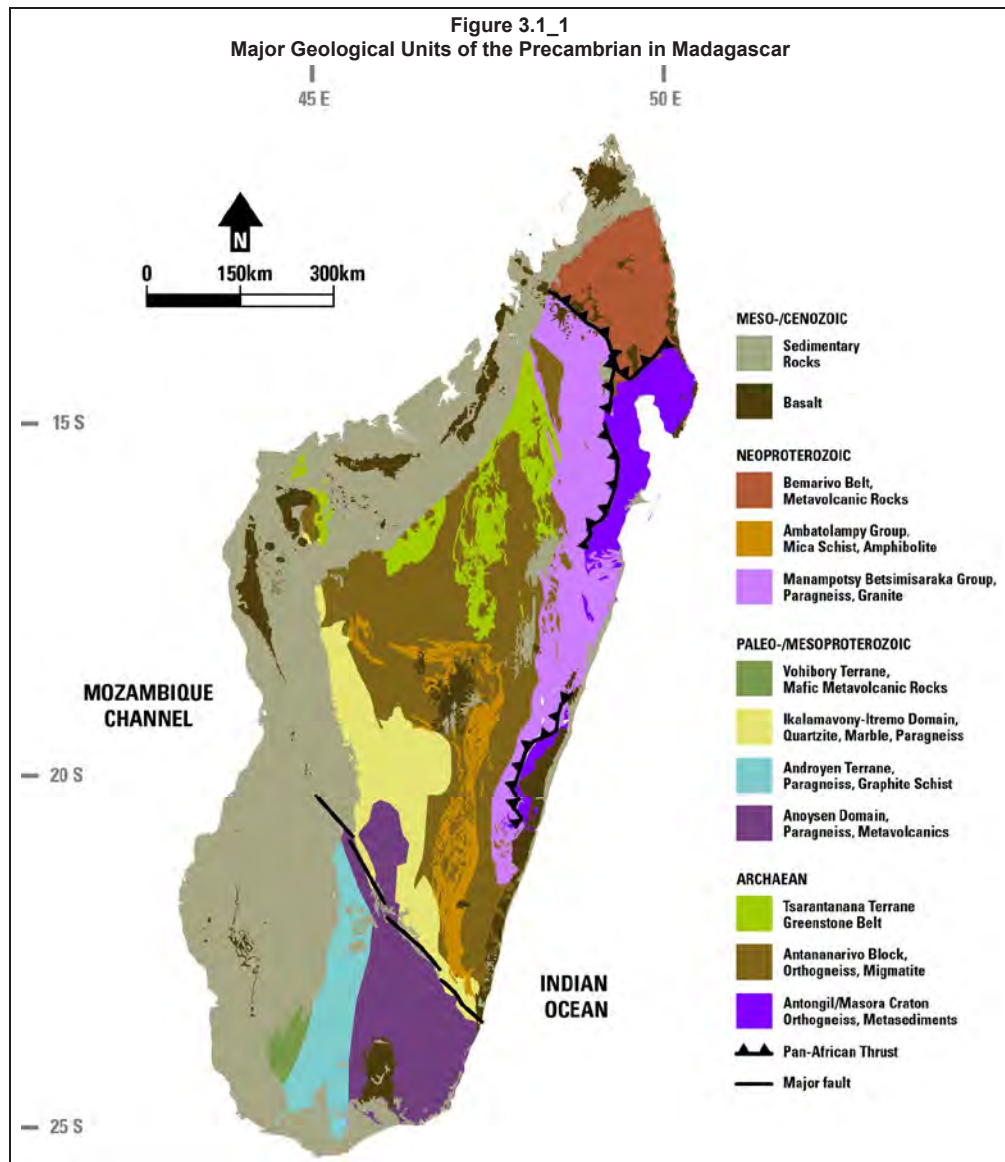
The eastern two thirds of Madagascar are underlain by Precambrian rocks of Archaean and Proterozoic age and are sporadically covered by Cenozoic age volcanic rocks. The western third is composed of two large sedimentary basins of mid-Palaeozoic to Recent age (Figure 3.1_1). Different continental blocks of Indian and African origin amalgamated at about 550 Million years ago to build the present architecture of the island.

3.2 Archaean Age Rocks

The oldest parts of Madagascar, in the east, are the Antongil and Masora Domains thought to originate as part of India. The Antananarivo Block in central Madagascar also contains extensive Archaean rocks.

There are differences in the lithological components of the various Archaean domains of northern and central Madagascar, as well as in the ages of magmatic and deformation events. This evidence would suggest that the Antongil and Masora domains were part of a separate (and older) Archaean terrane(s) to the Antananarivo Domain. The dominant lithologies are:

- The Antongil Domain comprises 3200Ma tonalitic gneiss and 2500Ma granitic orthogneisses associated with amphibolite facies metasedimentary rocks.
- The Antananarivo Domain comprises Archaean gneiss, migmatitic gneiss and granitoid orthogneiss with ages ranging from 2,550 to 2,490Ma. These have been widely intruded by 1,000 to 640Ma calc-alkaline granites, gabbros, and syenites. During the Mid-Late Neoproterozoic (750 - 500Ma), the Tana Block was strongly deformed and metamorphosed. This phase is interpreted to be related to the amalgamation of crustal blocks to form the Gondwana supercontinent (the "Pan African" event).
- The Betsimisaraka Domain is made of gneiss and mica schist with many intercalations of basic and ultrabasic rocks. The zone has been interpreted as a 550-500Ma collisional suture between the Indian block (Antongil) and the African block (Antananarivo).
- The Tsaratanana Domain consists of gneisses and migmatites associated with many basic and ultrabasic rocks dated at 2500Ma and 800Ma, respectively. It contains economic deposits for chromite such as the Andriamena chromite deposit. This unit could be interpreted as an Archaean greenstone belt. In places, there is evidence that this unit has been thrust over the Antananarivo Unit.



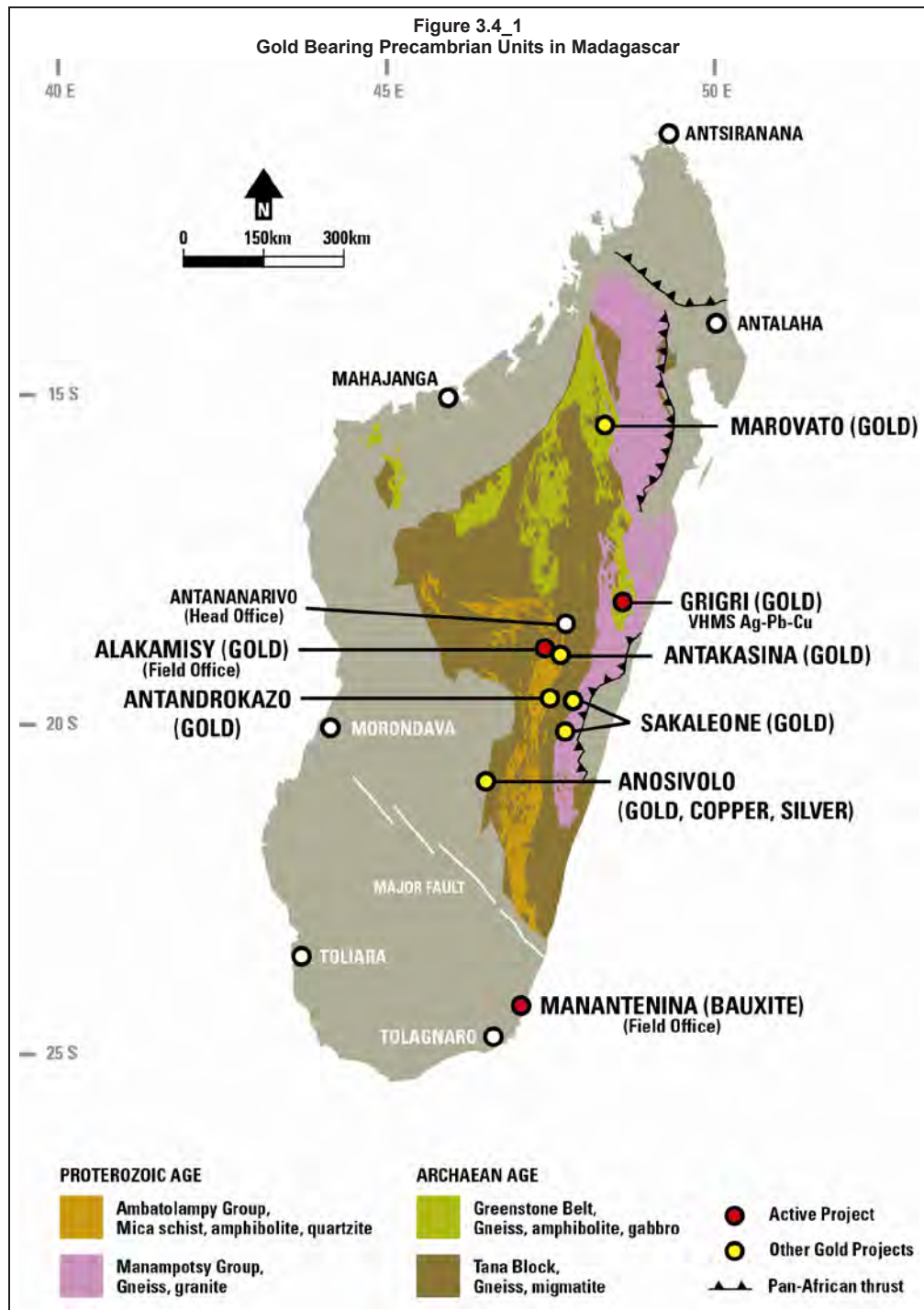
3.3 Palaeoproterozoic – MesoProterozoic Age

The Palaeoproterozoic and MesoProterozoic history of geological events throughout northern and central Madagascar is generally poorly preserved. The metasedimentary rocks have tectonic contacts with underlying Archaean rocks. The Ankavanana Suite of mafic magmatic rocks in the Antongil Domain is dated at about 2147Ma, and is slightly older than the Bushveld Complex of southern Africa.

3.4 NeoProterozoic – Cambrian Age

NeoProterozoic age predominantly sedimentary sequences are a major component of the outcrop area of the southern Antananarivo Domain and Manampotsy – Anaboriana belts (“Betsimisaraka Suture Zone”). Some of the metasedimentary rocks were deposited in an oceanic island arc setting remote from a pre-existing continental landmass, while others may have been deposited as continental shelf sequences marginal to the older Archaean blocks.

The Ambatolampy metasedimentary rocks, in which much Aziana work is focused, are thought to be about 1 billion years old. The Ambatolampy Group which hosts the gold mineralisation at the Alakamisy and Antandrokazo projects is regionally anomalous in gold. Extensive artisanal gold workings are found over the length of the Ambatolampy Group. On a country-wide scale the Ambatolampy Group, and its regional equivalents, can be traced 200km west from the capital Antananarivo, and over 500km southwards and ranges from 34-65km wide (Figure 3.4_1).



4 ALAKAMISY GOLD PROJECT

4.1 Project Background

The Project area is 70km south of Antananarivo and is accessed by a <2 hour drive via the town of Ambatolampy on National Road RN7. RN7 is a tarred road and the most important north-south artery in Madagascar. Ambatolampy town, 7km west of the project area has a population of about 25,000. Aziana has a base camp on the edge of Ambatolampy town, located 5km and about 20 minutes drive from the project area. The camp has electricity, water and sewage supplies. Dirt roads, passable all year, connect the camp to the project. A 1m gauge railway line connects Antananarivo with Ambatolampy and Antsirabe city. The line is operated by Madarail SA and carries freight only. In the recent past, 175km of the railway network have been renewed with financial help of the World Bank.

Ambatolampy is connected to the Antananarivo - Antsirabe power grid run and owned by JIRAMA, the National Water & Electricity Company. HYDELEC, a private company, owns and manages a new hydroelectric power facility in Sahanivotry, situated 30km south of Antsirabe and also supplies power to the Antananarivo-Antsirabe grid. The Ambatolampy district has cell-phone coverage by the three main Malagasy cell-phone companies Orange, Airtel and Telma.

Antsirabe, located 65km SSW of Ambatolampy is the nearest weather station and receives about 1220mm rain per year with most rain falling between November and March. The average annual temperature is 16.9°C. The average maximum temperature in January is 19.7°C and the lowest average temperature is in July (12.8°C).

The Alakamisy Project lies in the Madagascar highland plateau at 1500m elevation and is characterised by gentle rolling topography with 50-100m relief between the ridges and valley floors. The ridges and spurs are farmed over small areas. Valley floors are sediment-filled and typically occupied by rice paddy for local villagers and “gold washing” (panning) areas. More than 50% of the property is covered by secondary woodland of lesser ecological importance, including much non-endemic eucalyptus. The woodland is under the control of Ministry of Water & Forestry.

4.2 Mineral Tenure

Alakamisy comprises seven exploration permits (Permis de Recherche) comprising 112.5km², 100% owned by Tanety Lava SARL which is indirectly owned 100% by Aziana Exploration Corporation. The tenement schedule is given in Table 4.2_1 and the permit squares are illustrated in Figure 4.2_1. The permit coordinates are provided by the Bureau de Cadastre Minier de Madagascar.

The permits are issued for a period of five years and can be renewed for two periods of three years, subsequently, giving a total of 11 years. The permits allow exploration for gold, silver, copper, lead, iron, zinc and graphite. Additional substances can be added and they can be transformed into Exploitation Permits. A number of standard conditions apply including; payment of annual fees, undertaking base line studies on environmental impact of exploration, carrying out bona fide exploration, reporting exploration results annually, advertising the start and end of exploration operations to the local authorities, and the back-fill of Aziana's exploration workings.

Table 4.2_1 Alakamisy Tenement Schedule							
Permit # TN	Owner	Start Date	Renewal Date	Renewal Fees Ar	End Date	Environmental Permit	Area km ²
20231	Tanety Lava	26/07/2006	25/07/2011*	262,900	25/07/2017	RS ¹ 15/04/08	50
20232	Tanety Lava	26/07/2006	25/07/2011*	50,100	25/07/2017	RIM ² 27/11/07	6.25
21589	Tanety Lava	18/01/2007	17/01/2012	110,900	17/01/2018	RS 27/11/07	18.75
26232	Tanety Lava	20/09/2007	19/09/2012	110,900	19/09/2018	Application	18.75
26438	Tanety Lava	11/02/2008	10/02/2013	50,100	10/02/2019	Application	6.25
26669	Tanety Lava	11/02/2008	10/02/2013	50,100	10/02/2019	RS 27/11/07	6.25
28034	Tanety Lava	26/10/2007	25/10/2012	50,100	25/10/2018	Application	6.25
							112.5

¹ Plan d'Engagement Environmental - Recherche Standard: allows unlimited drilling and trenching

² Plan d'Engagement Environmental - Recherche Impact Minimal: allows 10 drillholes and 1000m³ soil movement per square

* Refer to Solicitor's Report, Part 9 on extension of license periods and confirmed submission of renewal documents.

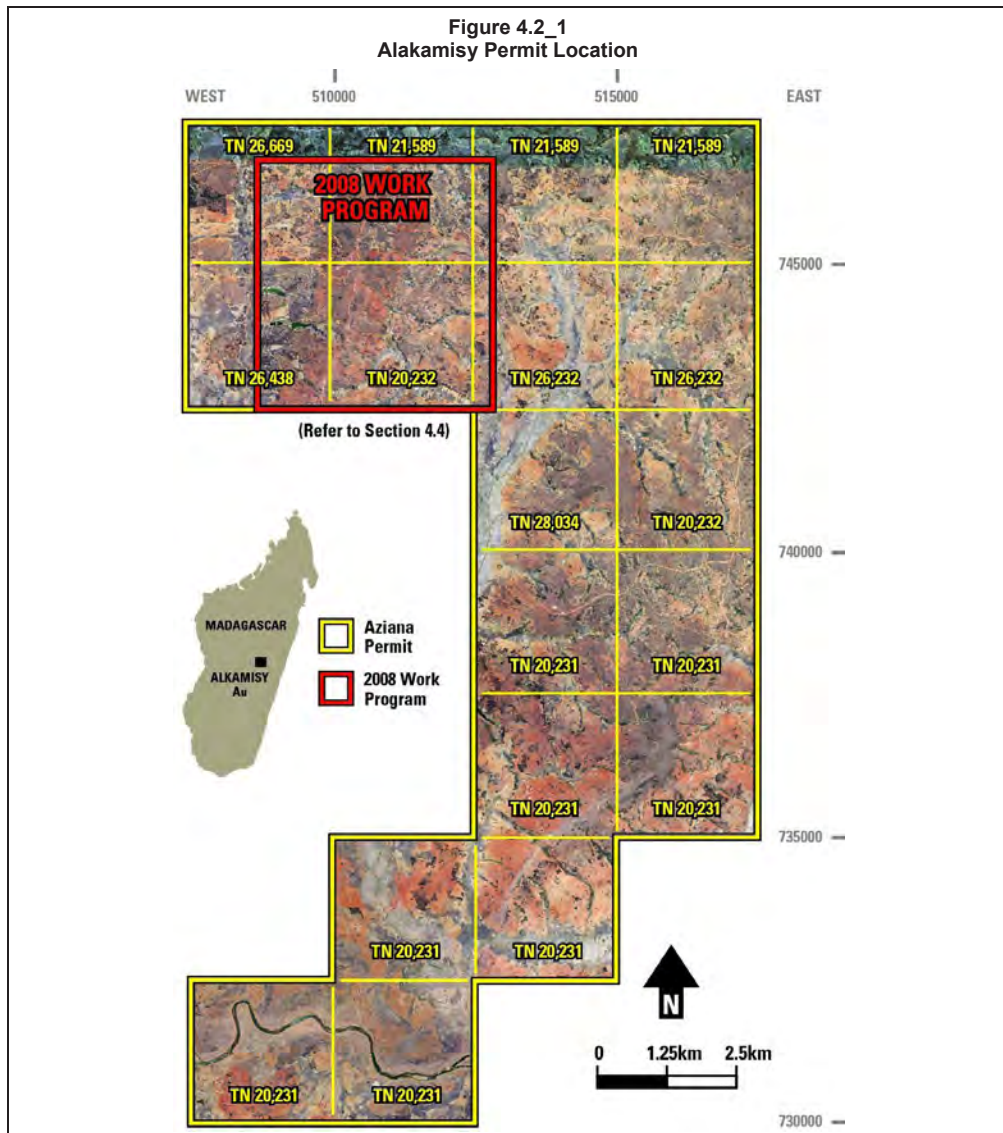


Table 4.2_2 Future Annual Fees Obligations Forecast for the Alakamisy Project Permits			
Cumulative	Year	Total Permit Fee	
		(10 ⁶ Ar)	(A\$)
Year 6	2012	30.7	18,900
Year 7	2013	30.672	21,800
Year 8	2014	35.443	26,500

Coffey has not independently validated the licensing details and the present status of tenements, agreements and legislation described in this report is based on information provided by Aziana.

4.3 Project Geology and Mineralisation

4.3.1 Geology

Stratigraphy

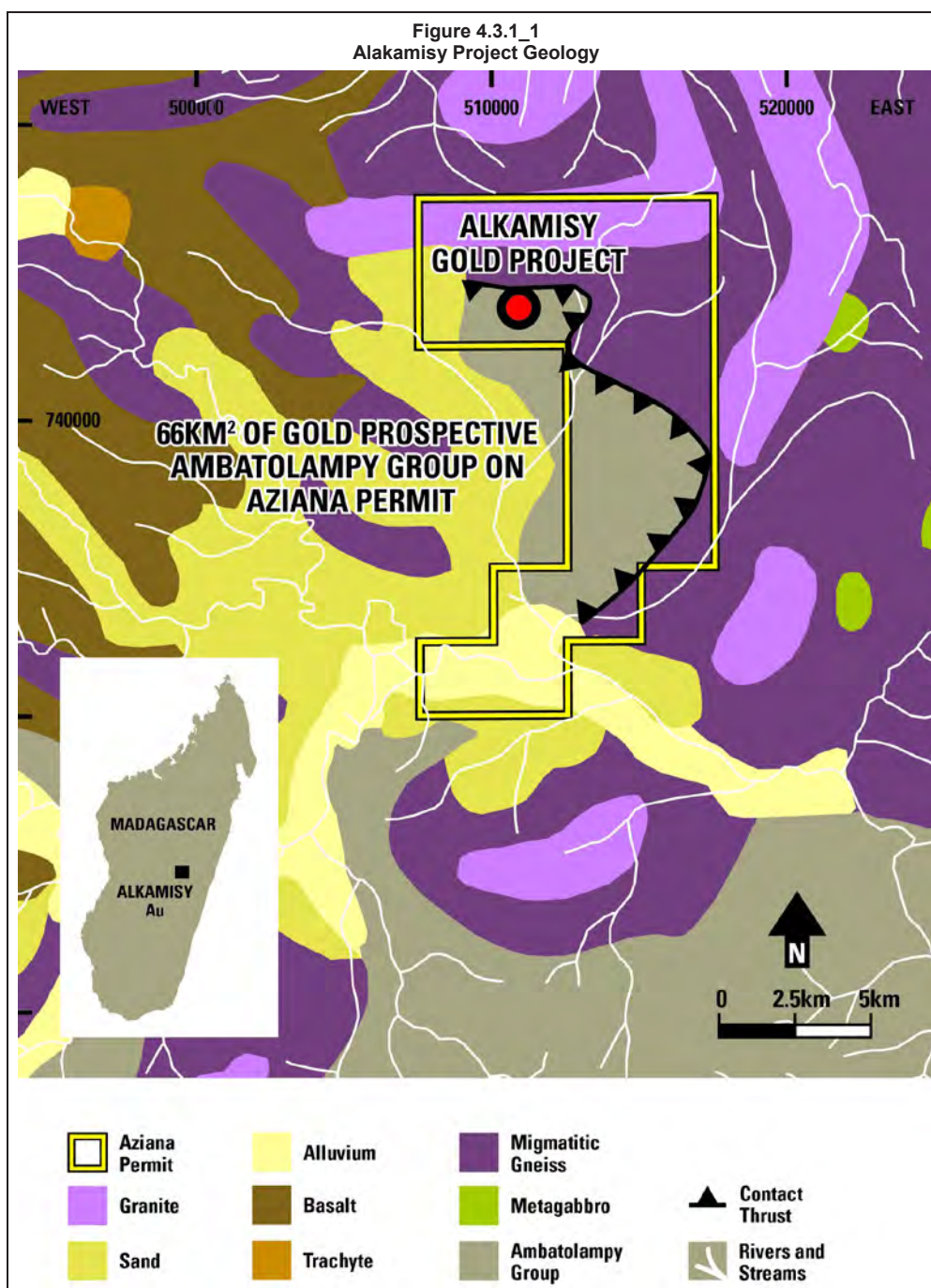
The Ambatolampy Group is characterised by abundant mica schists that give way further east to gneisses and migmatitic rocks (Figure 4.3.1_1). The schists contain quartz, biotite, sillimanite, garnet and graphite. Related paragneisses are biotite-rich and commonly carry sillimanite or hornblende. Quartzites range from thick-bedded ridge-forming units to fine, cm-scale interbeds. Small bodies of pyroxenite, pyroxene-amphibolite, amphibolite ±garnet, pyroxene gneiss are common. Generally, the Ambatolampy Group is characterised by relatively high magnetite content and locally, thin discrete magnetite quartzite marker beds are recognised.

The Alakamisy project area has been subjected to deep tropical weathering and largely intact weathering profiles are preserved over the gentle ridges and slopes. On the Alakamisy ridge top, the weathering profile is typically 40m thick and consists of ferruginous laterite and saprolite. The transition from saprolite to bedrock is commonly sharp. On both the east and west slopes of the ridge, kaolin is more common. Hill slopes are covered by colluvium and valley floors appear largely filled by alluvium, although kaolinised and pegmatoidal granitic gneiss is known to outcrop in the southeast.

Structure and Metamorphism

Deeper exploration pits and trenches, as well as some of the more substantial artisanal workings, have exposed deeply weathered bedrock or saprock in which structure and texture are preserved. Elsewhere specific resistant units such as the quartz-magnetite units and some quartzites outcrop, and provide limited information on the local structure. Diamond drilling completed by Aziana in 2008 intersected fresh rock, provided the first information about unweathered primary lithologies and demonstrated a largely gneissic fabric. No core orientation information is available from this drilling limiting the overall structural interpretation.

Bedrock at Alakamisy appears to strike approximately N-S and dip shallowly to the west (15°-40°). The deformation style is dominated by NW-plunging and eastward-verging tight to isoclinal folds. The limbs of individual folds are extremely sheared and attenuated whereas fold hinges are thickened. Competent quartzite and magnetite quartzite beds (up to 1m thick) occurring within the biotite schist sequence are strongly boudinaged along strike and down-dip.



The metamorphic foliation is commonly parallel to the compositional layering and dips moderately to the west with local steepening possibly due to local shear zones. S1 fabrics are defined by segregation banding of biotite-rich lamellae. Bedding can be picked out in the deeply weathered schists by compositional (colour) variations and by several narrow, boudinaged layers of quartzite and magnetite quartzite. S1 and bedding appear parallel in the area examined. A strongly transposing isoclinal fold fabric, S2, at shallow angles to S1, is evident within the biotite schists.

Low-angle contractional faulting, evidenced by thickening and duplication of highly sheared competent lithologies and a stretching lineation, suggests that the metasedimentary rocks are part of a regional east-directed thrust belt. An ENE-trending shear zone directly coincident with a major trend of artisanal workings is characterised by steep foliations and a sub-horizontal stretching lineation.

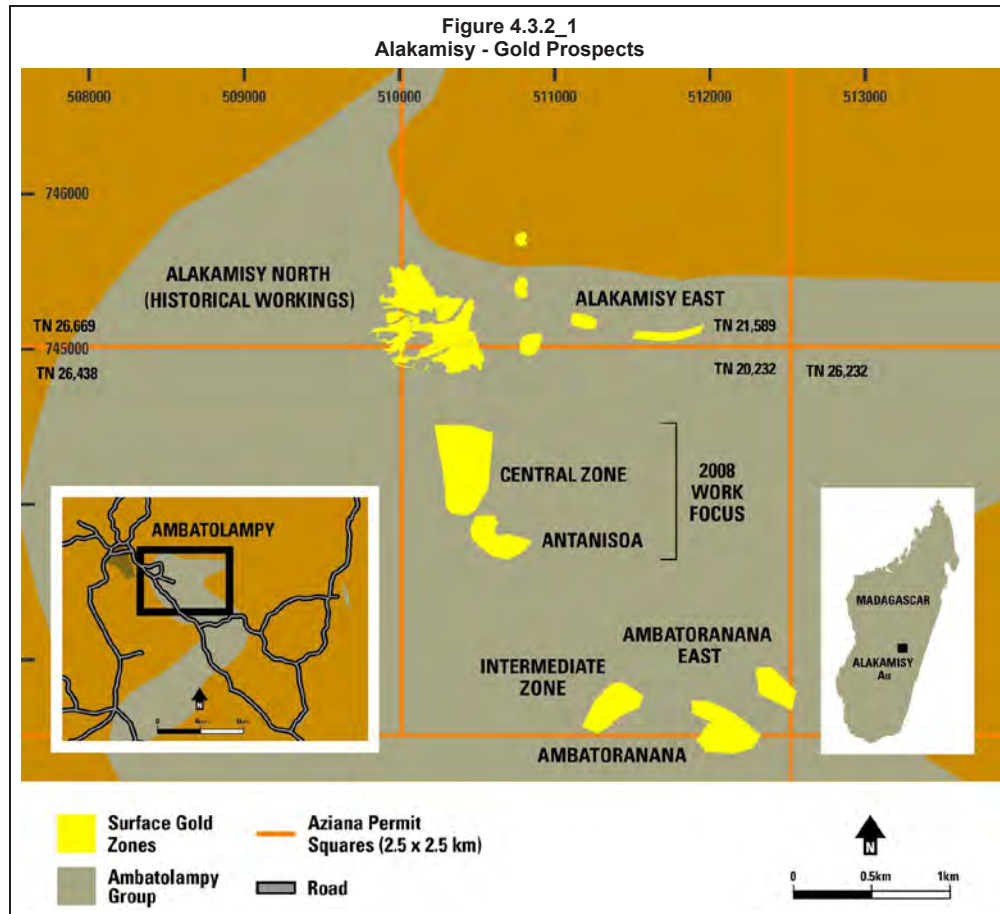
4.3.2 Mineralisation

Seven areas of gold mineralisation are now identified over 4km on the Aziana Alakamisy permits. These are the Alakamisy North historical workings, Alakamisy East, Central Zone, Antanisoa, Intermediate Zone, Ambatoranana and Ambatoranana East (Figure 4.3.2_1). Aziana holds additional gold prospective host rock stratigraphy (the Ambatolampy Group) over a 19km strike length and 3 - 4.3km width (66km²) on its permits. To date, exploration by Aziana has only taken place on the northern part of the project area, on squares TN 21,589 and TN 20,232. Other than recording the location of artisanal workings, the remaining permit area is effectively unexplored. Early exploration activity was focused on the Alakamisy, Central and Antanisoa areas and the oxide gold potential. Some understanding of the mineralisation has begun to develop in these prospects through extensive trenching and limited drilling described in Section 4.4. Gold mineralisation from drilling, trenching and channel sampling returned a number of significant near-surface intersections described in Section 4.4.

Antanisoa and Central Zone Prospects

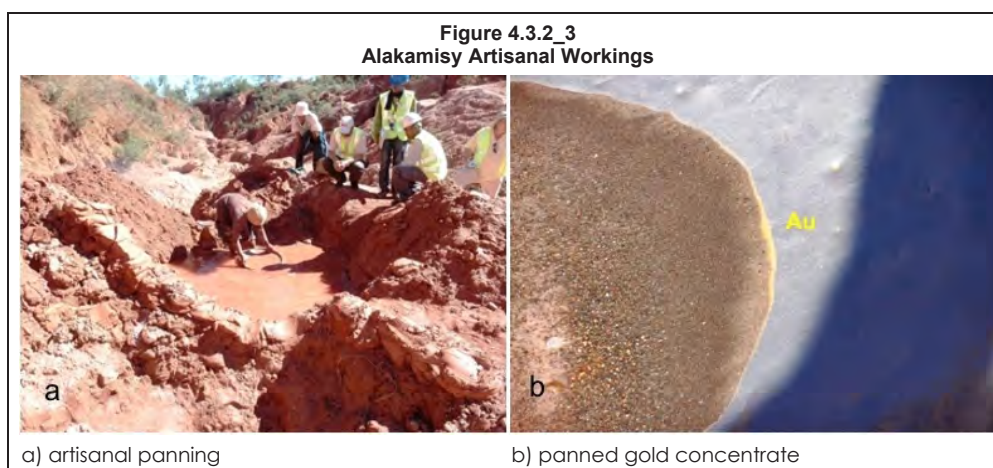
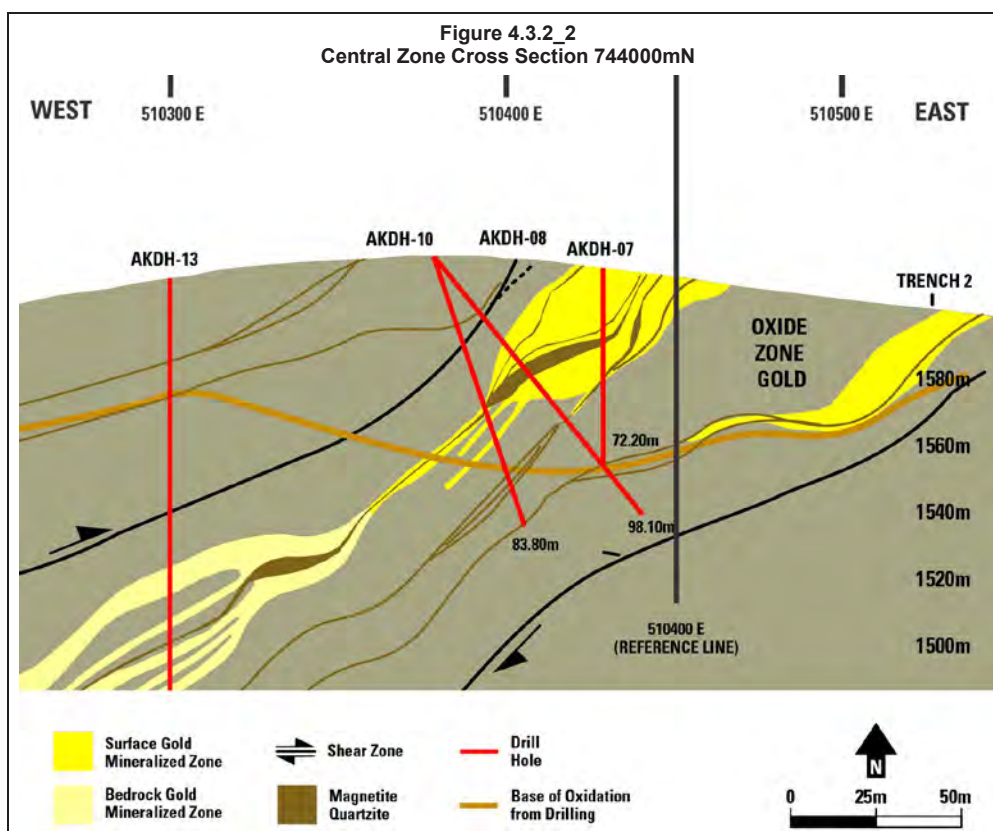
At Antanisoa a number of 0.50m to 1.0m thick magnetite quartzites crop out as flat-lying to moderately steeply-dipping beds. Near-surface gold mineralisation seems to occur near the footwall of these; hosted by red schist and to some extent in the white quartzite and magnetite quartzite. Extensive trenching and more limited pitting have exposed the mineralisation. The magnetite quartzite, as well as the gold mineralisation, appears to follow a general NNW trend.

Gold mineralisation is illustrated in an E-W cross section through drillholes AKDH-08, 10, 13 and 25 (Figure 4.3.2_2). The bedrock gold mineralisation occurs as a thick gently west-dipping zone hosted in a series of intercalated beds of biotite schist, hornblende-biotite gneiss and biotite-quartz-feldspar pegmatite. Chlorite alteration of biotite and amphiboles is associated with some epidote and phlogopite. This type of alteration contains about 1% disseminated sulphides comprising pyrite; pyrrhotite and chalcopyrite associated with weak gold mineralisation and is associated with distinct shear zones. Silicification, associated with minor sulphides and weak gold mineralisation, is typically noted as weak to intense replacement in the matrix overprinting chlorite alteration and as veins replacing early-formed segregated plagioclase feldspars. Calcite occurs as fracture fills or as interstitial fills on crystal boundaries and cleavages, and appears to be a later retrograde alteration.



The general geometry of the mineralised zone, together with the structure and rock fabrics observed, suggest the gold mineralisation is controlled by thrust faults. The Central Zone mineralisation appears from trenching and pitting to be the wider of the two zones. At first interpretation, evidence indicates significant near-surface supergene enrichment of gold has occurred. This observation is supported by the high fineness of the gold being panned and the lack of, or very low, Ag-As or other base metal pathfinder anomalism. The available data, however, are still too sparse to confidently understand the geometry of the mineralised zone and this is exacerbated by the incomplete sampling and analysis from the deeper drilling into fresh bedrock from late 2008, when exploration was suspended to preserve cash. The gold grade continuity down dip cannot be predicted at this stage. Although magnetite-bearing schist and gneiss were observed in the drilling, the thin folded and boudinaged beds of magnetite quartzites and the coarse-grained white to grey quartzite associated with the gold mineralisation at surface were not distinctly observed at depth. This suggests a lack of geological continuity which needs to be resolved.

In some cases, such as the 3.39m @ 2.78g/t Au intersection in vertical trench AKTR5A which appears to correlate with a 2m @ 2.05g/t Au intersection in drillhole AKDH 20; the continuity has yet to be tested down dip with drilling or along strike with trenching.



4.3.3 Deposit Model

Aziana geologists draw similarities in structural setting and lithostructural controls between the mineralisation at Alakamisy and the Morro do Ouro (Paracatu) Mine in Minas Gerais, Brazil. Gold mineralisation at Paracatu is hosted by a NeoProterozoic phyllite within a 3km wide, 120 – 140m thick zone that dips gently (20°) to the SW and is traceable for over 6km along a NE-SW trend. Between 1987 and 2005 that operation produced 3.165Moz Au from 254Mt of oxide ore at an average grade of 0.5g/t Au (Henderson et al., 2007). The flat-lying to gently dipping mineralised shear zone lies in the dilational zone of a larger-scale thrust structure. Sulphide mineralisation is dominantly arsenopyrite, pyrite, and pyrrhotite with lesser amounts of chalcopyrite, sphalerite and galena. Gold is closely associated with arsenopyrite and pyrite.

The style and geometry of the mineralisation at Alakamisy appears to be more similar to that at the Tropicana gold deposit in Western Australia, which is hosted by high-grade metamorphic rocks of the Proterozoic Albany-Fraser Province. The Tropicana deposit is mostly of low tenor (1-2.5g/t Au) but occurs in a relatively thick gently-dipping zone (like Alakamisy) amenable to open pit mining at low strip ratios. Mineralisation is broadly concordant with the enclosing host rocks comprising quartzofeldspathic gneiss, garnet gneiss, amphibolites (Alakamisy schist-gneiss), recrystallised chert and ferruginous chert (BIF) (Alakamisy magnetite quartzites) with thin interleaved coarse-grained pegmatite bands (Kendall, 2007). Gold mineralisation occurs associated with foliation parallel sigmoidal zones or lenses (like Alakamisy Central Zone) comprising patchy disseminations, veins and bands of pyrite-biotite sericite-pyrrhotite in gneiss or as patchy and vein-style pyrite-pyrrhotite replacements in chert and ferruginous chert. Pyrite is fine-grained and typically comprises 2-8% of the mineralised intervals. Subordinate pyrrhotite, trace chalcopyrite and rare galena and sphalerite are the other principal sulphide minerals and no significant arsenic association is documented.

There is limited base metal data for the mineralisation at Alakamisy and most analytical results have been from oxidised material where metal depletion could be expected. To date, no arsenic association has been demonstrated with the gold mineralisation at Alakamisy. At Alakamisy and Antanisoa, weakly elevated Pb, Cu and Zn values correlate with gold mineralisation in both fresh and oxidised material from trench channel sampling and drilling

4.4 Exploration History

Artisanal mining at Alakamisy is believed to have started before the 1950s and the first known account of artisanal bedrock workings was given on the 1:200 000 geological map by J. Guiges in 1951. Geological Survey mapping at 1:100 000 scale in 1964 by Gabriel Hottin and Z. Randriamanantena identified surface gold mineralisation at Alakamisy, but Hottin (1965) reported that the workings had been abandoned at that time. According to local villagers, artisanal mining accelerated in the 1980s as living standards derived from agriculture declined.

The project area can be broadly subdivided into a Northern Area (Alakamisy) of historical artisanal workings, a Central Area and Antanisoa area of Aziana exploration in 2008 and an untested Southern Area (including Ambatoranana). The Northern Area of historical working consists of many hundreds of man-size vertical pits, spread over an area of 24 hectares, typically 5-15m deep and spaced a few meters apart.

Figure 4.4_1
Alakamisy – Central Zone Trench and Pit Channel Sampling
 Alakamisy Trench Floor Channel Sampling



Vertical channel sampling at Central Zone with markers at 1m intervals.
 Note moderate dip of foliation in saprock



Reconnaissance surface sampling was conducted over the northern area by Harmony Gold as part of a brief exploration program in Madagascar in 2003-04. Aziana targeted the area in mid 2007 and conducted work until late 2008. The Aziana work program is described below.

2007

Reconnaissance surface sampling, sampling of artisanal pits and 1-2m deep post hole pit sampling was conducted over the Alakamisy-Antanisoa area. All samples were panned for gold and 1241 samples were assayed for gold and 896 samples for multi-elements. This work returned gold analyses up to 110g/t Au and confirmed interest in the project area and defined the Alakamisy-Antanisoa area as the initial area of interest. Early-stage surface geological mapping was made difficult by the scarcity of outcrop.

2008

Trenching comprised 20 manually excavated trenches each 3-4m deep cut across or parallel to the interpreted strike for a total of 3,894m (Figure 4.4_1). Trench floor channel sampling (3825 samples) and trench wall vertical sampling (1760) were completed. In total, 4078 samples were panned by the panning team. Test pitting comprising 60 manually excavated pits typically 5-10m deep were dug for a combined depth was 633.20m. Sampling and logging commenced but were not completed in 2008. Trench and pit sampling locations are shown in Figure 4.4_2.

A total of 26 diamond drillholes for 2,893.2m were drilled between February and November 2008. Of these, 21 were drilled at the Antanisoa Prospect and five were drilled around the Alakamisy North workings. The shortest (AKDH07) hole was 72.2m and the longest 236.95m (AKDH25). The average hole depth was 111m. Most holes were drilled at 45 to 60 degrees inclination on various azimuths.

In 2008, 22 holes were partially logged, partially sampled and partially assayed with the focus on the oxide (weathered) zone. A complete photo database was recorded before samples were taken and half-core in the oxide zone was sampled and sent for analysis. Quarter-core in the oxide zone was crushed and panned to guide assay work. Core recoveries in the oxide zone varied from 70% to 80% in the first ten holes but improved to 90% thereafter. All holes, except one, were drilled by Aziana's in-house drill teams with its own two diamond drill rigs. Significant gold intersections from the 2008 trenching and drilling work are shown in Table 4.4_1. Associated Ag and base metals assays (where available) are generally low. A total of 2819 samples were analysed for gold from the Alakamisy-Antanisoa area (4250 samples sent, but not all assayed in 2008). The highest individual gold assay was 110.74g/t Au from existing gold workings at Alakamisy. Sampling and assaying procedures employed by Aziana during this exploration phase are described in Section 4.5 of this report. First phase drilling of the oxide zone focused in the Central Area demonstrated that gold assay grades over 200ppb Au typically occurred more consistently 15-30m downhole. Several holes showed higher grades from surface (AKDH7 and AKDH21).

A small ground magnetic survey was conducted in-house in an attempt to map more magnetic units in the stratigraphy. Work was conducted at 50m line spacing on a north-south oriented grid. The results were of limited use due to the line orientation, the limitations of the simple magnetometer used and the noise effects resulting from having the sensor too close to the ground.

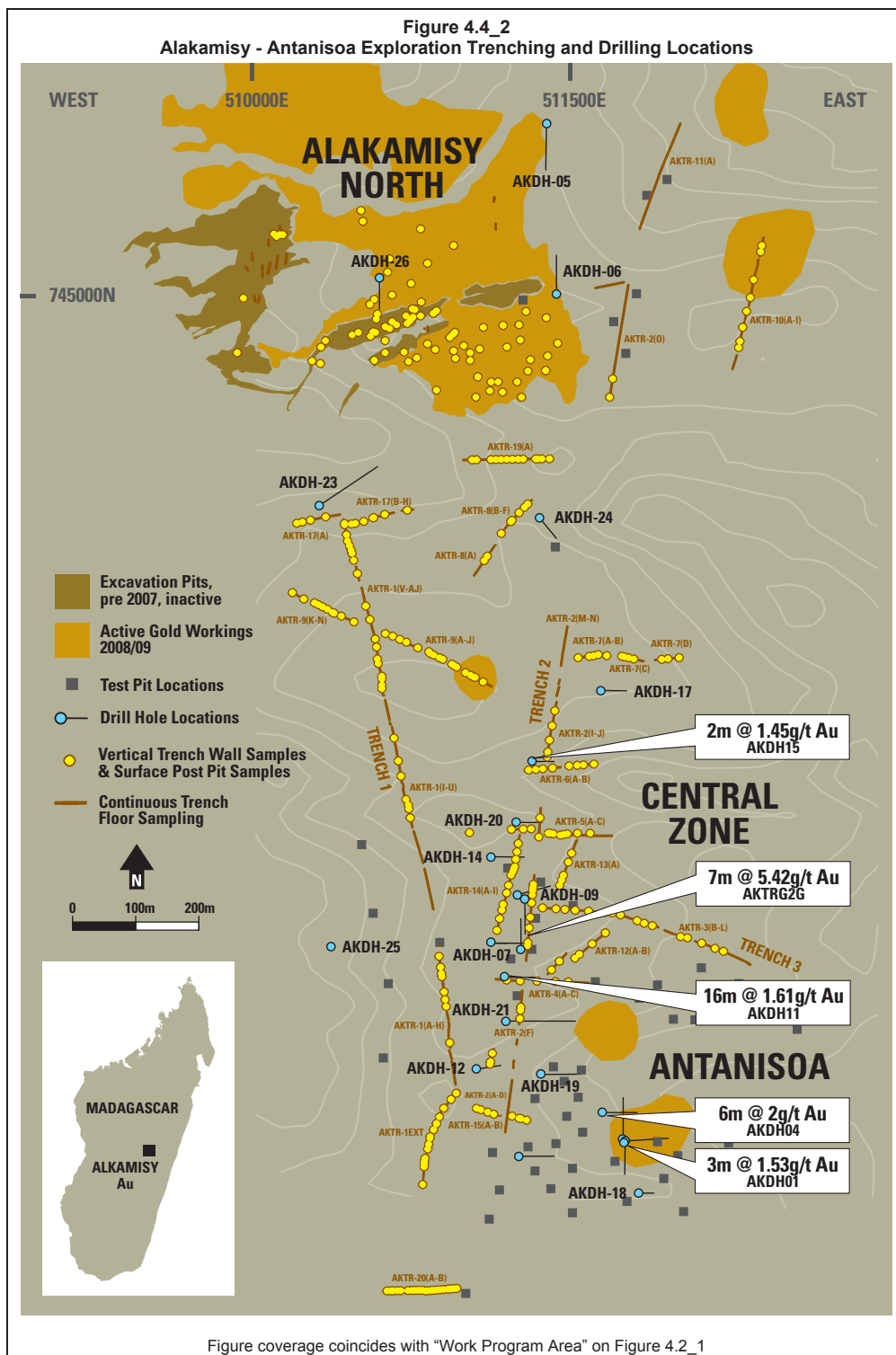


Table 4.4_1
Alakamisy Project
Selected Assays from Trenches and Drilling

ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Interval (m)	Au (g/t)
AKTR2G	510436	743971	0	5.5	21	28	7	5.42
AKTR2G	510436	743971	0	5.5	86	101	15	1.86
AKTR4A	510388	743942	0	94	40	43.06	3.06	3.41
AKTR5A	510444	744178.9	-90	0	0	2.66	2.66	2.25
AKDH11	510404	743945	-45	90	25	41	16	1.61
AKDH04	510557	743732	-45	90	33	39	6	2.01
AKDH07	510428	743991	-50	0	2	4	2	1.45
AKDH07	510428	743991	-50	0	9	14	5	1.11
AKDH20	510421	744189	-60	90	10	12	2	2.05
AKDH08	510378	743999	-50	90	36	38.1	2.1	1.19
AKDH01	510589	743690	-60	0	19.5	22.5	3	1.53
AKDH15	510445	744285	-60	90	29	31	2	1.41

AKTR = trench, AKDH = diamond drillhole, * = vertical channel within a trench
 Results shown at 0.5g/t Au cutoff

Gold mineralisation from drilling, trenching and channel sampling returned a number of significant near-surface intersections including 7m @ 5.42 g/t Au and 15m @ 1.86g/t Au in a strike-parallel trench (AKTR2G) and 3.06m @ 3.41g/t Au in a trench orthogonal to the structure (AKTR4A). Shallow diamond drill intersections included 16m @ 1.61g/t Au from 16m in drillhole AKDH11 and 6m @ 2.01g/t in hole AKDH04.

2009 - 2010

The combined effects of the Global Financial Crisis (GFC) and political instability in Madagascar led to a temporary halt in exploration in early 2009. Work mostly comprised site rehabilitation and back-fill of trenches and test pits excavated by Aziana.

In the second half of 2010, artisanal mining focused on the 2008 Aziana gold discovery at Central Zone. Three oxide zone surface pits were excavated. This illegal work has now virtually stopped by negotiation and agreement with local mayors, and land occupants with Malagasy village surface rights. The three areas of workings have been bull-dozed over at the suggestion of local officials.

2011

Aziana resumed work at Alakamisy in May 2011 with re-establishment of the Project base camp and resumption of geochemical pitting near artisanal workings in the southern part of the project area. Exploration activities were previously located by handheld GPS. Formal surveying of the boundaries of the permits has been completed. Drill core from previously un-sampled intervals totalling 761.6m in five holes (AKDH 14, 22, 23, 25 and 26) is currently being cut for assay.

4.5 Sampling and Assaying Procedures

4.5.1 Sampling

Panned concentrates were made from splits of all trench and pit samples, drilling sludge was panned during drilling and sludge from core cutting was also panned. Gold grain counts were used to prioritise intervals for assay. All core, pits and trenches were photographed. Pit and trench channel sampling were treated in the same way as drilling with logging and sampling to 1m intervals, except where modified to accommodate lithological contacts. Channel sampling of pits and trenches was guided by box framing to ensure consistent volume/mass recovered with the objective of emulating HQ drill core sample mass (Figure 4.4_1).

All channel and core sample weights were recorded. Core was sawn in half on site and dispatched for sample preparation at the Intertek Laboratory in Antananarivo (Tana). Some core was also quartered and crushed for panning.

Channel samples and pit samples were dried, homogenised and riffle-split on site with three splits produced. One split was panned and gold grains counted, one split kept as a duplicate and one split sent to Intertek in Tana. Intertek pulverised and split all samples to produce a 200g pulp which is was then dispatched to various analytical laboratories for assay.

4.5.2 Analytical

The assay laboratories utilised by Aziana since 2007 include Setpoint and SGS in Johannesburg (South Africa), and more recently, the Genalysis laboratory in Perth. All gold was by 50g fire assay with repeat 25g fire assay of anomalous samples. Various samples were assayed for Ag, Fe, Mn, and base metals (Pb, Zn, Mo, Bi, As) by aqua regia digest followed by Atomic Absorption Spectrometry. Some pulps were sent to several laboratories for check assay and this led to a change to the exclusive use of the Genalysis laboratory in Perth for all later samples. Test work was also conducted to compare BLEG with fire assay using duplicate samples. The BLEG results compared favourably and performed better with respect to the field duplicates. This was to be expected given the mass of the samples, the mostly oxidised nature of the samples and the occurrence of gold exclusively as free gold. The cost of freight for the larger BLEG samples, however, precluded the use of BLEG as the primary gold assay method.

A QAQC program was implemented by Aziana in which field duplicates, blanks and standards (Certified Reference Materials or CRMs) were used. Field duplicates and CRMs were inserted at a frequency of 1 in every 20 samples for selected batches of samples. About 5 blanks samples were also inserted in some places.

4.6 Project Exploration Strategy and Budget

4.6.1 Exploration Strategy and Program

An exploration program for the Alakamisy Project has been provided by Aziana covering the first two year period following listing. The work program is summarised below.

Year 1 will be aimed at defining drilling targets. An orientation geochemistry survey will re-examine the best sampling procedure and suitability of cheaper gold assay methods. Regolith mapping will be undertaken and more systematic geochemistry over the larger permit block by shallow test pitting and soil auguring will follow. Previously unsampled stored core will be assayed. Detailed airborne geophysics (magnetic and radiometrics) are planned to better define the area's structure. Drill testing of targets will follow. This will include a fence of holes below the large ENE trending pits in the Alakamisy North area, which is an obvious target.

Year 2 will be focused on drill testing of targets with a 6,000m drill program. Aircore drilling is likely most suitable drilling method for testing the oxide zone while diamond drilling will be employed for deeper testing. Positive results will be used to define a maiden Inferred Resource in oxide zone.

4.6.2 Exploration Budget

An exploration budget for the Alakamisy Project has been provided by Aziana covering the first two year period following listing. The proposed budget totals \$2.8M and the budget detail is shown in Table 4.6.2_1.

Table 4.6.2_1 Alakamisy Exploration Project Budget (A\$)						
Activity	Minimum Subscription (\$)			Maximum Subscription (\$)		
	Year 1	Year 2	Total	Year 1	Year 2	Total
Permits & Acquisitions	25,000	25,000	50,000	25,000	25,000	50,000
Staffing, Contractor & Consultants	100,000	100,000	200,000	100,000	100,000	200,000
Logistics	30,000	40,000	70,000	30,000	40,000	70,000
Survey & Cartography	15,000	15,000	30,000	15,000	15,000	30,000
Geological Work	200,000	200,000	400,000	200,000	200,000	400,000
Geophysics	350,000		350,000	350,000		350,000
Drilling & Pitting	300,000	620,000	920,000	300,000	620,000	920,000
Sample Analysis	250,000	450,000	700,000	250,000	450,000	700,000
Exploration Development	10,000	10,000	20,000	10,000	10,000	20,000
Community Relations	15,000	20,000	35,000	15,000	20,000	35,000
Capital Items > \$ 1000	5,000	20,000	25,000	5,000	20,000	25,000
Total	1,300,000	1,500,000	2,800,000	1,300,000	1,500,000	2,800,000

4.6.3 Coffey Mining Recommendations

Coffey Mining recommends completion of the following:

- Amend the Project analytical strategy. 50g fire assay for Au is excessive for exploration samples and suggest ppb Au and ppm pathfinders by AAS via aqua regia or mixed acid digest. Selected samples with high values can be re-assayed with fire assay as required.
- Consistent pathfinder and base metal assays (assay suite dependent on orientation results).
- Complete magnetic susceptibility measurements on all trenches and drill core to aid geological and geophysical interpretation.
- Plot and reinterpret all existing trench/pit and drill data.
- Structural mapping/interpretation.
- Plan follow-up.

In addition to these recommendations, some consideration should be given to the completion of an orientation electrical geophysical survey (IP) over the strongest known mineralisation at Antanisoa to investigate the utility of this method in defining bedrock drilling targets.

4.6.4 Conclusions and Exploration Potential

Coffey considers that the Alakamisy Project displays widespread albeit moderate regolith gold anomalism and associated extensive artisanal gold workings suggestive of major mineralised structures traversing the project area. Although a significant amount of trenching has been completed in localised areas, the Project is still at an early stage with respect to systematic exploration. Past work programs were fragmented by interruptions to funding; however, Aziana has recently recommenced systematic exploration over the permits. Ongoing systematic exploration should be successful in defining additional targets for follow up drilling. At the Antanisoa and Alakamisy prospects, the nature of the bedrock mineralisation is still inadequately understood due to the sparseness of bedrock data and additional data collection is warranted. Although a typical mesothermal lode gold model cannot be applied for gold mineralisation in the Ambatolampy Group, the empirical evidence for widespread gold anomalism cannot be discounted. This lesson has been adequately demonstrated through the discovery history of the 5Moz Tropicana gold deposit in high-grade metamorphic rocks on the margin of the Yilgarn Craton in Western Australia (Kendall, 2007).

5 MANANTENINA BAUXITE PROJECT

5.1 Introduction

The Manantenina bauxite deposit is located in Anosy region of Toliara province in south eastern Madagascar. The permits are located within 10-15km of the small town of Manantenina. The area is reached by National Road RN 12a (110km) from Tolagnaro (Fort Dauphin), the capital of Anosy region, and main port in southern Madagascar. Total travelling time from Tolagnaro is about 4 hours. The road is unsurfaced and five rivers are crossed by small but efficient state-run ferries capable of carrying several cars or one small truck.

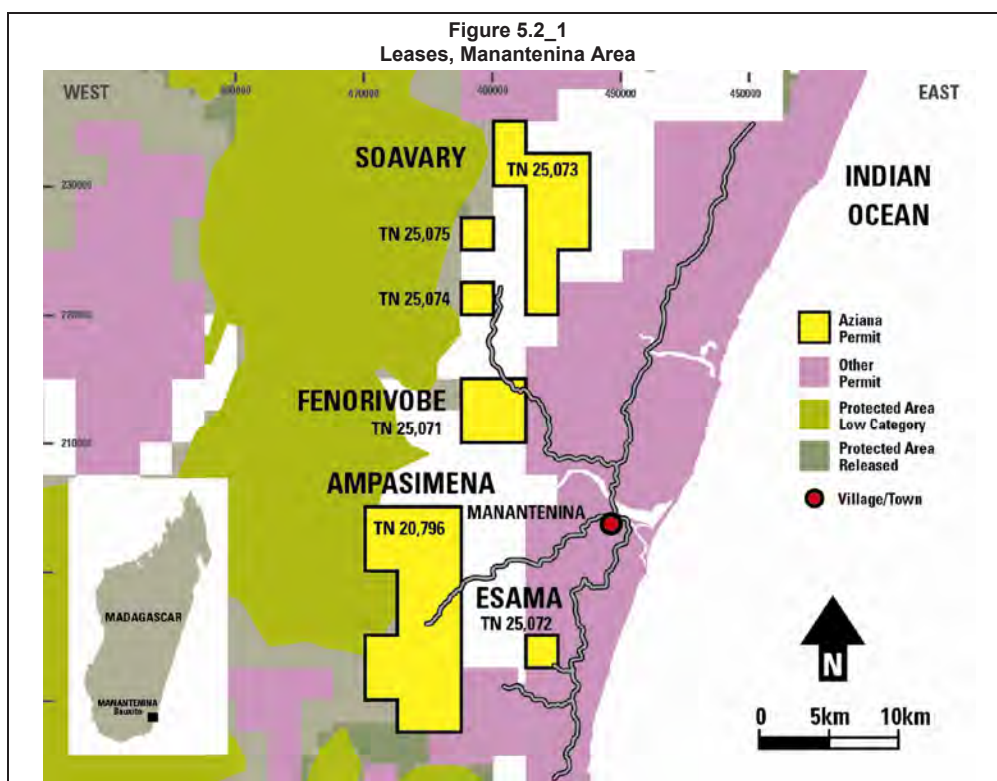
Tolagnaro has an airport, with domestic services operated by Air Madagascar to Antananarivo, Toliara and other towns. The new port of Ehoala, near Tolagnaro, started operations in May 2009 and is chiefly used by QMM (Rio Tinto) for their ilmenite sand project north of the town.

Aziana has established a field office in Manantenina town and base camp in Soavary County. There is currently no public cell-phone coverage, electricity, or piped water supply. Cell phone towers have been installed by Orange and Telma at Manantenina. Operation is anticipated within 3 months. A small post office and a daily taxi bus, travelling from Manantenina to Tolagnaro and back, are the main means of public communication. A small, unsurfaced airstrip is located on a sand bar 2km SE of Manantenina. This airstrip is used on a daily basis for local lobster exports and also supports Aziana staff movements.

5.2 Mineral Tenure

The Manantenina Bauxite licences are held in Aziana's Madagascar incorporated subsidiary companies of Tanety Zina Sarl and Esama Minerals Sarl. Aziana holds 100% equity in Tanety Zina Sarl and 99% equity in Esama Minerals Sarl. The balance of 1% of equity in Esama Minerals is held by Aziana's General Manager in Madagascar on behalf of the Malagasy employees of Aziana. The Project tenement schedule is shown in Table 5.2_1 and the permit locations illustrated in Figure 5.2_1.

Tanety Zina holds one exploration permit (TN20976 comprising 16 squares covering an area of 100km², and Esama Minerals holds six exploration permits (TN 25071 - TN 25076) comprising 19 squares covering an area of 118.25km².



The permits are issued for a period of five years and can be renewed for two periods of three years. These permits are Research Permits and allow exploration work under some obligations, including:

- Payment of annual fees;
- Baseline studies on environmental impact of exploration work in order to avoid negative effects on the ecologic and socio-economic environments;
- Carrying out a bona fide exploration during the period of the permit;
- Reporting annually the scale and basic results of the exploration operations;
- Advertising start and termination of exploration operations to the local authorities;
- Back-filling excavations made during the course of exploration.

The permits allow exploration for bauxite (TN 25071-25076), and iron, gold, silver, apatite, monazite and copper (TN 20796). Additional commodities can be added and the Exploration Permits can be transformed into Exploitation Permits.

The fees listed in Table 5.2_1 are for the renewal of a permit after years 5 and 8 and have to be paid on top of the annual fees. They are calculated by size (Ar 1,900 per 625 x 625m square) plus a lump sum of Ar 19,700 (~\$US10) per title. The projected total annual fees for all Manantenina permits are: 2012 ~\$A 28,000; 2013 ~\$A 28,000; and 2014 ~\$A 38,900. Coffey has not independently validated the licensing details and the present status of tenements, agreements and legislation described in this report is based on information provided by Aziana.

5.3 Geology and Mineralisation

5.3.1 Regional Geology

Bauxite in the Manantenina region has formed on top of alumina-rich, NeoProterozoic age metasedimentary rocks ("leptynites"). The metasedimentary units comprise banded cordierite-spinel-garnet gneisses and homogeneous biotite-garnet meta-psammities (Figure 5.3_1). This crustal domain is called the Anosyen (or Anosyan) domain and represents a Palaeoproterozoic terrane, largely covered by a NeoProterozoic passive margin sedimentary sequence. Two generations of coarse-grained granitoids intruded the metasedimentary rocks (Tucker et al., 2011).

After its incorporation into the Gondwana continent, the crustal block underwent a long phase of uplift and erosion under tropical climatic conditions. The Manantenina bauxite deposits occur over a strike length of about 50km. Mineralisation is localised on two coastal peneplain platforms at approximately 25m-50m and 50-100m above sea level (ASL) and is developed over leptynites which are intensely fractured and faulted, promoting drainage and weathering. The leptynites are relatively aluminous (13-25% Al_2O_3), with generally low Fe_2O_3 (1-17%) and elevated SiO_2 (45-75% quartz) contents.

The two coastal platforms lie parallel to the coastline. The lower (at 25m-50m elevation) is 3-9km wide, with the upper located to the west of the step-up at 50-100m ASL. The upper platform is 4-20km wide and is generally more dissected. Further west, the topography rises rapidly up to about 1100m ASL. Leptynites are still present, but there has been no development of bauxite. To the north, the leptynites pass into charnockites, which were either less susceptible to weathering or weathering profiles have been eroded, and consequently are not mantled by bauxite. With the exception of the Esama permit (TN 25072); all of Aziana's permits are located on the upper peneplain.

The peneplains developed during the Cretaceous after the separation of India from Madagascar. Based on preliminary geological studies, the peneplains have undergone a history with bauxite development, and deposition of aeolian (windblown) sands, erosion of hilltops, and re-deposition of bauxite along the hill slopes. As a result, the cover of bauxite has been eroded (or not formed) on the higher hill tops and from some planation surfaces, whereas in some valleys and on valley sides bauxite has been emplaced by hill-wash processes.

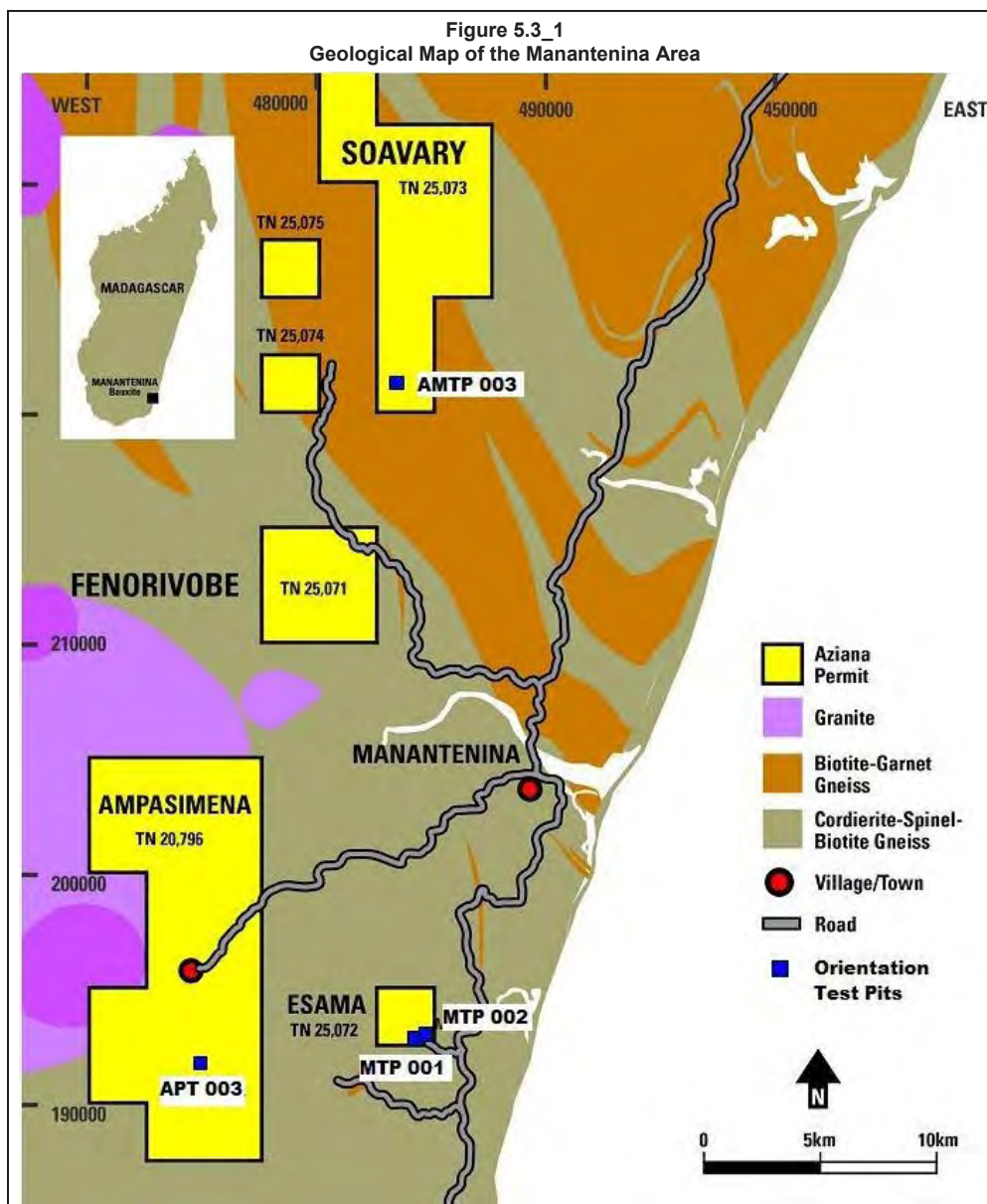
Typical weathering profiles comprise an uppermost horizon of soil and bauxitic gravel 1m thick overlying a layer of clay with rounded concretions or blocks of bedrock in which feldspars have been converted to gibbsite, which when present in sufficient quantity constitutes ore-grade mineralisation. The lowermost saprolite may contain gibbsite derived from weathered feldspars and may be ore-grade, particularly in the gneiss bedrock. Detailed mapping is needed to define the absolute extent of the resource. Satellite imagery can be used to identify most bedrock exposures.

Table 5.2_1
Manantenina Project
Aziana Permits in the Manantenina Region

Permit Number and Name	Number of Squares of 6.25km ² Area	Size (km ²)	Start Date	Renewal Date	Renewal Fees (MGA)	End Date After Two Renewals	Owner	Environmental Permit ¹
TN 20796	16	100	19/07/2006	18/07/2011 ²	506,100	18/07/2017	Tanety Zina	PEE-RIM (submitted)
TN 25071	4	25	30/04/2008	29/04/2013	141,300	29/04/2019	Esama Option 99%	Application
TN 25072	1	6.25	30/04/2008	29/04/2013	50,100	29/04/2019	Esama Option 99%	EIE issued
TN 25073	10	62.5	30/04/2008	29/04/2013	323,700	29/04/2019	Esama Option 99%	Application
TN 25074	1	6.25	30/04/2008	29/04/2013	50,100	29/04/2019	Esama Option 99%	Application
TN 25075	1	6.25	30/04/2008	29/04/2013	50,100	29/04/2019	Esama Option 99%	Application
TN 25076	2	12.5	30/04/2008	29/04/2013	80,500	29/04/2019	Esama Option 99%	Application

¹ Environmental Permits: since all permits (except TN 20796) were formerly protected areas, an Environmental Impact Assessment (EIE) is necessary for any exploration work.

² Refer to Solicitor's Report, Part 9 on extension of license periods and confirmed submission of renewal documents.



5.3.2 Local Geology

On peneplains, the uppermost 0.5 m of the weathering profile contains bauxite concretions in alluvial or eluvial sands (Figure 5.3.2_1). Below this, the massive bauxite overlies deeper horizons described as lateritic ferruginous clay. Mineralogical studies have confirmed gibbsite as the main bauxite mineral (Behier & Hottin, 1963). Independent X-ray diffraction studies conducted for Aziana by CERAM UK Analytical Limited in May 2011 on raw bauxites, confirmed gibbsite contents from 44-78% for samples taken in Aziana permits (Table 5.3.2_1). Minor (<2%) nordstrandite ($\text{Al}(\text{OH})_3$; triclinic) and bayerite ($\text{Al}(\text{OH})_3$; monoclinic) contents were detected and are thought to be oxidation products of gibbsite.

Figure 5.3.2_1
Upper Section of a Bauxite Profile



Pit MTP-019, Esama; a thin colluvial soil horizon with bauxite concretions overlies stratified massive bauxite

5.3.3 Mineralisation

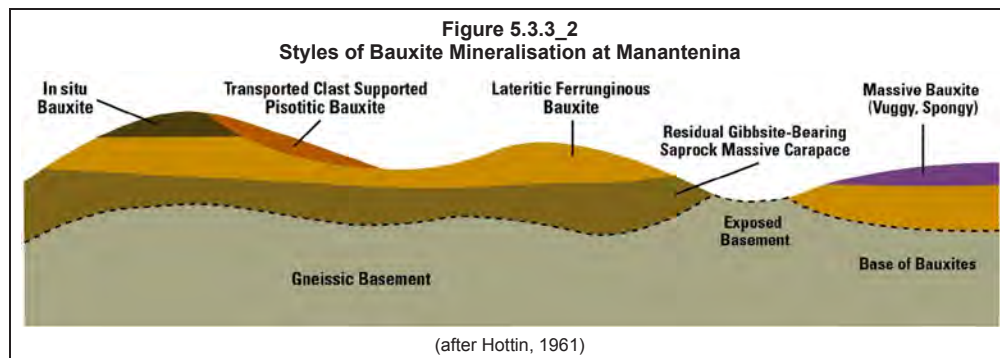
Analyses and mineralogical test results have been received from an initial geochemical orientation program completed by Aziana. Locations of the orientation sampling pits are shown in Figure 5.3_1. Moderate to high gibbsite contents (>40%) occur in test pits MTP-001 and MTP-002 (Esama) with variable amounts of quartz and goethite (Table 5.3.2_1). Gibbsite (together with low kaolinite contents) was identified both at the top and base of pits, suggesting a bauxite thickness of at least 6-8m. At Ampasimena in test pit (ATP-003), gibbsite has moderate to high abundance (40-60%) but also contains relatively common quartz (20-40%); kaolinite contents increase with depth. The Andriambe test pit samples (AMTP-003) on the Ambalapaiso permit (TN25074) yielded moderate amounts of gibbsite, but with variable, relatively abundant goethite and kaolinite. Four main types of bauxite have been recognised (Table 5.3.3_1).

Table 5.3.2_1 Manantenina Project Quantitative XRD Mineralogy of Manantenina Bauxites (Washed samples)										
Sample Number	From (m)	To (m)	Test Pit	Gibbsite	Quartz	Goethite	Kaolinite	Hematite	Nordstrandite	Bayerite
20559	0	1	MTP-001	62.4	18.4	14.6	-	2.6	0.2	1.7
20565	6	7	MTP-001	44	15.7	24	11.1	3.9	0.3	1
20568	1	2	MTP-002	78	3.8	11.7	2.8	2.3	0.3	1.2
20574	7	8	MTP-002	73.2	15.6	8.3	-	1.5	0.4	1.1
20657	0.3	1.3	ATP-003	57.7	35.3	4.2	1.5	0.2	0.1	1.1
20661	4.3	5.3	ATP-003	44.4	23.1	12.5	17.2	1	0.4	1.4
20676	0	1	AMTP-003	44.8	20.3	14.1	19.8	0.1	0.4	0.7
20681	4	5	AMTP-003	43.7	4.1	19.2	29.8	2.3	0.4	0.6

Table 5.3.3_1 Manantenina Project Bauxite Types					
Type	Description	Colour	Textures	Mineralogy	
Massive (Carapace)	Massive, porous appearance, locally vuggy; found on top of laterites on remnant penneplains Most abundant type; occurs within the lateritic profile above saprolite; matrix is medium- to coarse-grained granular; friable and porous; various sub-types: pisolitic, concretionary, fine-grained ferruginous and bauxitic clay	Grey, cream, reddish, yellow to brown	Spongy, vuggy, abundant cavities	Goethite, gibbsite, sillimanite, residual silica and Fe oxides; traces of kaolin	
Lateritic		Cream, reddish, yellow to brown	Earthy, pisolitic, nodular, concretionary	Goethite, gibbsite, quartz, variable amounts of silica, hematite, kaolinite	
In Situ	Occurs at the base of weathering profiles on bedrock	Yellow, reddish brown	Massive, earthy	Goethite, garnet, gibbsite, variable amounts of silica, hematite and kaolinite	
Transported	Reworked, transported and re-deposited along hill slopes and valleys; includes pisolites and concretions in alluvium, colluviums and clay-rich deposits	Yellow, white to reddish brown	Massive, earthy, pisolitic, nodular, concretionary	Goethite, gibbsite, clays, variable amounts of silica and hematite	

A schematic cross-section with different types of bauxite deposits and a typical pedological vertical profile are shown in Figure 5.3.3_2. Preliminary bedrock modelling on the Esama Permits using the geology log data, pit depths and topography, indicates the following:

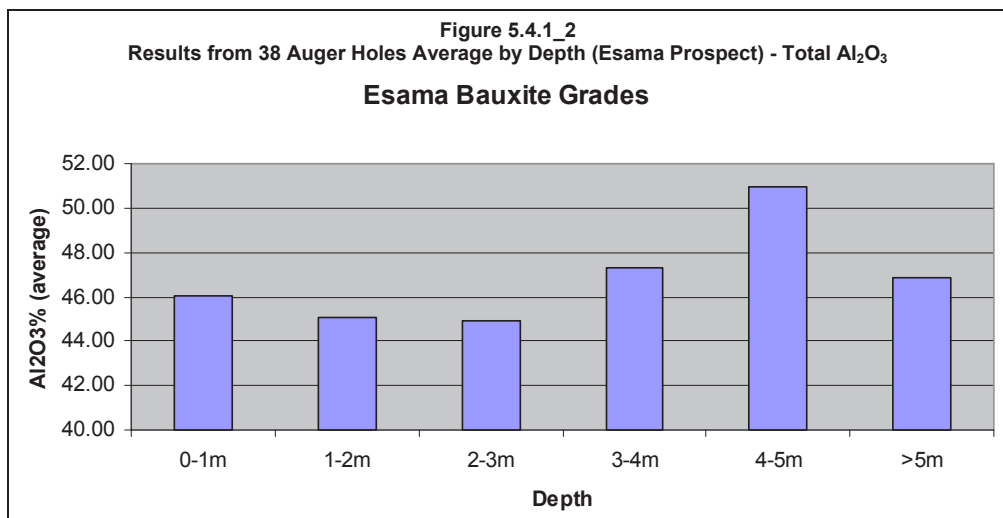
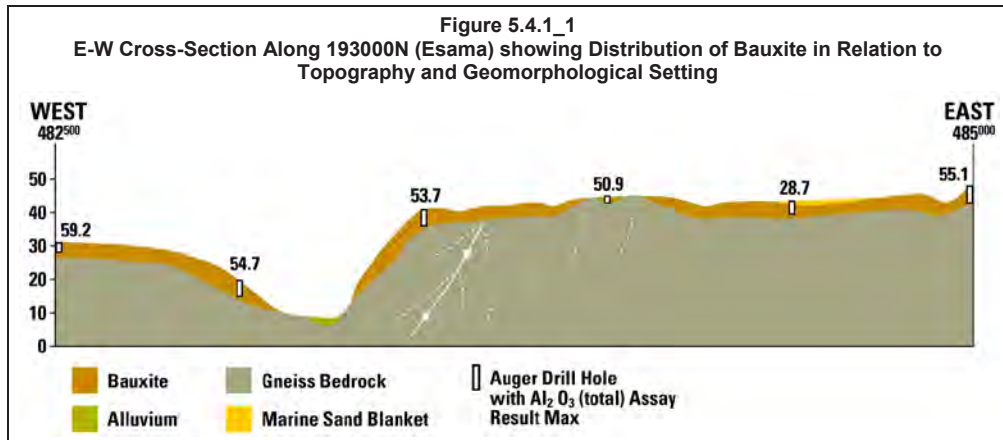
- Bauxite is best developed along spurs and or hill slopes, with a maximum thickness of 10m and an average of about 6m.
- Tops of ridges (e.g., Esama North) are capped by a thin (i.e., 1-3m) layer of clast-supported bauxite.
- Topographic highs within the bauxite peneplain signify possible underlying bedrock, where there may be minimal bauxite formation.
- The bauxite horizon sometimes continues beyond the base of the pits suggesting that mineralisation may continue at depth.



5.4 Prospects

5.4.1 Esama

The Esama Permit (TN 25072) is a single 2.5 × 2.5km square that lies about 10km southwest of Manantenina and can be reached by tracks from National Road RN12a. During reconnaissance work, Aziana drilled 38 auger holes with an average depth of 2.82m (2–5m) on a relatively regular 500 × 500m grid and collected 114 samples. The holes all returned bauxite, except for two holes near the centre and one hole near the SE corner. The average grade of the washed samples (with exclusion of the three poor holes) was 45.8% Al₂O₃ (total), with the best grades are typically at 4-5m depth (Figures 5.4.1_1 and 5.4.1_2). In 2011, 68 pits have been dug, mapped and sampled by continuous 1m channel samples, to depths of up to 10m. Samples are in transit and assays pending.



A typical bauxite profile from the surface downwards has been established from pit mapping and logging and comprises:

- Cover – sand dunes, local organic accumulations and some reworked pisolites, nodules and fragments of concretions (maximum thickness of 1m);
- Transported / Clast Supported bauxite - reworked/re-deposited bauxite which consists of variable amounts of pisolites, nodules and concretions, cemented together in a weak to moderately indurated, highly oxidized matrix (1-3m in thickness);
- Lateritic bauxite - occurs as earthy, concretionary, ferruginous, clayey bauxite and bauxitic clay; generally from 1m - 10m thickness, represents the bulk of the bauxite mineralisation in the Esama area;
- Residual gibbsite-bearing saprolite and saprock - Bauxites forming directly on top of gneissic bedrock (1-5m thick).

Results from logging and orientation sampling of test pit MTP-002 are shown in Figure 5.4.1_3. A pisolitic bauxite (locally with nodules and concretions) at 0-2m overlies weakly to moderately indurated ferruginous to concretionary bauxite (2-7m), which grades downwards into gibbsite-bearing saprolite (7-9m). For the assay results of raw (unwashed) samples, Al_2O_3 contents exceed 30% and SiO_2 and Fe_2O_3 contents increase (from 16% to >34%) and decrease (from >26% to <19%) respectively down the profile. For the <2mm fraction, available Al_2O_3 contents are slightly greater for all samples except those at 7-9m (saprolite). Reactive SiO_2 contents are lower (<2%), but Fe_2O_3 contents are somewhat similar.

5.4.2 Soavary

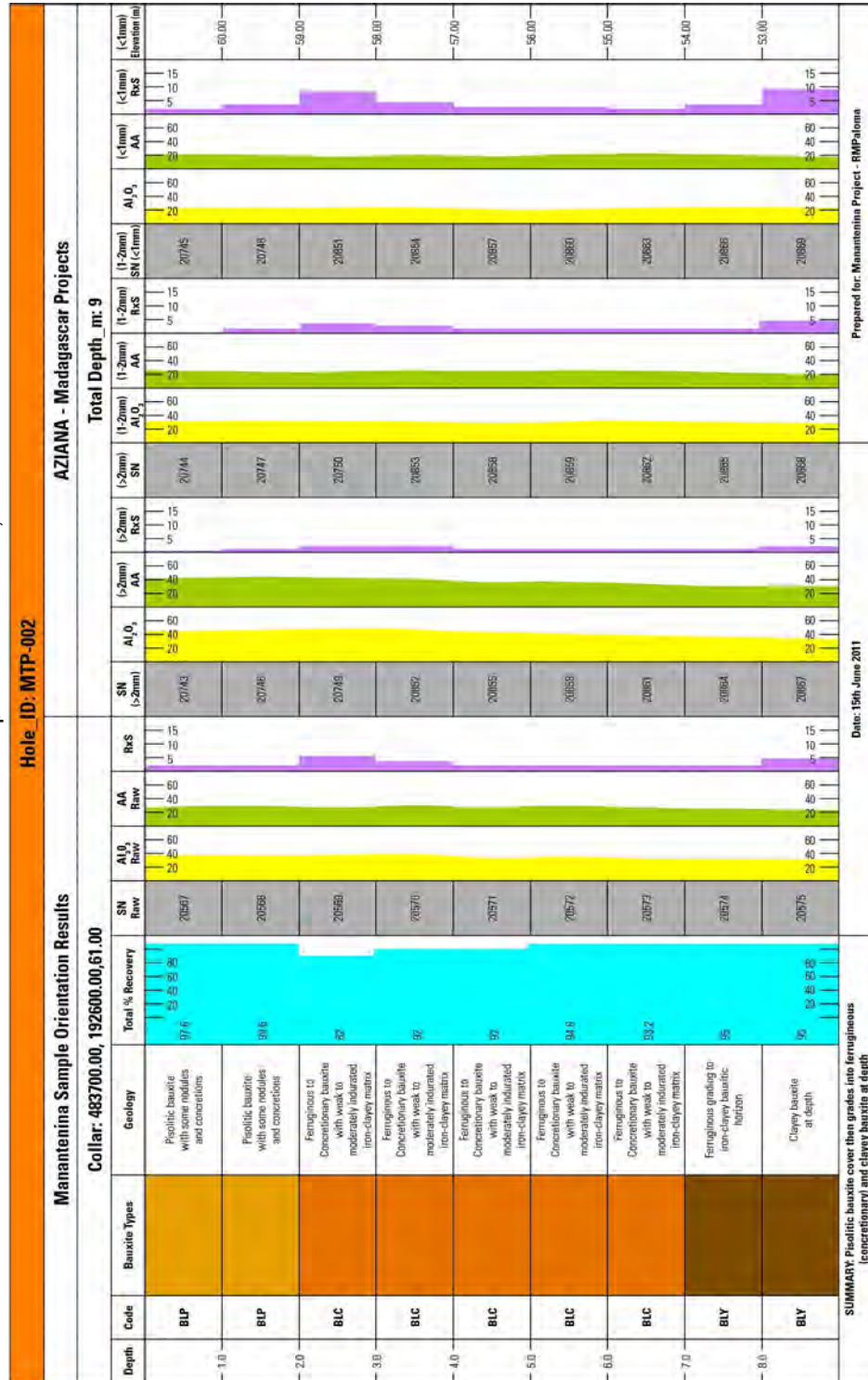
Within permit TN 25073 around Soavary, 25km NW of Manantenina, seven squares (>40km²) are considered to be prospective for bauxite. Analyses from orientation sampling indicate the presence of 31-48% Al_2O_3 . Recent pitting in the north-central parts of the permit indicates bauxite thickness of 1.0-9.3m (average 5.7m). Up to the end of June 2011, 92 out of 272 planned pits have been mapped and sampled; a further 52 are in progress. Eighteen have been abandoned due to shallow bedrock. Samples are currently being prepared for shipment.

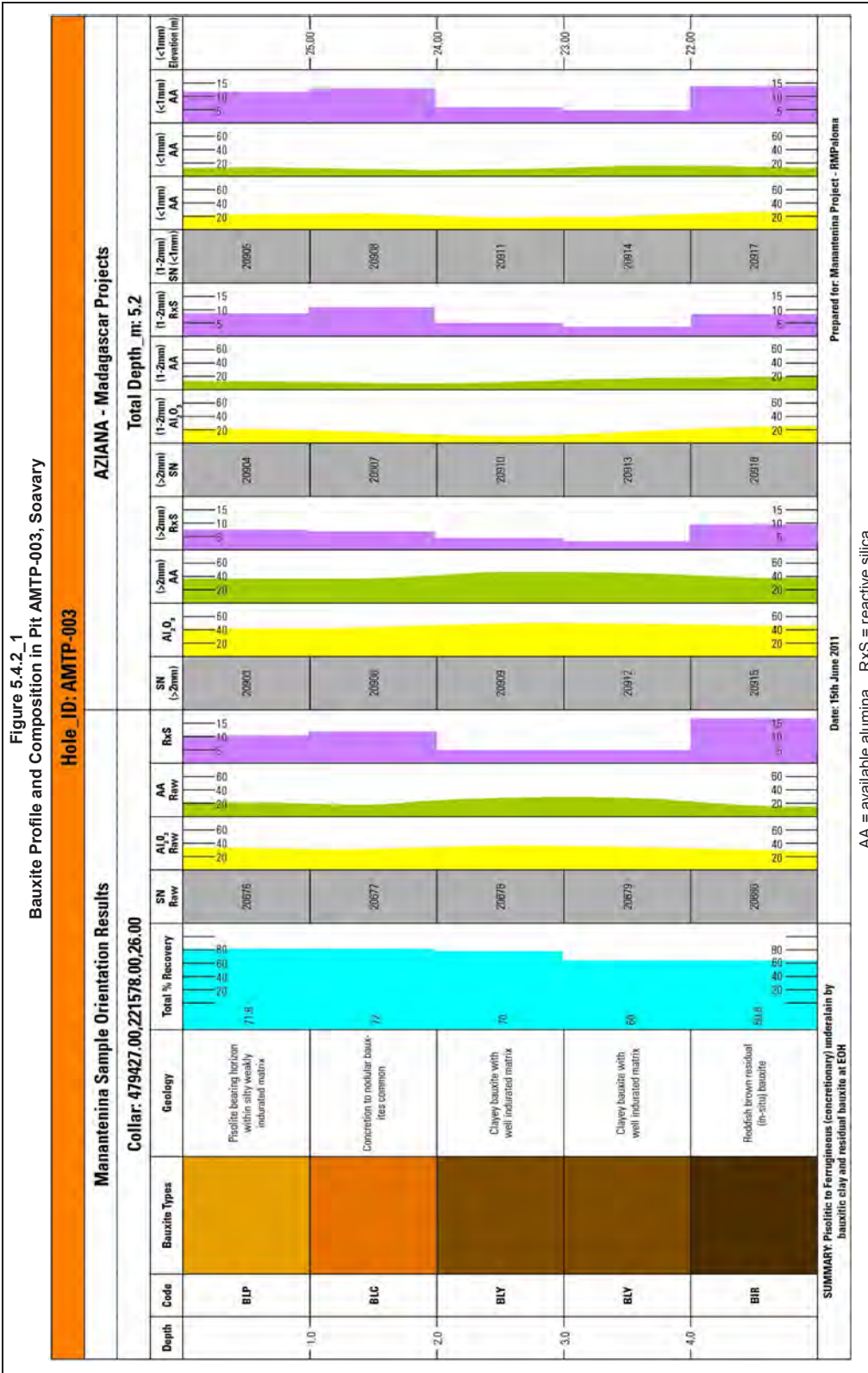
A typical vertical section of bauxite (from top to bottom) comprises:

- Massive Bauxites – Commonly as erosional floats throughout the permit area which includes the irregular, sponge to vuggy masses, containing some nodules and concretions (i.e. near MTP-089).
- Transported Bauxites – Mixture of organic soil and reworked bauxites containing variable nodules and pisolites. This type rarely exceeds more than 1.0 meter.
- Clast-Supported Bauxites – Refers to coarse bauxites with variable amounts of pisolites, nodules and concretions, cemented in a weak-moderately indurated, oxidized matrix. Deposit type ranges from 1-30 meters in places.
- Lateritic Bauxites – Occurs as earthy, concretionary, ferruginous, fine grained clayey bauxite. The thickness of bauxite deposits varies from 1- 6 meters, and represents the bulk of material deposit in Soavary.
- Gibbsite Bearing Residual Bauxite – Otherwise known as the saprolite / saprock. It is distinguished from the laterites with increased amounts of quartz / silica grits in the matrix. They form directly on top of the gneisses and range from 1-3 meters in thickness.

A typical profile from the Soavary initial orientation sampling is illustrated in Figure 5.4.2_1. The lateritic profile comprises a pisolite-bearing, weakly indurated horizon (0-1m) overlying a nodular to concretionary layer (1-2m). Below this, a fine-grained, indurated layer (2-4m) overlies reddish brown saprolite and saprock at the base of the pit (4-5m).

Figure 5.4.1_3
Bauxite Profile and Composition in Pit MTP-002, Esama
Hole_ID: MTP-002





For raw, unsieved samples, the greatest concentrations of Al_2O_3 occur in the surficial horizon (0-1m) and in the indurated, fine-grained zone at 2-4m (>35%). However, available Al_2O_3 is 30-32% in the latter, but is relatively lesser (<30%) elsewhere in this profile. Conversely, reactive SiO_2 (Rx SiO_2) is least in the indurated, fine-grained zone (5-6%), but Rx SiO_2 is >10% in other horizons. A marked increase in Fe_2O_3 content occurs in saprolite/saprock (>17%, compared to 3-9% in other parts of the profile). For the sieved >2mm fraction, available Al_2O_3 exceeds 34% for the whole profile, but exceeds 40% in the fine-grained, indurated zone. Reactive SiO_2 is below 7.3% and least (<4%) below 2m in the profile. Concentrations of Fe_2O_3 are uniformly low (<4%) above 4m, but increase (9.9%) in saprolite/saprock.

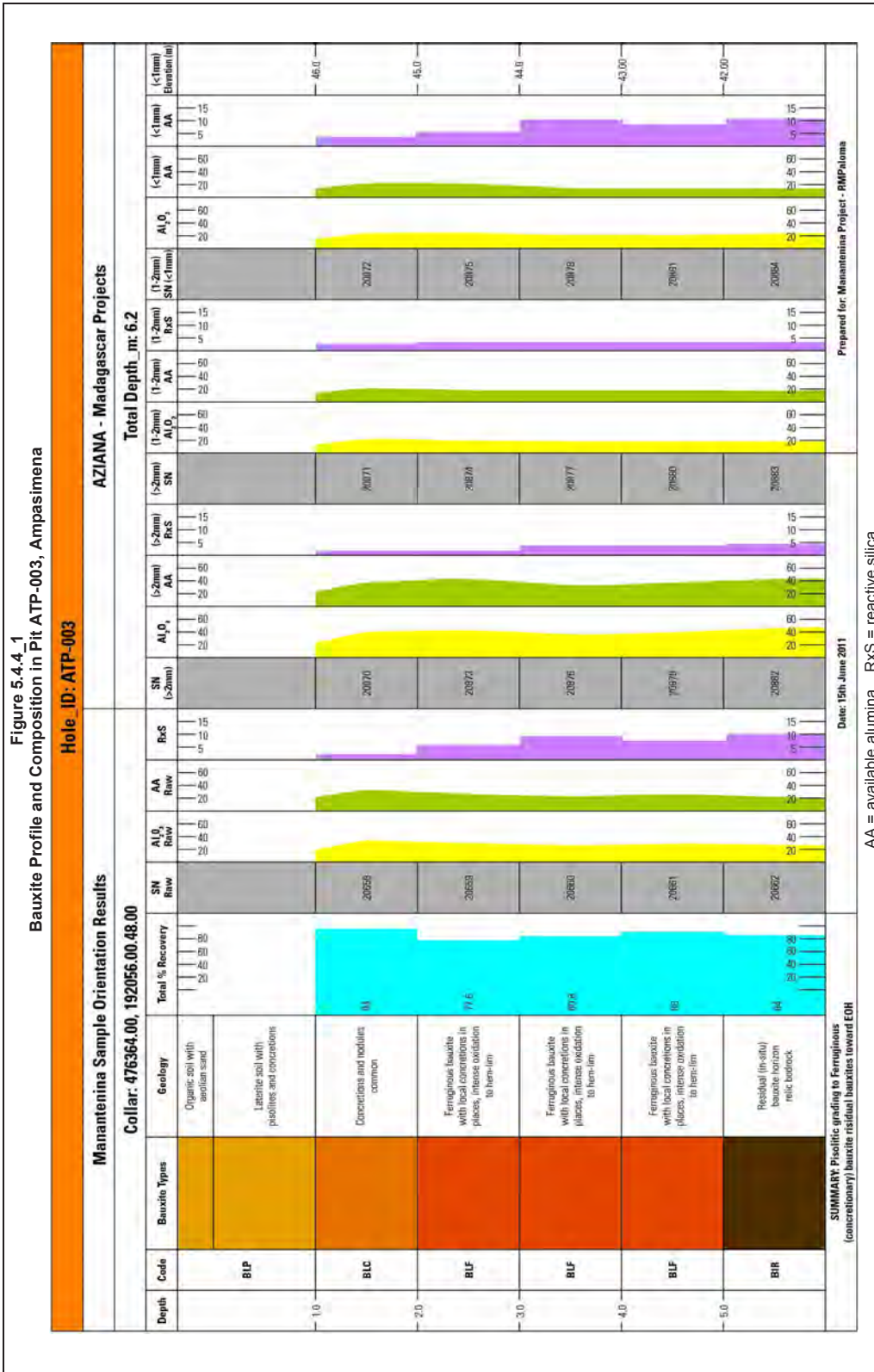
5.4.3 Ambalapaiso

Six pits have been dug on TN25074 (6.25km²) around Andriambe to a maximum depth of 5.4m. Work will continue after pitting in the Soavary area is completed.

5.4.4 Ampasimena

Within permits TN 20796 and 25076 (18 squares; 112.5km²), around Ampasimena, 18km southwest of Manantenina, orientation sampling produced washed grades of 30-50% Al_2O_3 . Preliminary evaluation of the terrain by interpretation of satellite imagery followed by first-pass test pitting indicated prospective ground over an area of four squares (25km²).

A typical profile from the Ampasimena initial orientation sampling is illustrated in Figure 5.4.4_1. A thin (0.3m) horizon of organic soil and aeolian sand overlies lateritic soil (0.3-1.3m). Below this, a nodular and concretionary horizon of ferruginous bauxite extends down to 5.3m. At the base of the pit (5.3-6.3m), saprolite and saprock with corestones occurs at the base of the pit. For raw, unwashed samples, Al_2O_3 contents are <34% (>30% at 1.3-3.3m), but contain relatively greater SiO_2 (>43%) but relatively less Fe_2O_3 (10%). Available Al_2O_3 contents are <30.3% and reactive SiO_2 is below 9%. For the treated >2mm fraction, Al_2O_3 contents exceed 35%, SiO_2 and Fe_2O_3 contents are <41% and <7% respectively. Available Al_2O_3 contents lie in the range 30-42% and reactive SiO_2 is <5%; Fe_2O_3 contents are slightly less than in raw material.

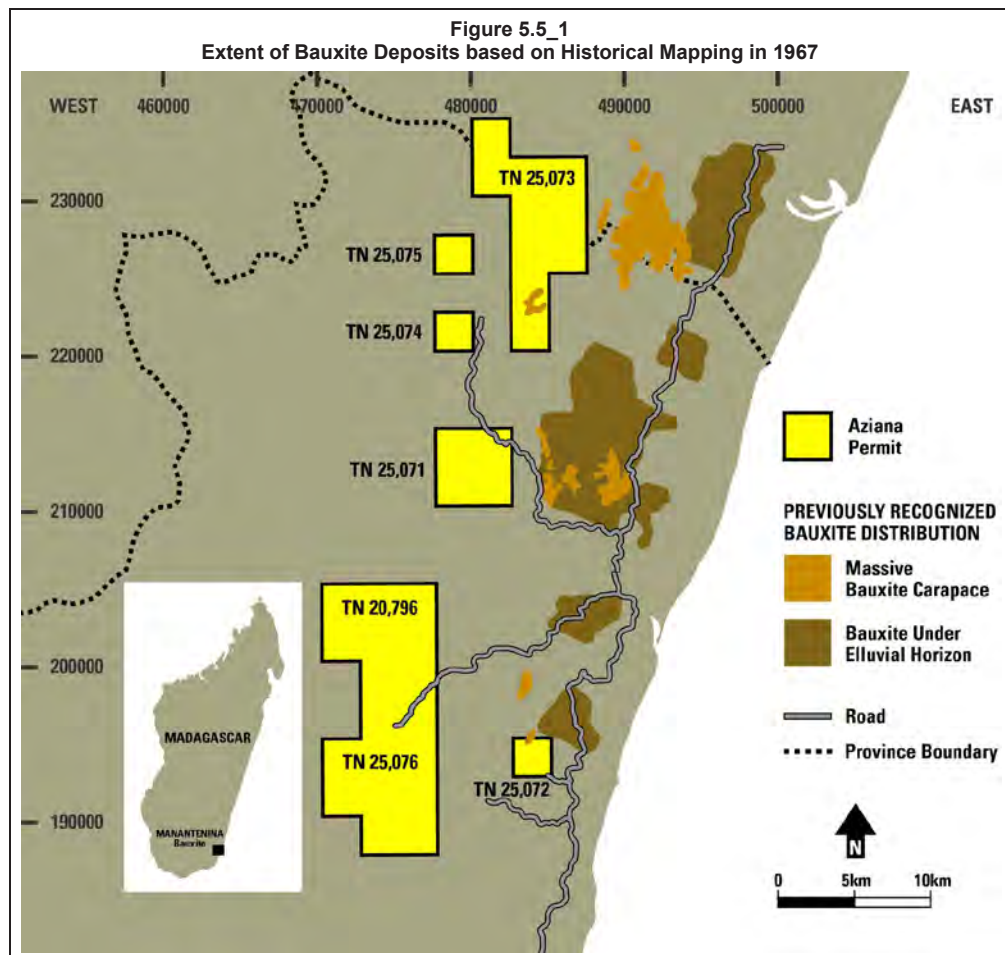


5.5 Exploration History

Aziana's Manantenina properties have not been licensed previously.

Pre 2007

Bauxite was discovered to the east of the Aziana permits during a mapping campaign of the Geology Survey of Madagascar in 1961. Shortly afterwards, the French company P  chiney SA (1962-63) and the Bureau de Recherche G  ologiques et Mini  res (BRGM; 1963) commenced mapping the bauxite cover and analysing samples. Besairie (1966) published 45 bauxite analyses indicating an average grade of 53% Al_2O_3 (total). This mapping was followed by drilling from 1968-1970 by P  chiney. Based on these results, a study of the feasibility of developing the deposits to the east of the Aziana exploration areas was carried out in 1985-1986 by the Soviet state-owned company Guipronickel (Figure 5.5_1).



Guipronickel produced a historical estimated resource which averaged 48.9% Al_2O_3 (mainly gibbsite), 12.1% SiO_2 and 10.2% Fe_2O_3 based on washed and screened >2mm size fraction material (Bardossy and Aleva, 1990). Other average components were TiO_2 (1.4%), anhydrite (0.1%), CaO (0.04%), reactive SiO_2 (2%) and loss on ignition (26%). This mineralisation does not occur within the Aziana permits but lies adjacent to them in the same setting and is described here to provide some context to bauxite mineralisation which does occur within the Aziana permits.

2007-2011

Aziana teams carried out reconnaissance trips to the Manantenina region in March-April 2007 and in November-December 2008. In April 2007, reconnaissance work was conducted on five squares (37km²). Eleven auger holes were drilled and 15 channel and rock chip sample collected across the permit area. The 2007 results indicated that the bauxite extended beyond the historically known deposits, further to the west onto the Aziana leases. A good proxy for the extent of the bauxite is the 100m contour line, which divides the peneplain from the mountainous hinterland. Sampling resumed in November 2008 when 207 mostly auger samples were collected from 98 sites.

All 2007 and 2008 samples were air dried and split by Aziana using a riffle splitter then subsequently washed, sieved and dried. After sample preparation, Genalysis assayed the samples using simultaneous XRF on fusion discs. All Aziana assay data reported was from washed and sieved bauxite.

In November 2010 land surveyors measured and marked the boundaries of the Esama permit (TN 25072) and additionally determined 20 control points within the block using differential GPS. The corners of the Esama permit were marked by concrete blocks and all other points by wooden stakes.

Exploration work resumed in late 2010, starting with a 300m x 300m test pit program on permit TN 25072 (Esama). To April 2011, 68 of 73 planned pits had been excavated, mapped and sampled in Esama for an aggregate length 408.35m. The remaining five pits were abandoned due to water seepage or proximity to village houses. By June 30 2011 over 150 test pits were excavated on the Soavary permits. A systematic photographic database of pits and individual samples has been compiled.

Orientation sampling in March 2011 determined that the optimum grade material was the >2mm fraction, which generally contains greater available Al_2O_3 and lesser reactive SiO_2 than either raw, unsieved material or fractions <2mm.

A deliberate policy of manual excavation to develop and maintain good social relations has been employed by Aziana. At June 30 2011 over 170 local people were actively employed on the Manantenina project, mostly for manual excavation of test pits.

5.6 Exploration Potential

Pit sampling has indicated that bauxite may be present over a strike length of about 60km in a zone up to 40km wide. On Aziana leases, this zone is about 25km wide and much of this area has undergone only rudimentary exploration. The project is at a relatively early stage and further exploration is likely to enhance its potential.

5.7 Exploration Strategy and Budget

5.7.1 Exploration Strategy

Aziana's objective is to establish the quantity and quality of bauxite at Manantenina based upon:

- 300m x 300m pitting as part of the Phase 1 Program for Esama, Soavary and Ampasimena Leases.
- Follow-up with in-fill pitting or motorized auguring on a 150m x 150m grid, and locally a 75m x 75m grid, on areas with the best results.

5.7.2 Exploration Budget

An exploration budget for the Manantenina Project has been provided by Aziana covering the first two-year period following listing. Estimates of expenditure to be incurred to carry out Aziana's proposed exploration program are summarised in Table 5.7.2_1. The total proposed exploration budget for Manantenina over 2 years is approximately \$1.64M (minimum subscription) to \$2.7M (maximum subscription).

Table 5.7.2_1 Manantenina Exploration Project Budget (A\$)						
Activity	Minimum Subscription (\$)			Maximum Subscription (\$)		
	Year 1	Year 2	Total	Year 1	Year 2	Total
Capital Items > \$ 1000	10,000	10,000	20,000	15,000	15,000	30,000
Permits & Acquisitions	30,000	45,000	75,000	50,000	70,000	120,000
Staffing, Contractor & Consultants	150,000	150,000	300,000	240,000	240,000	480,000
Logistics	40,000	40,000	80,000	60,000	60,000	120,000
Survey & Cartography	50,000	20,000	70,000	65,000	35,000	100,000
Geological Work	200,000	150,000	350,000	310,000	230,000	540,000
Pitting	75,000	75,000	150,000	110,000	110,000	220,000
Plant Hire	20,000	20,000	40,000	30,000	30,000	60,000
Sample Analysis	150,000	125,000	275,000	230,000	200,000	430,000
Exploration Development	100,000	150,000	250,000	150,000	400,000	550,000
Community Relations	15,000	15,000	30,000	25,000	25,000	50,000
Total	840,000	800,000	1,640,000	1,285,000	1,415,000	2,700,000

5.8 Coffey Mining Conclusions and Recommendations

Coffey Mining considers that the proposed exploration strategy is appropriate for the style of mineralisation, the geological environment and the social engagement objectives. The expenditure is appropriate given the prospectivity of the area and given success is sufficient to achieve the stated objectives and satisfy expenditure commitments.

A key objective will be to define sufficient resources to support the development costs for the necessary infrastructure required to process and ship a beneficiated bauxite product.

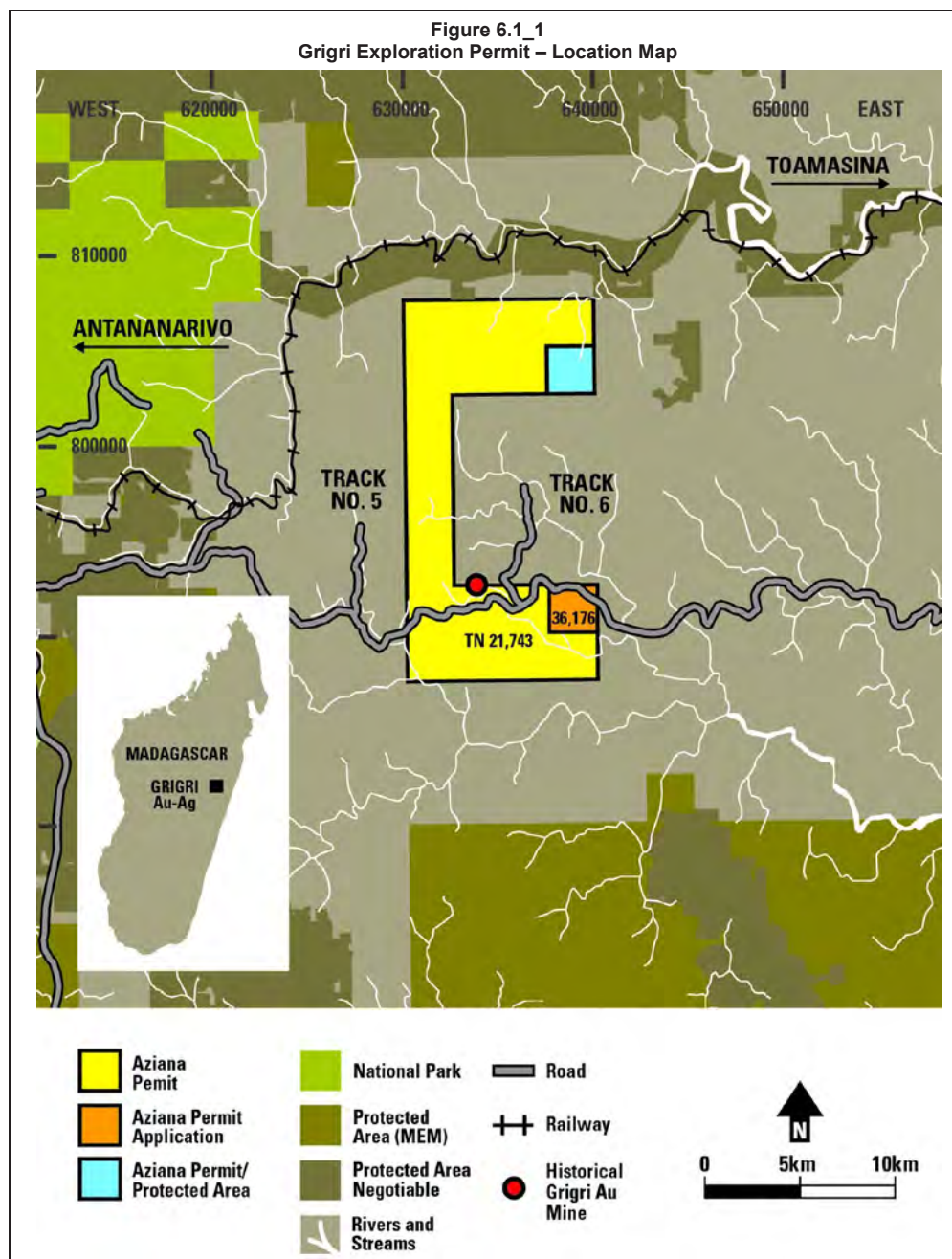
Coffey Mining recommends:

- Acquisition of bulk density measurements for the various types of bauxite; these are required for resource estimations;
- Regolith-landform mapping of existing (and any acquired) leases to put the various types of bauxite mineralisation into their appropriate geomorphological setting;
- Acquisition of a good-quality digital elevation model, to assist with regolith-landform mapping and resource estimations;
- Incorporation of all geochemical and sampling data into a central database and compilation of a central GIS database, with all data attributed and in a common datum/projection;
- Continuation of implementation of a full QA/QC program for all sampling from pitting, including the recording of sample weights (both wet and dry), along with the insertion of standards, blanks and duplicates into the sample stream.

6 GRIGRI GOLD - SILVER PROJECT

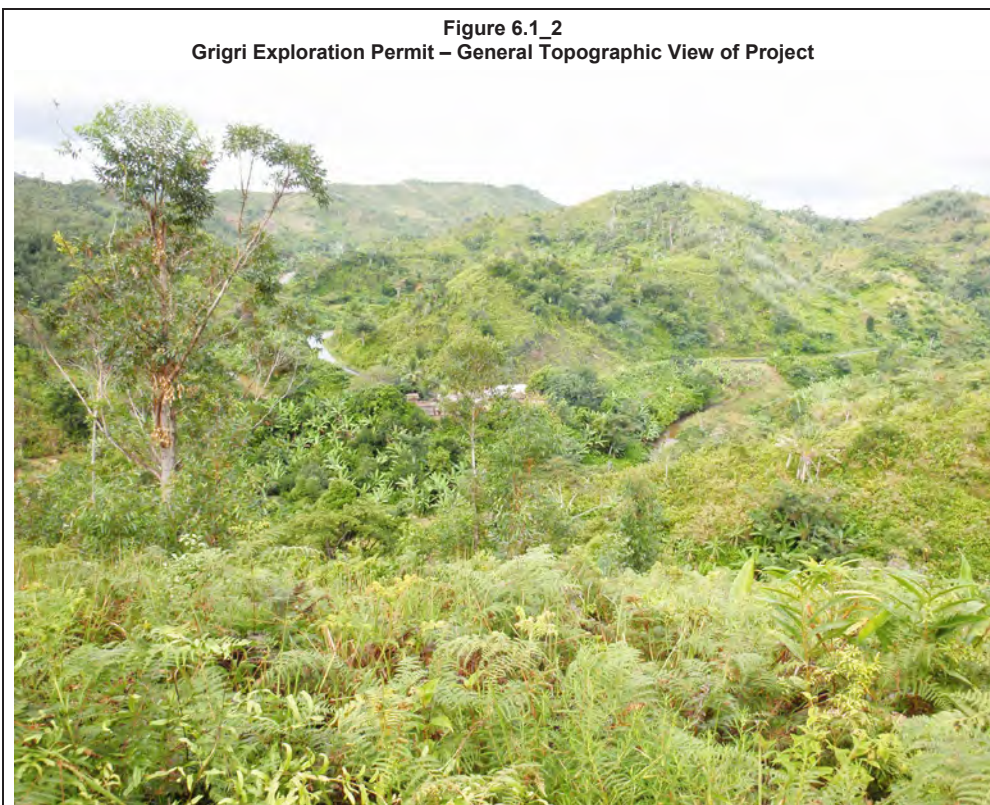
6.1 Introduction

The Grigri Project comprises Aziana permit TN 21,743 covering 118.75km². This is located 175km east of Antananarivo near the main Antananarivo - Toamasina road (RN2). New roads developed around the Ambatovy nickel project give access to the central part of the Project area (Figure 6.1_1).



The project is situated between the central plateau and eastern coastal region of Madagascar and is deeply incised by the Beanambandro River and its tributaries. Hilly topography is in the range of 400-800m above sea level, with valleys up to 100m deep. Bedrock is poorly exposed on the flanks of ridges and within river valleys which cut down through the overlying weathering profile. The lower slopes are mantled by a mixture of soil and eroded saprolitic material, whereas the stream valleys contain soils developed over colluvium and alluvium. The superficial cover supports abundant sub-tropical vegetation; however, the Grigri region is mostly degraded forest where seasonal slash and burn agriculture is practised by the local population (Figure 6.1_2).

Figure 6.1_2
Grigri Exploration Permit – General Topographic View of Project



The vegetation in the area can be classified into: residual rainforest, secondary growth (Savoka) and savannah of ferns and grasses. The project includes one System of Protected Area of Madagascar (SPAM) classification block (6.25km²) in the NE corner of the exploration area. Some remaining natural forest is preserved about 10km west of the permits in the protected Vohidrazana Forest National Park.

6.2 Mineral Tenure

The Grigri Project comprises exploration permit (Permis de Recherche), TN21743, covering 118.75km² (Table 6.2_1).

The permit allows for exploration of iron, gold, silver, beryl, lead and zinc. An environmental engagement plan permit (PEE-RS), that allows companies to conduct additional exploration work including drilling, has been submitted for TN 21743 and is pending. A Plan d'Engagement Environmental - Recherche Standard (PEE-RS): allows unlimited drilling and trenching and a Plan d'Engagement Environmental - Recherche Impact Minimal (PEE-RIM): allows 10 drillholes and 1000m³ soil movement per square. A summary of the permits for the project is supplied in Table 6.2_1 and the location of the permit squares is shown in Figure 6.1_1.

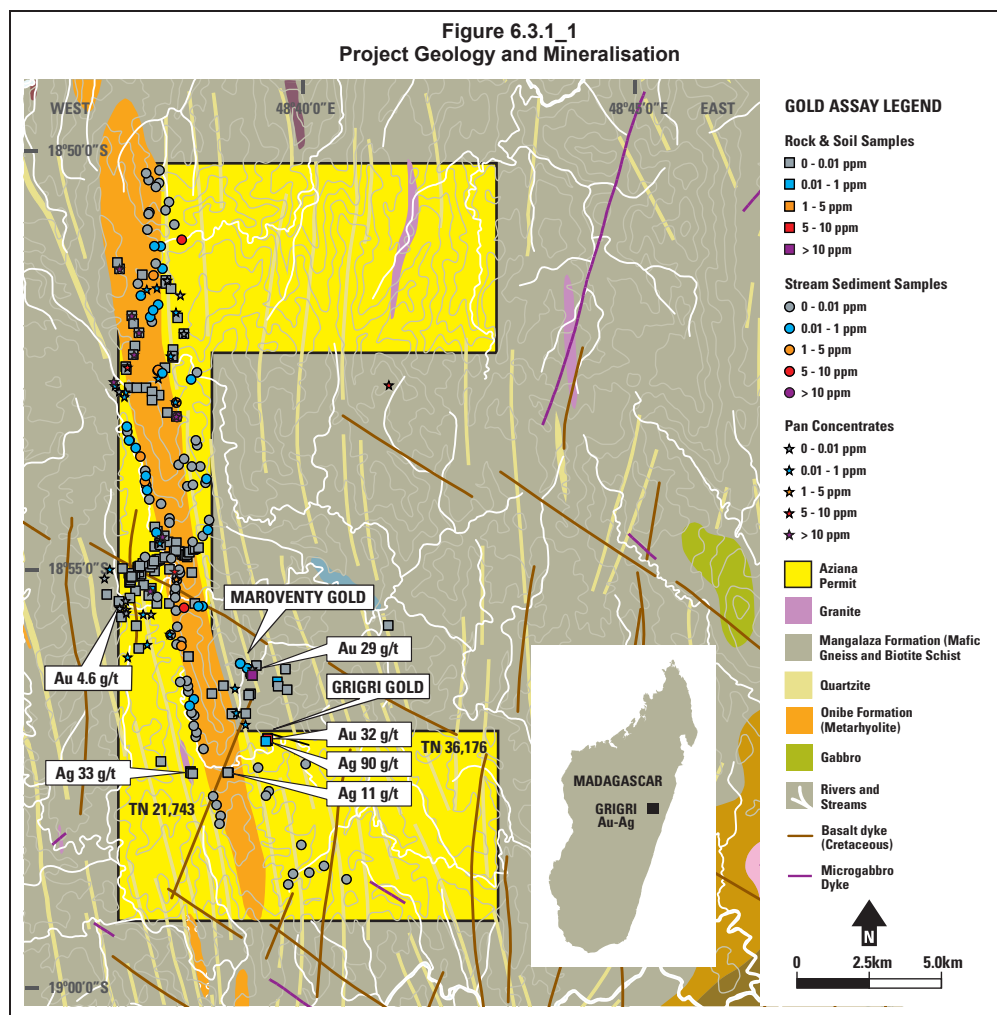
Table 6.2_1 Grigri Project Tenement Schedule							
Licence No	Status	Registered Holder	Start Date	1 st Renewal	End Date	Squares 2.5 x 2.5km	Area (km ²)
TN 21,743	Granted	Tanety Lava S.A.R.L Option 100%	14/09/2007	13/09/2012	13/09/2018	19	118.75

The projected total annual fees for the Grigri permits from 2012 to 2014 are ~\$48,900. Coffey has not independently validated the licensing details and the present status of tenements, agreements and legislation described in this report is based on information provided by Aziana.

6.3 Project Geology and Mineralisation

6.3.1 Geology

The bedrock geology within the Grigri project area is part of a regional NNW-SSE trending thrust sequence of highly metamorphosed and deformed rocks of the Beforona Group (Figure 6.3.1_1). The Beforona Group comprises orthoamphibolite, amphibolitic migmatite, granite-gneiss, quartz-mica schist, magnetite quartzite, intrusive metagabbro and metadolerite. The rocks are regarded as gneissic equivalents of a typical Archaean volcano-sedimentary greenstone sequence, metamorphosed to upper amphibolite / granulite facies grade during the Pan African orogeny (630-550 million years ago). Interpretations of the stratigraphy and structure are available from a recent PGRM Project, 1:100,000 scale geological mapping and academic studies.



A fine-grained metamorphic rock of granitic composition, locally called “fine-grained light granite”, and interpreted by Aziana as possibly a meta-rhyolite, forms a prominent north-south trending ridge for about 15km. Leucosome veins in the amphibolites and meta-rhyolite contain coarse magnetite grains up to 1cm, which account for the magnetic anomalies. The meta-rhyolite also contains significant K-bearing minerals that are the source of a strong potassium radiometric anomaly.

Preliminary work from limited bedrock exposures in new road cuttings (Ambatovy nickel project pipeline) suggest the meta-rhyolite separates mainly mafic meta-volcanic rocks to the west from volcano-sedimentary rocks to the east. The entire package is tightly folded in places and probably thrust. Dips are westerly to near vertical. Zones within the meta-rhyolite contain:

- Strong north-south trending foliation / gneissic fabric; and,
- Elongated trains of coarse porphyroblastic pyrite, surrounded by hard, resistant, ellipsoidal envelopes of silica (Figure 6.3.2_2).

Cretaceous dolerite dykes intrude the Archaean bedrock in an east-west direction.

6.3.2 Mineralisation

Known gold mineralisation in Archaean bedrocks is located at the Grigri gold mine, a former French colonial era operation in the southern portion of permit TN21743; and at Maroventy 2km to the north just outside TN 21743. At Grigri, gold mineralisation occurs within a concordant set of lenticular quartz veins, hosted by amphibolitic gneiss and mica schist (Figure 6.3.2_1). The main quartz vein is about 10m wide and greater than 13m deep, outcropping over 100m of strike. It comprises massive white quartz $\pm$ minor stringers of disseminated sulphide (pyrite $\pm$ chalcopyrite). Gold is present as inclusions in pyrite and more rarely as free gold. The vein quartz has gold-bearing stringers of pyrite and minor tourmaline and muscovite.

Mineralisation at Maroventy comprises small honeycomb textured quartz veins in amphibolitic rocks (Besairie, 1949). The ferruginous, limonitic nature of the weathered quartz veins indicates the former presence of abundant pyrite.

Anomalous silver values of up to 33g/t have been found in the meta-rhyolite along with anomalous lead values. Aziana geologists propose geological similarities between the Bisha Complex and its Zn-Cu-Au-Ag deposit in Eritrea (Nevsun Resources), and the Beforona Belt in Madagascar. The lithological sequence and anomalous silver-base metal values possibly suggest potential for volcanic hosted massive sulphide (VHMS) mineralisation in the Beforona Belt.

Figure 6.3.2_1
Grigri Project
Mineralisation at Grigri Mine

Oxidised Brecciated Laminated Quartz-Sulphide Veins from North End of Grigri Mine



N-S Trending Discontinuous and Boudinaged Quartz Veins from Outcrop at North End of Grigri Mine



Figure 6.3.2_2
Grigri Project
Partially Oxidised Sulphides in “Meta-Rhyolite”



0 1cm 2cm

6.4 Exploration History

Within permit TN 21743, is the historic Grigri mine, 45km east of Moramanga town. The mine was discovered in the early 1900s and licensed to French company Anasaha during this time. Pre-1940s, Anasaha merged with another French company, SLM. It was reported that SLM and Anasaha produced 514kg of gold over five years from underground workings near the villages of Grigri and Maroventy.

The main Grigri historical mine was in a large quartz vein, 80m long by 10m wide and extending to about 13m depth. The average grade was 6-7g/t Au with minor pyrite-rich zones having higher grades. Gold mineralisation was within pyrite inclusions or, more rarely, free-milling. Gold prices fell after WWI and the workings were abandoned. The property was reported as owned by SLM up until the mid 1950s, under permit D57. Surveys by the BRGM in 1945 and 1950 indicated gold values between 4 and 10g/t Au and sampling by the Malagasy Service of Mines returned values of 3 to 90g/t Au. Details of the sample locations and type are no longer available. In more recent times, local villagers have successfully reworked the Grigri mine tailings.

Aziana completed a sequence of field visits on its permits from March 2007 to May 2009 which outlined widespread gold anomalism along the 20km length of the Grigri (meta-rhyolite) ridge (Figure 6.3.1_1). Gold anomalism occurs both on the eastern and western flanks of the Grigri ridge, apparently in proximity to the contacts between the meta-rhyolite and bounding stratigraphy.

Aziana sampling and results from these field visits comprised:

- Grigri Mine: 9 rock assays (March 2007), with 5 samples at 0.74 – 32.75g/t Au
- Maroventy Prospect: 10 rock assays (August 2007), with 8 samples at 1.89 – 29.44g/t Au (outside Project)
- Ridge :122 stream sediment samples (November 2007), with 22 pan concentrate assays >50ppb Au (0.06 – 224g/t Au)
- Ridge: 9 stream sediment samples (October 2008), with 4 assays at 0.07 – 2.67g/t Au
- Ridge: 43 soil samples (May 2009), with 6 pan concentrate assays >50ppb (0.05g/t - 6.6g/t Au)

6.5 Project Exploration Strategy and Budget

6.5.1 Exploration Strategy

An exploration program for the Grigri Project has been provided by Aziana covering the first two year period following listing. The scope of work is planned to include:

- Year 1
 - Orientation geochemistry to help focus sampling of saprolite and colluvium;
 - Systematic surface geochemistry (including pathfinder and base metal analyses) depending on orientation survey results;
 - Detailed airborne geophysics (magnetic and radiometrics) along the Grigri ridge;
 - Trenching across geochemical targets;
 - First pass aircore drill programme to test soil and trench anomalies. Drilling below the historical mine workings.
- Year 2
 - A Phase 2 follow-up drill program guided by year 1 results.

6.5.2 Exploration Budget

An exploration budget for the Grigri Project has been provided by Aziana covering the first two year period following listing. The total proposed budget is A\$2.325M and the budget detail is shown in Table 6.5.2_1.

Table 6.5.2_1 Grigri Exploration Project Budget (A\$)						
Activity	Minimum Subscription (\$)			Maximum Subscription (\$)		
	Year 1	Year 2	Total	Year 1	Year 2	Total
Capital Items > \$ 1000	10,000	10,000	20,000	10,000	10,000	20,000
Permits & Acquisitions	25,000	25,000	50,000	25,000	25,000	50,000
Staffing, Contractor & Consultants	75,000	50,000	125,000	75,000	50,000	125,000
Logistics	30,000	50,000	80,000	30,000	50,000	80,000
Survey & Cartography	15,000	25,000	40,000	15,000	25,000	40,000
Geophysics	350,000	0	350,000	350,000	0	350,000
Geological Work	140,000	150,000	290,000	140,000	150,000	290,000
Drilling & Pitting	300,000	500,000	800,000	300,000	500,000	800,000
Plant Hire	20,000	30,000	50,000	20,000	30,000	50,000
Sample Analysis	175,000	300,000	475,000	175,000	300,000	475,000
Exploration Development	10,000	10,000	20,000	10,000	10,000	20,000
Community Relations	10,000	15,000	25,000	10,000	15,000	25,000
Total	1,160,000	1,165,000	2,325,000	1,160,000	1,165,000	2,325,000

6.5.3 Conclusions and Exploration Potential

Coffey Mining considers that the proposed exploration strategy is appropriate to explore the gold potential of the Grigri permits. The expenditure is appropriate given the prospectivity and early exploration stage of most of the area. The recommendations made by Coffey for the Alakamisy Project are equally applicable to Grigri.

The Grigri Project shows sufficient early prospectivity to justify systematic surface geochemistry and collection of detailed airborne geophysical data to assist with targeting for follow up. The Project also has clearly defined structures on which historical and current artisanal mining has produced gold and which form immediate drill targets. They have never been tested at depth with drilling.

7 OTHER GOLD PROJECTS

7.1 Introduction

In addition to the Alakamisy and Grigri Projects, Aziana's regional field work has identified five additional gold projects (Antandrokazo, Antakasina, Sakaleone, Marovato and Anosivolo (Cu-Ag-Ag). Each of these gold projects is 100% owned and each has demonstrated gold mineralisation through either rock chip assay results and or visible gold in panned gold concentrate from regolith materials. These Project locations are illustrated in Figure 1.1_1.

Initial reconnaissance exploration completed to date focused on confirming the presence of gold mineralisation and included pan concentrate sampling, rock-chip samplings and limited stream sediment sampling. The work was undertaken during field reconnaissance visits completed between 2007 and 2009. Table 7.1_1 gives a summary of each of the other projects showing the permit details. Coffey has not independently validated the licensing details and the present status of tenements, agreements and legislation described in this report is based on information provided by Aziana.

7.2 Antandrokazo Gold Project

7.2.1 Introduction

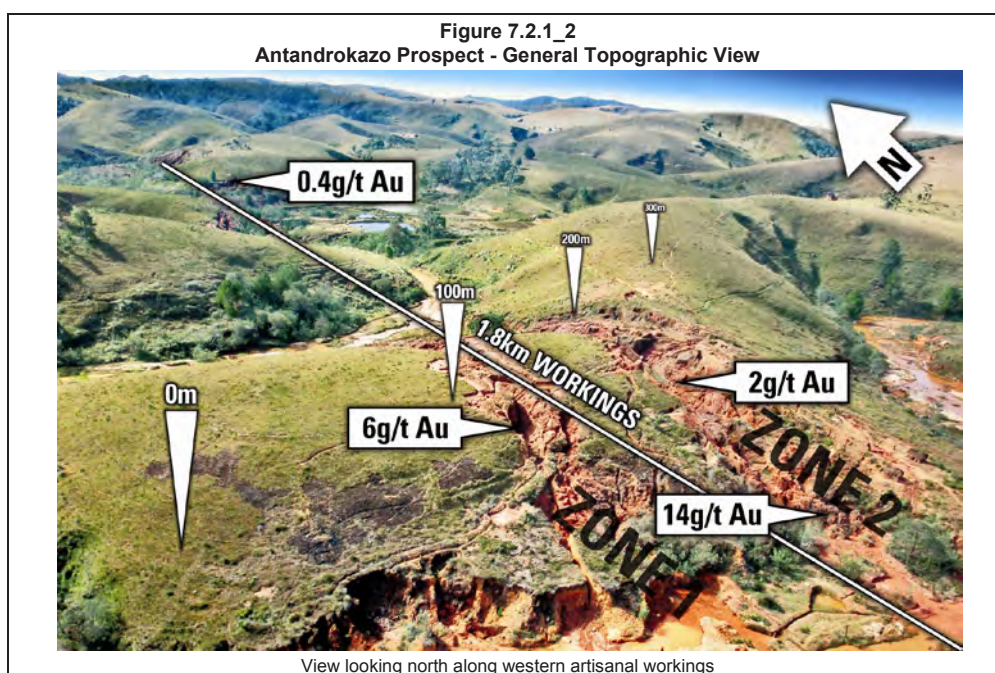
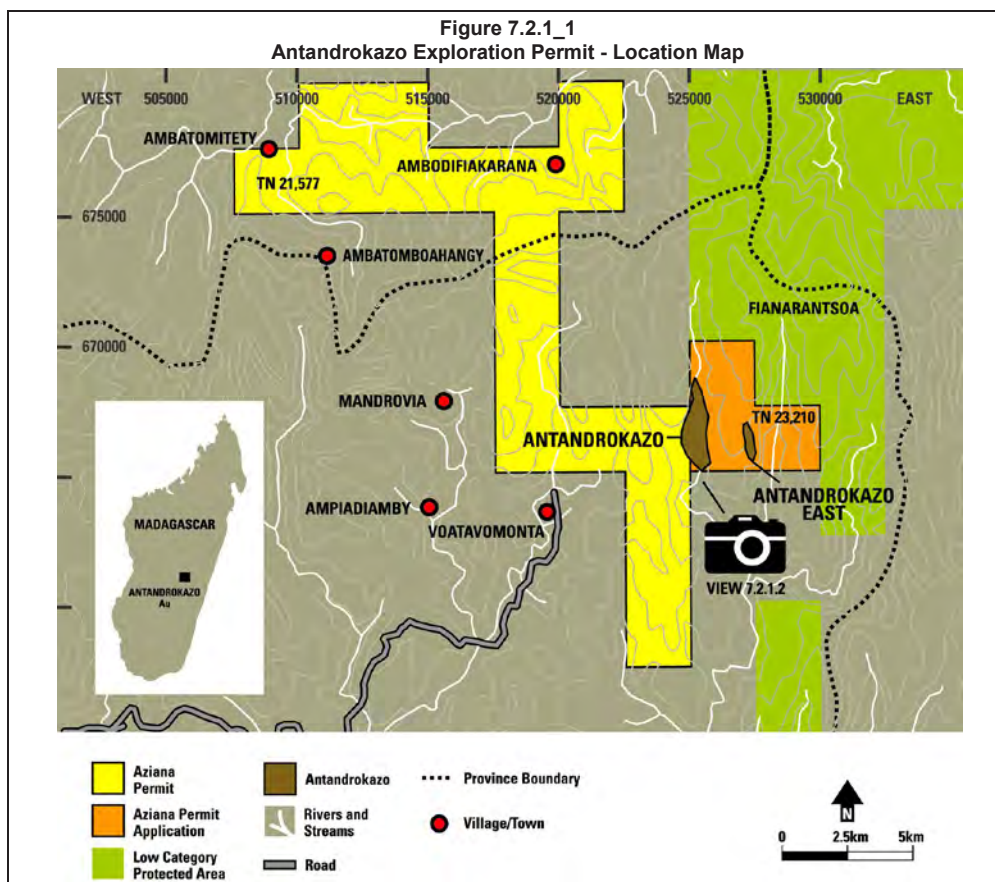
The Antandrokazo Project comprises exploration permit (Permis de Recherche) TN 21577 covering 112.5km². The project is located 130km south of Antananarivo by road along Route National 7, via Antsirabe city. The northern portion of TN 21577 is within the province of Antananarivo and the southern portion is within Fianarantsoa province. The permit squares are illustrated in Figure 7.2.1_1. At the current rates, future fees and obligations for the Antandrokazo project permits total A\$45,300 from 2012 – 2014.

The project is situated on the high plateau of eastern central Madagascar. Rolling hills are at altitudes ranging from 1550 to 1750m (Figure 7.2.1_2). A thick clay-rich weathering profile has produced a dense, structurally controlled drainage pattern. Most of the region is characterised by degraded grass savannahs. Forested areas are mainly secondary forest, planted in the 20th century for the timber industry and a small percentage remains as natural forest. Protected forest classification blocks are to the east of the granted tenement and adjacent to the pending tenement.

Table 7.1_1
Other Gold Projects
Tenement Summary

Project	Commodity	Licence No.	Status	Registered Holder	Start Date	1 st Renewal	End Date	Renewal Fees (Ar)	Environmental Permit	Squares 2.5 x 2.5km	Area (km²)
Antandrokazo	gold	TN 21577	granted	Tanety Lava	14/09/2007	13/09/2012	13/09/2018	566,900	PEE-RIM 14/11/2008	18	112.5
Antakasina	gold	TN 26234	granted	Tanety Lava	20/09/2007	19/09/2012	19/09/2018	80,500	PEE-RIM Application	2	12.5
Anosivolo	gold-copper	TN 26218	granted	Tanety Lava	16/10/2007	15/10/2012	15/10/2018	506,100	PEE-RIM Application	16	100
Sakaleone	gold	TN 19386	granted	Tanety Lava	26/07/2006	25/07/2011*	25/07/2017	475,700	PEE-RS Application	15	93.75
		TN 39046	granted	Tanety Lava	26/07/2006	25/07/2011*	25/07/2017	354,100	PEE-RS 25/09/2008	11	68.75
		TN 39047	granted	Tanety Lava	26/07/2006	25/07/20118	25/07/2017	80,500	PEE-RS 25/09/2008	2	12.5
Marovato	gold	TN 21736	granted	Tanety Zina	18/01/2007	17/01/2012	17/01/2018	506,100	PEE-RS 25/09/2008	16	100
										80	500

*Refer to Solicitor's Report, Part 9 on extension of license periods and confirmed submission of renewal documents.



7.2.2 Geology and Mineralisation

The Antandrokazo gold project is located in rocks of the NeoProterozoic age Ambatolampy Group about 2km west of the major thrust contact with the underlying Neoarchaeon Angavo Orthogneiss (Figure 7.2.2_1). The Antandrokazo gold project occurs in the hangingwall of the major thrust, on second order faults. Fresh exposures in the Tandrokazo River indicate that bedrock comprises biotite-rich paragneisses, graphitic mica schists and garnet-bearing mica schists. Coarse-grained grey quartzites form up to 2m thick packages. Magnetite is absent or insignificant compared to the typical magnetic quartzites of the Ambatolampy Group.

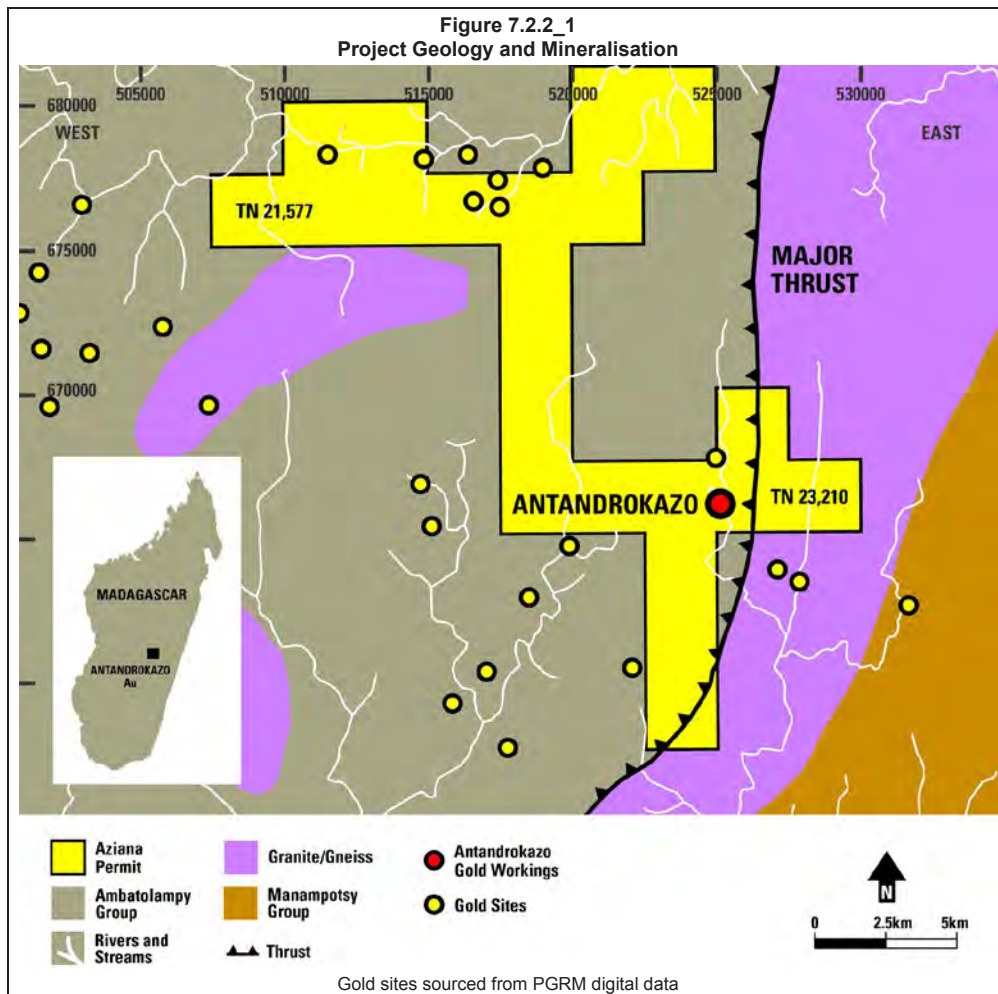


Figure 7.2.2_2
Antandrokazo Prospect Quartz Veining



0 1cm 2cm

Thin brecciated quartz veins hosted by ~2-3m wide shear zone exposed in artisanal workings

7.2.3 Exploration History

Historical alluvial workings are mentioned in Besairie (1949) and on the 1:100,000 Welter (1960) geological map. Welter (1959, 1960) described the workings as abandoned at that time.

Artisanal miners advised Aziana that bedrock mining at Antandrokazo commenced in 1988. Seasonal working currently occurs over a 1.8km long and up to 150m wide zone (Figure 7.2.3_1). The existing deep artisanal pits show that the oxidation zone containing free gold is at least 18m thick.

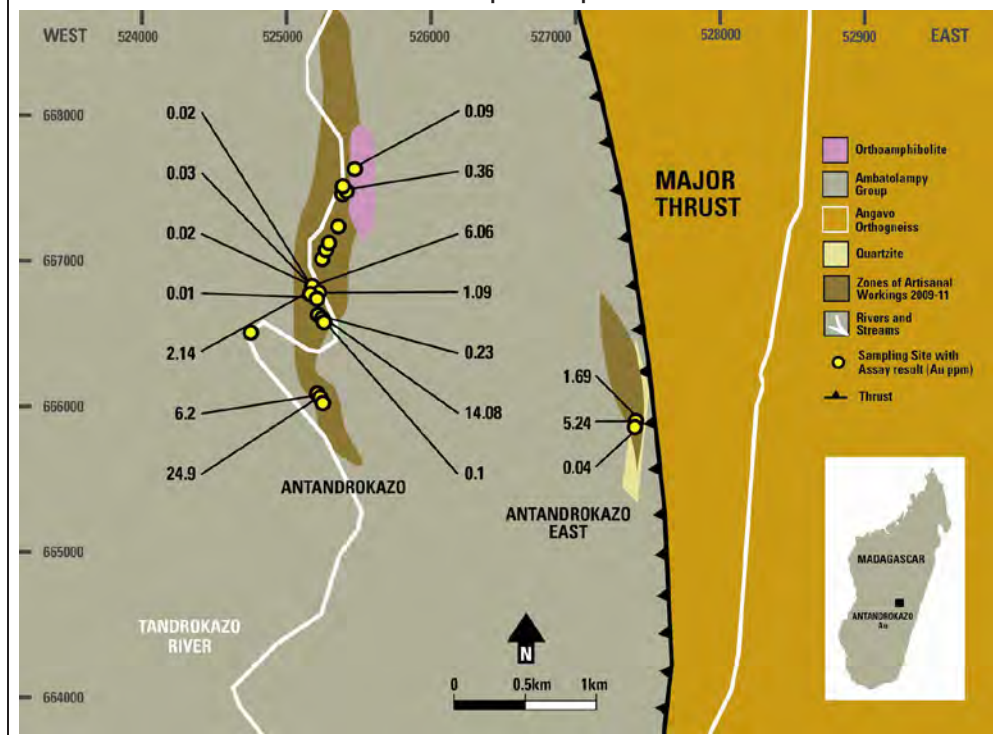
Aziana conducted reconnaissance trips to the Antandrokazo area in June 2008, October 2009, and April 2010 and with an external consultant in October 2008. Orientation samples were collected during the first visit to evaluate the mineralisation potential. During the second visit geological mapping and systematic sampling were carried out, including 1m channel sampling of actual and historical workings and selected lithologies. These are geochemically anomalous in gold. A 1.8km north-south trending zone along the Tandrokazo River at the Antandrokazo Prospect was identified for follow up. A second gold mineralised zone further to the east ("Antandrokazo East"), at the tectonic base of the Ambatolampy Group, was identified on the fourth visit. Both prospects lie in an area currently under application by Aziana (Figure 7.2.1_1).

Figure 7.2.3_1
Antandrokazo Prospect - Artisanal Workings



Thirty reconnaissance surface samples of saprolite (24) and rock (5), pan concentrate (1) reported gold from the Antandrokazo project area (Figure 7.2.3_2). Of these, the highest gold value was 24.9ppm Au from a sugary quartzite. The average gold content across all the samples was 1.53ppm Au.

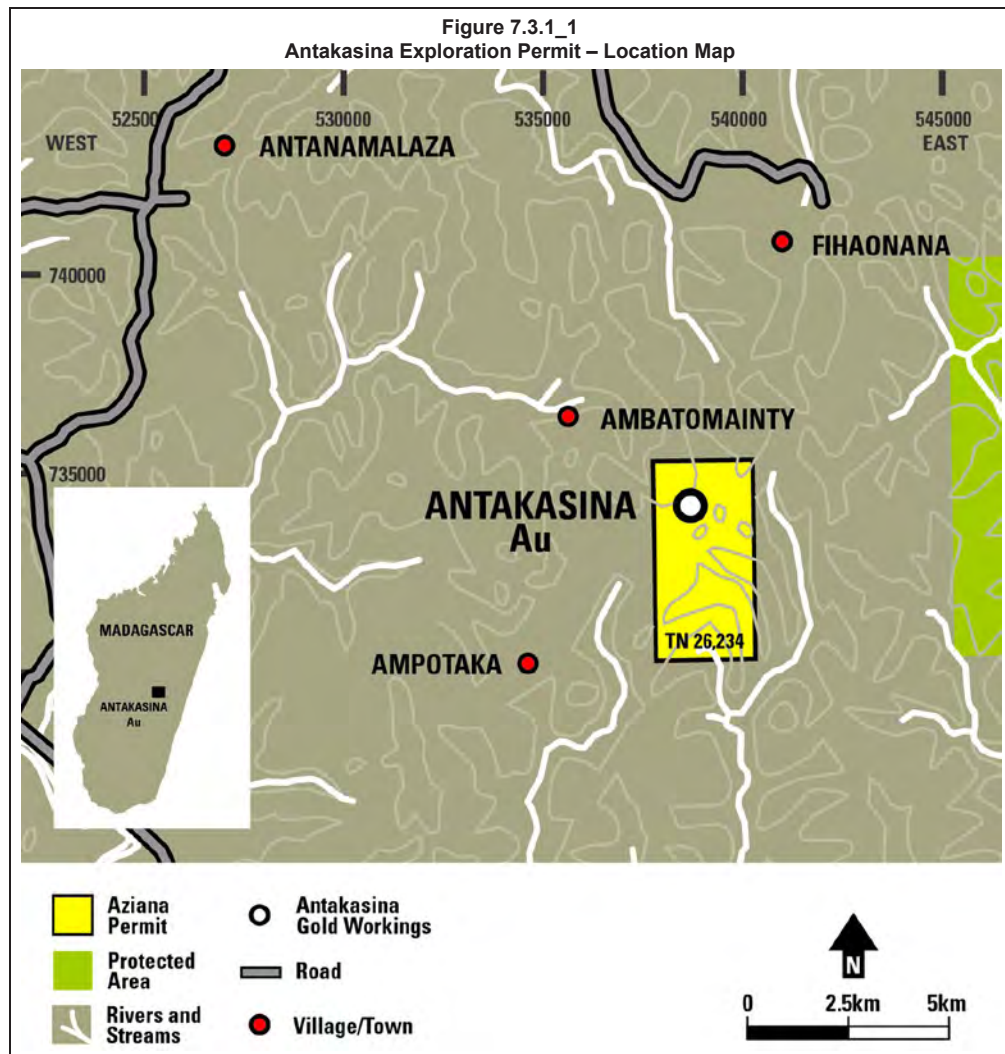
Figure 7.2.3_2
Antandrokazo Prospect Sample Locations



7.3 Antakasina Gold Project

7.3.1 Introduction

Antakasina is a gold project comprising Aziana permit TN 26234 covering 12.5km² (Figure 7.3.1_1). The project is located 75km south-southeast of Antananarivo and is focused on an area of artisanal gold workings. Thick laterite cover is present in the area, resulting in a dendritic drainage pattern. Most streams flow into the Onive River catchment area that drains to the east. The Antakasina Project permit squares are illustrated in Figure 7.3.1_1. At the current rates, future fees and obligations for the Antakasina project permit total \$A6,800 from 2012 – 2014. An environmental engagement plan permit (PEE-RIM) has been submitted.



7.3.2 Geology and Mineralisation

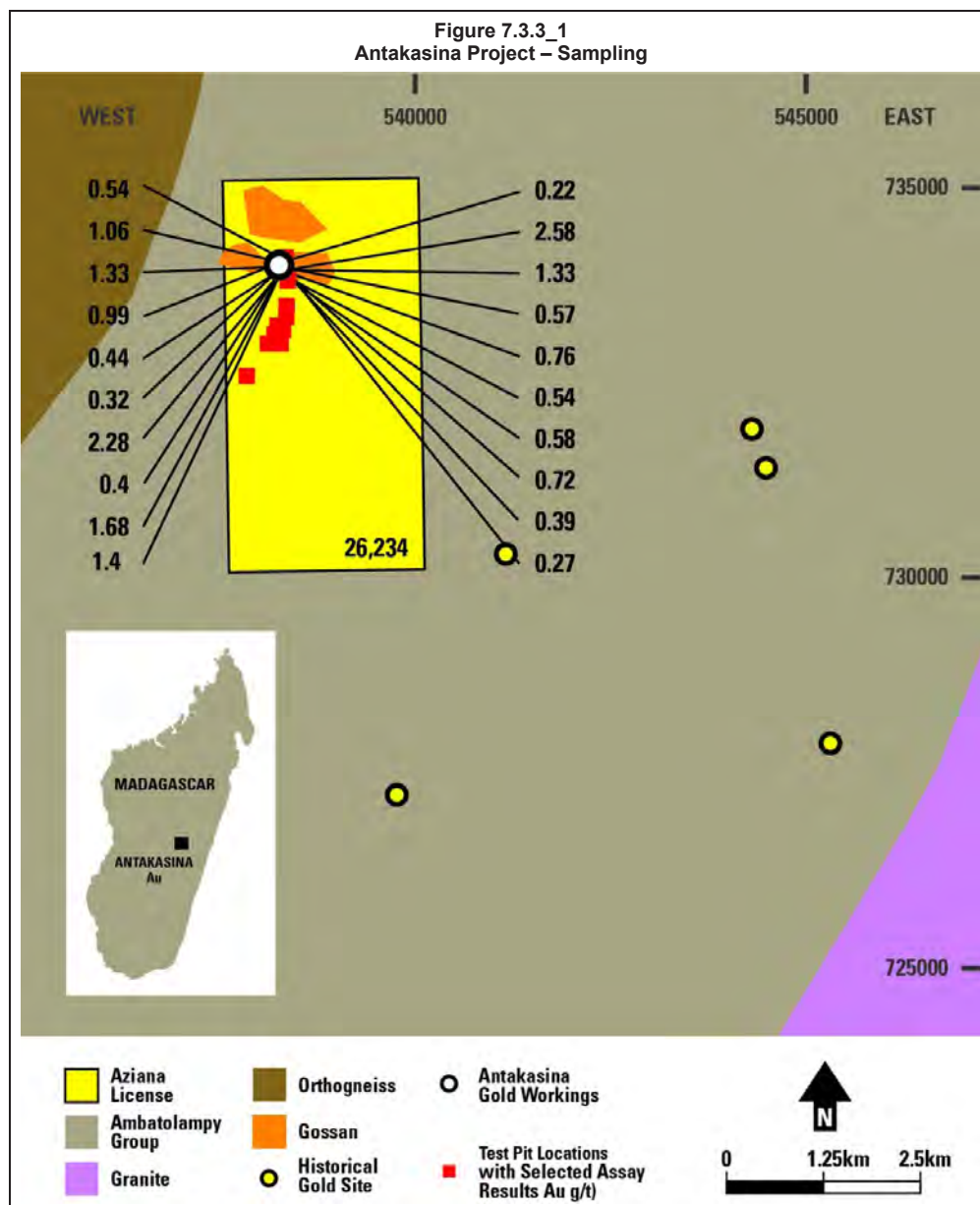
The Antakasina project is situated in rocks of the NeoProterozoic age Ambatolampy Group in the northern part of a major fold structure (the “Andravoravo Syncline”). The main lithology is schist, comprising biotite-plagioclase-quartz ± sillimanite and garnet. Magnetite, apatite and graphite are also common. Near Ambodiriana, a 5m thick layer of clinopyroxene gneiss forms an important marker horizon. Banded paragneiss, alternating with amphibolites and quartzites, possibly represents the lower part of the Ambatolampy Group.

Graphite bands up to 15cm wide are abundant and have been mined near Ambodiriana in a 100m long and up to 15m wide working down to a depth of 6m. A gold-bearing gossan is being mined by artisanal workers. The dip of the foliation is gently westward; however, the workings follow a steeper zone. The depth of artisanal mining shows the weathering profile is >18m thick. Gold within the gossan is located in concordant quartz veinlets with fibrous quartz needles and is also disseminated in saprolite derived from schists.

7.3.3 Exploration History

Between 1860 and 1895 a magnetite quartzite extending from the southern margin of TN 26234 and striking NNW-SSE was mined for the local ironworks in Mantasoa. Further magnetite quartzite was mined on the northern slope of the Ambohimahavony Mountain and in the surrounding valleys.

Current artisanal workings are focused on a gold-bearing gossan in a zone over 500m long and up to 150m wide. Aziana completed a reconnaissance field trip in August 2008 to the workings and identified 12 pits and two separate workings of 150m and 100m long and up to 20m wide. Twelve samples were collected. The highest gold value of 2.58ppm Au was from a vuggy quartzite rock sample (Figure 7.3.3_1). A 300m east-west line of ground magnetics was conducted across strike of the active Antakasina workings. During a follow up field visit in November 2009, 56 samples from the active pits were collected. The saprolitic mica schists, graphite-bearing layers and pegmatoids were sampled. Fourteen saprolite samples reported >0.5g/t Au.



7.4 Anosivolo Gold-Copper-Silver Project

7.4.1 Introduction

The Anosivolo Au-Ag-Cu Project comprises one granted Permis de Recherche TN 26218 which covers 87.5km² and is held by Tanety Lava S.A.R.L., a private company owned 100% owned by Aziana (Figure 7.4.1_1). At the current rates, future fees and obligations for the Anosivolo project permit total A\$54,000 from 2012 - 2014. An environmental engagement plan permit (PEE-RS) has been submitted for TN 26218. The project is 300km southwest of Antananarivo and 500km by road, in the Province of Fianarantsoa, located on the western side of the high plateau in lower central Madagascar. Vegetation in the area is mainly savannah grasses covering rolling hills at about 900m elevation with a few trees mainly along the rivers (Figure 7.4.1_2).

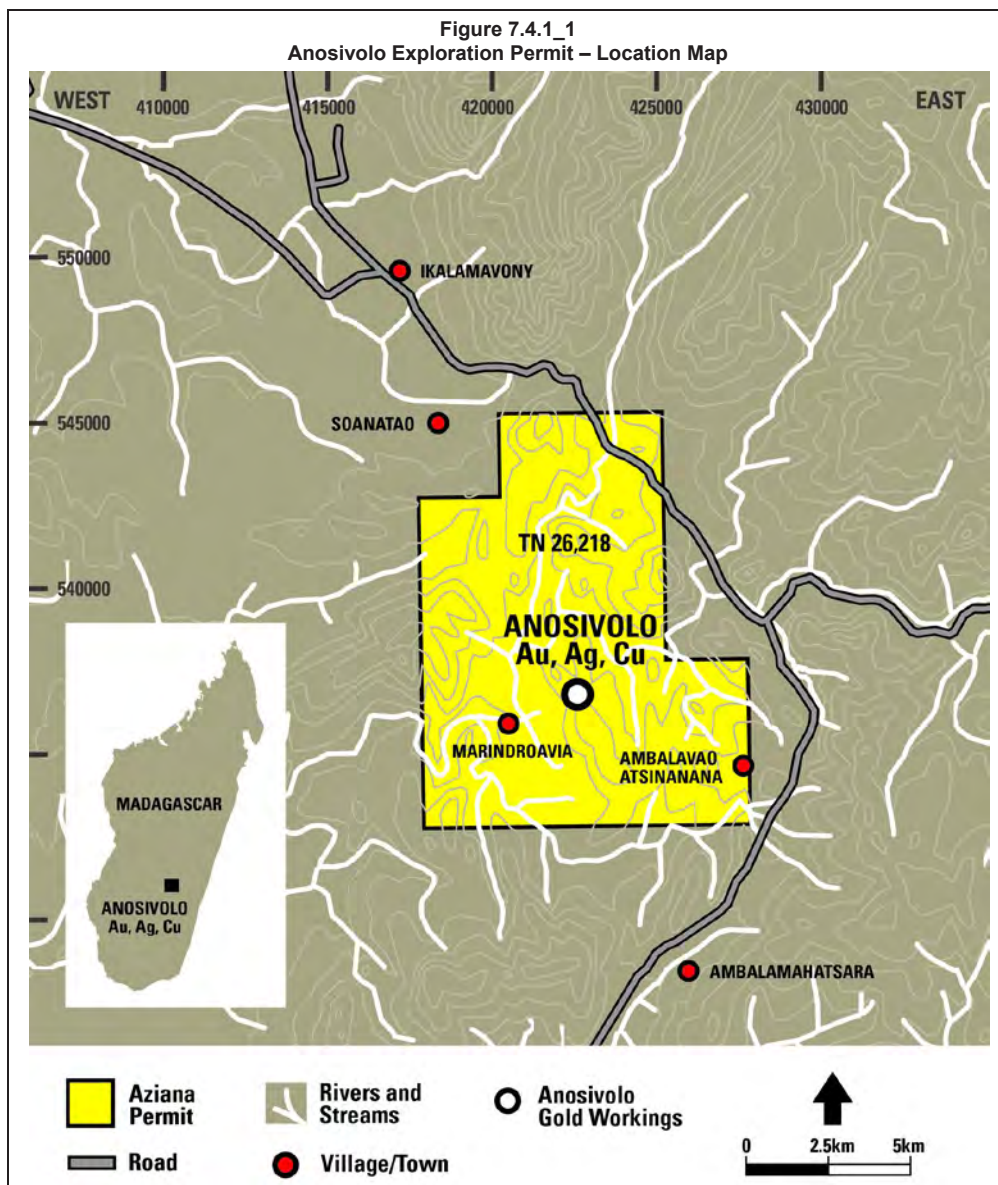


Figure 7.4.1_2
Anosivolo Exploration Permit – General Topographic View Looking West



Workings with quartz vein fragments visible in the foreground

7.4.2 Geology and Mineralisation

The Anosivolo project is located within a two-mica-hornblende paragneiss/marble belt. This is part of the amphibolite metamorphic grade Ikalamavony Unit, within the Itremo Fold Nappe Complex which is mainly a metasedimentary unit of Palaeoproterozoic age. Known mineralisation in the project area occurs in quartz veinlets along the contact of three, up to 15m thick cipoline marbles and adjacent two-mica paragneiss (Figure 7.4.2_1). Recorded copper sulphides include chalcocite, covellite, chalcopyrite and bornite; secondary minerals include malachite, azurite and cuprite (Figure 7.4.2_2). Magnetite is the most common iron-bearing mineral. Mineralised zones of calcitic conglomerate within the marble could indicate hydraulic fracturing by fluids, possibly related to A-type granite/syenites (570-540 Ma). One such small syenite body is located 12km east of Anosivolo.

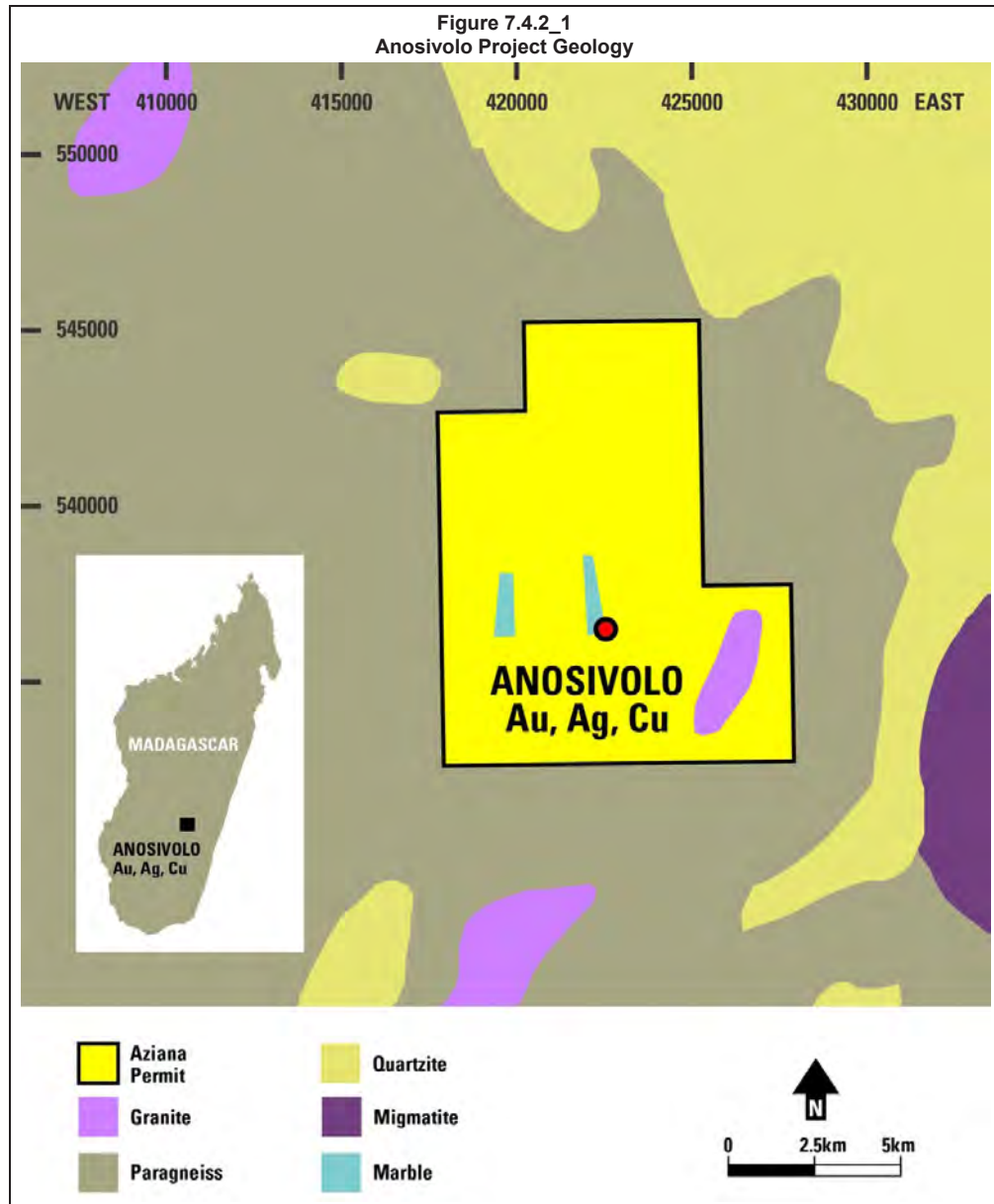
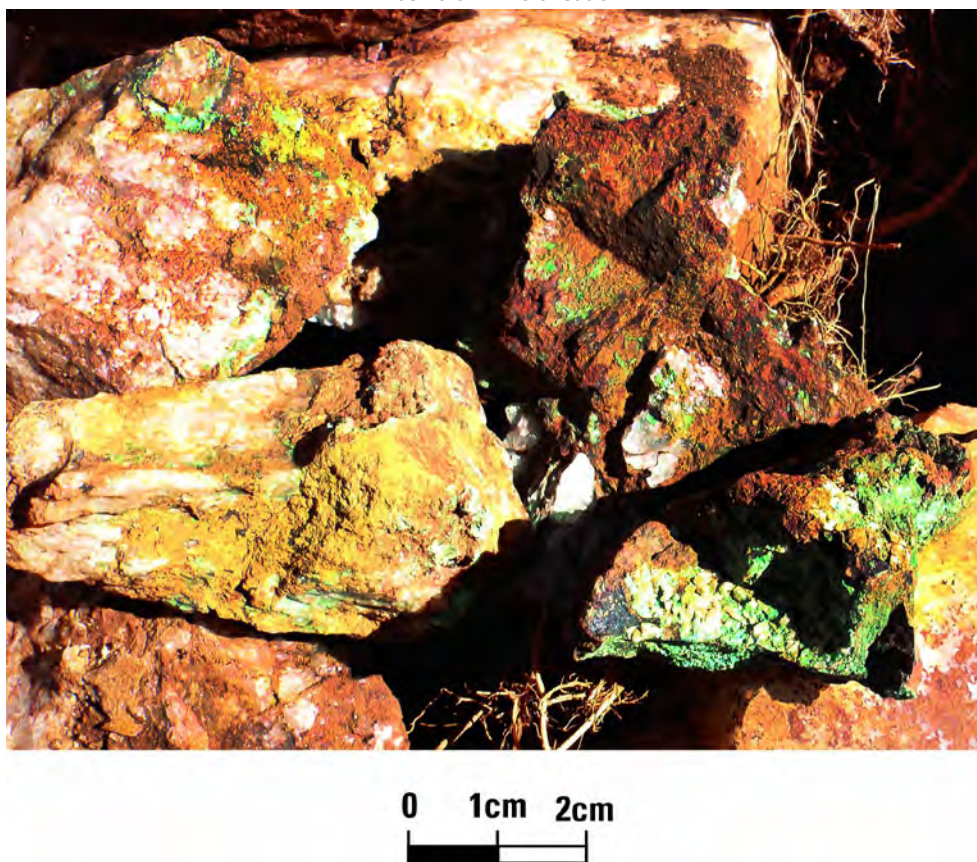


Figure 7.4.2_2
Anosivolo - Mineralisation



Quartz-malachite and quartz-cuprite-malachite vein fragments from small artisanal excavations

7.4.3 Exploration History

Small-scale mining before 1924 produced more than 60 kg gold from the Anosivolo deposit. Colluvium downhill from the deposit returned gold values of 3g/t Au (Besairie, 1949).

Aziana conducted reconnaissance field work in October 2007 and collected 23 rock samples and 4 pan concentrate samples from Anosivolo area (Figure 7.4.3_1). Sixteen of the rock samples contained significant amounts of gold, silver and copper. The maximum assay values were 7.7g/t Au and 66g/t Ag. The average values were 1.52g/t Au, 12.8g/t Ag and 3.7% Cu. The assay results of selected samples are shown in Table 7.4.3_1. The Anosivolo mineralisation is currently being sporadically worked by local people.

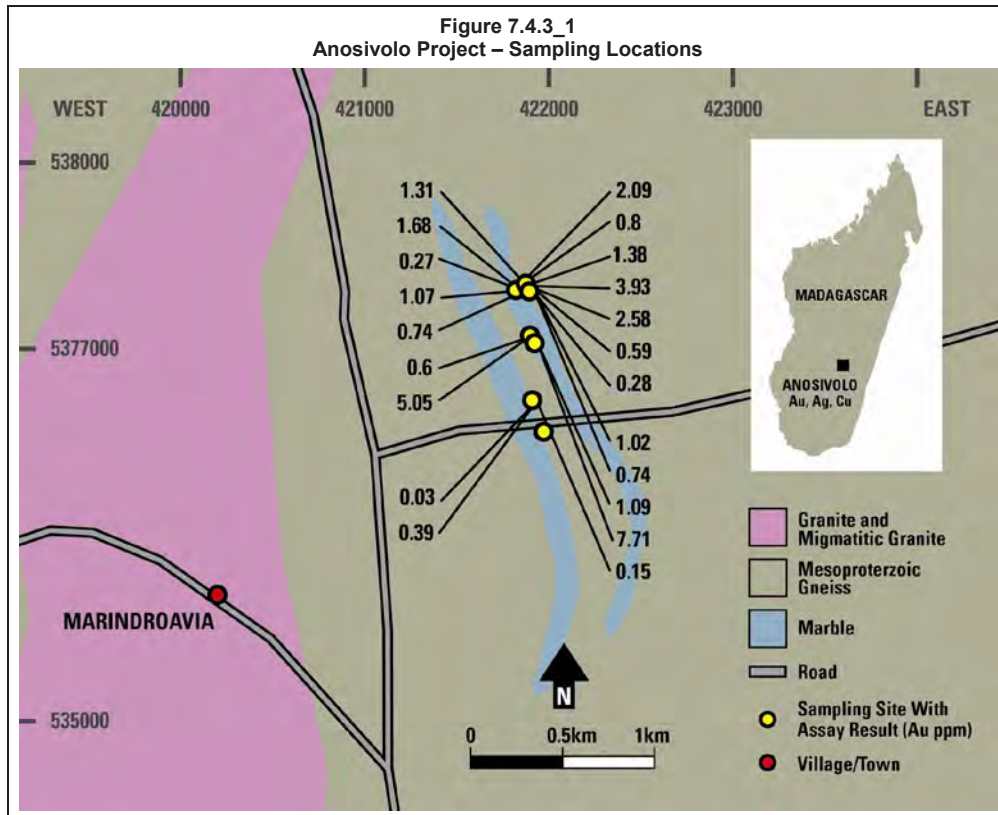


Table 7.4.3_1
Selected Assays from Rock Samples
(> 1ppm Au)

Sample ID	Easting	Northing	Au (ppm)	Ag (ppm)	Cu (%)
722	421854	537294	1.38	47.9	1.3
723	421854	537294	2.58	1.2	4.0
724	421854	537294	3.93	1.7	3.7
725	421854	537294	1.31	2.6	25.8
727	421811	537285	2.09	17.3	3.7
731	421891	536999	7.71	1.7	1.0
733	421873	537029	5.05	20.9	0.3
734	421888	537001	1.09	66.5	12.8

7.5 Sakaleone Gold Project

7.5.1 Introduction

The Sakaleone Gold Project comprises three granted permits, TN 19386, TN 39046 and TN 39047, held by Tanety Lava S.A.R.L. The permits extend north-south over 77km and are located 115 to 200km southeast of Antananarivo (Figure 1.1_1). Unrestricted environmental engagement permits (PEE-RS) have been granted for all three issued permits. Granted permits cover a collective area of 175km². The permit squares are illustrated in Figure 7.5.1_1. At the current rates, future fees and obligations for the Sakaleone project permits are:

- TN 19386 A\$ 63,000 from 2012 – 2014
- TN 39046 A\$ 46,200 from 2012 – 2014
- TN 39047 A\$ 8,400 from 2012 - 2014

The project is located on the eastern edge of the high plateau of eastern central Madagascar. In this region the altitude varies from 450 to 900m. The dissected terrain is covered by bushy vegetation and small trees, and cassava and rice fields. Access within the permit is difficult as there are no roads and five major rivers drain the area.

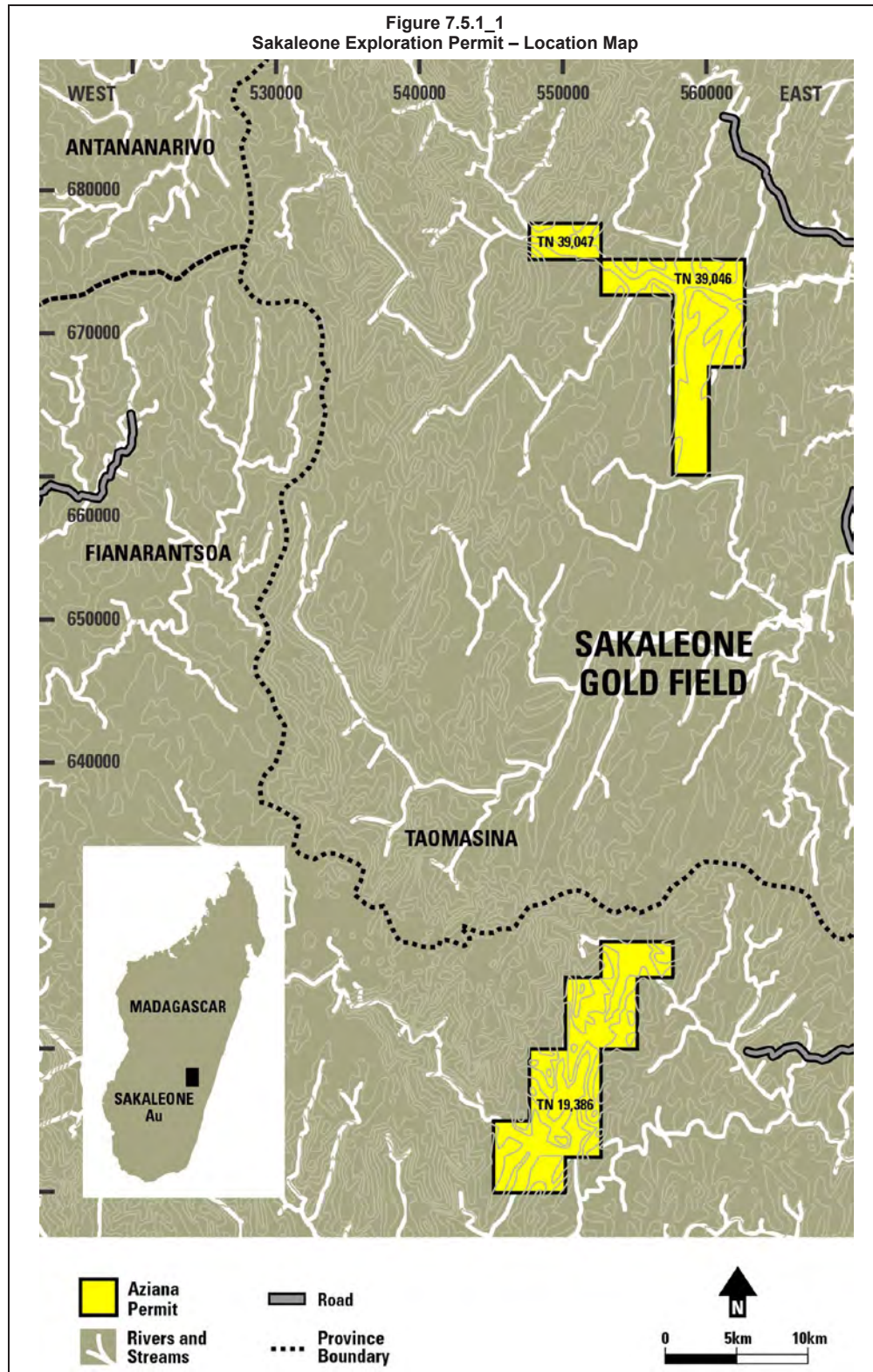
7.5.2 Geology and Mineralisation

The Sakaleone project is situated on a major crustal boundary between the Archaean Antananarivo Domain and the Masora Craton. The Antananarivo Domain comprises late Archaean metasedimentary rocks of the Vondrozo Group, intruded by Palaeoproterozoic granites (Figure 7.5.2_1). The adjacent NeoProterozoic age Manampotsy Group comprises metasedimentary rocks with numerous ultrabasic lenses. Sakaleone is one of Madagascar's largest alluvial gold production areas.

7.5.3 Exploration History

Previous work in the area is mostly alluvial gold artisanal mining in old river terraces along the Sahandrambo and Sakaleone Rivers (Besairie, 1949). Aziana conducted field trips to the Sakaleone project in October 2007, July 2008 and September 2008 to visit the artisanal gold mining areas. During the first visit, 105 samples (44 rock samples and 61 pan concentrate samples) were collected for assaying from permit TN 19386. Gold anomalies were present in 64 of the samples, but they generally represent wash from recent and ancient alluvial deposits or from saprolite (Figure 7.5.3_1). One sample of garnet-biotite gneiss with quartz veinlets and visible sulphides returned an assay value of 0.73ppm Au and 291ppm Cu.

Sampling during the July 2008 field visit yielded 359 pan concentrates (out of 430) with visible gold. On the third field visit, the focus moved north to permits TN 39046 and TN 39047, where a further 119 pan concentrate samples (out of 152) showed visible gold. Four rock samples were collected.



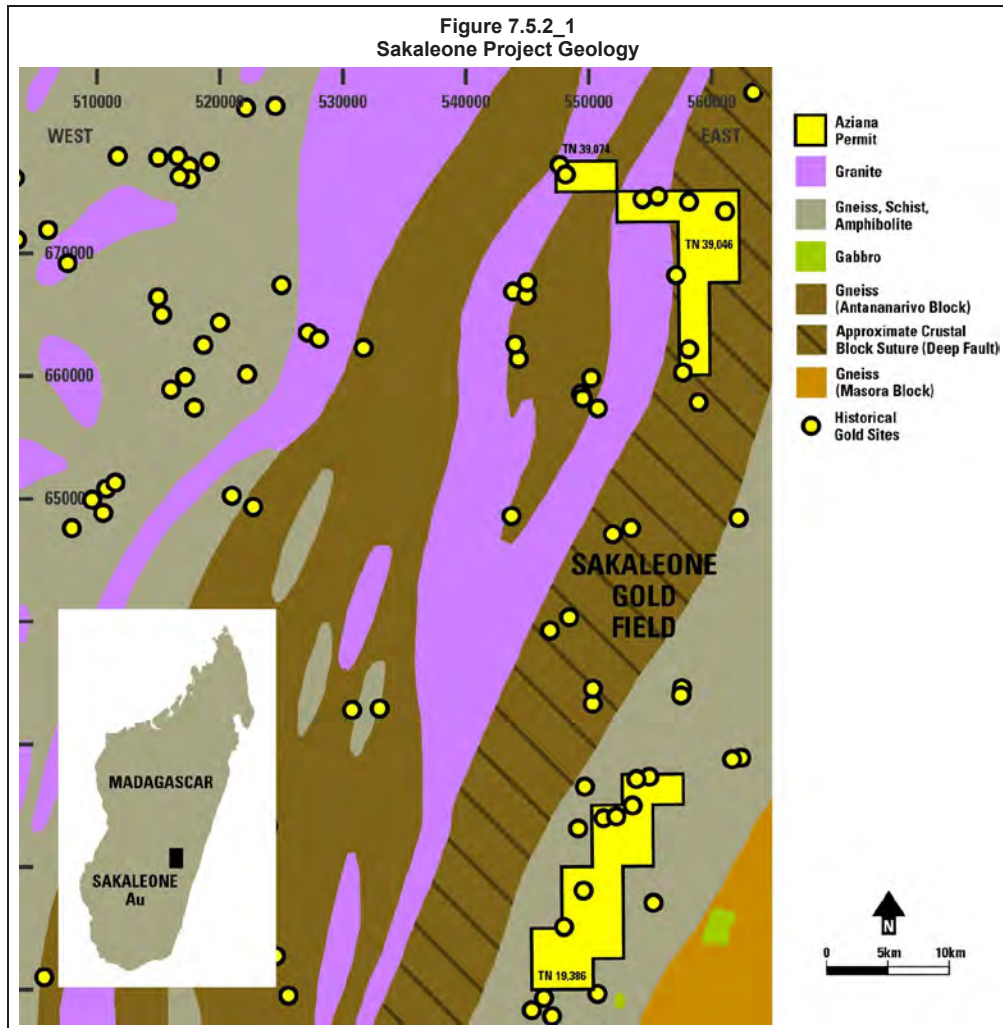
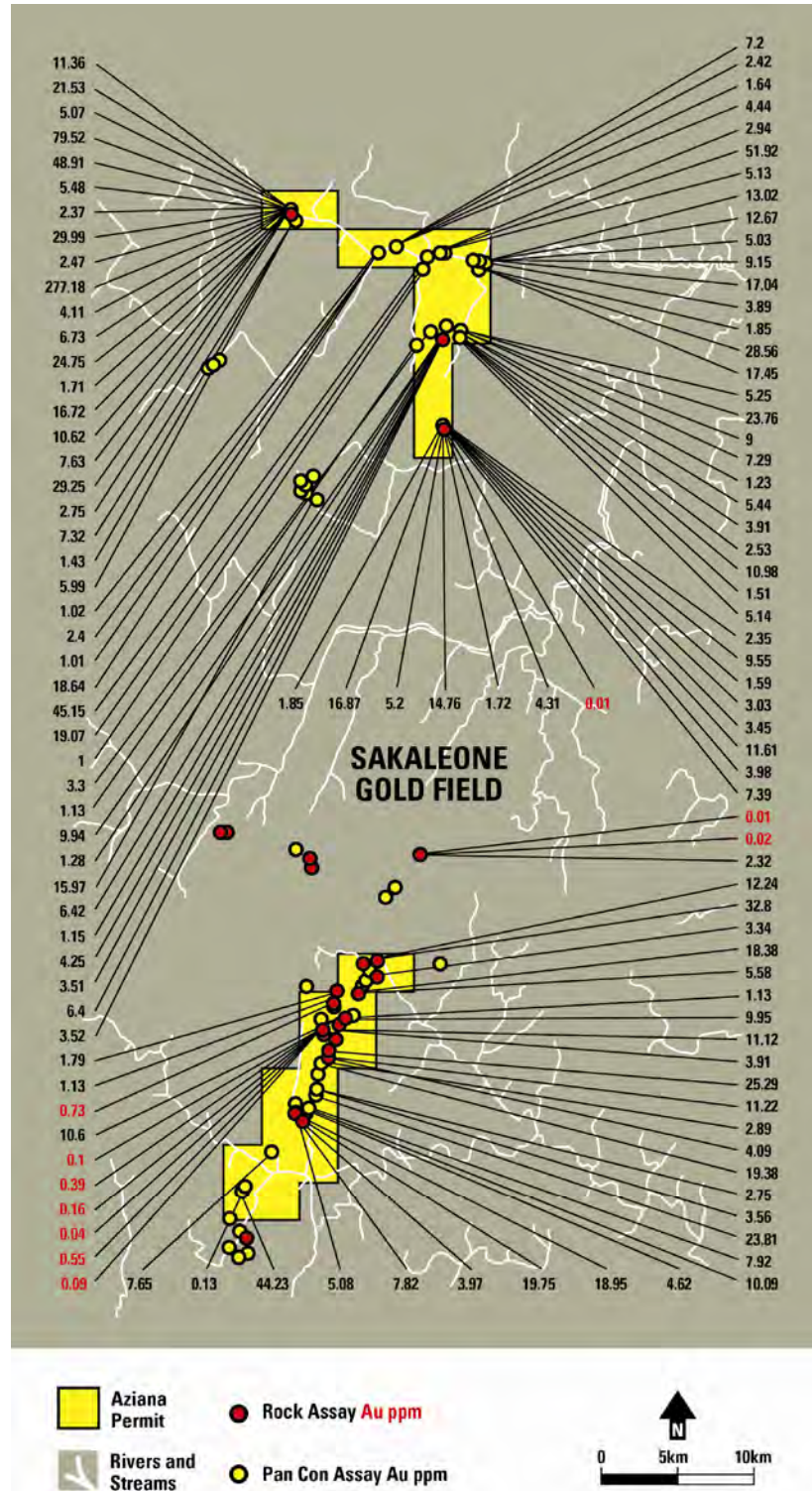


Figure 7.5.3_1
Sakaleone Project – Sampling Locations



7.6 Exploration Strategy of Other Gold Projects

The Aziana exploration strategy is to advance the understanding of the gold mineralisation in these projects and establish their status. The scope of work planned during the first two years post listing is summarized below.

7.6.1 Antandrokazo Au

The Antandrokazo gold area is currently considered the highest priority. The scope of work is planned to include a drainage geochemistry survey over whole project area, which may define new gold anomalies. A grid auger soils survey will take place over known structures mapped out by artisanal workings, and any new drainage anomalous catchments. Airborne geophysics will be planned after further geochemical sampling. Orthogonal trenching and channel sampling will test the strongest soil anomalies. First-pass angled drillholes will test the best trench anomalies down dip, including holes to test the main artisanal workings at Antandrokazo and Antandrokazo East; both of which have never been drilled.

7.6.2 Anosivolo Au - Ag - Cu

A drainage geochemistry survey will take place over the project area to define any new anomalies. This is to be followed up by grid auger soils over the area mapped out by artisanal workings, and any new drainage anomalous catchments.

7.6.3 Antakasina Au

A drainage geochemistry survey will take place over the project area to define any new anomalies. This is to be followed up by grid auger soils over the area mapped out by artisanal workings, and any new drainage anomalous catchments.

7.6.4 Sakaleone Au

Follow-up work will be conducted on the stream sediment panned concentrate results in an effort to locate additional bedrock gold anomalies. A soils sampling program is then planned.

7.6.5 Marovato Au

Additional investigation is planned to evaluate the permit.

7.7 Exploration Budget of Other Gold Projects

An exploration budget for the regional gold projects has been provided by Aziana covering the first two year period following listing. The total proposed budget is \$2.3M (maximum subscription) to \$0.646M (minimum subscription). The budget detail is shown in Table 7.7_1.

Table 7.7_1 Other Gold Projects Budget (A\$)						
Activity	Minimum Subscription (\$)			Maximum Subscription (\$)		
	Year 1	Year 2	Total	Year 1	Year 2	Total
Capital Items > \$ 1000	10,000	10,000	20,000	40,000	40,000	80,000
Permits & Acquisitions	70,000	70,000	140,000	80,000	80,000	160,000
Staffing, Contractor & Consultants	75,000	75,000	150,000	150,000	150,000	300,000
Logistics	10,000	10,000	20,000	40,000	40,000	80,000
Survey & Cartography	10,000	5,000	15,000	25,000	25,000	50,000
Geological Work	30,000	30,000	60,000	150,000	150,000	300,000
Geophysics	100,000	0	100,000	200,000	-	200,000
Soils & Pitting	15,000	15,000	30,000	25,000	25,000	50,000
Drilling	0	0	0	350,000	350,000	700,000
Plant Hire	5,000	5,000	10,000	25,000	25,000	50,000
Sample Analysis	45,000	50,000	95,000	150,000	150,000	300,000
Exploration Development	0	0	0	0	-	0
Community Relations	5,000	5,000	10,000	15,000	15,000	30,000
Total	375,000	275,000	650,000	1,250,000	1,050,000	2,300,000

7.8 Coffey Mining Conclusions and Recommendations

Antandrokazo shows sufficient early prospectivity to justify systematic surface geochemistry and collection of detailed airborne geophysical data to assist with targeting for follow up. Antandrokazo has two clearly defined sub-parallel mineralised structures extending N-S over at least 1.8km of strike; on which historical and current artisanal mining has produced gold. None of these has ever been tested at depth with drilling. These are within the pending permit application and commencement of exploration activity will be dependent on grant of title.

Antakasina is an early-stage gold project with potential to host similar gold mineralisation to that being sought at nearby Alakamisy. It is at an early exploration stage and requires additional data compilation and systematic surface geochemical sampling to define targets for follow up.

The remaining permits are at an early stage of exploration. Initial rock sampling and stream sediment panned concentrate sampling have demonstrated that gold mineralisation occurs on the properties (Table 7.8_1). They require additional data compilation and reconnaissance geochemical sampling to define targets for follow up.

Table 7.8_1 Other Gold Projects Highlights				
Project	Commodity	Project Area ¹ (km ²)	Total Samples ²	Highest Rock Assay
Antandrokazo	gold	131.25	41	24.9ppm
Antakasina	gold	12.5	68	2.58ppm
Anosivolo	gold-copper	87.5	27	7.71ppm Au; 66.5ppm Ag; 25.8% Cu
Sakaleone	gold	318.75	602 mostly pans incl. 478 with visible gold. (incl. 61 rock samples)	0.73ppm Au
Marovato	gold	100	None	-

¹Total area of licences for the project

²Includes all sample media types

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9 GLOSSARY OF TECHNICAL TERMS

°C	Temperature in degrees Celsius
<i>African Plate</i>	A large portion of the Earth's crust covering the continent of Africa and extending westward to the mid-Atlantic Ocean.
Ag	Chemical symbol for silver.
<i>airborne geophysical data</i>	Data pertaining to the physical properties of the earth's crust at or near surface and collected from an aircraft.
<i>airborne geophysical survey</i>	Survey pertaining to the physical properties of the earth's crust at or near surface and collected from an aircraft.
Al	Chemical symbol for aluminium.
<i>alluvial</i>	Silt, sand and gravel material, transported and deposited by rivers.
<i>amazonite</i>	Form of feldspar.
<i>amethyst</i>	Form of silica (SiO ₂).
<i>amphibolite</i>	A metamorphic crystalline rock consisting mainly of amphibole and some plagioclase.
<i>Androyen System</i>	Refers to a group of metamorphic rocks comprising part of the crystalline basement rocks of Madagascar.
<i>anorthosite</i>	A plutonic rock comprised almost entirely of calcium-rich plagioclase feldspar (labradorite).
<i>Archaean</i>	An era of geological time spanning the period from 3,800 million years to 2,500 million years before present.
<i>argillite</i>	A rock composed predominantly of clay minerals, or having a notable proportion of clay in its composition.
Au	Chemical symbol for gold.
<i>AusIMM</i>	Australian Institute of Mining and Metallurgy
<i>bauxite</i>	Aluminium ore composed of hydrated aluminium oxides.
<i>beryl</i>	A beryllium-alumino silicate mineral, Be ₃ Al ₂ Si ₆ O ₁₈ , often found in pegmatites. Emerald is a gem variety of beryl.
<i>BRGM</i>	Bureau de Recherche Géologique et des Mines (<i>French Geological Survey</i>)
<i>Calc-alkaline</i>	An igneous rock in which the proportion of lime and alkalis is such that the dominant minerals are feldspars, hornblende and/or augite.
<i>Cambrian</i>	The oldest period of the Palaeozoic era, between approximately 545 million years and 490 million years ago.
<i>Carboniferous</i>	Period of the Palaeozoic era, between approximately 354 million years and 298 million years ago.
<i>chalcopyrite</i>	A copper iron sulphide, CuFeS ₂ .
<i>chalcocite</i>	A sulphide of copper, Cu ₂ S.
<i>charnockite</i>	A type of intrusive or metamorphic rock of broadly granitic composition & containing orthopyroxene, found within metamorphic geological environments.
<i>chromite</i>	An oxide of chromium, (Mg,Fe)Cr ₂ O ₄ , some varieties of which can represent an indicator of diamonds.

<i>cipoline marble</i>	A type of impure marble containing mica and serpentine minerals.
<i>cordierite</i>	A silicate of magnesium and aluminium, $Mg_2Al_3(AlSi_5O_{18})$, found as an accessory mineral in granite and metamorphic rocks.
<i>covellite</i>	An indigo blue coloured sulphide ore of copper, CuS .
<i>Cretaceous</i>	The third and final period of the Mesozoic era, between 141 and 65 million years ago.
<i>Crustal melt</i>	Material derived from the melting of the solid outer shell of the earth's surface.
<i>Cu</i>	Chemical symbol for copper
<i>Dharwar Craton</i>	An area of Archaean age continental rocks in southern India.
<i>diamond drilling</i>	Method of obtaining cylindrical core of rock by drilling with a diamond set or diamond impregnated bit.
<i>diopside</i>	A white to light green calcium-magnesium silicate mineral.
<i>disconformity</i>	Time break between parallel strata demonstrating erosional relief.
<i>dolomite</i>	A mineral of magnesium and calcium carbonate.
<i>ductile</i>	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
<i>East African Orogen</i>	A large <i>orogenic belt</i> extending from Arabia, across continental Africa and through Mozambique and Madagascar
<i>EM survey</i>	A geophysical technique whereby transmitted electromagnetic fields are used to energise and detect conductive material beneath the earth's surface.
<i>epicontinental</i>	Pertaining to the continental shelf and or continental interior.
<i>facies</i>	The aspect belonging to a geologic unit of sedimentation, including mineral composition, type of bedding, fossil content, etc.
<i>fault</i>	A natural break in rock resulting from geological forces causing movement of one block of rock against another
<i>Fe</i>	Chemical symbol for iron
<i>feldspar</i>	A group of rock forming minerals.
<i>fluvial</i>	Pertaining to sediments deposited by the action of streams and rivers.
<i>gabbro</i>	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
<i>galena</i>	A grey sulphide ore of lead, PbS .
<i>garnet</i>	A brown-red silicate mineral.
<i>garnierite</i>	A hydrous nickel silicate mineral, a member of the serpentinite group of minerals.
<i>gibbsite</i>	Gibbsite is an aluminium hydroxide mineral of the oxides and hydroxides group, with chemical formula $[Al(OH)_3]$.
<i>GIS</i>	A system devised to present partial data in a series of compatible and interactive layers that are georeferenced to the Earth. GIS stands for <i>Geographical Information System</i> .
<i>gneiss</i>	A metamorphic rock of coarse grain size, usually exhibiting banding.
<i>Gondwana</i>	A palaeo supercontinent that included most of the land masses in the present southern hemisphere, and existed as a cohesive land mass between 540 million and 200 million years ago.

<i>granite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<i>granulite</i>	Metamorphic rocks formed by high temperature and/or pressure metamorphism.
<i>Graphite System</i>	Refers to a group of metamorphic rocks comprising part of the crystalline basement rocks of Madagascar.
<i>greenschist</i>	A metamorphosed rock which owes its colour and schistosity to abundant chlorite.
<i>greenstone belt</i>	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
<i>heavy mineral sand</i>	Economic mineral suite usually dominated by varying proportions of ilmenite, rutile and zircon.
<i>ilmenite</i>	An iron and titanium oxide (FeTiO_3).
<i>intrusive</i>	Refers to a magma which has solidified before reaching the earth's surface.
<i>IP survey</i>	Induced polarisation survey, an electrical geophysical method used to detect buried deposits formed by disseminated sulphide minerals.
<i>Jurassic</i>	The middle division of the Mesozoic era.
<i>K</i>	Chemical symbol for potassium
<i>Karoo Supergroup</i>	A large belt of sedimentary rocks of late Cambrian to early Mesozoic age, stretching the length of western Madagascar.
<i>labradorite</i>	Calcium-rich plagioclase; commonly exhibits iridescence.
<i>Landsat Imagery</i>	Images of the earth's surface collected by satellite and commonly processed to enhance particular features.
<i>laterite</i>	A cemented, residuum of weathering, generally leached in silica with a high alumina and/or iron content and often containing rounded pisolites.
<i>leptynite</i>	A banded variety of high grade metamorphic rock (granulite).
<i>leuco</i>	A combining form prefix denoting rock having lighter than normal colour for a given rock variety.
<i>leuconorite</i>	A variety of gabbro characterised by a lighter than normal colour for that rock type.
<i>limestone</i>	A sedimentary rock containing at least 50% calcium or calcium-magnesium carbonates.
<i>lithology</i>	A generalised term for a rock type.
<i>magnetic surveys</i>	Determination of the deviation in the earth's magnetic field in response to the inherent magnetism of different rock types.
<i>malachite</i>	A green hydrated carbonate ore of copper $\text{Cu}_2 (\text{OH})_2 \text{CO}_3$.
<i>Malagasy Shield</i>	A complex assemblage of <i>Precambrian</i> rocks that comprise the eastern two-thirds of Madagascar
<i>MesoProterozoic</i>	Referring to the period of earth's history between 1600Ma and 1000Ma.
<i>Meta-</i>	Implies that the rock has undergone metamorphism.
<i>metallurgical test work</i>	The testing of representative ore samples in order to define the physical properties and metallurgical characteristics of the ore.

<i>metamorphism</i>	Alteration of rock and changes in mineral composition, most generally due to increase in pressure and/or temperature.
<i>migmatite</i>	Composite rock composed of metamorphic rocks that have undergone incipient melting.
<i>Miocene</i>	The fourth of the five epochs into which the Tertiary period is divided, between 25 million years and 5 million years before present.
<i>Mn</i>	Chemical symbol for manganese
<i>molybdenite</i>	A sulphide of molybdenum, MoS ₂ .
<i>Neogene</i>	Including the Pliocene, Miocene and Oligocene epochs (38 million years to 1.8 million years before present).
<i>Neoproterozoic</i>	The era of geologic time comprising the end of the <i>Proterozoic</i> Era & covering the period between 1,000 and 545 million years ago.
<i>Ni</i>	Chemical symbol for nickel
<i>nonconformable</i>	A geological event in which sedimentary rocks are deposited directly over eroded intrusive or metamorphic rocks.
<i>ophiolite</i>	A sequence of mafic and ultramafic igneous rocks (usually metamorphosed) formed at the sea floor as part of the oceanic crust.
<i>orogenic belt</i>	Long, frequently continental-scale linear structures, usually mountainous, that are the end product of one or more <i>orogeny</i> events.
<i>orogeny</i>	A deformation and/or magmatic event in the earth's crust, usually caused by collision between tectonic plates.
<i>ortho-</i>	Pertaining to metamorphic rocks originally of igneous precursor.
<i>orthopyroxene</i>	Any of several pyroxene minerals that crystallize in the orthorhombic system.
<i>palaeo</i>	A combining form denoting an attribute of great age or remoteness in regard to time.
<i>Palaeoproterozoic</i>	The period of the earth evolution between 2,500 million years and 1,600 million years ago.
<i>Palaeozoic</i>	The era of geologic time between the Late Precambrian and the Mesozoic era, 545 to 251 million years ago.
<i>para-</i>	Pertaining to metamorphic rocks originally of sedimentary precursor.
<i>Pb</i>	Chemical symbol for lead
<i>pegmatite</i>	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
<i>Permian</i>	The last geological Period of the Palaeozoic era, between about 298 million years and 251 million years ago.
<i>phlogopite</i>	Brown magnesium mica similar to biotite, but containing little iron.
<i>Pliocene</i>	The last division of the Tertiary period, between approximately 5 and 1.8 million years ago.
<i>polymetallic</i>	Relating to the presence of several economically significant trace elements, typically including the base metals and gold.
<i>Precambrian</i>	Pertaining to all rocks formed before Cambrian time (older than 545 million years).
<i>Proterozoic</i>	An era of geological time within the Precambrian, spanning the period from 2,500 million years to 545 million years before present.

<i>pyrite</i>	An iron sulphide mineral, FeS ₂ .
<i>pyroxenite</i>	A coarse grained mafic igneous intrusive rock composed primarily of the mineral pyroxene.
<i>pyrrhotite</i>	An iron sulphide mineral, FeS(n-1).
<i>Quaternary</i>	The younger of the two geologic periods in the Cenozoic era, between 1.8 million years before present and the present day.
<i>radiometric</i>	Data relating to the radioactivity emitted by rocks at or near the earth's surface.
<i>RC drilling</i>	Drilling method employing a percussive action to break the rock, and in which sample material is delivered to the surface inside the rod string by compressed air.
<i>rhyolite</i>	Fine-grained felsic igneous volcanic rock containing a high proportion of silica and feldspar, similar in composition to granite.
<i>RN</i>	Route Nationale (main access roads of Madagascar)
<i>rutile</i>	An oxide of titanium (TiO ₂) and a common detrital heavy mineral.
<i>Sakoa Member</i>	Part of the Karoo Supergroup; an assemblage of sediments averaging approximately 270 million years age, stretching along the western side of Madagascar.
<i>sandstone</i>	A sedimentary rock composed of cemented or compacted detrital minerals, principally quartz grains.
<i>schist</i>	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
<i>scree</i>	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
<i>Shear zone</i>	A zone in which shearing has occurred on a large scale, such that the rock is deformed dominantly by ductile deformation.
<i>shearing</i>	A form of fault in rocks where blocks of rock slide past one another without a natural break forming.
<i>sinistral</i>	Refers to the relative horizontal direction of movement of blocks on either side of a fault or shear, with sinistral referring to left directional movement of the opposite side block
<i>soil sampling</i>	The collection of soil specimens for trace element analysis.
<i>stratiform</i>	Occurring parallel to the rock strata, and deposited at the same time.
<i>stratigraphy</i>	Pertaining to the vertically stacked succession of rocks.
<i>Stream sediment sampling</i>	The collection of bulk or sieved sample of sand or silt collected from an active or ephemeral stream-bed with the intention of analysing them for trace elements.
<i>tectonism</i>	The processes of deformation in the earth's crust that produce its continents, ocean basins, mountains, and major folds and faults.
<i>terrigenous</i>	Derived from the land.
<i>Th</i>	Chemical symbol for thorium
<i>Ti</i>	Chemical symbol for titanium
<i>tonalite</i>	A coarse grained granitic rock composed of quartz, sodium-calcium feldspar and a high proportion of iron rich minerals.
<i>tourmaline</i>	A complex aluminium silicate mineral containing boron.

<i>Triassic</i>	The earliest period comprising in the Mesozoic era, between approximately 250 and 205 million years ago.
<i>troctolite</i>	A gabbro that is composed chiefly of calcic plagioclase (labradorite) and olivine with little or no pyroxene.
<i>tuff</i>	A rock formed of compacted volcanic fragments, generally smaller than four millimetres in diameter.
<i>U</i>	Chemical symbol for uranium
<i>ultrabasic</i>	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
<i>ultramafic</i>	Igneous rocks consisting essentially of ferromagnesian minerals with absent or trace quartz and feldspar.
<i>USD</i>	United States Dollar (\$)
<i>VMS</i>	Volcanogenic massive sulphide ore deposit, a Cu-Zn rich metal sulphide ore deposit associated with sea floor volcanic activity
<i>Vohibory System</i>	Refers to a group of metamorphic rocks comprising part of the crystalline basement rocks of Madagascar.
<i>volcanics</i>	Pertaining to igneous material poured out on the surface of the earth in a molten state and to fragmental material of all sizes erupted from volcanic vents.
<i>VTEM</i>	Versatile Time Domain Electromagnetic System, a type of airborne geophysical testing of the earth, often used to detect concentrations of sulphides below surface.
<i>zircon</i>	A silicate of zirconium ($ZrSiO_4$) used as a refractory and an abrasive.
<i>Zr</i>	Chemical symbol for zirconium

Appendix A

Tenement Schedule

APPENDIX A
AZIANA Tenement Schedule

Permit Number (TN)	Status	Km ²	Date Decree Signed	End of Permit Period	Owner	Map No.
19,386	Issued	93.75	26/07/2006	25/07/2017	Tanety Lava	1
20,231	Issued	50	26/07/2006	25/07/2017	Tanety Lava	2
20,232	Issued	6.25	26/07/2006	25/07/2017	Tanety Lava	3
20,796	Issued	100	16/11/2006	15/11/2017	Tanety Zina	7
21,577	Issued	112.5	14/09/2007	13/09/2018	Option 100% Tanety Lava	8
21,589	Issued	18.75	18/01/2007	17/01/2018	Tanety Lava	9
21,736	Issued	100	18/01/2007	17/01/2018	Tanety Zina	15
21,743	Issued	118.75	14/09/2007	13/09/2018	Option 100% Tanety Lava	17
25,071	Issued	25	30/04/2008	29/04/2019	Option 99% Esama Minerals	22
25,072	Issued	6.25	30/04/2008	29/04/2019	Option 99% Esama Minerals	23
25,073	Issued	62.5	30/04/2008	29/04/2019	Option 99% Esama Minerals	24
25,074	Issued	6.25	30/04/2008	29/04/2019	Option 99% Esama Minerals	25
25,075	Issued	6.25	30/04/2008	29/04/2019	Option 99% Esama Minerals	26
25,076	Issued	12.5	30/04/2008	29/04/2019	Option 99% Esama Minerals	27
26,218	Issued	87.5	16/10/2007	15/10/2018	Tanety Lava	29
26,232	Issued	18.75	20/09/2007	19/09/2018	Tanety Lava	31
26,234	Issued	12.5	20/09/2007	19/09/2018	Tanety Lava	32
26,438	Issued	6.25	11/02/2008	10/02/2019	Tanety Lava	34
26,669	Issued	6.25	11/02/2008	10/02/2019	Tanety Lava	35
28,034	Issued	6.25	26/10/2007	25/10/2018	Tanety Lava	36
39,046	Issued	68.75	26/07/2006	25/07/2017	Tanety Lava	57
39,047	Issued	12.5	26/07/2006	25/07/2017	Tanety Lava	58
Grand Total		950				

RISK FACTORS

6.1 INVESTMENT CONSIDERATIONS

The Securities offered under this Prospectus are highly speculative. Potential investors should read the Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights attaching to the Securities offered by this Prospectus. Potential investors should also consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

This section is not intended to be an exhaustive list of the considerations to be taken into account by an investor or of the risk factors to which the Company is exposed. Some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, but many are outside the control of the Company and cannot be mitigated.

6.2 RISKS SPECIFIC TO THE COMPANY

6.2.1 MINING AND EXPLORATION RISKS

The primary business of the Company is exploration for, and commercial development of, mineral ore bodies, which is subject to the significant risks inherent in these activities. Its operations are still in the exploration phase. The current and future operations of the Company may be affected by a range of factors, including:

- (a) start-up risks;
- (b) geological conditions;
- (c) limitations on activities due to seasonal weather patterns;
- (d) unanticipated operational and technical difficulties encountered in sampling, drilling and production activities;
- (e) mechanical failure of operating plant and equipment;
- (f) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (g) unavailability of drilling equipment and labour;
- (h) inadequate infrastructure including power, water, and road networks;
- (i) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (j) prevention of access by reason of political unrest, outbreak of hostilities, inability to obtain consents or approvals; and
- (k) contracting risks from third parties providing essential services.

No assurance can be given that exploration will be successful.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests described in this Prospectus (which are all at an exploration stage), or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenditures may be required

to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

6.2.2 LIMITED OPERATIONAL HISTORY

The Company has been operating since 2006. Although the Company's management has significant experience and has previously carried out exploration activities with other companies, the Company's ability to achieve its objectives depends on the ability of the Directors and staff to implement current plans and to respond to any unforeseen circumstances that require changes to those plans.

6.2.3 CAPITAL REQUIREMENT RISK

The Company's capital requirements depend on numerous factors. It is unlikely in the next two years that the company will be able to generate income from its operations and the Company will require further financing in addition to amounts raised under this Prospectus. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

6.2.4 RELIANCE ON KEY PERSONNEL

The Company is reliant on a number of key employees, including the Directors of the Company. The loss of one or more of its key personnel could have an adverse impact on the business of the Company.

It may be difficult for the Company to attract and retain suitably qualified and experienced people, given the current high demand in the industry and relatively small size of the Company, compared with other industry participants. Furthermore, retaining and attracting technical personnel to live and work in Madagascar, and other developing countries, is challenging and may delay the Company from achieving its objectives if it cannot satisfactorily address this issue.

While the Company believes that it has been successful in recruiting qualified personnel to meet its corporate objectives, as the Company's business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel.

6.2.5 COMMODITY PRICE RISK

Factors beyond the control of the Company may affect the marketability of any minerals discovered. Commodity prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

These factors may have an adverse effect on the Company's exploration activities, as well as on its ability to fund those activities and the price of the Company's listed securities.

6.2.6 FOREIGN EXCHANGE RISK

The international price of most commodities are denominated in United States dollars, whereas the income and expenditure of the Company are, and will be accounted for, in Australian dollars and the currency of Madagascar, which is the Ariary (**MGA**).

The income and expenditure of the Company will be exposed to the fluctuations and volatility of the price of minerals and the rate of exchange between the United States dollar, and Australian dollar and the MGA, as determined in international markets.

Since July 2009 the Australian dollar to the United States dollar has traded in a range from \$0.77 to \$1.10 and at 30th June 2011 was approximately \$1.07. MGA has also fluctuated against the Australian dollar significantly, from a high of MGA 1,527 in July 2009 to MGA 2,059 in June 2011.

The Company does not at present have any currency hedging in place.

6.2.7 COUNTRY AND SOVEREIGN RISK

The Company is involved in exploration in Madagascar. These operations are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. In addition, any material adverse changes in government policies or legislation that affect foreign investment, repatriation of foreign currency, taxation or mineral exploration, development or mining activities, may adversely affect the viability and profitability of the Company's assets in Madagascar.

Political Instability in Madagascar

The international community does not currently recognise the **High Authority of Transition (HAT)** of Madagascar since it took over the government of Madagascar in March 2009. The HAT has approval, by referendum on 17th November 2010, for maintaining the HAT and proceeding with elections in 2011. The opposition parties have not agreed with the proposed election process and the **South African Development Community (SADC)** is now acting as a mediator to try and find a compromise between the political parties so that a date for the elections can be fixed.

Legal Risks

The Company's operations in Madagascar are subject to the jurisdiction of the courts in Madagascar. The legal system may be affected by the political instability in Madagascar and additional legal risks such as political influence in obtaining effective legal redress in courts and a high degree of discretion on the part of government agencies, may arise as a result.

6.2.8 PERMIT RISK

Interests in permits in Madagascar are governed by Madagascar state and regional laws and are evidenced by the granting of licenses or leases. Each license or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Consequently, the Company could lose title to, or its interest in, the permits or future permits if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

Further, mining and exploration permits are subject to periodic renewal. There is no guarantee that current or future permits will be approved. Renewal of the term of a granted permit is at the discretion of the relevant government authority. Renewal conditions may include increased expenditure or work commitments or compulsory relinquishment of the areas comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

The **Bureau of Mines and Minerals of Madagascar (BCMM)** is not currently accepting applications for new permits or transfer of permits under a politically imposed moratorium. Since 29th July 2011, the BCMM has been accepting applications for renewal of mining permits on condition such applications are made within 45 working days of the expiry date of the permit in question. Licences which were due for renewal during the moratorium benefit from a grace period equal to the duration of the moratorium in question to file any permit renewal documentation (Refer to Part Nine, Solicitor's Report, Sections 4 and 6).

As a direct consequence of the moratorium on licence transfer, some of the Company's mining tenements are still subject to completion of the legal process of transfer into the Company's name. While the Directors are confident that the due legal transfer will be completed in due course in accordance with the applicable processes in Madagascar, there is a risk that the relevant Madagascar regulatory bodies will not grant some or all of the concessions or otherwise that the grant of the concessions will be delayed. Any refusal to grant these concessions to the Company or any delay in the grant of the concessions may materially affect the Company's strategy and proposed exploration programs moving forward.

6.2.9 OCCUPANTS AND OWNERS OF LAND

Some or all of the mining tenements held by the Company are occupied by people with village rights or owned by third parties, primarily the State of Madagascar. Should the Company be unable to obtain access to its permits on terms acceptable to the occupier or owner of the land upon which the permits are located then there is a risk that this may cause delays to, or prevent, any mining operations on the permits.

6.2.10 PREVIOUS EXPLORATION AND MINING

Previous exploration and mining activities undertaken by illegal mining activity could in the future give rise to costs for environmental rehabilitation, damage, control and losses. As at the date of this Prospectus, the Company has received no indication or instruction that rehabilitation of these areas is required. Aziana has rehabilitated, or will rehabilitate, areas where it has conducted exploration work. The enforcement of any environmental regulation could lead to increased costs for the Company, which in turn could adversely affect the Company's financial performance and available cash reserves.

6.2.11 GEOLOGICAL VIEWS & INTERPRETATION

Geological views and interpretations are expressions of judgment based on knowledge, experience and industry practice. Views and interpretations may alter significantly when new information becomes available. In addition, by their very nature, geological views are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the interpretations are likely to change. This may result in alterations to exploration strategy, plans, and expenditure, which may adversely affect the Company's operations.

6.2.12 INFRASTRUCTURE RISK

The transportation and service infrastructure in Madagascar is under-developed and can be unreliable in some of the areas where the Company is operating. Material delays in the transportation of equipment, supplies and resources may delay the exploration and development of the Company's projects. Any such delay is likely to increase the cost of exploring and developing the projects, and such increase may materially affect the Company's business, results of operations and financial condition.

6.2.13 REPATRIATION OF PROFITS AND ADVERSE TAXATION CONSEQUENCES

While it is not currently the case, there is a possibility that there could be changes in Madagascar's taxation legislation in relation to the repatriation of revenues and or profits from Madagascar, which could affect the viability and profitability of the Company.

6.2.14 INSURANCE RISKS

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not available and where comprehensive (but not complete) insurance coverage is available the premium costs can be prohibitive.

6.2.15 NATURAL DISASTER RISK

The Company's business could be negatively impacted by natural disasters or other social or technical disruptions occurring in Madagascar, such as cyclones, earthquakes, flooding, fire, power loss, loss of water supply, telecommunications and IT systems failures.

6.2.16 DILUTION RISK

If the Offer is fully subscribed there will be 60,097,500 Options on issue in the Company, being the Listed Options, granted to the seed investor and founders and granted pursuant to the offer Options. These Options, if exercised, convert into Shares in the Company. Potential investors should be aware that there will be dilution to existing Shareholders if the Options are exercised into Shares. The terms of the Options are set out in Part 11.4 and Annexure "A" of this Prospectus. Additionally, future equity offerings by the Company may dilute the percentage ownership of the Company by existing Shareholders. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior, to or otherwise adversely affect, those attached to the Shares.

6.2.17 ENVIRONMENTAL RISKS

Inherent in mining and exploration operations is a real environmental risk. The legal framework governing this area is constantly developing in all jurisdictions. Thus the Company is unable to fully ascertain any future liability that may arise from any new laws or regulations.

Mineral exploration and production are environmentally sensitive activities, which can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attached to the mining tenements of the Company, failure to meet such conditions could lead to forfeiture of these tenements. Madagascar does not issue exploration permits over areas considered of high environmental sensitivity.

The Company intends to minimise environmental risk by maintaining best practice environmental management in all respects of exploration, development and mining.

6.3 GENERAL RISKS

6.3.1 SHARE INVESTMENT RISK

Potential investors should be aware that there are risks associated with any investment in companies listed on ASX. The prices at which the Shares offered under this Prospectus trade may be above or below the Offer price, and may fluctuate in response to a number of factors.

6.3.2 SHARE MARKET CONDITIONS

The market price of the Shares can be expected to fluctuate and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. These can include general worldwide economic conditions, changes in government policies, investor perception (of the mining industry generally as well as the Company itself), movements in interest rates and securities markets, variations in operating costs and cost of capital which the Company may require in the future.

There has been no public market in the Company's Shares prior to this offer and there can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. The number of buyers and sellers of the Shares on the ASX at any time may increase the volatility of the market price of the Shares and may also affect the prevailing market price at which Shareholders are able to sell their Shares.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. The Shares carry no guarantee as to any dividends or return of capital and you may lose your entire investment.

6.3.3 ECONOMIC RISK

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company.

The Company's performance may be influenced by changes in inflation, interest rates, exchange rates, business cycles and taxation in Australia and Madagascar (and any other jurisdictions in which the Company may acquire mineral exploration assets).

6.3.4 COMPETITION RISK

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

6.3.5 REGULATORY RISK

The Company may need to obtain regulatory approvals and permits to undertake its operations. There is no guarantee that such approvals and permits will be granted. In addition, various conditions may be imposed on the grant of such regulatory approvals and permits, which may impact on the cost of, or the ability of the Company to explore, the permits.

6.3.6 GOVERNMENT POLICY AND LEGISLATIVE CHANGES

The capability to explore and mine, as well as the industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company. Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company is not aware of any current or proposed material changes in relevant regulations or policy other than highlighted in Part 6.2.7.

6.3.7 GENERAL INVESTMENT RISKS

The Company's future possible revenue and operations may be affected by a number of factors that are beyond the control of the Company. Those factors include;

- (a) local and world economic conditions;
- (b) interest rates;
- (c) levels of tax, taxation law and accounting practice;
- (d) government legislation or intervention;
- (e) inflation or inflationary expectations; and
- (f) natural disasters, financial downturn, social upheaval or war in Madagascar, Australia or other relevant countries.

6.3.8 SPECULATIVE INVESTMENT

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

FINANCIAL INFORMATION

7.1 INTRODUCTION

This section contains the following financial information, prepared by the Directors:

- (a) The Historical Statement of Financial Position of Aziana Limited ("Aziana" or "the Company") as at 30th June 2011.
- (b) The Historical Consolidated Statement of Financial Position of Aziana Exploration Corporation as at 30th June 2011.
- (c) A Pro Forma Consolidated Statement of Financial Position of Aziana and its controlled entities ("the Group") as at 30th June 2011, which assumes completion of the transactions set out in Note 3 as at that date, including the minimum subscriptions under this Prospectus.
- (d) A Pro Forma Consolidated Statement of Financial Position of "the Group" as at 30th June 2011, which assumes completion of the transactions set out in Note 3 as at that date, including the maximum subscriptions under this Prospectus.

The Directors of the Company are responsible for the inclusion of all financial information in the Prospectus. The Historical and Pro Forma Statements of Financial Position have been reviewed by Ernst & Young whose Investigating Accountant's Report is contained in Part Eight.

7.2 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL AND PRO FORMA STATEMENTS OF FINANCIAL POSITION

The Historical Statements of Financial Position as at 30th June 2011 have been derived from the respective companies' underlying books and records and the audited 30th June 2011 consolidated financial statements of AEC, audited by Pearson Fearn and Co.

The Pro Forma Consolidated Statements of Financial Position have been based on the Historical Statement of Financial Position of the Company as at 30th June 2011. As set out in Note 3, Pro Forma adjustments have been made to the Historical Statement of Financial Position of the Company as at 30th June 2011 to compile the Pro Forma Statement of Financial Position of the Consolidated Entity as at that date.

Two Pro Forma Consolidated Statements of Financial Position have been presented on the basis of the insertion of Aziana, via a share swap, as the new parent entity of the consolidated group, had this occurred on 30th June 2011, and:

- (a) a minimum subscription to raise \$9,375,000 by the issue of 37,500,000 fully paid ordinary Shares; and
- (b) a maximum subscription to raise \$12,500,000 by the issue of 50,000,000 fully paid ordinary Shares under the public offer.

The financial information contained in this Prospectus is presented in an abbreviated form and does not contain all the disclosures required by the Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

The financial information in this section should be read in conjunction with:

- (a) the summary of significant accounting policies and additional financial disclosures set out in Notes 1 and 2;
- (b) the Pro Forma Statements of Financial Position assumptions set out in Note 3;
- (c) the risk factors as set out in Part Six of this Prospectus; and
- (d) other information contained within this Prospectus.

7.3 DIRECTORS' FORECASTS

It was determined by the Directors of the Company not to include forecast information.

7.4 HISTORICAL AND PRO FORMA STATEMENTS OF FINANCIAL POSITION

	NOTE	AZIANA HISTORICAL 30 JUN 2011 \$	AEC HISTORICAL 30 JUN 2011 \$	PRO-FORMA 30 JUN 2011 ASSUMED CAPITAL RAISING \$9,375,000 \$	PRO-FORMA 30 JUN 2011 ASSUMED CAPITAL RAISING \$12,500,000 \$
CURRENT ASSETS					
Cash and cash equivalents	7.5.4	2	1,321,364	10,021,366	13,021,366
Trade and other receivables	7.5.5	-	2,904	2,904	2,904
TOTAL CURRENT ASSETS		2	1,324,268	10,024,270	13,024,270
NON-CURRENT ASSETS					
Property Plant and Equipment	7.5.6	-	31,307	31,307	31,307
TOTAL NON-CURRENT ASSETS		-	31,307	31,307	31,307
TOTAL ASSETS		2	1,355,575	10,055,577	13,055,577
CURRENT LIABILITIES					
Trade and other payables	7.5.7	-	336,974	336,974	336,974
TOTAL CURRENT LIABILITIES		-	336,974	336,974	336,974
TOTAL LIABILITIES		-	336,974	336,974	336,974
NET ASSETS		2	1,018,601	9,718,603	12,718,603
EQUITY					
Issued Capital	7.5.8	2	14,872,018	10,089,857	13,088,685
Option Premium Reserve	7.5.9	-	-	358,000	358,000
Foreign Currency Translation Reserve	7.5.10	-	(357,698)	(357,698)	(357,698)
Accumulated losses	7.5.11	-	(13,495,719)	(371,556)	(370,384)
TOTAL EQUITY		2	1,018,601	9,718,603	12,718,603

7.5 NOTES TO AND FORMING PART OF THE HISTORICAL AND PRO FORMA STATEMENTS OF FINANCIAL POSITION

7.5.1 GENERAL INFORMATION AND ACCOUNTING POLICIES

Aziana Limited (Aziana) was incorporated in Australia on 30th May 2011 and by way of share swap agreements with the existing shareholders of **Aziana Exploration Corporation (AEC)**, acquired 100% of the issued capital of AEC on 20th July 2011.

The Pro Forma Consolidated Statements of Financial Position presented in this Financial Information represent the ongoing business of AEC.

The financial information set out in the Prospectus has been prepared in accordance with the recognition and measurement principles (but not all the disclosure requirements) prescribed by Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board. The adoption of Australian Accounting Standards did not result in any changes to the Consolidated Entity's accounting policies which are set out below.

(a) Cost Convention

The financial information has been prepared on an accruals basis, based on historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets.

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Income Tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Plant and Equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including the costs of acquiring licenses, are expensed in the income statement in the year in which they occurred. Cash flows arising from exploration and evaluation expenditure are included in the statement of cash flows and classified as part of cash paid to suppliers and employees.

(h) Trade and Other Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. Amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Share Based Payments

The Consolidated Entity provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Consolidated Entity has one plan in place that provides these benefits. It is the **Long Term Incentive Plan (LTIP)** which provides benefits to all employees including Directors. The scheme has no direct performance requirements but has specified time restrictions on the exercise of options. The terms of the share options are as determined by the Board. The Company does not have a policy to prohibit executives from entering into arrangements to protect the value of unvested LTI awards.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black & Scholes model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income

is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Consolidated Entity, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Consolidated Entity, Company nor employee is not satisfied during the vesting period, any expense for the award the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The fair value of the options issued described in note 8 have been assessed using a Black and Scholes Option Pricing Model using the assumptions detailed below:

Grant Date:	24 th August 2011
Expiry Date:	18 th February 2013
Share Price:	\$0.25
Exercise Price:	\$0.30
Interest Rate:	3.72%
Volatility:	85%

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

(l) Employee Benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date.

on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions made by the Consolidated Entity to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

(m) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each entity within the economic entity is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian Dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of Group Companies' functional currency to presentation currency

The results of the subsidiaries are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of the net investment in subsidiaries are taken to the foreign currency translation reserve. If a subsidiary were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the statement of comprehensive income.

7.5.2 GOING CONCERN

The financial information has been prepared on the basis of the Company and group being a going concern. The Company's and group's ability to continue as a going concern is contingent upon raising capital from this prospectus to fund the planned activities and for use as working capital. If this capital raising is not successful, the going concern basis may not be appropriate with the result that the Company and group may have to realize their assets and extinguish their liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial information. No allowance for such circumstances has been made in the financial information.

7.5.3 ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Pro Forma Consolidated Statements of Financial Position have been included for illustrative purposes to reflect the position of Aziana on the assumption that the following transactions had occurred as at 30th June 2011.

- 7.5.3.1** The insertion of Aziana as the new parent entity of the consolidated group by the issue of 62,115,000 shares to acquire AEC.
- 7.5.3.2** The issue of 37,500,000 (minimum subscription) or 50,000,000 (maximum subscription) shares at 25 cents per share pursuant to this Prospectus to raise \$9,375,000 (minimum subscription) or \$12,500,000 (maximum subscription).
- 7.5.3.3** The payment of costs incurred by the Company in relation to equity raising and listing of the Company's shares estimated at \$675,000 (minimum subscription) and \$800,000 (maximum subscription). These costs are recognised as to \$661,444 (minimum raising) and \$787,616 (maximum raising) directly in equity relating to equity raising costs and \$13,556 (minimum raising) and \$12,384 (maximum raising) in profit and loss relating to the listing of the Company's existing shares.
- 7.5.3.4** The issue to Directors and Officers of the Company of 4,000,000 Employee Options with an assessed value of \$358,000 exercisable at \$0.30 each on or before 18th February 2013.

NOTE		NOTE	AZIANA HISTORICAL 30 JUN 2011 \$	AEC HISTORICAL 30 JUN 2011 \$	PRO-FORMA 30 JUN 2011 ASSUMED CAPITAL RAISING \$9,375,000 \$	PRO-FORMA 30 JUN 2011 ASSUMED CAPITAL RAISING \$12,500,000 \$
7.5.4	CASH AND CASH EQUIVALENTS					
	At 30 th June 2011		2	1,321,364	1,321,366	1,321,366
	Issue of Shares pursuant to this Prospectus	3.2	-	-	9,375,000	12,500,000
	Equity raising and issue costs	3.3	-	-	(675,000)	(800,000)
			2	1,321,364	10,021,366	13,021,366
7.5.5	RECEIVABLES					
	Trade and other receivables		-	2,904	2,904	2,904
7.5.6	PROPERTY, PLANT AND EQUIPMENT					
	Property, plant and equipment - written down value		-	31,307	31,307	31,307
7.5.7	PAYABLES					
	Trade and other payables		-	336,974	336,974	336,974
7.5.8	ISSUED CAPITAL					
	At 30 th June 2011		2	14,872,018	14,872,020	14,872,020
	Insertion of Aziana as new parent entity		-	-	(13,495,719)	(13,495,719)
	Issue of ordinary shares pursuant to this Prospectus	3.2	-	-	9,375,000	12,500,000
	Equity raising costs	3.3	-	-	(661,444)	(787,616)
			2	14,872,018	10,089,857	13,088,685
	<i>Number of shares issued</i>					
	At 30 th June 2011		2	62,115,000	62,115,002	62,115,002
	Issue of ordinary shares pursuant to this Prospectus		-	-	37,500,000	50,000,000
			2	62,115,000	99,615,002	112,115,002
Refer to Part 11.3 of this Prospectus for details relating to the rights and restrictions attaching to ordinary shares.						
7.5.9	OPTION PREMIUM RESERVE					
	Employee share based payments	3.4	-	-	358,000	358,000
7.5.10	FOREIGN CURRENCY TRANSLATION RESERVE		-	(357,698)	(357,698)	(357,698)
7.5.11	ACCUMULATED LOSSES					
	At 30 th June 2011		-	13,495,719	13,495,719	13,495,719
	Insertion of Aziana as new parent entity		-	-	(13,495,719)	(13,495,719)
	Costs associated with the listing of existing shares	3.3	-	-	13,556	12,384
	Employee share based payments	3.4	-	-	358,000	358,000
			-	13,495,719	371,556	370,584

7.5.12 COMMITMENTS

The Company has exploration commitments of \$95,300 in the first year to maintain its exploration permits in good standing. Details of additional exploration expenditure is included in Part 3.7 as well as throughout Part 5 of the Prospectus.

7.5.13 CONTINGENT ASSETS AND LIABILITIES

There were no material contingent liabilities or assets as at 30th June 2011. Further details and specific arrangements are contained in Part 11 of this Prospectus.

7.5.14 SUBSEQUENT EVENTS

There have been no events subsequent to balance date not already disclosed or accounted for in the pro forma financial information which are sufficiently material to warrant disclosure.

7.5.15 RELATED PARTY TRANSACTIONS

Refer to Part 10 and Part 11.9 - 11.12 of this Prospectus for the details of related party transactions and shareholdings.



INVESTIGATING ACCOUNTANT'S REPORT



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12 September 2011

The Board of Directors and the Due Diligence Committee
Aziana Limited
Level 3, 123 Adelaide Terrace
EAST PERTH WA 6004

Dear Directors

Investigating Accountant's Report on Historical and Pro forma Statements of Financial Position

Introduction

We have prepared this Investigating Accountant's Report (the "Report") on:

- ▶ The Historical Statement of Financial Position of Aziana Limited ("Aziana" or "the Company") as at 30 June 2011;
- ▶ The Historical Consolidated Statement of Financial Position of Aziana Exploration Corporation ("AEC") as at 30 June 2011;
- ▶ A Pro Forma Consolidated Statement of Financial Position of Aziana and its controlled entities ("the Group") as at 30 June 2011, which assumes completion of the transactions set out in Part 7, Note 7.5.3 as at that date, including the minimum subscriptions under this Prospectus; and
- ▶ A Pro Forma Consolidated Statement of Financial Position of the Group as at 30 June 2011, which assumes completion of the transactions set out in Part 7, Note 7.5.3 as at that date, including the maximum subscriptions under this Prospectus;

for inclusion in the Prospectus to be dated on or about 12 September 2011 relating to the offer by the Company of up to 50 million ordinary shares (at an issue price of \$0.25 per share) to raise up to \$12.5 million before share issue costs.

Expressions defined in the prospectus have the same meaning in this report.

Scope

Ernst & Young has been requested to prepare this Report to cover the following financial information:

Historical Financial Information

The historical financial information, as set out in Part 7 of the prospectus comprises:

- ▶ The Historical Statement of Financial Position of Aziana as at 30 June 2011; and
- ▶ The Historical Consolidated Statement of Financial Position of AEC as at 30 June 2011.

The historical financial information of Aziana, as at 30 June 2011 has been extracted from the underlying books and records of Aziana. The historical financial information of AEC has been extracted from the consolidated financial statements of AEC, which were audited by Pearson Fearn & Co and on which an unqualified audit opinion was issued.

Liability limited by a scheme approved
under Professional Standards Legislation

DL:VP:AZIANA:001

Pro forma Financial Information

The Pro forma Statements of Financial Position, as set out in Part 7 of the prospectus, comprise:

1. the Pro forma Statement of Financial Position as at 30 June 2011, which assumes completion of the proposed transactions (the Pro forma Transactions) and includes the Pro forma Adjustments disclosed in Part 7, Note 7.5.3 relating to the raising of the minimum subscription; and
2. the Pro forma Statement of Financial Position as at 30 June 2011, which assumes completion of the proposed transactions (the Pro forma Transactions) and includes the Pro forma Adjustments disclosed in Part 7, Note 7.5.3 relating to the raising of the maximum subscription;

(collectively, the 'Financial Information').

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

Ernst & Young disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purposes for which it was prepared. This Report has been prepared for the inclusion into the prospectus and should be read in conjunction with it.

Directors' Responsibility for the Financial Information

The directors of the Group have prepared and are responsible for the preparation and presentation of the Financial Information. The directors are also responsible for the determination of the key assumptions and pro forma adjustments as set out in Part 7 of the prospectus.

Our Responsibility for the Financial Information

Our responsibility is to express a conclusion on the Financial Information based on our review. We have conducted an independent review of the Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that, in all material respects:

- a. The Historical Statements of Financial Position, as set out in Part 7 of the prospectus, do not present fairly the financial positions of Aziana and AEC, as at 30 June 2011 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia;
- b. The Pro forma Adjustments in Part 7, Note 7.5.3 do not provide a reasonable basis for the Pro forma Statements of Financial Position; and
- c. The Pro forma Statements of Financial Position, which assume completion of the proposed transactions (the Pro forma Transactions) as set out in Part 7 of the prospectus, are not prepared in accordance with the Pro Forma Adjustments disclosed in Part 7 and the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro-forma Transactions had occurred at 30 June 2011.

Our independent review of the Financial Information has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading of relevant Board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the directors of the Company and analytical and other review procedures applied to the accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Financial Information.

Conclusion Statements

Review conclusion on the Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that, in all material respects:

- a. The Historical Statements of Financial Position, as set out in Part 7 of the prospectus, do not present fairly the financial positions of Aziana and AEC as at 30 June 2011 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia;
- b. The Pro forma Adjustments in Part 7, Note 7.5.3 do not provide a reasonable basis for the Pro forma Statements of Financial Position; and
- c. The Pro forma Statements of Financial Position, which assume completion of the proposed transactions (the Pro forma Transactions) as set out in Part 7 of the prospectus, are not prepared in accordance with the Pro Forma Adjustments disclosed in Part 7 and the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro-forma Transactions had occurred at 30 June 2011.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the review statements expressed above, attention is drawn to the following matter. As disclosed in Part 7, Note 7.5.2 to the Historical and Pro forma Statements of Financial Position, set out in Part 7 to the Prospectus, if the capital raising under the prospectus is unsuccessful, there is significant uncertainty whether the Company and Group will be able to continue as going concerns and therefore whether they will be able to pay their debts as and when they become due and payable and realise their assets and extinguish their liabilities in the normal course of operations and at the amounts stated in the Historical and Pro forma Statements of Financial Position. The Historical and Pro forma Statements of Financial Position do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company and Group not continue as going concerns.

Independence or Disclosure of Interest

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to the Company, and will receive a professional fee for the preparation of this Report.

Consent

Consent to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and content in which it appears, together with all references to this Report in the Prospectus, has been given. At the date of this Report, the consent has not been withdrawn.

Yours faithfully



D Lewsen
Partner

SOLICITOR'S REPORT

John W. Ffooks & Co
Legal Advisors – Investment and Strategy Consultants

To: The Directors
Aziana Limited
Level 3
123 Adelaide Terrace
East Perth WA 6004
Perth WA 6001
Australia
("Aziana")

2 September 2011

Dear Sirs,

**Tanety Zina Sarl ("Zina"), Tanety Lava Sarl ("Lava"), Esama Minerals Sarl ("Esama")
(together the "Companies") - Madagascar Mining Permits**

Introduction

1. John W. Ffooks & Co acts for Aziana in connection with its proposed listing on the Australian Stock Exchange. Lava and Zina are wholly-owned subsidiaries of Aziana, Esama is a 99% owned subsidiary of Aziana. This opinion comprises a due diligence report on the Mining Permits (as defined). We conclude that all of the Companies are active in and incorporated in accordance with the laws of Madagascar and that there are no conditions or restrictions attached to the Mining Permits that may impact on the exploration, mining or transfer of such permits other than those set out in:
 - 1.1 the Mining Code (including environmental provisions (see Appendix 3 of this report));
 - 1.2 payment of the 2011 annual permit fees to the BCMM (which have already been paid); and
 - 1.3 the obligation to file an annual report of work already completed (there are currently no outstanding reports).

The Mining Permits

2. In preparing this report we have reviewed copies of the mining permits as set out in Appendix 1(a) of this opinion (the "**Mining Permits**"). The Mining Permits have been issued by the *Bureau du Cadastre Minier de Madagascar* (the "**BCMM**", the Malagasy Mining Registry) and have been signed by the Ministry in charge of Mines.
3. We have further reviewed and examined copies of:
 - 3.1 the environmental authorisations issued by the Ministry in charge of Mines (see Appendix 1(b));
 - 3.2 extracts from the mining register at the BCMM dated 31 May 2011 confirming that the Mining Permits are registered in the name of their respective permit holder (see Appendix 2);

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- 3.3 copies of payment receipts from the **BCMM** in respect of the 2011 mining fees for the Mining Permits;
- 3.4 a certified and executed transfer agreement in relation to exploration (P(R)) mining permit nos. 21577 and 21743 made between Mr Raherimandimby and Lava dated 2 March 2011 (the “**Lava Transfer Agreement**”);
- 3.5 a signed option agreement giving right to Mr Rabetrena to hold exploration (P(R)) mining permit nos. 25071, 25072, 25073, 25074, 25075 and 25076 for and on behalf of Lava dated 2 October 2010;
- 5.1 a certified and executed transfer agreement in relation to exploration (P(R)) mining permit nos. nos. 25071, 25072, 25073, 25074, 25075 and 25076 made between Mr Rabetrena and Esama dated 5 November 2010 (the “**Esama Transfer Agreement**”);
- 5.2 the stamped and signed receipts from the BCMM confirming the deposit of the renewal documentation in relation to mining permit nos. 20796, 19386, 20231, 20232, 39046 and 39047.

The BCMM

Transfers

- 2. The procedure for the transfer of any type of mining permit is an administrative formality, however, since 26 November 2010, the BCMM has been unable to accept applications for any grant, transfer, renewal or extension in relation to mining permits (exploration or exploitation). As a result mining permit nos. 25071, 25072, 25073, 25074, 25075 and 25076 currently held on trust by Mr Rabetrena for and on behalf of Esama and mining permit nos. 21577 and 21743 currently held on trust by Mr Raherimandimby for and on behalf of Lava cannot at the present time be transferred to each company and registered at the BCMM in the name of each company. However, during this period all research may still be undertaken on the ground, and any samples exported. We feel confident that, as soon as the BCMM re-opens, the transfer applications of these permits may be lodged and will be accepted in their current form.
- 3. Broadly, the process of registering the *transfer* of a mining permit can be broken down into 2 steps. The first involves the filing of the following documents at the BCMM:
 - 5.6 shareholders minute of the company approving the acquisition of mining permits;
 - 5.7 deed of transfer of mining permits;
 - 5.8 the relevant mining permit;
 - 5.9 copy of receipt evidencing payment of the mining fees in connection with the relevant mining permit;
 - 5.10 certified copy of the Status of the company;
 - 5.11 All corporate documents;
 - 5.12 detailed information of the director of the company;
 - 5.13 residence card of the director or national identity card, and
 - 5.14 extract criminal record “*bulletin n°3*” of the director of the company.

Once this procedure has been completed and the BCMM has approved the application documents, the mining permit is granted in the name of the purchaser through an order, which is issued by the Ministry in charge of Mines. No consent is required to the transfer of a mining permit from either the BCMM or any other governmental body.

Renewal

4. Since 29 July 2011 the BCMM has been accepting applications for the renewal of mining permits on the condition that such applications are deposited with the BCMM within forty-five (45) working days of the expiry date of the permit in question. In respect of those permits which expired during the course of the moratorium (i.e. from 26 November 2010 up to 29 July 2011), as is the case for mining permit nos. 20796, 19386, 20231, 20232, 39046 and 39047, the BCMM has confirmed in Directive 154/BCMM/DIR/2010 dated 26 November 2010 that the holders of such permits would benefit from a grace period equal to the duration of the moratorium in question to file any mining permit renewal documentation.
5. Broadly, the process for registering the *renewal* of a mining permit can be broken down into 2 steps: The first involves the filing of the following documents at the BCMM:
 - 7.1 shareholders minutes of the company approving the renewal of mining permit;
 - 7.2 completed renewal application form signed by the gérant of the company;
 - 7.3 copy of the receipt evidencing payment of the mining fees in connection with the relevant mining permit;
 - 7.4 copy of receipt evidencing payment of the renewal fee;
 - 7.5 the relevant mining permit;
 - 7.6 signed research or exploitation work program;
 - 7.7 certified copy of the documents regarding the identity of the applicant;
 - 7.8 copy of the relevant environmental permit under the initial mining permit;
 - 7.9 the result of the environmental audit or environmental assessment of rehabilitation and environmental protection made in accordance with the initial plan ‘*d’engagement environnemental*’;
 - 7.10 description of the completed work during the previous term of the mining permit;Once this procedure has been completed and the BCMM has approved the application documents, the Ministry in charge of Mines approves the renewal of the mining permit through an order.

We confirm that applications for permits nos 20796, 19386, 20231, 20232, 39046 and 39047 were lodged with the BCMM for renewal on 10 August 2011 (i.e. within the grace period accorded by the BCMM). The effect of this means that, although the physical mining permits have not yet to be returned to Zina and Lava, they continue to remain valid, in accordance with the Mining Code (i.e. they have not been annulled through expiration of time) and registered in the name of each of Zina and Lava respectively.

Extension

6. Before the moratorium at the BCMM took effect the procedure for extending a mining permit to add a mineral not included on the list of permitted substances to be mined was an administrative formality and consisted of filing a declaration for the extension of the permit to include the additional mineral and the payment of a nominal fee. The fact that the additional mineral is not currently mentioned in mining permit, as an authorised mineral does not mean exploration cannot be carried out, nor does it mean samples cannot be

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exported. No other party other than the party referred to in the mining permit may explore or exploit such permit.

Our Opinion

7. In issuing this opinion:
 - 7.1 we have made all appropriate searches of the relevant registries including the BCMM and the Company Registry and inspected all relevant documents but not examined any corporate records of any governmental authorisations or orders, certificates of public officials or of representatives of the parties or any other documents not stated above, and our opinion is qualified in that regard, and note that there are no registered mortgages, charges or other encumbrances pertaining to the Mining Permits reported in Appendix 1(a);
 - 7.2 insofar as we examined originals, we assume that the signatures are genuine and in respect of copies of such originals we assume that such copies are true and accurate copies (unless manifestly not the case);
 - 7.3 we note that mining permit nos. 25071, 25072, 25073, 25074, 25075 and 25076 currently held on trust by Mr Rabetrena for and on behalf of Esama and mining permit nos. 21577 and 21743 currently held on trust by Mr Raherimandimby for and on behalf of Lava have not yet been transferred into the name of each respective company at the BCMM although we confirm that the necessary steps have been taken by each company to ensure this procedure takes place. We have seen copies of the respective Lava and Esama shareholder minutes approving the transfer of these mining permits from the respective transferors to Lava and Esama;
 - 7.4 we note that mining permit nos. 20796, 19386, 20231, 20232, 39046 and 39047 have expired but that such permits are in the process of being renewed at the BCMM;
 - 7.5 where compliance with the BCMM or statutory requirements necessary to maintain the Mining Permits in good standing is not disclosed on the face of the documents referred to above, unless the non-compliance has come to our attention as a result of our investigations, we express no opinion on that compliance or permit. We have made reasonable and diligent enquiries to ensure that matters that should have come to our attention have done so; and
 - 7.6 after due enquiry, we are not aware of any material adverse change that has taken place since the execution of the documents listed in this opinion, which would affect, undermine or otherwise alter their validity.
8. In issuing this opinion, we have made particular reference to the Malagasy law set out in Appendix 3:
 - 8.1 Law no. 99-022 of 19 August 1999, incorporating the Mining Code, as amended by law 025/2005 of 13 July 2005; and
 - 8.2 Decree no. 2000-170, as amended, which sets out the technical details for the implementation of the Mining Code.
9. Based on our review of the documents examined and subject to the statements set out herein, we confirm that at the date of this opinion:
 - 9.1 all the Mining Permits, with the exception of mining permit nos. 25071, 25072, 25073, 25074, 25075, 25076, 21577 and 21743, are correctly registered at the

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- BCMM in the name of each of the Companies and that each permit holder is able to exploit them freely without reference to any other party;
- 9.2 mining permit nos. 25071, 25072, 25073, 25074, 25075 and 25076 are correctly registered at the BCMM in the name of Mr Rabetrena who is holding such permits on behalf of Esama in accordance with the terms of the Esama Transfer Agreement;
- 9.3 mining permit nos. 21577 and 21743 are correctly registered at the BCMM in the name of Mr Raherimandimby who is holding such permits on behalf of Lava in accordance with the terms of the Lava Transfer Agreement;
- 9.4 that, following the deposit of all relevant renewal documentation at the BCMM, which we confirm has taken place, mining permit nos. 20796, 19386, 20231, 20232, 39046 and 39047 shall be renewed in the name of Zina and Lava respectively for a further three (3) years and may be renewed for an additional three (3) years thereafter. We confirm that the application for the renewal of these mining permits was made in accordance with the Mining Code and submitted within the grace period provided by the BCMM referred to in paragraph 6;
- 9.5 that, following the lodging of all required documentation and the Lava Transfer Agreement and Esama Transfer Agreement at, and the acceptance by, the BCMM, mining permit nos. 25071, 25072, 25073, 25074, 25075, 25076, 21577 and 21743 shall be transferred to and registered at the BCMM in the name of Lava and Esama, and such parties shall be able to exploit such mining permits freely (subject to the provisions of the Mining Code) and without reference to or permission from the respective transferors. This may be done before the issuance of the physical mining permits and may be viewed as similar to beneficial (as opposed to legal) title to the mining permits. However, it should be noted that at all times until mining permit nos. 25071, 25072, 25073, 25074, 25075, 25076, 21577 and 21743 are formally registered at the BCMM in the name of Lava and Esama, the transferors remain primarily liable for the payment of fees, environmental liabilities during exploration and mining activity on the permit areas, for communication with the BCMM and the upkeep of the such permits in general;
- 9.6 the entry into the Lava Transfer Agreement and the respective obligations contemplated thereby constitute valid, legal and binding obligations which do not violate any present law or regulation of or in Madagascar;
- 9.7 the entry into the Esama Transfer Agreement and the respective obligations contemplated thereby constitute valid, legal and binding obligations which do not violate any present law or regulation of or in Madagascar;
- 9.8 subject to clause 11.5 above, neither the transferor nor any other third party including the governmental authorities have any legal right to oppose or interfere with the transfer of the permits to either Lava or Esama referred to in clause 11.5 above, nor to claim any rights there under once all the relevant transfer documentation is lodged at and accepted by the BCMM;
- 9.9 that, subject to the transferor, the transferee and the Malagasy authorities respecting the prescribed procedure, mining permits in the name of Lava and Esama will be issued in respect of mining permit nos. 25071, 25072, 25073, 25074, 25075, 25076, 21577 and 21743 although possibly not in accordance with the timescale set out in the Mining Code and the decree;

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- 9.10 that neither of the Companies' title to the permits will not be affected by any change to its parent company's shareholding; and
- 9.11 each of Lava and Esama and their representatives have all relevant powers to enter into all documentation in relation to the acquisition of mining permit nos. 25071, 25072, 25073, 25074, 25075, 25076, 21577 and 21743 provided that all documents are correctly executed and filed.

Yours faithfully,



John W. Ffooks & Co

John W. Ffooks & Co
Legal Advisors – Investment and Strategy Consultants

Appendix 1(a)

Summary Table of Mining Permits

<i>Permit Holder</i>	<i>Permit No.</i>	<i>Permit type/mineral</i>	<i>Province</i>	<i>No. of sqs</i>	<i>Valid from</i>	<i>Valid until</i>	<i>Date of issue of permit</i>	<i>First Term (years)</i>
Tanety Zina Sarl	20796	Exploration; iron; gold; silver; apatite; monzonite, and copper	Anosy	256	19/07/2006	18/07/2011	19/07/2006	5
Tanety Zina Sarl	21736	Exploration: iron; gold; silver; lead; zinc, beryllium, and copper.	Sofia and Alaotra-Mangoro	256	18/01/2007	17/01/2012	18/01/2007	5
Tanety Lava Sarl	19386	Research: gold, silver, iron, copper, zinc and lead	Vatovavy Fitovinany	240	26/07/2006	25/07/2011	26/10/2007	5
Tanety Lava Sarl	20231	Research: gold, silver, iron, copper, zinc, lead and graphite	Vakinankaratra	128	26/07/2006	25/07/2011	28/01/2008	5
Tanety Lava Sarl	20232	gold, silver, iron, copper, zinc, lead and graphite	Vakinankaratra	16	26/07/2006	25/07/2011	28/01/2008	5
Tanety Lava Sarl	21577	Research: gold, silver, beryllium, lead, zinc, iron	Antananarivo, Fianarantsoa	288	14/09/2007	13/09/2012	11/10/2007	5
Tanety Lava Sarl	21589	Research: iron, gold, silver, lead, beryllium and copper	Vakinankaratra	48	18/01/2007	17/01/2012	28/01/2008	5
Tanety Lava Sarl	21743	Research: gold, silver, copper, beryllium,	Taomasina	304	14/09/2007	13/09/2012	11/10/2007	5

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		lead, zinc, iron						
Tanety Lava Sarl	26218	Research: gold, silver, copper, lead and zinc	Fianarant soa	16	16/10/2007	15/10/20 12	16/10/200 7	5
Tanety Lava Sarl	26232	Research: gold, silver, copper, lead and zinc	Antanana rivo	3	20/09/2007	19/09/20 12	20/09/200 7	5
Tanety Lava Sarl	26234	Research: gold, silver, copper, lead and zinc	Antanana rivo	2	20/09/2007	19/09/20 12	20/09/200 7	5
Tanety Lava Sarl	26438	Research: iron, kaolin, corundum, an d crystal	Vakinan- karatra	16	11/02/2008	10/02/20 13	11/02/200 8	5
Tanety Lava Sarl	26669	Research iron, kaolin		16	10/02/2008	10/02/20 13	11/02/200 8	5
Tanety Lava Sarl	28034	Research: gold, silver, lead, chrome, beryllium, copper, nickel, platinum	Vakinan- karatra	16	26/10/2007	25/10/20 12	26/10/200 7	5
Tanety Lava Sarl	39046	Research: gold, silver, copper, lead zinc	Atsinanan a	176	26/07/2006	25/7/201 1	26/10/200 7	5
Tanety Lava Sarl	39047	Research: gold, silver, copper, lead zinc	Atsinanan a	32	26/07/2006	25/7/201 1	26/10/200 7	5
Esama Minerals Sarl	25071	Exploration: bauxite.	Anosy	64	30/04/2008	29/04/20 13	17/12/200 8	5
Esama Minerals Sarl	25072	Exploration: gold, platinum, tin, titanium.	Anosy	16	30/04/2008	29/04/20 13	17/12/200 8	5
Esama Minerals Sarl	25073	Exploration: bauxite	Atsimo- Atsinanan a, Anosy	160	30/04/2008	29/04/20 13	17/12/200 8	5
Esama	25074	Exploration:	Anosy	16	30/04/2008	29/04/20	17/12/200	5

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Minerals Sarl		bauxite, titanium				13	8	
Esama Minerals Sarl	25075	Exploration: bauxite, titanium	Anosy	16	30/04/2008	29/04/2013	17/12/2008	5
Esama Minerals Sarl	25076	Exploration: bauxite, titanium	Anosy	32	30/04/2008	29/04/2013	17/12/2008	5

John W. Ffooks & Co
Legal Advisors – Investment and Strategy Consultants

Appendix 1(b)

List of the Environmental authorisations

2. In relation to exploration (P(R)) mining permit no 21736 environmental authorisation no. 567-MEM dated 25 September 2008 signed and stamped by the Ministry in charge of Mines in favour of Zina
3. In relation to exploration (P(R)) mining permit no 26669 environmental authorisation no. 245-MEM dated 27 November 2007 signed and stamped by the Ministry in charge of Mines in favour of Lava
4. In relation to exploration (P(R)) mining permit no 20232 environmental authorisation no. 246-MEM dated 27 November 2007 signed and stamped by the Ministry in charge of Mines in favour of Lava
5. In relation to exploration (P(R)) mining permit no 20231 environmental authorisation no. 246-MEM dated 27 November 2007 signed and stamped by the Ministry in charge of Mines in favour of Lava
6. In relation to exploration (P(R)) mining permit no 19386 environmental authorisation no. 246-MEM dated 27 November 2007 signed and stamped by the Ministry in charge of Mines in favour of Lava
7. In relation to exploration (P(R)) mining permit no 21577 environmental authorisation no. 246-MEM dated 27 November 2007 signed and stamped by the Ministry in charge of Mines in favour of Mr Raherimandimby
8. In relation to exploration (P(R)) mining permit no 25072 environmental authorisation no. 71/09-MEF/ONE/DG/PE dated 22 December 2009 signed and stamped by the Ministry in charge of Mines in favour of Mr Rabetrena
9. In relation to exploration (P(R)) mining permit no 25073 environmental authorisation no. 72/09-MEF/ONE/DG/PE dated 22 December 2009 signed and stamped by the Ministry in charge of Mines in favour of Mr Rabetrena

Appendix 2(a)

**BCMM Registry Extract in respect of
the Mining Permits in favour of Tanety Zina Sarl**

Bureau du Cadastre Minier de Madagascar												
Province	Carte	N°Titre	Dde	Type	Octroi	Fin Val	Carre	Nom		Adresse	Tel	Substance
Toliary	O60	20796	17858	R	19/07/2006	18/07/2011	256	TANETY ZINA S.A.R.L.		Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	032 50 579 41 - 033 12 386 00 - 032 45 721 67	033 - Fer-Or-Argent-Apatite- Monzonite-Cuivre-Bauxite- Plomb
Mahajanga	S41	21736	20258	R	16/01/2007	17/01/2012	256	TANETY ZINA S.A.R.L.		Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	032 50 579 41 - 033 12 386 00 - 032 45 721 67	033 - Fer-Or-Argent-Plomb- Zinc-Béryllium-Cuivre

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Appendix 2(b)

**BCMM Registry Extract in respect of
the Mining Permits in favour of Tanety Lava Sarl**

Bureau du Cadastre Minier de Madagascar

Province	Carte	N°Titre	Dde	Type	Octroi	Fin Val	Carré	Nom	Adresse	Tel	Substance
Fianarantso	Q51	19386	17840	R	26/07/2006	25/07/2011	240	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Fer-Cuivre-Zinc-Plomb
Antananariv	P48	20231	18740	R	26/07/2006	25/07/2011	128	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Cuivre-Plomb-Zinc-Fer-Graphite
Antananariv	P48	20232	18741	R	26/07/2006	25/07/2011	16	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Cuivre-Plomb-Zinc-Fer-Graphite
Antananariv	P48	21589	20109	R	18/01/2007	17/01/2012	48	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Fer-Or-Zinc-Argent-Plomb-Béryllium-Cuivre
Fianarantso	M53	26218	23848	R	16/10/2007	15/10/2012	256	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Zinc-Cuivre-Plomb
Antananariv	P48	26232	23866	R	20/09/2007	19/09/2012	48	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Zinc-Cuivre-Plomb
Antananariv	Q48	26234	23868	R	20/09/2007	19/09/2012	32	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Zinc-Cuivre-Plomb
Antananariv	P48	26438	24056	R	11/02/2008	10/02/2013	16	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Oxyde de fer-Kaolin-Cristal-Corindon-Or-Argent-Fer-Cuivre
Antananariv	P48	26669	24261	R	11/02/2008	10/02/2013	16	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Oxyde de fer-Kaolin
Antananariv	P48	28034	25408	R	26/10/2007	25/10/2012	16	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Plomb-Chrome-Béryllium-Cuivre-Nickel-Platinum
Toamasina	Q50	39046	17840	R	26/07/2006	25/07/2011	176	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Fer-Cuivre-Zinc-Plomb
Toamasina	Q50	39047	17840	R	26/07/2006	25/07/2011	32	TANETY LAVA S.A.R.L.	Immeuble Assist, 2ème Etage, Ivandry, Antananarivo 101	2243502 - 032 02 386 89	-Or-Argent-Fer-Cuivre-Zinc-Plomb

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Appendix 2(c)

**BCMM Registry Extract in respect of
the Mining Permits in favour of Esama Minerals Sarl**

Bureau du Cadastre Minier de Madagascar

Province	Carte	N°Titre	Dde	Type	Octroi	Fin Val	Carré	Nom	Adresse	Tel	Substance
Toliary	O60	25071	22988	R	30/04/2008	29/04/2013	64	RABETRENA Roland	SIAH 34, Analakely, Antananarivo 101	- - 0 33 12 332 52	-Bauxite
Toliary	O60	25072	22989	R	30/04/2008	29/04/2013	16	RABETRENA Roland	SIAH 34, Analakely, Antananarivo 101	- - 0 33 12 332 52	-Or-Platine-Etain-Titane
Fianarantsoa	O59	25073	22990	R	30/04/2008	29/04/2013	160	RABETRENA Roland	SIAH 34, Analakely, Antananarivo 101	- - 0 33 12 332 52	-Bauxite
Toliary	O60	25074	22991	R	30/04/2008	29/04/2013	16	RABETRENA Roland	SIAH 34, Analakely, Antananarivo 101	- - 0 33 12 332 52	-Bauxite-Titane
Toliary	O60	25075	22992	R	30/04/2008	29/04/2013	16	RABETRENA Roland	SIAH 34, Analakely, Antananarivo 101	- - 0 33 12 332 52	-Bauxite-Titane
Toliary	O61	25076	22996	R	30/04/2008	29/04/2013	32	RABETRENA Roland	SIAH 34, Analakely, Antananarivo 101	- - 0 33 12 332 52	-Bauxite-Titane



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Appendix 3
An Overview of the Legal System in Madagascar

Background

The legal system in Madagascar is based upon the French civil law system. This is a codified legal system based on the Napoleonic model. As in all civil law systems, statute law (which is contained in a series of codes) has the greatest importance. In contrast with common law systems, the doctrine of precedent (jurisprudence) has little weight.

The mining sector was brought up to date with the Mining Code in 1999, and the Large Mining Investment Law in 2002 (the main features are described below). The Mining Code has been updated with Law no. 2005-021 dated 17 October 2005 and its Decree no. 2006-910 dated 19 December 2006. **The Large Mining Investment law (“LGIM”)** was put in effect with Decree no 2003-784 dated 8 January 2003.

Other current codes were implemented more than forty years ago. Many of these have not been updated for some time. However, the government of Madagascar is in the process of updating laws in key areas – for example, the new Companies Code enacted in 2004, the Labour Code enacted in 2004 and the Competition Code.

Legal Process

The following procedure is adopted for enactment of new laws:

- After consulting with various interested parties the government drafts a proposition.
- The proposal is presented to Parliament for approval.
- Following approval by the Lower House, it is approved by the Senate.
- After Senate approval, it is passed to the Constitutional Court, which opines on its constitutionality.
- Following validation by the Constitutional Court, the law is returned to the President for signature.
- Once signed, the law must be published in the official journal along with a decree bringing the law into force.

In the event that the new law is uncontroversial and meets no opposition, it routinely takes about six months between proposition and coming into force. In the event that further clarification is necessary under the law, or is required as a matter of practicality, laws are backed up by interpretive decrees. These are issued directly by the minister responsible for the law and may be issued without the need for approval by Parliament.

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Dispute Resolution

Trials of commercial cases are held at first instance before a single judge who may sit with two assessors but without jury. Parties are represented by an *avocat*, the equivalent of a barrister or trial attorney. In the trial, much more reliance is placed on written submissions than in common law jurisdictions, and much less legal argument takes place in court.

Parties have the right of appeal to the Court of Appeal, where up to three judges will hear the case, again largely on written submission. Cases usually take a few months to reach the Court of Appeal. Following the Court of Appeal, parties can appeal to the *Cour de Cassation* on points of law and procedure only. This will be heard by up to five judges. Beyond the *Cour de Cassation* lies the Supreme Court, again comprising five judges, for a final finding in law. The Constitutional Court exists solely to decide questions relating to the constitution.

As an alternative to the court system, arbitration is recognised in Madagascar and foreign arbitral awards are enforceable. Madagascar has its own arbitration centre. Under the Lava Transfer Agreement and Esama Transfer Agreement it is agreed, if ever required, that the Mauritian Chamber of Commerce in Port Louis it is agreed could perform an arbitration role.

Corporate law

The system of company and corporate law in Madagascar is now similar to that found in any other French-speaking country. Since the new company law was implemented in 2004, the procedure for setting up and operating companies has become much simpler.

There are two sorts of company of interest to the foreign investor: the *société à responsabilité limitée* or *SARL* (similar to an English limited company) and the *société anonyme* or *SA* (similar to an unlisted English plc).

An SARL is administered by the *gérant*, or statutory directory. The *gérant* is appointed by the shareholders in the statutes or by extraordinary general meeting of the Company. The *gérant* has full powers to run the company and it is very difficult to limit his apparent authority when dealing with third parties. Should he exceed the authority he has under his appointment, no recourse is available against the third party to unwind any unauthorised transaction or claim compensation. Action may be taken by the shareholders against the *gérant* but this may not be effective.

An SA with more than three shareholders is managed by a *directeur général* and administered by three to twelve *administrateurs* (administrators, similar to the board of directors, which has a *President* (chairman of the board)). The *Directeur Général* is responsible for management issues while the administrators are responsible for the internal running of the company (board meetings, approving accounts, etc). If an SA has fewer than four shareholders, the structure is collapsed into one position, the *administrateur général*, who has full and unfettered power to run the company.

There is no obligation to have local shareholders and an SA or an SARL can be owned 100% by foreign people or companies. However, someone involved in the management or administration of a Malagasy company must be either a national or a resident foreigner. In the case of an SARL this means that the *gérant* must be resident in Madagascar or a Malagasy national. For an SA, one of

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the administrators or the *Directeur Général* or his deputy must be resident in Madagascar or a Malagasy national.

A company's internal operation is much the same in Madagascar as elsewhere. A company is run for the benefit of its shareholders, it makes its decisions through its directors and these are all recorded as minutes in the company's records.

Under Malagasy company law, companies are free to contract as they wish. No permissions or permits are required after a company's incorporation to allow it to carry on business.

A system exists in Madagascar for a company to charge or pledge its assets by way of security for a loan. While this is not identical with systems in common law jurisdictions, it still has effect as long as procedure is respected. Rights under permits or contracts can be pledged or assigned as well as rights to physical goods.

Malagasy companies can open foreign currency accounts in Madagascar and can receive and send foreign currency. Payments within Madagascar must be made in Ariary and transfers within Madagascar of foreign exchange are not allowed. Foreign exchange is freely available and the Ariary is freely convertible.

Real estate law

The holder of a mining permit must inform the concerned landowners of its right to occupy certain portions of land required for its mining project, whether or not covered by the mining permit.

In this instance, the permit holder is required to make enquiries in order to identify the landowner where the land is subject to the mining permit.

There is a system of land registration in Madagascar. Land that is registered is recorded in the books at the provincial land registry. The topographic service holds an official plan drawn up by a surveyor, showing the boundaries of the land. Applying to register previously unregistered land requires an application to the local land registry and payment of the appropriate fees.

The registration system allows charges and other interests including mortgages to be registered. In this way, anyone making an enquiry on a piece of land at the registry can see at once if the land is registered and if there are outstanding claims against it.

Since 2003, foreign investors have had the right to own land rather than hold a 99 years lease. There are certain restrictions concerning the size of land and the investment that can be made, as well as the category of activity to be carried out, although these are quite broad. In addition, the Minister of Agriculture (who is *ex officio* responsible for land issues) may give permission to vary from the limits set out in the law.

Once the relevant landowner is identified, the latest and the permit holder must convene their respective rights and obligations under a lease agreement.

If no lease agreement has been agreed between the parties, the landowner has the right to ask for

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the ejection of the holder of permits subject to payment of compensation to the latest or the holder of the mining permit can continue the mining work if the perimeter is declared a public utility matter, allowing the Ministry in charge of Mines to engage process for compulsory purchase.

The holder of a mining permit must also come to an arrangement with the concerned traditional occupants, or the *usufructaries* (beneficial occupants) of lands of its right to occupy the relevant perimeter. (There is no native title law in Madagascar equivalent to Australia and the use of this terminology seems prone to misunderstanding).

Land Rights

The Mining Code provides that the holder of the mining permit has a presumptive right to access the land over which the permit is granted, subject to compensation of owners/occupiers to be set by the court if not agreed. It would be usual for formal documented owners of land to be compensated before the work began, and for informal “customary” user to be compensated as the works progressed. The Companies are currently engaged in the process of identifying users of the land over the affected areas and are formally applying for surface rights in connection with those mining permits located in the Manantenina and Alakamisy regions.

In the event one of the Companies wishes to acquire any of the land affected by any of the Mining Permits they should first identify any users of such land with customary title or anyone who inhabits or uses the land and then apply for a long lease agreement with the Malagasy State in order to acquire valid title.

Mining law

The starting point for mining investments in Madagascar is the *Code Minier* or the Mining Code, which has been in force since 1999. This should be read in conjunction with Decree N°2000-170, which sets out the technical details for the implementation of the Mining Code and Law no. 2005-025 of 17 October 2005 which amends the Mining Code. Its enforcing decree is Decree no. 2006-910 dated 19 December 2006.

The Mining Code covers all aspects of mining. The most important aspect to consider at the present time is permitting. For all permits, only one permit exists per square. The Minister of Mines must sign each individual permit, although this is not required for ***Autorisation Exclusive de Réserve de Périmètre*** (“AERP”) (permit reservations).

Under the Mining Code, Madagascar is divided into squares; the former size of squares corresponds after adoption of the new mining code to 16 new squares of 625 m on a side. (Article 232 new mining code and article 85 of its mining decree). Squares issued prior to this date (2.5km on a side) are automatically converted into 16 “new” squares.

These are administered by the ***Bureau de Cadastre Minier de Madagascar*** (“BCMM”), the Madagascar Mining Registry. It operates on a first-come, first-served basis. The system operates in a reliable, stable fashion and the risk of expropriation is low.

There are three basic types: AERPs, ***Permis de Recherche*** (“PR”) or Exploration Permit and

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Permis d'Exploitation (“PE”) or Exploitation Permit. Applications for any type of permit can be made either a Malagasy citizen or by a Malagasy registered company (SA or SARL). There is no restriction on the shareholding in the company that holds a permit, nor on transfers of shares within that company.

An AERP is a temporary permit area reservation. It can be applied for over any free area. It gives an exclusive right over the area for three months and it is not renewable from issue (Article 22 Mining Code). At the holder’s option it can be surrendered or transformed into a PR.

New permits are each 625m issued in respect of parcels and an Exploration Permit is valid for a period of five years, renewable twice for a further three (a total of eleven years) (Article 33 of Mining Code). During the life of the Exploration Permit, only activity relevant to the exploration, evaluation and analysis of the square can be carried out (Article 34 of the Mining Code). Commercial exports are specifically prohibited.

In order to exploit a square commercially, the permit must be transformed into an Exploitation Permit. This is done essentially by completing an environmental impact assessment and paying the fee prescribed from time to time (Article 104 decree enforcing the Mining Code). The exploitation permit is granted for forty years, renewable in increments of twenty years (Article 37 of the Mining Code).

Both Exploration and Exploitation permits are real property rights that can be bought, sold, mortgaged or otherwise charged or disposed of (Article 59 of the Mining Code).

Under the Mining Code, the holder of a permit has a right to occupy the surface of the square concerned, subject to payment of a reasonable rent. There is a procedure set out in the Mining Code in the event that the owner of the surface rights cannot reach an agreement with the permit holder (Article 124 of the Mining Code). Similarly, the holder of the permit has rights to construct and operate equipment necessary for the exploitation of the square in question. Again, this is subject to the payment of a reasonable rent to be imposed if not agreed.

The Mining Code further requires exploration permit holders to undertake an environmental impact assessment before transforming their permit into an Exploitation Permit (Article 162 Decree of the Mining Code). The terms of this are specified in an inter-ministerial decree known as the “MECIE” decree.

If minerals are found within the permit area that is not listed on the permit, these must either be left in the ground or the scope of the permit changed. This would also include fossils.

A royalty is payable based on the value of the product extracted. The Mining Code states that this is 2% of the value of the first sale (Article 117). However, for large exports of ore (rather than refined product) it can be difficult to define when the first sale takes place. The Mining Department of the Ministry of Energy and Mines has defined this point as being the first export sale and procedures are in place to avoid tax evasion by transfer pricing.

Any project exploring or mining for uranium must form a joint venture company with **Office des Mines Nationales et des Industries Stratégique** (“OMNIS”), the Malagasy state entity

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responsible for “strategic minerals” (which includes Uranium). The promoter must enter into a shareholders agreement, which typically gives OMNIS a 20% free carry to US\$1m, followed by *pari-passu* contributions or dilution to a minimum of 10%. Apart from strategic minerals, there is no requirement for a permit holder to enter into an agreement with the Malagasy state. Gold and bauxite are not strategic minerals.

Permitting generally

The first step for a company undertaking a mining project in Madagascar is to obtain an Exploration permit. The Exploration Permit allows the company to carry out research activities. To advance a mining project to the commercial phase, an Exploitation Permit is required. One of the main requirements for converting the Exploration Permit is to complete an **Environmental Assessment** (“EA”). Included in the EA will be an **Environmental Management Plan** (“EMP”).

The **Large Mining Investment Act** (“LGIM”) is a government program that provides the mine developer with significant incentives. The LGIM application is described below. Included in the LGIM application is an investment plan as well as the EMP.

It should be noted that there are no official texts in Madagascar dealing with the terms and conditions for mineral extraction, processing or export.

The principal documents associated with a mining project are the Mining Permit, the EMP and the *plan d’investissement* (project investment plan issued for the certification under the LGIM).

The LGIM issues guarantees that the terms of any permit (exploration, exploitation or environmental) will not be changed after the grant thereof. As well as these three major documents there are a large number of permits issued subsequently by the various ministries responsible. The majority of the permits will be issued by the Ministry of Energy and Mines and the Ministry of Environment, with other permits being issued by the Ministry of Territory and Development, the Ministry of Transportation, the Ministry of Civil, Ministry of Telecommunications, The Ministry of Water and Forests, the Ministry of Agriculture, the Ministry of Culture and the Ministry of Defence.

The LGIM

On 8 October 2002, the Malagasy government enacted Law no. 2001-031, establishing a *Loi pour les Grands Investissements dans le Secteur Minier Malagasy*. This law is commonly referred to as the Large Mining Investment Code, or LGIM, and was drafted with the assistance of the World Bank. The main features of the LGIM are described in Section 26. The implementing regulations, Decree no. 2003-784, were signed 8 July 2003. An amendment was published under Decree No 2005 – 476 dated 13 July.

This law provides for certain investment incentives for qualifying projects and is a key ingredient in making a large project attractive investors. Certification of a project under the LGIM requires completion of environmental studies, issuance of mining or exploration permits, and certification by the Malagasy government of the investment plan, which must exceed approx US\$25m. Certification can technically be achieved based on exploration permits and an EA for the

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exploration activities, provided sufficient detail is available regarding the financing and project development activities. Certification ties the project sponsors to certain timetables regarding development, however, such that early certification is not necessarily beneficial.

Key benefits of the LGIM include:

- Reduction of the royalty fee to 1%;
- Duty free import of all project equipment and material;
- Reduced general tax regime;
- Stability guarantees concerning legislation;
- Rights and guarantees to foreign currency including offshore accounts; and
- Guarantees concerning foreign workers.

LGIM Application Process

An outline of the certification process is presented below together with the key features of the application process:

- Application can be made, and certification granted, on the basis of exploration permits.
- The key parameter governing certification is the investment amount, which must be greater than the threshold amount, currently estimated at 50 billion Ariary, (approximately US \$25M).
- Certification of the project ties the project sponsors into a timeline, with commencement of initial works required within one year of certification and the beginning of commercial operations within 5 years.
- Application requires a provisional financing plan and a feasibility study.
- The application outline is fixed by the Ministry of Mines and Energy.
- The application process has set timeframes for governmental review and approval.

The application process review expected timeframe is outlined in the table below:

Review of the application and recommendation to Minister:	30 calendar days
Minister confirms recommendation and informs the Council:	10 working days
Adoption of the decree of certification:	60 calendar days
Sponsor commits to implement the Investment Plan:	15 calendar days
Publishing the decree in the <i>Journal Official</i> :	as soon as possible after sponsor commits

The entire process after submission of a complete application may take up to 4 months from the date of application. Drafting of the application itself take approximately two months after all information is available (principally the feasibility study and financing plan), but the preparation of the application could well proceed in parallel with the completion of these other activities.

Key Components of the Application

The required components of the application include:

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1. An application letter indicating:
 - The identity of the Holder and the Entity of Transformation;
 - The references of the Project Mining Permits;
 - The identity of the investors; and
 - Information about the intention of creating an Entity of Transformation.
2. The feasibility study of the project;
3. The investment plan as per standard form, including:
 - The calculation of the investment amount
 - The lists of the generic categories and indicative quantities of the materials, goods, and
 - equipment necessary for the building, equipment, and maintenance of the project and any public utility infrastructure
4. Audited financial statements of the investors proving they have the required equity for the financing plan;
5. A current letter from an experienced international bank indicating that the project is financeable if Eligibility Certification is obtained;
6. A certified copy of the valid Environmental Authorization related to the Mining Permits;
7. A document specifying the steps taken to obtain the Environmental Authorization for the subsequent stages of the Project;
8. A commitment to reserve the production for export and the application for exemption from VAT of imports in the list above; and

If required by the Holder, a proposal for a different international.

Environmental law

The main environmental laws in connection with the mining activity are:

- Decree No. 99-954 of 15 December 1999 amended by Decree No. 2004-167 of 3 February 2004 relating to the compatibility of investments with the environment (MECIE);
- Law No. 90-033 of 21 December 1990 relating to the Environmental Charter, changed and supplemented by laws No. 97-012 of 6 June 1997 and No. 2004-015 of 19 August 2004;
- Law No. 96-025 of 30 September 1996 relating to the local management of renewable natural resources;
- Interministerial Order No. 4355/97 of 13 May 1997 including definitions and demarcations of the sensitive zones;
- Law No. 99-022 of 19 August 1999 including the mining code, changed by Law 2005-021 of 17 October 2005;
- Decree No. 2000-170 of 15 March 2000 fixing the conditions of application of Law No. 99-022 of 19 August 1999 including the mining code;
- Decree No. 73-079 of March 1973 relating to the conditions of use of explosives and detonating substances;
- Interministerial Order No. 12032/2000 of 6 November 2000 relating to the regulation of mining areas in relation to environmental protection;
- Decree No. 2005-013 of 11 January 2005 organising the application of the law;
- Order No. 18177/04 of 27 September 2004 including a definition and demarcation of sensitive forested zones;
- Interministerial Order No. 19560/2004 related to suspension of mining and forested licence conferment in zones reserved as 'conservation sites';
- Law No. 2001-005 of 11 February 2003 including the Protected Areas Management Code and its subsequent texts;
- Order No. 6830/2001 dated 28 June 2001 relating to the methods and the procedures for public participation in environmental assessments;
- General guidelines for carrying out an environmental impact study;
- Guidelines for conducting an environmental impact study on a mining project;

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- Law 2005-021 of 17 October 2005 amending Law No. 99-022 of 19 August 1999;
- Decree No. 2006-910 of 19 December 2006 fixing the conditions of application of Law 2005-021 of 17 October 2005;
- Interministerial Order No. 18633/2008/MEFT/MEM clarifying the status of certain permits suspended by Interministerial Order No. 17914 of 18 October 2006; and
- Draft Law No. 028/2008 of 29 October 2008, including overhaul of the Protected Areas Management Code.

The principal safety laws are:

- Deliberation No. 58-60/AR of 8 May 1958 laying down safety rules in mines and quarries (OJ No. 3879 of 21 June 1958, paragraph 1465); and
- Order No. 895/60 of 20 May 1960 determining particular hygiene and security applicable measures in mines, mining research sites and their dependency.

Environmental review and permitting process for a mining project

As a first step, any person or entity who wishes to conduct mineral prospecting is obliged to make a prior declaration to the BCMM (Mining Code 20, article 2005). This declaration of prospecting is valid for one year from the date of approval by the BCMM (article 66 of the implementing decree of the Mining Code 2005).

After this, the adoption of the Malagasy Environment Charter and the promulgation of the MECIE decree imply an obligation for any public or private investment project likely to undermine the environment to be examined either via an environmental impact assessment (EIA), or through a Environmental Commitment Programme (known by its initials in French, PREE), according to the technical nature, size of the project and the assessment of the agencies in question.

The project practicability study (screening) determines the type of study to be performed (EIA or PREE). In the case of a mining area, the following are subject to an EIA:

- any developments, facilities, structures and works and jobs that might affect the sensitive zones (as required by Order No. 4355/97 of 13 May 1997 giving the definition and demarcation of sensitive zones);
- any developments, transport, works and jobs that exceed thresholds fixed in the MECIE Decree (see also MECIE Decree, annex I); and
- any jobs not subject initially to an EIA, but subject to an EIA if there is a modification increasing environmental damage.

The environmental permit, issued by the National Office for the Environment at the end of a favourable EIA, on the basis of the Technical Evaluation Committee's technical opinion, is a precondition to starting any work located in the sensitive zones.

Obtaining an environmental permit

The environmental permit is acquired in the 60 days after a favourable EIA is filed, or 60 days as from the receipt of the complete files from the promoter if there is public participation by way of documents, on-site consultation or a public inquiry. This delay is 120 days in the case of public participation through a public hearing. This period will be extended by 10 days, if necessary, for answers to requests for supplementary information addressed by the Technical Evaluation Committee.

The environmental permit is valid until an environmental auditor's certificate is obtained when the project is closed (MECIE article 30), or if need be, up to the modification of the project scope, which will be specified by regulations (MECIE article 14).

In the case of a mining area, the following are subject to a PREE:

- any operations outside the sensitive zones;
- any projects with no or little impact on the environment; and
- any project not exceeding thresholds fixed by the MECIE Decree (see MECIE Decree, annex II).

An environmental approval, issued following the approval of the PREE by the concerned sectorial ministry, on the basis of its environmental department's technical opinion, is a mandatory precondition to begin any work not within sensitive zones.

The validity of the environmental approval relies on the applicant obtaining a mining licence (which is valid for five years, renewable twice for three years each time).

An environmental undertaking relating to a research project (define meaning??) consists of:

- an environmental undertaking for research with minimal impact: for operations restricted to activities whose environmental impact is considered minimal;
- environmental undertaking for research with standard impact for the operations that are not eligible for an environmental undertaking for research with minimal impact; or
- environmental undertaking for research on an artisanal mining permit: a licence of research and mining development reserved for farmers as defined in the Mining Code.

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John W. Ffooks & Co
Legal Advisors – Investment and Strategy Consultants

Obtaining an environmental authorisation

Environmental undertaking for research with minimal impact

An environmental approval is acquired within 40 working days as from the date of receipt of the file, as follows:

- the receipt of the environmental undertaking for research with minimal impact report and requesting the opinion of the Ministry of Mines' environmental department: 30 working days from the date of receipt of the report; and
- approval of the Ministry of Mines: 10 working days as from the date of receiving an opinion from the environmental departments.

This period will be extended, if necessary, for answers to requests for supplementary information from the environmental department.

Environmental undertaking for research with standard impact

If the request is for a simple environmental undertaking for research with standard impact or concerns a research project in a sensitive zone, and if the operations of the holder expressly exclude operations in the sensitive zones that are inside the research perimeter, environmental approval is acquired 45 working days as from the date of receipt of the file:

- the receipt of the standard impact report and requesting the opinion of the Ministry of Mines' environmental departments: 35 working days from the date of receipt of the document; and
- approval of the Ministry of Mines: 10 working days as from the date of receiving an opinion from the environmental departments.
- This period will be extended, if necessary, for answers to requests for supplementary information from the environmental department.

However, if the object of the standard impact report is a research project in a sensitive zone or at the stage of development or at practicability, the environmental approval is acquired in 50 working days as from the date of receipt of the file:

- the receipt of the report at the environmental department and submission of the file by the environmental department to an ad hoc evaluation committee: 10 working days as from the date of receipt of the file;
- the transmission of the committee's opinions to the Ministry of Mines: 30 working days as from the date of the environmental department sending the report; and
- approval of the Ministry of Mines: 10 working days as from the receipt of the of evaluation committee's opinion.

This period will be extended, if necessary, for answers to requests of for supplementary information addressed by the committee.

MATERIAL CONTRACTS

10.1 EXECUTIVE SERVICE AGREEMENTS

10.1.1 EXECUTIVE SERVICES AGREEMENT — DR ANTONY PAGE

Dr Antony Page and the Company entered into an agreement dated 1st March 2011 (**Service Agreement**). Under the Service Agreement Antony Page has been appointed **Chief Executive Officer (CEO)** of Aziana. The term of the Service Agreement is two years from the date that the Shares have been admitted to Official Quotation unless extended by the mutual agreement of the parties in writing.

Remuneration and Benefits

- (a) The base pay and benefits of Dr. Page is \$150,000 per annum. Once the Shares have been admitted to Official Quotation, the annual base salary will be increased to \$250,000 (inclusive of superannuation contributions).
- (b) Dr. Page will be eligible to participate in the Long Term Incentive Plan. However, as a Director, any participation is governed by Australian Corporations Law requirements for prior Shareholder approval.
- (c) The Company will provide BUPA (or equivalent) medical insurance including Assistance Plus medical evacuation insurance and travel insurance.
- (d) The Company will provide relocation expenses to Madagascar or Perth by mutual agreement with the Board of Directors if it is essential for performance of the role

Termination

Dr. Page or the Company may terminate the Service Agreement by giving 3 months written notice.

The Company may summarily terminate the Service Agreement for reasons including serious or persistent breach of the Service Agreement or if Dr. Page is committed by a Court for a criminal offence which in the reasonable opinion of the Board of the Company might tend to injure the reputation or the business of the Company.

If Dr. Page's employment is terminated for any reason other than for cause or voluntary termination, then Dr. Page shall be entitled to a payment of three months base salary and retain any securities issued under the Long Term Incentive Plan in accordance with the Service Agreement.

Dr. Page is subject to a number of restrictions under the Service Agreement:

- (a) Dr. Page agrees that Dr. Page will not, for one year from the date of expiry of the Service Agreement, directly or indirectly disclose to any person or in any way make use of (other than for the benefit of AEC and/or the Company), in any manner, any of the trade secrets of the Company. Such trade secrets shall be deemed not to include information, which is or becomes generally available to the public other than as a result of disclosure by Dr. Page.
- (b) Dr. Page agrees that Dr. Page will not during the period commencing on the date of the Service Agreement and ending six months following the expiration of the term or earlier termination of the Service Agreement, be a party to or engage in any solicitation of customers, clients or suppliers of AEC and/or the Company or any of its subsidiaries to transfer business from AEC and/or the Company or any of its subsidiaries to any other person or seek in any way to persuade or entice any employee of AEC and/or the Company or any of its subsidiaries to leave that employment or to be a party to or abet any such action.

10.1.2 EXECUTIVE SERVICES AGREEMENT — JOHN ROGER ANDREW MORRIS

John Roger Andrew Morris and the Company entered into an Agreement dated 1st March 2011 (Service Agreement). Under the Service Agreement John Morris has been appointed an Executive Director of Aziana. The term of the Service Agreement is two years from the date that the Shares have been admitted to Official Quotation unless extended by the mutual agreement of the parties in writing.

Remuneration and Benefits

- (a) The base pay and benefits of Mr Morris is \$150,000 per annum. Once the Shares have been admitted to Official Quotation, the annual base salary will be increased to \$230,000 (inclusive of Superannuation contributions).
- (b) Mr Morris will be eligible to participate in the Company's Long Term Incentive Plan. However, as a Director any participation is governed by Australian Corporations Law requirements for prior shareholder approval.
- (c) The Company will provide BUPA (or equivalent) medical insurance including Assistance Plus medical evacuation insurance and travel insurance.
- (d) The Company will provide relocation expenses to Madagascar or Perth by mutual agreement with the Board of Directors if it is essential for performance of the role.

Termination

Mr Morris or the Company may terminate the Service Agreement by giving 3 months written notice.

The Company may summarily terminate the Service Agreement for reasons including serious or persistent breach of the Service Agreement or if the Executive is committed by a Court for a criminal offence which in the reasonable opinion of the Board of the Company might tend to injury the reputation or the business of the Company.

If Mr Morris's employment is terminated for any reason other than for cause or voluntary termination, then Mr Morris shall be entitled to a payment of three months base salary and retain any securities issued under the Long Term Incentive Plan in accordance with the Service Agreement.

Mr Morris is subject to a number of restrictions under the Service Agreement:

- (a) Mr Morris agrees that Mr Morris will not, for one year from the date of expiry of this Service Agreement, directly or indirectly disclose to any person or in any way make use of (other than for the benefit of AEC and/or the Company), in any manner, any of the trade secrets of the Company. Such trade secrets shall be deemed not to include information, which is or becomes generally available to the public other than as a result of disclosure by Mr Morris.
- (b) Mr Morris agrees that Mr Morris will not during the period commencing on the date of the Service Agreement and ending six months following the expiration of the term or earlier termination of the Service Agreement, be a party to or engage in any solicitation of customers, clients or suppliers of AEC and/or the Company or any of its subsidiaries to transfer business from AEC and/or the Company or any of its subsidiaries to any other person or seek in any way to persuade or entice any employee of AEC and/or the Company or any of its subsidiaries to leave that employment or to be a party to or abet any such action.

ADDITIONAL INFORMATION

11.1 INCORPORATION AND HISTORY OF THE COMPANY

The Company was incorporated in Western Australia on 30th May 2011. On 20 July 2011 the Company issued 62,115,002 Shares and 31,097,500 Options in exchange for the whole of the issued shares and options in Aziana Exploration Corporation.

11.2 LEGAL PROCEEDINGS

The Directors are not aware of any proceedings which are pending or threatened against the Company. The Company is not involved in any arbitration proceedings. Tanety Lava SARL is a party to a group action through the Chamber of Mines of Madagascar against the current transition government in relation to an alleged illegal rise in exploration license fees (2010).

11.3 RIGHTS ATTACHING TO SHARES

The rights and liabilities attaching to ownership of the Shares will arise from a combination of the Constitution, statute and the common law.

Set out below is a description of the rights and liabilities attaching to the Shares offered under this Prospectus. Full details of the rights attaching to the Shares are set out in the Constitution of the Company a copy of which can be inspected at the Company's registered office at Level 3, 123 Adelaide Terrace, East Perth Western Australia during normal business hours.

11.3.1 VOTING RIGHTS

Subject to the Corporations Act, the Constitution and terms on which Shares are issued, at a general meeting, every Shareholder present in person or by proxy representations or attorney has:

- (a) on a show of hands, one vote; and
- (b) on a poll, one vote for every fully paid Share held and for each partly paid share held a fraction of a vote equal to the proportion which the amount paid (but not credited as paid) bears to the total issue price of the share (excluding any amounts credited as paid or paid in advance of a call).

11.3.2 DIVIDEND RIGHTS

Subject to the Corporations Act, the Listing Rules and any other rights or restrictions attached to a class of Shares, the Company may pay a dividend but only out of profits of the Company. Subject to the rights of persons (if any) entitled to Shares with special rights, dividends are payable as a proportion equal to the proportion which the amount paid (but not credited as paid) on that Share bears to the total issue price of the Shares (excluding any amounts credited as paid or paid in advance of a call). All Shares currently on issue and the Shares to be issued under this Prospectus are fully paid shares.

11.3.3 TRANSFER OF SHARES

Subject to the Constitution of the Company, the Corporations Act, Listing Rules and any other laws, ordinary shares in the Company are generally freely transferable. The Directors can, however, in certain limited circumstances decline to register a transfer of shares.

11.3.4 FUTURE ISSUES

Subject to the Constitution, the Corporations Act and the ASX Listing Rules, the Board of Directors may allot, issue and grant options over or otherwise deal with the unissued shares in the Company to the persons, at the times and on the terms and conditions that the Board thinks proper and a share may be issued with preferential, deferred or special rights, privileges, conditions or restrictions as to dividends, voting return of capital and payment of calls.

11.3.5 ALTERATION OF RIGHTS

Unless otherwise provided by the terms of issue of shares of a certain class (at present there are no such shares) the rights attached to shares of any class may be varied or abrogated only with the consent in writing of the holders of at least three quarters of the issued shares of the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares of that relevant class.

11.3.6 ASX CONSISTENCY WITH LISTING RULES

The Constitution provides a provision providing that:

If and for so long as the Company is admitted to the Official List, the following rules apply:

- (a) notwithstanding anything contained in the Constitution, if the Listing Rules prohibit an act being done, the act shall not be done;
- (b) nothing contained in the Constitution prevents an act being done that the Listing Rules require to be done;
- (c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (d) if the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision;
- (e) if the Listing Rules require the Constitution not to contain that provision and the Constitution; contain such a provision, the Constitution is deemed not to contain that provision; and
- (f) if any provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

11.4 RIGHTS ATTACHING TO OPTIONS

11.4.1 LISTED OPTIONS

The following summarises the rights and liabilities that attach to the Listed Options.

- (a) Each Option entitles the holder to one Share upon exercise.
- (b) The Options are exercisable at any time prior to 5pm WST on 30th September 2013 (**Expiry Date**) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised, to the registered office of the Company.
- (c) The exercise price of the Options is 25 cents per Option.
- (d) Subject to the Corporations Act, the Listing Rules and the Constitution, Options are transferable.
- (e) All Shares issued upon exercise of the Options will rank pari-passu in all respects with the Company's then issued Shares. The Company will apply for Official Quotation by ASX of the Options and all Shares issued upon exercise of the Options.

- (f) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital or bonus issues offered or made to Shareholders during the currency of the Options. However, the Company will send a notice to each Option holder at least 20 business days before the record date, and this will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (g) In the event of a bonus issue to holders of Shares prior to the Expiry Date, the number of Shares over which an Option is exercisable will be increased in accordance with ASX Listing Rule 6.22.3.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the Number of Options, or the exercise price of the Options, or both shall be reconstructed in accordance with the Listing Rules.

11.4.2 EMPLOYEE OPTIONS

The exercise price of the Employee Options is \$0.30 per Share and subject to ASX restrictions may be exercised any time prior to 18th February 2013.

The options will be issued on the following terms:

- (a) Each Option will entitle the holder to subscribe for and be allotted one Share;
- (b) The Options will be exercisable subject to ASX escrow restrictions, at any time before 5pm on 18th February 2013, by notice in writing to the Company accompanied by payment of the exercise price of \$0.30 for each Option;
- (c) The Options will be transferable;
- (d) Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the Options and payment of the requisite application moneys;
- (e) Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's fully paid Shares. Subject to ASX escrow restrictions the Company will apply for Official Quotation by the ASX (of all Shares issued upon exercise of the Options) within 3 business days after the date of allotment of those Shares;
- (f) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital or bonus issues offered or made to Shareholders during the currency of the Options. However, the Company will send a notice to each Optionholder at least 20 business days before the record date, and this will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue;
- (g) In the event of a bonus issue to holders of Shares prior to the expiry date, the number of Shares over which an Option is exercisable will be increased in accordance with ASX Listing Rule 6.22.3;
- (h) In the event of a pro rata issue to holders of Shares prior to the expiry date, the exercise price of an Option will be adjusted in accordance with ASX Listing Rule 6.22.2;
- (i) In the event of any reorganisation or reconstruction of the issued capital of the Company on or prior to the expiry date, the rights of an optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation or reconstruction, and in all other respects the terms for the exercise of the options will remain unchanged; and
- (j) The Company will, at least 20 business days before the expiry date, send notices to the optionholders stating the name of the optionholder, the number of options held and the number of securities to be issued on exercise of the options, the exercise price, the due date for payment and the consequences of non-payment.

The rights, privileges and restrictions that attach to the Employee Options are set out in Annexure A.

11.5 ESCROW ARRANGEMENTS

Chapter 9 of the Listing Rules prohibits holders of restricted securities from disposing of those securities or an interest in those securities, or agreeing to dispose of those securities or an interest in those securities, for the relevant restriction periods. The holder is also prohibited from granting a security interest over those securities.

None of the Shares or Options pursuant to the Offer are expected to be restricted securities.

In accordance with the Listing Rules, the Directors expect the ASX may classify some of the Shares and Options on issue as at the date of this Prospectus as restricted Securities.

11.6 COMPLIANCE WITH ASX CORPORATE GOVERNANCE

All ASX listed entities are required to disclose against the recommendations and disclosure obligations contained in the revised ASX Corporate Governance Council Corporate Governance Principles and Recommendations in the annual report and in initial public offer documents. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the second edition of the **Corporate Governance Principles and Recommendations (Recommendations)** as published by the ASX Corporate Governance Council.

Copies of the Company's corporate governance policies are set out in the "Corporate Governance Policies" available on the Company's website. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be given further consideration.

In view of the size of the Company and the nature of its activities, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. The Company reports the following departures from the Recommendations:

RECOMMENDATION PRINCIPAL 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the board should be independent directors.

Explanation for Departure: The Board comprises five Directors, one of whom is independent. Four of the Directors are not independent because two are employed in an executive capacity, and two Directors are directors of a major Shareholder of the Company. The Board considers that the merits of appointing additional directors in order to achieve majority independent status are outweighed by the Board's wish to maintain a relatively small board with relevant experience, which the Board believes is adequate having regard to the operations of the Company.

Recommendation 2.2: The Chairman should be an independent director.

Notification of Departure: The Chair is not independent.

The Chairman, Mr Cook does not meet the requirement for independence (as set out in the Recommendations) due to his directorship of Metals X Limited which is a substantial shareholder in the Company.

Mr Cook's experience and knowledge of the industry in which the Company operates make his contribution to the Board such that it is appropriate for him to remain as Chairman of the Board.

Given the size of the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given its small capitalization, limited resources and existing operations. The composition of the Board will be reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

Recommendation 2.4: The Company should establish a nomination committee consisting of a majority of independent directors.

Notification of Departure: There is no separate nomination committee.

Due to the size and nature of the Company, the full Board considers the matters and issues that would fall to the nomination committee. The Company has adopted a Nomination Policy setting out the Board processes to raise issues that would otherwise be considered by the nomination committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.

The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as the Company's operations grow and evolve.

RECOMMENDATION PRINCIPAL 4: SAFEGUARD INTEGRITY AND FINANCIAL REPORTING

Recommendation 4.1: The Company should establish an audit committee.

Recommendation 4.2: The audit committee should be structured so that it consists of non-executive directors who are a majority of independent directors.

Notification of Departure: There is no separate audit committee.

Due to the size and nature of the Company, the Board has not established an audit committee rather the full Board forms the audit committee. The Company has adopted an Audit Charter setting out the Board processes that would otherwise be considered by the audit committee. The Board considers that it is sufficient for the Board to assume the responsibilities that are ordinarily assigned to an audit committee.

The Board intends to reconsider the requirement for, and benefits of, a separate audit committee as the Company's operations grow and evolve.

RECOMMENDATION PRINCIPAL 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The Company should establish a remuneration committee.

Recommendation 8.2: The remuneration committee should be structured so that it consists of non-executive directors who are a majority of independent directors.

Notification of Departure: There is no separate remuneration committee.

Due to the size and nature of the Company, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matters that would normally fall to the remuneration committee. The Company has adopted a Remuneration Committee Charter setting out the Board processes that would otherwise be considered by the remuneration committee.

In addition, all matters of remuneration will continue to be determined in accordance with the Corporations Act requirements, especially in relation to related party transactions. That is, no Director will participate in deliberations regarding their own remuneration or related issues.

Recommendation 8.3: The structure of non-executive Director remuneration from that of executive director and senior management remuneration should be clearly distinguished.

Notification of Departure: Guidelines for non-executive director remuneration state that non-executive directors should not normally participate in schemes designed for the remuneration of executives and non-executive directors should not receive options or bonus payments. The Company's non-executive Directors are eligible to participate in the Company's Long Term Incentive Plan. The Board considers that this is a necessary motivation to attract the highest calibre candidates to the Board at this stage in the Company's operations. The Company currently has three non-executive directors.

11.7 PARTICIPATION IN CHES

The Company participates in the Clearing House Electronic Sub-register System, known as CHES.

Following the issue of Shares pursuant to this Offer, the Company will provide Shareholders with statements of shareholding (which is similar to a bank account statement) that sets out the number of Shares allotted to

each Shareholder under this Prospectus. If applicable, this notice will also advise Shareholders of their Holder Identification Number (in the case of holdings on the CHESS sub register) or Shareholder Reference Number (in the case of a holding on the issuer-sponsored sub register). If shareholdings change during a month, Shareholders will receive statements at the end of that month. Shareholders may also request statements at any other time (although the Company may charge an administrative fee).

11.8 JURISDICTION OF THE OFFER

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Prospectus should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer or invitation to subscribe or buy Shares or an offer of Shares in any place in which, or to any person to whom, it would not be lawful to do so.

11.9 INDEMNIFICATION OF DIRECTORS

Under the Constitution, to the extent permitted by the Corporations Act (and only to that extent) the Company indemnifies every officer of the Company against a liability incurred as an officer, including a liability incurred as a result of appointment by the Company as a trustee or as an officer of another corporation, unless the liability arises out of conduct involving a lack of good faith.

The Company intends to take out directors and officers liability insurance cover.

11.10 INTERESTS OF DIRECTORS

Other than as set out below in Part 11.11 and 11.12 or elsewhere in this Prospectus:

- (a) no Director or proposed director of the Company and no firm in which a Director or proposed director is or was at a relevant time a partner, has or has had in the 2 years before the date of this Prospectus, any interest in the formation or promotion of the Company, any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer, or in the Offer;
- (b) no amounts have been paid or agreed to be paid, and no benefits have been given or agreed to be given, to any Director or proposed director of the Company to induce them to become, or to qualify them as, a Director, or for services rendered by them in connection with the formation or promotion of the Company, or in connection with the Offer, and
- (c) there are no proposals whereby property will be transferred between the Company on the one hand and a Director, proposed director or an associate of a Director or proposed director on the other.

11.11 REMUNERATION

11.11.1 FEES

The Shareholders have approved the payment of fees to the Directors, which in aggregate cannot exceed \$250,000 per annum. It is proposed that fees payable will be \$72,000 per annum to the Chairman and \$42,000 per annum to each of the Non-Executive Directors. Executive Directors are deemed to have their directors fees included in their salaries.

11.11.2 CHIEF EXECUTIVE OFFICER REMUNERATION

Dr Antony Page's remuneration for services rendered as Chief Executive Officer is subject to a 2 year service agreement with the wholly owned subsidiary Aziana Exploration Corporation and will be paid at a rate of \$250,000 per annum inclusive of superannuation, directors fees and other standard arm's length employment terms and conditions (Refer to Part 10.1.1).

As an executive officer of the Company he will be eligible to participate in the Long Term Incentive Plan.

11.11.3 EXECUTIVE DIRECTORS' REMUNERATION

Mr John Morris' remuneration for services rendered as an Executive Director is subject to a 2 year service agreement with the wholly owned subsidiary Aziana Exploration Corporation will be paid at a rate of \$230,000 per annum inclusive of superannuation, directors fees and other standard arm's length employment terms and conditions (Refer to Part 10.1.2).

As an executive officer of the Company he will be eligible to participate in the Long Term Incentive Plan.

The Board may award additional remuneration to Directors called upon to perform extra services on behalf of the Company.

11.12 DIRECTORS' AND OFFICER'S INTERESTS IN THE CAPITAL OF THE COMPANY

DIRECTORS	SHARES & OPTIONS DIRECTLY HELD	SHARES & OPTIONS INDIRECTLY HELD
Peter Cook	750,000 Employee Options	15,529,000 Shares ¹ 7,764,500 Listed Options ¹
Antony Page	11,216,667 Shares 5,608,333 Listed Options 1,000,000 Employee Options	-
John Morris	250,000 Shares 125,000 Listed Options 850,000 Employee Options	-
Warren Hallam	1 Share 500,000 Employee Options	15,529,000 Shares ¹ 7,764,500 Listed Options ¹
Phillip Laskaris	500,000 Employee Options	-
COMPANY SECRETARY	SHARES & OPTIONS DIRECTLY HELD	SHARES & OPTIONS INDIRECTLY HELD
Fiona Van Maanen	400,000 Employee Options	

¹ Peter Cook and Warren Hallam are Directors of Metals X Limited which holds 15,529,000 Shares and 7,764,000 Options in the Company.

It should be noted that Directors might apply for additional Shares (either themselves or through associated entities) pursuant to this Prospectus.

11.13 INTEREST OF OTHER PERSONS

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of the Company or underwriter to the Offer or financial services licensee named in this Prospectus as financial services licensee involved in the Offer holds, or has held at any time during the last two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
 - (b) any property acquired or proposed to be acquired by the Company in connection with its formation and promotion or in connection with the Offer; or
 - (c) the Offer;
- and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Offer

11.14 REMUNERATION

Coffey Mining Pty Ltd, whose Independent Geologist's Report is included in this Prospectus, will receive professional fees of approximately \$70,000 in connection with the preparation of that report.

Ernst & Young, whose Investigating Accountant's Report is included in this Prospectus, will receive professional fees of approximately \$45,000 in connection with the preparation of that report.

John W. Ffooks & Co. whose Independent Solicitor's Report for Madagascar is included in this Prospectus, will receive professional fees of approximately \$30,000 in connection with the preparation of that report.

GTP Legal and other Australian legal advisers who provided Australian legal advice to this Prospectus, will receive professional fees of approximately \$30,000.

Metals X will be reimbursed \$75,000 for technical services and support provided in connection with preparing the Company for listing.

11.15 SUBSTANTIAL SHAREHOLDERS

NAME	NO. SHARES	PERCENTAGE %
Robert Addison	3,820,001	6.15
Gordon Anderson	3,883,245	6.25
Paul Fowler	3,785,001	6.09
Metals X	15,529,000	25.00
Antony Page	11,216,667	18.06

11.16 CORPORATE GOVERNANCE

The Company's Board is cognisant of the ASX'S Corporate Governance Guidelines and best practice requirements and intends to implement those guidelines to the extent that they are applicable to a company of the size and structure of Aziana (Refer to Part 11.6 for further details).

11.17 EXPENSES OF THE OFFER

The total expenses of the Offer incurred by the Company including brokerage fees, management and advisory fees, legal fees, accounting fees, listing fees, printing, advertising and other expenses are estimated to be approximately \$675,000 (minimum subscription) to \$800,000 (maximum subscription).

11.18 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company by telephone (08) 9220 5650 and the Company will send to you free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. Any Application Monies received will be dealt with in accordance to Section 722 of the Corporations Act.

11.19 CONSENTS

Each of the parties referred to in this Section:

- (a) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (b) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that party; and
- (c) has given, and has not, before the date of lodgement of this Prospectus with ASIC, withdrawn, its written consent:
 - (i) to be named in this prospectus in the form and context which it is named; and
 - (ii) to the inclusion in this Prospectus of the statement(s) and/or report(s) (if any) by that person in the form and context in which it appears in this Prospectus.

NAME	ROLE	STATEMENT/REPORT
Coffey Mining Pty Ltd	Preparing Independent Geologist's Report	Independent Geologist's Report and statement in Part 3.2
Mr Peter Cook	Competent Person	Nil
Ernst and Young	Investigating Accountant	Investigating Accountant's Report
Ernst and Young	Auditor	Nil
Patersons Securities Limited ¹	Lead Manager	Nil
GTP Legal	Solicitor Australia	Nil
John W Fooks & Co	Solicitor Madagascar	Solicitor's Report
Metals X Limited	25% Shareholder	Nil

¹ "Patersons Securities Limited has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager to the offer of securities under this Prospectus, in the form and context in which it is named.

Patersons Securities Limited was not involved in the preparation of any part of this Prospectus and did not authorised or cause the issue of this Prospectus. Patersons Securities Limited makes no express or implied representation or warranty in relation Aziana Limited, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Patersons Securities Limited. To the maximum extent permitted by law, Paterson Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name"

Persons named elsewhere in this Prospectus, who have not made statements included in this Prospectus, did not consent to being named in this Prospectus.

11.20 PRIVACY DISCLOSURE

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's securityholding in the Company.

By submitting an Application Form, each agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and regulatory authorities.

AUTHORISATION

Each Director of the Company has consented to the lodgement and issue of this Prospectus in its paper and electronic formats.

Dr Antony Page - Executive Director & CEO

Mr Peter Gerard Cook - Non-Executive Chairman

Mr John Roger Andrew Morris - Executive Director

Mr Warren Shaye Hallam - Non-Executive Director

Mr Phillip George Laskaris - Non-Executive Director

Mrs Fiona Jayne Van Maanen - Company Secretary

This Prospectus is signed for and on behalf of Aziana Limited by



Antony Page
Executive Director



GLOSSARY

WHERE THE FOLLOWING TERMS ARE USED IN THIS PROSPECTUS THEY HAVE THE FOLLOWING MEANINGS

Alakamisy Gold Project	A gold exploration project owned by Tanety Lava SARL, located on exploration permits TN 20231, TN 20232, TN21589, TN 26232, TN 26438, TN 26669 and TN 28034.
Anosivolo Gold, Copper, Silver Project	A gold, copper, silver project owned by Tanety Lava SARL, located on exploration permit TN 26218.
Antakasina Gold Project	A gold exploration project located on permit TN26234.
Antandrokazo Gold Project	A gold exploration project located on permit TN21577.
Applicant	A person who submits a valid Application Form pursuant to this Prospectus.
Application	A valid application made on an Application Form to subscribe for Shares pursuant to this Prospectus.
Application Form	The application form attached to this Prospectus.
Application Money	The Application Price multiplied by the number of Shares in respect of which an Application has been made.
Application Price	The amount of \$0.25 per Share.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 and where the context permits, the Australian Securities Exchange operated by ASX Limited.
Aziana Exploration Corporation or AEC	Aziana Exploration Corporation a 100% owned subsidiary of the Company incorporated and registered in the British Virgin Islands.
Aziana Group	Aziana and its subsidiaries.
Board	The Board of Directors of the Company.
Business Day	A weekday when trading banks are ordinarily open for business in Perth, Western Australia.
BVI	British Virgin Islands.
CHESS	Clearing House Electronic Sub register System.
Closing Date	The closing date of the Offer under this Prospectus, being the expected Offer closing date in the timetable in Part 2.2.
Company or Aziana	Aziana Limited ACN 151 159 812.
Constitution	The Constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of the Company.
Employee Options	Options each exercisable at \$0.30 on or before 18 th February 2013 to be issued to Directors and Officers pursuant to the Long Term Incentive Plan.
Esama Minerals SARL	Esama Minerals SARL, a 99% owned subsidiary of the Company.
Exposure Period	The period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Grigri Gold-Silver Project	A gold-silver exploration project located on permit TN 21743.
Group	Aziana and its wholly and partially owned subsidiary companies.
GST	Goods and Services Tax.
Independent Geologist	Coffey Mining Pty Ltd ACN 065 481 209.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
Listed Option	An Option to acquire a Share exercisable at \$0.25 on or before 30 th September 2013.
Listing Rules or ASX Listing Rules	The Listing Rules of the ASX.
Long Term Incentive Plan	Aziana Limited Long Term Incentive Plan.
Manantenina Bauxite Project	A bauxite exploration project 99% owned by Esama Minerals SARL located on permits TN 20796, TN25071, TN 25072, TN25073, TN25074, TN25075 and TN25076.
Metals X	Metals X Limited ACN 110 150 055.
MGA or MGA\$	Madagascar Ariary, the currency of Madagascar.
Offer or Offers	The offer of Securities under this Prospectus.
Officer	Means any person, including a Director who falls within the definition of eligible participants in the Long Term Incentive Plan.
Official List	The official list of the ASX.
Official Quotation	Official quotation of the Shares in the Official List.
Opening Date	The opening date for receipt of Applications under this Prospectus being the offer opening date in the timetable in Part 2.2.
Option	An option to acquire a Share.
Patersons	Patersons Securities Limited ACN 008 896 311.
Part	A part of this Prospectus.
Project or Exploration Project	A permit area and work area where Aziana holds mineral rights and is exploring, including Alakamisy, Antakasina, Antandrokazo, Anosivolo, Grigri, Manantenina and Sakaleone.
Prospectus	This prospectus and includes the electronic prospectus.
Sakaleone Gold Project	A gold exploration project owned by Tanety Lava SARL, located on exploration permits TN 19386, TN 39046 and TN39047.
SCH Business Rules	Rules published by the Australian Competition and Consumer Commission and adopted by the ASX and the ASX Settlement and Transfer Corporation Pty Ltd.
Securities	Shares and Options.
Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of Shares in the Company.
Share Registry	Security Transfer Registrars Pty Ltd ACN 008 894 488.
Tanety Lava SARL	Tanety Lava SARL, a 100% owned subsidiary of the Company.
Tanety Zina SARL	Tanety Zina SARL, a 100% owned subsidiary of the Company.
WST	Western Standard Time, Perth, Western Australia.
\$, A\$, AUD or Dollars	Australian dollars unless otherwise stated.

RULES OF THE AZIANA LIMITED - LONG TERM INCENTIVE PLAN

1. INTRODUCTION

- 1.1 This document sets out the Rules of the “Aziana Limited - Long Term Incentive Plan” (Plan).
- 1.2 There are legal and tax consequences associated with participation in the Plan. Eligible Participants should ensure that they understand these consequences before accepting an invitation to participate in the Plan.

2. OBJECTIVES

2.1 The objectives of the Plan are to:

- (a) establish a method by which Eligible Participants can participate in the future growth and profitability of the Company;
- (b) provide an incentive and reward for Eligible Participants for their contributions to the Company; and
- (c) attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

3. DEFINITIONS AND INTERPRETATION

3.1 Definitions

In these Rules:

Acceptance means the acceptance of an Offer of Options or Performance Rights in such form as the Board may from time to time determine.

Acceptance Date means the date on which an Acceptance is lodged with the Company by an Eligible Participant or his or her nominee in accordance with the requirements of these Rules.

ASIC means the Australian Securities & Investments Commission

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange as the context requires.

Board means the board of Directors of the Company from time to time.

Business Day has the meaning given to it in the Listing Rules.

Change of Control Event means a person, or a group of associated persons, becoming entitled to sufficient Shares to give that person or persons the ability, in general meeting, to replace all or a majority of the Board.

Class Order means ASIC Class Order 03/184 or any subsequent class order made or approved by ASIC in substitution of Class Order 03/184.

Company means Aziana Limited ACN 151 159 812.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Participant means a person who is a full time or part-time employee or consultant of the Company or a Related Body Corporate of the Company, other than any such person who has given notice of resignation, or who has been given notice of termination, of his or her employment, or removed from his or her position.

Exercise Condition means a condition (excluding a Vesting Condition) relating to an Option or Performance Right which must be satisfied or waived before the Option or Performance Right may be exercised.

Exercise Period means the period from the end of the Restricted Period, if any, to the Expiry Date.

Exercise Price means:

- (a) in relation to an Option, an amount determined by the Board as the subscription price per Share prior to the offer of the Option in accordance with paragraph 1 of schedule 1 payable by a Participant on exercise of the Option; and
- (b) in relation to a Performance Right, a nil amount unless otherwise determined by the Board as the subscription price per Share prior to the offer of the Performance Right in accordance with paragraph 1 of Schedule 2 payable by a Participant on exercise of the Performance Right.

Expiry Date means 5.00pm Western Standard Time in Australia on the day specified in an Offer as determined by the Board in its absolute discretion.

Forfeiture Conditions has the meaning given to it in Rule 9.

Group Company means the Company and any Related Body Corporate of the Company.

Holder means the registered holder of Options or Performance Rights.

Issue Date means the date on which the Company issues the Option or Performance Right.

Listing Rules means the Listing Rules of ASX, and any other rules of ASX which are applicable to the Company while the Company is admitted to the official list of ASX, each as amended from time to time, except to the extent of any express waiver by ASX.

Nominal Consideration means consideration of not more than 1 cent per Option or Performance Right.

Offer means the offer of Options or Performance Rights made in accordance with paragraph 1 of Schedule 1 or paragraph 1 of Schedule 2 and on the terms set out in these Rules with such adjustments as the Board may consider relevant having regard to any Class Order or the requirements of the Listing Rules or the individual circumstances of an Offer.

Option means a right, other than a Performance Right, to subscribe for or otherwise acquire a Share on the terms set out in these Rules.

Option Exercise Notice means a notice for the exercise of Options in accordance with the Rules in such form as the Board may from time to time prescribe.

Participant means an Eligible Participant to whom Options or Performance Rights have been validly granted under the Plan.

Performance Hurdle means performance hurdles as determined by the Remuneration Committee and specified in an Offer of Performance Rights.

Performance Right means a right to subscribe for or otherwise acquire a Share on the terms set out in these Rules.

Permanent Disablement means:

- (a) the illness or incapacity of the Eligible Participant necessitating the permanent withdrawal of the Eligible Participant from the work force, as accepted to the satisfaction of the Board; or
- (b) any other circumstances which the Board considers should be treated as Permanent Disablement for the purposes of the Plan.

Plan means the Aziana Limited Long Term Incentive Plan established in accordance with these Rules.

Related Body Corporate has the same meaning as given to that term in the Corporations Act.

Remuneration Committee means the Remuneration Committee of the Board.

Restricted Period means the period commencing on the Issue Date and expiring on the later of the Vesting Date (if any) and the date when the last of any Exercise Conditions (if any) or other Forfeiture Conditions (if any) is satisfied or waived by the Company.

Rules means the rules of the Plan as set out in this document as amended from time to time.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Takeover Period in relation to a takeover bid in respect of Shares, means the offer period as defined in section 624 of the Corporations Act.

Vesting Conditions means such conditions as determined by the Board which must be satisfied before a Performance Right can be exercised, and may include Performance Hurdles.

Vesting Date means 5.00pm Western Standard Time in Australia on the day which is 3 years after the Issue Date or such other date as determined by the Board and specified in an Offer.

3.2 INTERPRETATION

In these Rules:

- (a) headings are for convenience only and do not affect the interpretation of the Plan; and unless expressed to the contrary;
- (b) any reference in the Plan to any enactment includes a reference to that enactment as from time to time amended, consolidated, re-enacted or replaced and to all regulations or instruments issued under it;
- (c) any words denoting the singular include the plural and words denoting the plural include the singular;
- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in the Plan, any part of the speech or other grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to a power, right or discretion being exercisable by the Board is taken to be a reference to that power, right or discretion being exercisable by a delegate of the Board;
- (g) a reference to an application to participate in the Plan includes any process implemented by the Board to provide for deemed applications; and
- (h) a reference to:
 - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes its legal personal representatives, successors and assigns;
 - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (iv) a right includes a benefit, remedy, discretion, authority or power;
 - (v) an obligation includes a warranty or representation and a reference to a failure to observe or perform an obligation includes a breach of warranty or representative;
 - (vi) **\$ or dollars** is a reference to the lawful currency of Australia;
 - (vii) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
 - (viii) anything (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them.
- (i) Unless the context otherwise requires any word or phrase used in these Rules which is not defined above, but which is defined in the Listing Rules has the same meaning as defined in the Listing Rules.
- (j) A reference to the Listing Rules has effect only if the Company is admitted to the official list of ASX, and is otherwise to be disregarded (save where any term is defined by reference to the meaning given to it in the Listing Rules).

4. THE PLAN

- 4.1** There shall be set aside for the purposes of the Plan such number of Options and Performance Rights as the Board may from time to time determine.
- 4.2** The Board will administer the Plan.
- 4.3** For so long as the Company is admitted to the official list of ASX, Options and Performance Rights may not be offered to a Director or his or her associates except where approval is given by the shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules.
- 4.4** Participation in the Plan is subject to the Rules.
- 4.5** The provisions of:
 - (a) Schedule 1 apply to the extent the Company makes an Eligible Participant an Offer of Options (subject to the power of the Board to vary or supplement Schedule 1 in relation to any Offer); and
 - (b) Schedule 2 apply to the extent the Company makes an Eligible Participant an Offer of Performance Rights (subject to the power of the Board to vary or supplement Schedule 1 in relation to any Offer);.

5. ELIGIBILITY TO PARTICIPATE

- 5.1** The Board may in its absolute discretion determine criteria to apply to an Eligible Participant for participation in the Plan including, without limitation, a minimum period of service.
- 5.2** Subject to Rule 4.3 in respect of the participation of Directors, Eligible Participants are eligible to participate in the Plan.
- 5.3** Eligibility to participate in the Plan does not confer a right to participate in the Plan. Participation in the Plan will be solely determined by the Board in accordance with these Rules.
- 5.4** Options and Performance Rights may be granted to Eligible Participants or their nominees as approved by the Board from time to time.
- 5.5** The Board may in its discretion determine the number of Options or Performance Rights to be offered to an Eligible Participant and the Board may, subject to these Rules, determine the terms and conditions applicable to such Options or Performance Rights.

6. CESSATION OF EMPLOYMENT OF PARTICIPANT

- 6.1** Subject to Rule 6.2, Options and Performance Rights will automatically lapse and be forfeited if during the Restricted Period the Participant to whom the Options or Performance Rights were first granted:
 - (a) voluntarily resigns from employment with the Company otherwise than to take up employment with a Related Body Corporate of the Company;
 - (b) is dismissed from employment or is removed from his or her position with the Company for any one or more of the following reasons:
 - (i) wilful misconduct bringing disrepute on the Company or a Related Body Corporate;
 - (ii) repeated disobedience, after prior written warning;
 - (iii) incompetence in the performance of any duties for which the Participant was employed, after prior written warning;
 - (iv) fraud or any other dishonesty in respect of the property or affairs of the Company or a Related Body Corporate; or
 - (v) any other reason, based on which the Board believe is fair and reasonable to warrant the lapsing and forfeiture of the Options or Performance Rights;

- (c) Performance Hurdle(s) are not satisfied in full, in which case a proportion of Performance Rights may be forfeited, such proportion to be at the absolute discretion of the Board; or
- (d) Performance Hurdle(s) are not satisfied below a minimum threshold, in which case all Performance Rights will be forfeited.

6.2 The Board may in its absolute discretion determine that the Options or Performance Rights granted to a Participant (or a nominee thereof) who voluntarily resigns from employment with a Group Company (other than to take up employment with another Group Company) at any time after an Option or Performance Right has become exercisable, may be exercised by the Participant within:

- (a) 1 month after such resignation; or
- (b) such longer periods as the Board determines,

and any Options or Performance Rights the subject of this clause not exercised within the 1 month or longer period determined by the Board, will automatically lapse and be forfeited.

6.3 Options and Performance Rights that are subject to a Restricted Period will not lapse and be forfeited if the Participant ceases employment or is removed from his or her position with the Company in the following circumstances:

- (a) death of the Participant;
- (b) total permanent disability of the Participant, such that the Participant is incapable of performing his or her duties due to a form of illness, injury or other disablement, as determined by the Board;
- (c) retirement;
- (d) redundancy; or
- (e) any other reason, based on which the Board believe is fair and reasonable to warrant the Participant maintaining his/her right to exercise the Options or Performance Rights.

6.4 Should a Participant, in the opinion of the Board, satisfy the requirements of Rule 6.3 the Participant will have a period of one (1) year to exercise the Options or Performance Rights from the date the Company receives notice or determines the existence of the specified event (as the case may be) and acknowledges in writing that such event satisfies the requirements of Rule 6.2.

7. DIVIDENDS AND VOTING RIGHTS

Holders of Options or Performance Rights have no rights to vote at meetings of the Company or receive dividends until Shares are allotted or acquired on the exercise of Options or Performance Rights pursuant to the Rules.

8. MAXIMUM NUMBER OF OPTIONS AND PERFORMANCE RIGHTS

8.1 The Board must not offer or grant Options or Performance Rights to any Eligible Participant under the Plan if, immediately following the grant of the Options or Performance Rights the subject of the Offer, the total number of Shares to which the Options or Performance Rights to be granted under the Offer relate, when aggregated with:

- (a) the total number of Shares which are the subject of any outstanding Offers of Options and Performance Rights;
- (b) the number of Shares which would be issued if each outstanding Option and Performance Right or other outstanding rights or options or other outstanding entitlements to Shares issued under any other employee or director share or option scheme operated by the Company were to be exercised, ignoring any Vesting Conditions; and
- (c) the number of Shares issued during the previous five (5) years pursuant to the Plan or any other employee or director share or option plan operated by the Company,

would exceed five per cent (5%) of the total number of issued Shares in the Company as at the time of the Offer.

- 8.2** For the purposes of Rule 8, any Shares, Options, Performance Rights or options offered in the following circumstances may be disregarded:
- (a) an offer made to a person situated outside Australia at the time of receipt of the Offer;
 - (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
 - (c) an offer made pursuant to a disclosure document (as defined in the Corporations Act); or
 - (d) an offer that was an excluded offer or invitation within the meaning of the Corporations Act as in force before the commencement of Schedule 1 of the Corporate Law Economic Reform Program Act 1999 (Cth).

9. FORFEITURE CONDITIONS

- 9.1** The Board may when the Options or Performance Rights are offered determine that the Options or Performance Rights issued will be subject to Forfeiture Conditions.
- 9.2** Options or Performance Rights which are subject to the Forfeiture Conditions are liable to be forfeited by the Company if any of the Forfeiture Conditions are not satisfied. An Option or Performance Right which is forfeited by the Company will be cancelled and will not thereafter be capable of being exercised by the Holder.
- 9.3** Any Options or Performance Rights which are subject to Forfeiture Conditions cannot be exercised until such time as the Forfeiture Conditions have been satisfied or waived.
- 9.4** Forfeiture Conditions will comprise those conditions described as such by the Board and set out in an Offer (or in a document accompanying an Offer).
- 9.5** Without limiting the Board's power to impose Forfeiture Conditions, Forfeiture Conditions may include:
- (a) A condition that the Eligible Participant remain as an employee or director (as the case may be) of the Company or its related body corporate for a stipulated minimum period;
 - (b) A condition that any stipulated performance criterion be satisfied by the Eligible Participant;
 - (c) A condition that certain specified milestones in connection with the development or operation of any mineral or other project of the Company or related body corporate are completed within a specified time or in a specified manner.
 - (d) A condition that the market price of the Company's ordinary shares attain a specified price (or remain at a specified price for a specified number of days) within a specified period.
- 9.6** Any Forfeiture Conditions imposed by the Board may subsequently be waived in whole or in part by the Company by notice in writing to the Holder of the relevant Options or Performance Rights. Any Forfeiture Conditions so waived will be deemed to be satisfied. For the avoidance of doubt Forfeiture Conditions may be waived after a Participant has ceased to be an Eligible Participant in which case the waiver will be deemed to have occurred while the Participant remained an Eligible Participant.
- 9.7** Subject to the Listing Rules the Company may also vary any Forfeiture Conditions by notice in writing to the Holder of the relevant Options or Performance Rights provided such variation is not adverse to the Participant holding the relevant Options or Performance Rights.
- 9.8** For the avoidance of doubt, a Performance Hurdle, Exercise Condition or Vesting Condition will generally constitute a Forfeiture Condition unless the terms of such Performance Hurdle, Exercise Condition or Vesting Condition, as the case may be, indicate a contrary intention.
- 9.9** Options and Performance Rights may also be liable to forfeiture in the circumstance on such to the terms and conditions set out in clause 6 of this Plan.

10. TAXATION

Neither the Company nor its directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Participants that arise in respect of the issue or exercise of Options and Performance Rights.

11. LISTING RULES

The terms and conditions of the Plan must at all times comply with the Listing Rules. If there is any inconsistency between the terms and conditions of the Plan and the Listing Rules then the Listing Rules will prevail.

12. ADMINISTRATION OF THE PLAN

12.1 Board powers

The Plan will be administered by the Board, which shall have the power and absolute discretion to:

- (a) determine the appropriate procedures from time to time for the administration of the Plan, including the form of acceptance and other forms and notices to be issued under the Plan, subject to the Rules;
- (b) subject to Rules 6.2, 11, 11.2 and 14, amend, modify or waive any or all of the Rules (including this Rule), or any restriction or other condition relating to any Options or Performance Rights allocated under the Plan;
- (c) resolve conclusively all questions of fact or interpretation concerning the Plan and the applicable Rules and any dispute of any kind that arises under the Plan, including as to the interpretation or application of the Plan or any restrictions or other conditions relating to any Options or Performance Rights allocated under the Plan, and the decision of the Board is final and binding on the Company and the Participants;
- (d) delegate to any one or more persons for such period and on such conditions as the Board may determine the exercise of any of the Board's powers or discretions under the Plan; and
- (e) waive any breach of a provision of the Plan.

12.2 Limitation on amendments

Subject to the applicable Rules, without the consent of the Participant, no amendment may be made to any restriction or other condition relating to any Options or Performance Rights allocated under the Plan, which reduces the rights of Participants to those Options or Performance Rights, other than an amendment made primarily to:

- (a) comply with present or future State or Commonwealth legislation;
- (b) correct any manifest error; or
- (c) take into consideration possible adverse tax implications in respect of the Plan arising from, among other things:
 - (i) adverse rulings from the Commissioner of Taxation;
 - (ii) changes to Australian tax legislation (including an official announcement by the Commonwealth of Australia); or
 - (iii) changes in the interpretation of Australian tax legislation by a court or tribunal of competent jurisdiction.

12.3 Board's discretion

The Board has absolute and unfettered discretion:

- (a) to act or refrain from acting under the applicable Rules or concerning the Plan or any Options or Performance Rights allocated under the Plan; and
- (b) in exercising any power or discretion concerning the Plan or any Options or Performance Rights allocated under the Plan,

except that while the Company is listed on the official list of the ASX, the Board may only exercise its powers in accordance with the Listing Rules of the ASX.

12.4 Indemnification

The Company must indemnify, and keep indemnified, to the full extent permitted by law, each person who is or has been a director or alternate director of the Company against all proceedings, actions, claims, demands, losses, liabilities, damages, costs and expenses which may be made, brought against, suffered or incurred by the person arising directly or indirectly out of or in connection with the operation of the Plan.

13. RESTRICTION ON EXERCISE OF OPTIONS AND PERFORMANCE RIGHTS

No Option or Performance Right given under this Plan may be exercised unless the underlying Shares pertaining to that Option or Performance Right have been listed on ASX or an approved foreign exchange (as defined in the Class Order) for a period of 12 months immediately before the date of the Offer without suspension for more than a total of two trading days during that period.

14. TERMINATION, SUSPENSION AND AMENDMENT OF THE PLAN

Subject to any applicable Listing Rules or laws, the Plan will take effect when the Board decides and may be suspended, terminated or amended at any time by resolution of the Board.

15. COSTS, CHARGES AND DUTIES

The Company:

- (a) is not responsible for any costs, charges or duties which are or may become payable on the transfer, allotment and issue of Options or Performance Rights under the Plan or any other dealing with the Options or Performance Rights; and
- (b) may make any withholding or payment which it is required by law to make in connection with the Plan or the Options or Performance Rights.

16 TERMS OF EMPLOYMENT NOT AFFECTED

- 16.1** The rights and obligations of a Participant under the terms of his or her office, employment or contract with a Group Company are not affected by his or her participation in the Plan.
- 16.2** The applicable Rules do not form part of, and will not be incorporated into, any contract of a Participant (whether or not they are an employee of a Group Company).
- 16.3** No Participant has any right to compensation or damages as a result of the termination of his or her office, employment or other contract with a Group Company for any reason, so far as those rights arise or may arise from the Participant ceasing to have rights under the Plan as a result of the termination.
- 16.4** The Company makes no representation or guarantee as to the ongoing value of Options or Performance Rights which a Participant acquires under the Plan. No Participant has any right to compensation or damages as a result of any decrease in value of Options or Performance Rights which the Participant acquires under the Plan.

17. NOTICES

17.1 A notice or other communication under or concerning the Plan is validly given:

- (a) by the Company to a Participant, if delivered personally to the addressee or sent by prepaid post to his or her last known residential address, or sent to him or her by facsimile or email at his or her place of work or posted on an electronic notice board maintained by the Company and accessible by the Participant; and
- (b) by a Participant to the Company if delivered or sent by prepaid post addressed to, as appropriate, the company secretary of the Company at the Company's registered office (or any other address the Board specifies).

17.2 A notice or other communication sent by post will be treated as received 48 hours after it was posted.

18. MISCELLANEOUS

- 18.1** No broker's fees or commissions are payable by an Eligible Participant for the grant of Options or Performance Rights pursuant to this Plan.
- 18.2** Participants granted Options or Performance Rights under this Plan are bound by these Rules and the Constitution.
- 18.3** No Participant or Holder has or is to be regarded for any purpose as having any interest in Shares the subject of an Option or Performance Right until that Option or Performance Right is exercised and the Share is allotted.
- 18.4** The Company will establish and maintain a register of Participants.
- 18.5** Neither the adoption of the Plan by the Board nor any provisions of these Rules will be construed as creating any limitation on the power of the Board to adopt such additional remuneration arrangements as it may deem desirable, including without limitation, the granting of share options and bonuses otherwise than under the Plan, and any such arrangements may be either generally applicable or applicable only in specific cases.
- 18.6** All Options and Performance Rights lapse on liquidation of the Company.

19. GOVERNING LAW

The Plan and these Rules are governed by the laws of Western Australia and the Commonwealth of Australia.

20. SEVERANCE

If any provision in the Rules is void, voidable by any party or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) shall be severed from the Rules without thereby affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of the Rules which shall continue in full force and effect.

SCHEDULE 1 - OPTIONS

1. OFFER OF OPTIONS

- 1.1** The Company may from time to time make Offers in writing to Eligible Participants inviting them to accept an offer of Options under the Plan.
- 1.2** No Offer may be made if to do so would contravene the Constitution, the Corporations Act, the Listing Rules or any other applicable law.
- 1.3** Each Offer must be in writing and must:
- (a) specify the name of the Eligible Participant to whom the Offer is made;
 - (b) specify the total number of Options (and the number of Shares to which the Options relate) being offered;
 - (c) specify such terms and conditions of the issue of the Options the subject of the Offer, as determined by the Board, including:
 - (i) the Expiry Date;
 - (ii) the Exercise Price; and
 - (iii) the Restricted Period.
 - (d) specify the time and date by which the Offer must be accepted;
 - (e) specify any other matters required to be specified in the Offer by the Corporations Act, the Listing Rules and/or applicable instruments issued by ASIC; and
 - (f) have attached an Acceptance Form and a copy of these Rules.

- 1.4** If the Company is admitted to the official list of ASX, the Offer must include an undertaking by the Company to provide to a Participant, within a reasonable period of being so requested, the current market price (as defined in the Listing Rules) of the Shares.
- 1.5** Options must be offered under the Plan for no more than Nominal Consideration.

2. ACCEPTANCE OF OFFER OF OPTIONS

- 2.1** Upon receipt of an Offer of Options, an Eligible Participant may, within the period specified in the Offer:
- (a) accept the whole or any lesser number of Options offered by submitting an Acceptance Form; or
 - (b) nominate a nominee in whose favour the Eligible Participant wishes to renounce the Offer.
- 2.2** Upon:
- (a) receipt of the completed Acceptance Form; or
 - (b) the Board resolving to allow the renunciation to a nominee for the Eligible Participant and the nominee accepting the whole or any lesser amount of Options offered by notice in writing to the Board,
- then the Eligible Participant, or the nominee, as the case may be, will be taken to have agreed to be bound by:
- (c) these Rules;
 - (d) the terms of the Offer; and
 - (e) the Constitution in respect of any Shares acquired on the exercise of Options.

3. GRANT OF OPTIONS

- 3.1** Upon acceptance of a duly signed and completed Acceptance Form, the Company may grant the Options applied for to the applicant (such person then being known as the Holder) on the terms determined by the Board under paragraph 1 of this Schedule.
- 3.2** The Company will issue a certificate or holding statement to each Holder in respect of Options granted to them.
- 3.3** The Offer will lapse if not accepted within the time required under the terms of the Offer.

4. TERMS OF OPTIONS

- 4.1** The terms of Options granted under the Plan shall be as determined by the Board from time to time in accordance with this paragraph 4.
- 4.2** The Exercise Price of an Option shall be the price determined by the Board in its absolute discretion prior to or on grant of the Options.
- 4.3** Subject to Rule 6, the Exercise Period of an Option shall be the period determined by the Board in its absolute discretion prior to or on grant of the Option. If no period is determined by the Board then the Exercise Period shall be the period from the date of grant of the Option to the Expiry Date.
- 4.4** Unless otherwise determined by the Board when it resolves to grant the Option, each Option is granted on the terms set out in this Schedule and the Rules generally.

Exercise of Options

- (a) Each Option entitles the Holder to subscribe for one Share on exercise of the Option.
- (b) Subject to paragraph (e), a Holder may not exercise Options before expiry of the Restricted Period.
- (c) Subject to paragraph (e), a Holder may only exercise Options during the Exercise Period (and then only after any Exercise Conditions or other Forfeiture Conditions have been satisfied or waived by the Company).
- (d) On expiry of the Exercise Period an Option not exercised shall automatically lapse.
- (e) Notwithstanding paragraph (c), Options may be exercised:

- (i) during a Takeover Period;
 - (ii) at any time after a Change of Control Event has occurred;
 - (iii) at any time after the announcement of a proposed capital reconstruction referred to in paragraph 4.5(l);
 - (iv) in the Board's absolute discretion, following the occurrence and announcement by the Company of an event that in the opinion of the Board is likely to lead to the Company being removed from the official list of ASX; or
 - (v) in the Board's absolute discretion, within 12 months, in the event of the death or Permanent Disablement of a Participant, in respect of Options held by or on behalf of that Participant.
- (f) If, in the reasonable opinion of the Board, an Eligible Participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may deem any unexercised Options held by or on behalf of the Participant to have lapsed.

Notice of exercise

- (g) Options may only be exercised by notice in writing to the Company which is signed by the Holder and delivered to the registered office of the Company. The notice must specify the number of Options being exercised (which must be no less than 500 and then in multiples of 100) and must be accompanied by:
- (i) the Exercise Price for the number of Options specified in the notice; and
 - (ii) the certificate or holding statement for those Options, for cancellation by the Company.

The notice only becomes effective when the Company has received the full amount of the Exercise Price for the number of Options specified in the notice in cleared funds.

Issue of certificates

- (h) Subject to paragraphs 4.4(e) above, within 10 Business Days of the notice referred to in paragraph 4.4(g) above becoming effective, the Board must:
- (i) acquire or allot and issue the number of Shares specified in the notice to the Holder;
 - (ii) cancel the certificate or holding statement for the Options being exercised; and
 - (iii) if applicable, issue a new certificate or holding statement for any remaining unexercised Options covered by the certificate or holding statement accompanying the notice.

Allotment of Shares

- (i) All Shares allotted upon the exercise of Options will be credited as fully paid and will be of the same class and rank equally in all respects with other Shares, and, in particular, entitle their holders to participate fully in:
 - (i) dividends declared by the Company after the date of allotment; and
 - (ii) all issues of securities offered to holders of Shares where entitlements to participate in those issues are determined by reference to a record date after the date of allotment of Shares allotted upon the exercise of Options.

Quotation on ASX

- (j) If existing Shares are officially quoted by ASX, the Company must apply for official quotation by ASX of all Shares allotted pursuant to the exercise of Options not later than 10 Business Days after the date of allotment.
- (k) The Company will not apply to have the Options granted under the Plan quoted on ASX or any other stock exchange.

New issues

- (l) Holders will only be permitted to participate in a pro rata issue of Shares to the holders of Shares on the prior exercise of Options. The Company must notify the Holder of the proposed issue at least 7 Business Days before the record date to determine entitlements to the pro rata issue.

Bonus issues

- (m) If from time to time prior to the expiry of any Options the Company makes an issue of any class of shares to the holders of Shares on a pro rata basis by way of capitalisation of profits or reserves (other than an issue in lieu of dividends) (a **Bonus Issue**) then upon exercise of an Option, each Holder is entitled to have issued (in addition to the Shares which would otherwise be issued upon such exercise) the number of shares of the class which would have been issued to the Holder under the Bonus Issue (**Bonus Shares**) if on the date on which entitlements to participate in the Bonus Issue were calculated the Holder had been registered as the holder of the number of Shares of which the Holder would have been registered as holder if immediately prior to that date the Option had been exercised and the Shares the subject of such exercise had been duly allotted and issued. The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

Reorganisation of capital

- (n) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Options to which each Holder is entitled or the Exercise Price (if any) or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Options which are not conferred on Shareholders.
- (o) The Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe for or to the Exercise Price (if any) pursuant to the provisions of paragraph (n).

Restrictions

- (p) A Holder must not sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Options, or agree to do any of those things, until they are exercised or expire.
- (q) An Offer may specify a restriction period for Shares issued on the exercise of Options.

5. CONDITIONS OF EXERCISE OF OPTIONS

- 5.1** Options may not be exercised during the period commencing on the Issue Date and expiring on the later of the Vesting Date and the date when the last of any Exercise Conditions or other Forfeiture Conditions is satisfied or waived by the Company (**Restricted Period**)

SCHEDULE 2 - PERFORMANCE RIGHTS

1. OFFER OF PERFORMANCE RIGHTS

- 1.1** The Company may from time to time make Offers in writing to Eligible Participants inviting them to accept an offer of Performance Rights under the Plan.
- 1.2** No Offer may be made if to do so would contravene the Constitution, the Corporations Act, the Listing Rules or any other applicable law.
- 1.3** Each Offer must be in writing and must:
- (a) specify the name of the Eligible Participant to whom the Offer is made;
 - (b) specify the total number of Performance Rights (and the number of Shares to which the Performance Rights relate) being offered;
 - (c) specify such terms and conditions of the issue of the Performance Rights the subject of the Offer, as determined by the Board, including:
 - (i) the Expiry Date;
 - (ii) the Exercise Price (if any);
 - (iii) the Vesting Conditions (if any);
 - (d) specify the time and date by which the Offer must be accepted;
 - (e) specify any other matters required to be specified in the Offer by the Corporations Act, the Listing Rules and/or applicable instruments issued by ASIC; and
 - (f) have attached an Acceptance Form and a copy of these Rules.
- 1.4** If the Company is admitted to the official list of ASX, the Offer must include an undertaking by the Company to provide to a Participant, within a reasonable period of being so requested, the current market price (as defined in the Listing Rules) of the Shares.
- 1.5** Performance Rights must be offered under the Plan for no more than Nominal Consideration.

2. ACCEPTANCE OF OFFER OF PERFORMANCE RIGHTS

- 2.1** Upon receipt of an Offer of Performance Rights, an Eligible Participant may, within the period specified in the Offer:
- (a) accept the whole or any lesser number of Performance Rights offered by submitting an Acceptance Form; or
 - (b) nominate a nominee in whose favour the Eligible Participant wishes to renounce the Offer
- 2.2 Upon:**
- (a) receipt of the completed Acceptance Form; or
 - (b) the Board resolving to allow the renunciation to a nominee for the Eligible Participant and the nominee accepting the whole or any lesser amount of Performance Rights offered by notice in writing to the Board, then the Eligible Participant, or the nominee, as the case may be, will be taken to have agreed to be bound by:
 - (c) these Rules;
 - (d) the terms of the Offer; and
 - (e) the Constitution in respect of any Shares acquired on the exercise of Performance Rights.

3. GRANT OF PERFORMANCE RIGHTS

- 3.1 Upon acceptance of a duly signed and completed Acceptance Form, the Company may grant the Performance Rights applied for to the applicant (such person then being known as the Holder) on the terms determined by the Board under paragraph 1 of this Schedule.
- 3.2 The Company will issue a certificate or holding statement to each Holder in respect of Performance Rights granted to them.
- 3.3 The Offer will lapse if not accepted within the time required under the terms of the Offer.

4. TERMS OF PERFORMANCE RIGHTS

- 4.1 The terms of Performance Rights granted under the Plan shall be as determined by the Board from time to time in accordance with this paragraph 4. The Performance Rights will be subject to the terms and conditions of the Plan and in the event of any inconsistency between the terms in this Schedule and the provisions in the Plan, the Plan will prevail to the extent of the inconsistency.
- 4.2 The Exercise Price of an Option shall be the price determined by the Board in its absolute discretion prior to or on a grant of the Options.
- 4.3 Subject to Rule 6, a Performance Right will be exercised on the Vesting Date.
- 4.4 The Board may in its absolute discretion impose Forfeiture Conditions in respect of a Performance Right on such terms as the Board considers appropriate. If a Performance Right is subject to Forfeiture Conditions then the Performance Right may only be exercised if the Forfeiture Conditions relating to it have been satisfied or waived by the Board in its absolute discretion. The Board shall notify the Holder of the satisfaction or waiver of any Forfeiture Conditions applicable to the Performance Rights held by the Holder.
- 4.5 Unless otherwise determined by the Board when it resolves to grant the Performance Right and subject to any Forfeiture Conditions applicable to the Performance Right, each Performance Right is granted on the terms set out in this paragraph 4.5 and the Rules and this Schedule generally.

Exercise of Performance Rights

- (a) Each Performance Right entitles the Holder to subscribe for one Share on exercise of the Performance Right.
- (b) Subject to paragraph (d), a Performance Rights will automatically exercise on satisfaction of the Forfeiture Conditions.
- (c) A Performance Right not exercised by the Expiry Date shall automatically lapse.
- (d) Notwithstanding paragraph 4.5 and paragraph (b) the Board may, in its absolute discretion, determine that Performance Rights may be exercised:
 - (i) during a Takeover Period;
 - (ii) at any time after a Change of Control Event has occurred;
 - (iii) at any time after the announcement of a proposed capital reconstruction referred to in paragraph (1);
 - (iv) following the occurrence and announcement by the Company of an event that in the opinion of the Board is likely to lead to the Company being removed from the official list of ASX;
 - (v) within 12 months, in the event of the death or Permanent Disablement of a Participant, in respect of Performance Rights held by or on behalf of that Participant; or
 - (vi) within 12 months, in the event of the cessation of a Participant's employment with a Group Company as a result of the Participant's position becoming redundant.

- (e) If, in the reasonable opinion of the Board, a Participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may deem any unexercised Performance Rights held by or on behalf of the Participant to have lapsed.

Notice of exercise

Based on Forfeiture Conditions being met Performance Rights will automatically vest and be converted to shares as soon as practicable.

Issue of certificates

- (f) Subject to paragraphs (b) above, within 10 Business Days of the Forfeiture Conditions being satisfied, the Board must:
 - (i) acquire or allot and issue the number of Shares specified in the notice to the Holder;
 - (ii) cancel the certificate or holding statement for the Performance Rights being exercised; and
 - (iii) if applicable, issue a new certificate or holding statement for any remaining unexercised Performance Rights covered by the certificate or holding statement accompanying the notice.

Allotment of Shares

- (g) All Shares allotted upon the exercise of Performance Rights will be credited as fully paid and will be of the same class and rank equally in all respects with other Shares, and, in particular, entitle their holders to participate fully in:
 - (i) dividends declared by the Company after the date of allotment; and
 - (ii) all issues of securities offered to holders of Shares where entitlements to participate in those issues are determined by reference to a record date after the date of allotment of Shares allotted upon the exercise of Performance Rights.

Quotation on ASX

- (h) If existing Shares are officially quoted by ASX, the Company must apply for official quotation by ASX of all Shares allotted pursuant to the exercise of Performance Rights not later than 10 Business Days after the date of allotment.
- (i) The Company will not apply to have the Performance Rights granted under the Plan quoted on ASX or any other stock exchange.

New issues

- (j) Holders will only be permitted to participate in a pro rata issue of Shares to the holders of Shares on the prior exercise of Performance Rights. The Company must notify the Holder of the proposed issue at least 7 Business Days before the record date to determine entitlements to the pro rata issue.

Bonus issues

- (k) If from time to time prior to the expiry of any Performance Rights the Company makes an issue of any class of shares to the holders of Shares on a pro rata basis by way of capitalisation of profits or reserves (other than an issue in lieu of dividends) (a **Bonus Issue**) then upon exercise of a Performance Right, each Holder is entitled to have issued (in addition to the Shares which would otherwise be issued upon such exercise) the number of shares of the class which would have been issued to the Holder under the Bonus Issue (**Bonus Shares**) if on the date on which entitlements to participate in the Bonus Issue were calculated the Holder had been registered as the holder of the number of Shares of which the Holder would have been registered as holder if immediately prior to that date the Performance Right had been exercised and the Shares the subject of such exercise had been duly allotted and issued. The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

Reorganisation of capital

- (l) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Performance Rights to which each Holder is entitled or the Exercise Price (if any) or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Performance Rights which are not conferred on Shareholders.
- (m) The Company must give notice to each Holder of any adjustment to the number of Shares for which the Holder is entitled to subscribe for or to the Exercise Price (if any) pursuant to the provisions of paragraph (l).

Restrictions

- (n) A Holder must not sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Performance Rights, or agree to do any of those things, until they are exercised or expire.
- (o) An Offer may specify a restriction period for Shares issued on the exercise of Performance Rights.

5. CONDITIONS OF EXERCISE OF PERFORMANCE RIGHTS

- 5.1** Performance Rights may not be exercised during the period commencing on the Issue Date and expiring on the later of the Vesting Date and the date when the last of any Exercise Conditions or other Forfeiture Conditions is satisfied or waived by the Company. (Restricted Period)



This Application Form relates to the Offer of 50,000,000 Fully Paid Shares in Aziana Limited each at \$0.25 together with one free attaching Listed Option for each two Shares subscribed for. While the Prospectus is current, the Company will send paper copies of the Prospectus and any Supplementary Prospectus (if applicable) and an Application Form on request without charge pursuant to the Prospectus dated 14 September 2011.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 8,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

All cheques should be made payable to **AZIANA LIMITED** and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:

Aziana Limited
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

OR

Delivered to:

Aziana Limited
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applications must be received by no later than 5.00pm WST on the Closing Date 13 October 2011 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESSE HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESSE System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESSE participant (or are sponsored by a CHESSE participant) and you wish to hold shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Aziana Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

CORRECT

Mr John Alfred Smith

INCORRECT

J A Smith

Company

Use the company's full title, not abbreviations.

ABC Pty Ltd

ABC P/L or ABC Co

Joint Holdings

Use full and complete names.

Mr Peter Robert Williams &
Ms Louise Susan Williams

Peter Robert &
Louise S Williams

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Sue Smith Family Trust

Deceased Estates

Use the executor(s) personal name(s).

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Estate of Late John Smith
or
John Smith Deceased

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Mr John Alfred Smith
<Peter Smith A/C>

Master Peter Smith

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

John Smith and Son

Superannuation Funds

Use the name of the trustee(s) of the super fund.

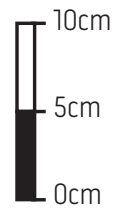
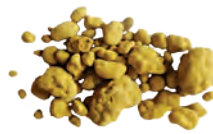
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Jane Smith Pty Ltd Superannuation Fund

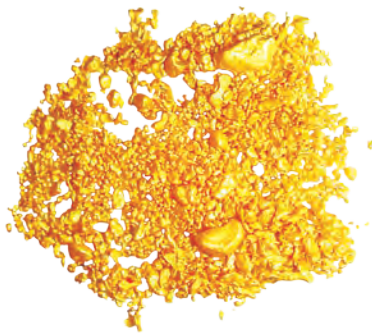
AZIANA SAMPLES



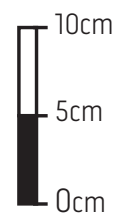
SAKALEONA PAN GOLD SAMPLE



**MANANTENINA WASHED
BAUXITE SAMPLE**



SAKALEONA PAN GOLD SAMPLE



**MANANTENINA RAW
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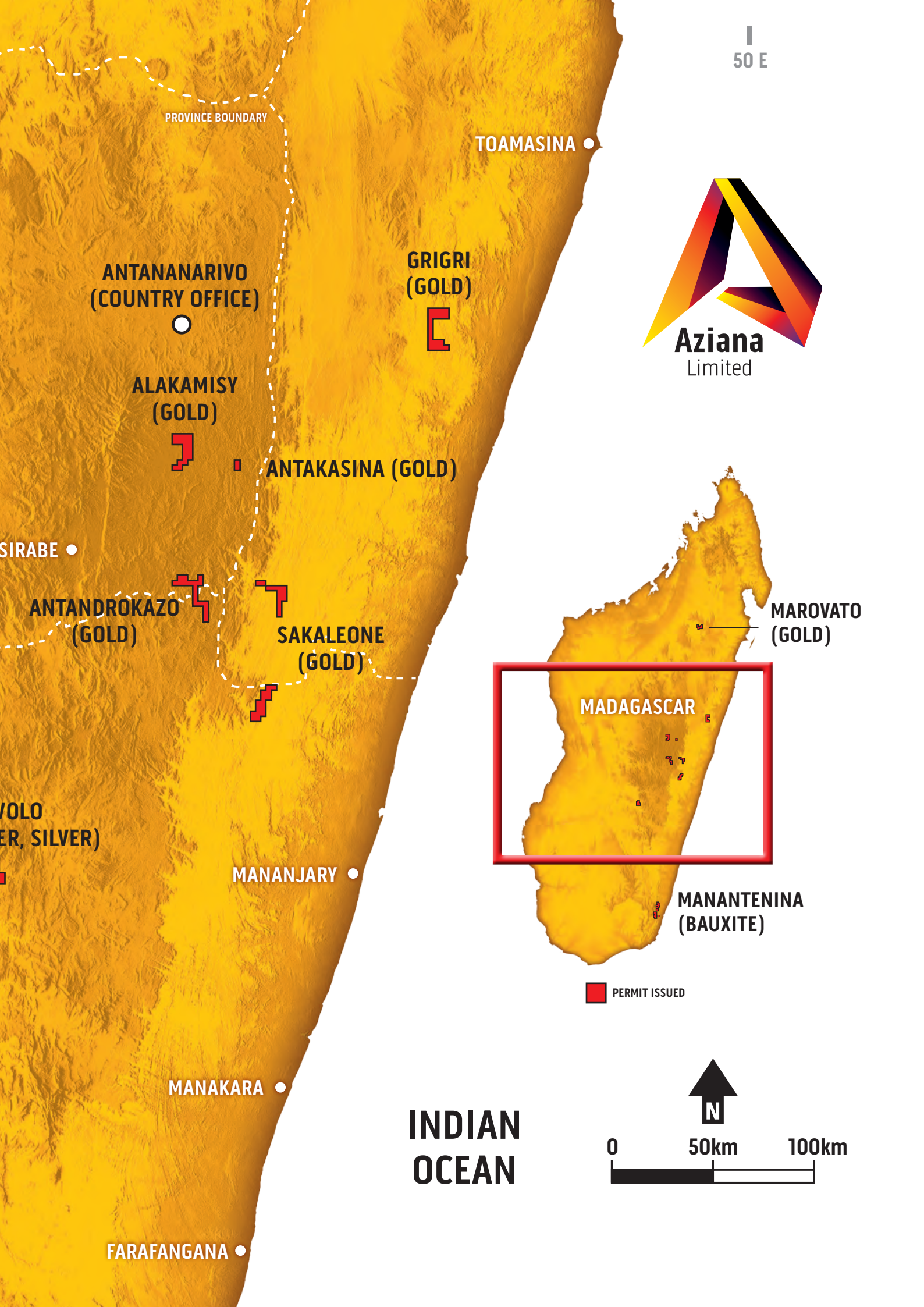
MANDRONARIVO ●

ANOSIVOLO
(GOLD, COPPER, SILV



● MOROMBE

PROVINCE BOUNDARY





Aziana
Limited

ACN 151 159 812

Registered Office

Level 3, 123 Adelaide Terrace
East Perth WA 6004

Telephone: + 61 8 9220 5650

Facsimile: +61 8 9220 5757

Postal Address

GPO Box 2606
Perth WA 6001

E-Mail

admin@aziana.com.au

Trading symbol: AZK