



Notice of General Meeting and Explanatory Memorandum

The General Meeting of

CELAMIN HOLDINGS NL

ACN 139 255 771

*Will be held at
11:00am (AEST) on Friday 27 April 2012*

At

*The Institute of Chartered Accountants
Level 3, 600 Bourke Street, Melbourne, Victoria*

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

CELAMIN HOLDINGS LIMITED

ABN 82 139 255 771

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Celamin Holdings NL (the **Company**) will be held at The Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne Victoria at 11:00am (AEST) on Friday 27 April 2012.

This Notice of General Meeting is accompanied by a Proxy Form and an Explanatory Memorandum which contains an explanation of, and information regarding, the proposed Resolutions. The Proxy Form and Explanatory Memorandum form part of this Notice of General Meeting.

Resolution 1 – Ratification of Prior Share Issue

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve, ratify and confirm the allotment and issue on 4 January 2012 of 4,666,669 fully paid ordinary shares in the Company at an issue price of \$0.15 (15 cents) each on the terms and conditions set out in the Explanatory Memorandum."

Resolution 2 – Change in nature and scale of activities

To consider and, if thought fit, to pass the following as an ordinary resolution:

"Subject to Resolutions 3, 4 and 8 being passed, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to consummate the Acquisition Agreement and make a change in the nature and scale of its business activities as set out in the Explanatory Memorandum."

Resolution 3 – Issue of Consideration Shares to Non-Related Parties of the Company

To consider and, if thought fit, to pass the following as an ordinary resolution:

"Subject to Resolutions 2, 4 and 8 being passed and completion of the Celamin Limited Acquisition, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 32,978,602 fully paid ordinary shares in the Company to the Celamin Limited Vendors (or nominees) who are non-related parties of the Company, as consideration for the Celamin Limited Acquisition on the terms and conditions set out in the Explanatory Memorandum."

Resolution 4 – Issue of Consideration Shares to an entity associated with Mr David Regan

To consider and, if thought fit, to pass the following as an ordinary resolution:

"Subject to Resolutions 2, 3 and 8 being passed and completion of the Celamin Limited Acquisition,, for the purposes of ASX Listing Rule 10.1, ASX Listing Rule 10.11, Chapter 2E and Section 611 Item 7 of the Corporations Act and for all other purposes, Shareholders approve the issue of 39,521,398 fully paid ordinary shares in the Company to David Regan (Managing Director of the Company) and Marie Regan as trustees for the Regan Superannuation Fund (or nominee), as consideration for the Celamin Limited Acquisition on the terms and conditions set out in the Explanatory Memorandum."

Resolution 5 – Election of the Honourable Andrew P. Thomson as Non-Executive Chairman

To consider and, if thought fit, to pass the following as an ordinary resolution:

"Mr. Andrew Thomson, a director who was appointed to the Board to fill a casual vacancy on 4 January 2012, being eligible and having offered himself for election, be elected as a Director of the Company."

Resolution 6 – Election of Mr Martin Broome as a Non-Executive Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

"Mr Martin Broome, a director who was appointed to the Board to fill a casual vacancy on 22 February 2012, being eligible and having offered himself for election, be elected as a Director of the Company."

Resolution 7 – Appointment of Mr. John Hartigan as a Non-Executive Director

To consider and, if thought fit, to pass the following as an ordinary resolution:

"Subject to Resolutions 2, 3, 4 and 8 being passed and completion of the Celamin Limited Acquisition, Mr. John Hartigan, having consented to act, be appointed as a Non-Executive Director of the Company."

Resolution 8 – Capital Raising

To consider and, if thought fit, to pass the following as an ordinary resolution:

"Subject to Resolutions 2, 3 and 4 being passed and completion of the Celamin Limited Acquisition, that, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue of up to 50,000,000 fully paid ordinary shares in the

Company at an issue price of no less than \$0.20 (20 cents) each for the purposes and on the terms and conditions set out in the Explanatory Memorandum."

Resolution 9 – Adoption of Employee Share Option Plan

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.2 Exception 9(b), and for all other purposes, approval is given for the establishment of the Celamin Holdings NL Employee Share Option Plan and the issue of securities under that Plan on the terms and conditions summarised in the Explanatory Memorandum."

Voting Instructions

Voting instructions and restrictions are set out in the notes to this Notice of General Meeting. If you cannot attend the General Meeting, you are strongly urged to complete the Proxy Form and return it to the Company's Share Registry, Advanced Share Registry Limited (see Proxy Form for details).

The Directors, where eligible to vote, unanimously recommend the approval of each of the Resolutions contained in this Notice of Meeting and encourage eligible Shareholders to vote in favour of the Resolutions.

The Chairman of the meeting intends to vote undirected proxies in favour of all of the Resolutions. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for each of the Resolutions.

BY ORDER OF THE BOARD



Melanie Leydin
Company Secretary/Director
Celamin Holdings NL
Dated: 28 March 2012

CELAMIN HOLDINGS NL

ABN 82 139 255 771

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice of General Meeting dated 28 March 2012 and should be read in conjunction with that Notice as this Explanatory Memorandum contains important information on the proposed Resolutions. All references to time in this Explanatory Memorandum are to Australian Eastern Standard Time (AEST).

Key General Meeting Dates

EVENT	DATE
Last date for receipt of Proxies	11:00am(AEST) on Wednesday 25 April 2012
Record date for voting eligibility at the General Meeting	7:00pm (AEST) on Wednesday 25 April 2012
General Meeting	11:00am(AEST) on Friday 27 April 2012

1. Background to Change of Activities

The Company is a mining exploration company which was admitted to the Official List of ASX in December 2009. Upon its admission to the Official List of ASX, the Company was focussed on the exploration and development of its Victorian gold tenements.

In July 2010, the Company announced that it had entered into a Heads of Agreement to acquire 100% of the issued capital of Celamin Limited, an Australian minerals, exploration and development company that has a portfolio of phosphate and base and precious metals projects in Tunisia and Algeria. The Company subsequently entered into the Acquisition Agreement to give effect to the proposed acquisition of Celamin Limited in September 2010.

Pursuant to the terms of the Acquisition Agreement, the Company has to date, paid \$4,850,000 to Celamin Limited to fund prefeasibility studies and other studies and following satisfactory completion of mutual due diligence, on 29 October 2010, issued:

- (a) 2,500,000 fully paid ordinary shares;
- (b) 5,000,000 options having an exercise price of \$0.20 (20 cents) and an expiry date of 31 March 2014 each; and
- (c) 7,500,000 partly paid shares,

to the Celamin Limited Vendors in consideration for the Celamin Limited Vendors transferring 10% of the issued capital of Celamin Limited to the Company. The Company announced the proposed issue of these securities to the market on 12 October 2010.

Celamin limited has delivered a pre-feasibility study of its Bir El Afou project which was announced by the Company on 3 November 2011 and based on that the Company and Celamin Limited agreed to proceed with the Acquisition Agreement. The ability of the Company to acquire the remaining 90% interest in the issued capital of Celamin Limited is subject to the following conditions being satisfied:

- (a) the completion by Celamin Limited of a pre-feasibility study on the Bir El Afou projects, the results of which should establish a resource estimated in accordance with the JORC Code of a minimum of 29,000,000 tonnes grading of a minimum of 11.1% phosphate;
- (b) the Company obtaining all necessary shareholder approvals for completion of the Celamin Limited Acquisition;
- (c) the issue by the Company of 72,500,000 fully paid ordinary shares to the Celamin Limited Vendors; and
- (d) the Company completing a capital raising of up to \$10 million. The proceeds of this capital raising are to be advanced to Celamin Limited (upon it becoming a wholly owned

subsidiary of the Company) for the purposes of completing pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing other projects in the portfolio of Celamin Limited.

Upon the satisfaction of these conditions, the Celamin Limited Vendors will transfer the remaining 90% interest in Celamin Limited to the Company and Celamin Limited will subsequently become a wholly owned subsidiary of the Company.

The Company advises that condition (a) has been satisfied and the satisfaction of conditions (b), (c) and (d) are dependent upon Shareholders passing Resolutions 2,3, 4 and 8 respectively.

Upon completion of the Celamin Limited Acquisition, the Company proposes to focus its activities on completing pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing other projects in the portfolio of Celamin Limited in the North Africa and Middle East Region.

The ASX has informed the Company that it considers that the completion of the Celamin Limited Acquisition will result in the Company making a significant change to the nature and scale of its activities and as a result, requires shareholders to approve the Celamin Limited Acquisition in accordance with Listing Rule 11.1.2 and requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules.

2. Background to Celamin Limited

Celamin Limited is an Australian incorporated minerals exploration and development company. Celamin Limited aims to build an environmentally sustainable, financially robust, minerals exploration and development company based in the North Africa Middle East region.

The Celamin Limited team has carefully selected, and identified advanced projects in well understood geological environments. The portfolio includes phosphate and base and precious metals projects and all the projects are held with local partners. Celamin Limited believes in working closely with reputable local partners who understand the legal and fiscal environment and have good relationships in their respective countries. Mining operations have been successfully undertaken in these countries (Tunisia and Algeria) for many years by other local and foreign entities.

Table 1: The Tenements

PROJECT	Permit	OTHER PARTIES	PRESENT PERCENTAGE INTEREST
TUNISIA			
Bir El Afou Phosphate*	Exploration Permit	Tunisian Mining Services	Celamin Ltd: 80% TMS: 20%
Chaketma Phosphate*	Exploration Permit	Tunisian Mining Services	Celamin Ltd: 80% TMS: 20%
Oued Maden, Tunisia Base Metals (Pb/Zn)	Exploration Permit	Tunisian Mining Services	Celamin Ltd: 50% TMS 50%
El Haouria, Tunisia Base Metals (Pb/Zn)	Exploration Permit	Tunisian Mining Services	Celamin Ltd: 50% TMS: 50%
Sidi Driss, Tunisia Base Metals (Pb/Zn)	Exploration Permit	Tunisian Mining Service	Celamin Ltd: 50% TMS: 50%
Tunisia Tailings Base Metals (Pb/Zn)	Authorisation from Ministry of Mines	Tunisian Mining Services	Celamin Earns in for 50% after spending first USD500,000 then all the interests are held 50/50
ALGERIA			
Algeria Oued El Kebir Base & Precious Metals (Pb/Zn/Ag)	Mining Permit	Fianceres Algerieenes	49% - Farm In for Completing a Feasibility Study

**the Exploration Permits were granted to Celamin Limited and Tunisia Mining Services on an 80/20 basis. Celamin Limited has committed in its applications for the permits to allow for a 50% Tunisian interest in the projects at the time of each project's development. In the interim Celamin Limited will cover the costs of 95% of the pre-feasibility study costs and 70% of the feasibility study costs of the first development. All costs thereafter will be borne by the participants in accordance with the participation percentages.*

3. Indicative Timetable

EVENT	DATE*
Despatch of Notice of Meeting	28 March 2012
Prospectus sent to Shareholders	11 April 2012
Opening Date of Priority and Public Offer	11 April 2012
Priority Offer Closing Date	26 April 2012
Shares Suspended From Trading	27 April 2012
Shareholder Meeting	27 April 2012
Public Offer Closing Date	11 May 2012
Issue of Shares under Prospectus	15 May 2012
Despatch Date	15 May 2012
Completion of Acquisition	15 May 2012
ASX Trading Resumes	22 May 2012

**The above timetable is indicative only and may be varied in consultation with ASX.*

4. Advantages and Disadvantages

4.1. Advantages of the Celamin Limited Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a shareholder's decision on how to vote on the proposed Resolutions:

- (a) The Directors consider that the Celamin Limited Acquisition and the change to the nature and scale of the Company's activities represents an opportunity for the Company and its shareholders to focus the exploration and development of Phosphate, Precious and Base Metals in Tunisia and Algeria. The Company's Directors believe that the North African region has a great, but to date, largely underexplored, potential for the discovery, delineation and economic production of a variety of minerals and metals including phosphate, gold, silver, platinum group elements, nickel, copper, lead and zinc;
- (b) The proposed transaction represents a significant opportunity for the Company and will result in the Company acquiring an entity that has carefully selected and acquired interests in high quality minerals development projects within Tunisia and Algeria and has developed working relationships with reputable partners who understand the legal and fiscal environments and have good relationships in those countries;
- (c) The expected increased market capitalisation of the Company, the proposed capital raising (the subject of Resolution 8) and the new business of the Company that will be implemented subsequent to the completion of the Celamin Limited Acquisition may lead to an increase in the liquidity of the Company's shares and lead to shareholders having the opportunity to readily realise value from their trading shares. In addition, the expected increased market capitalisation of the Company will increase the capacity for it to access debt and equity finance to pursue growth strategies and the acquisition of further development projects in North Africa Middle East region;

- (d) The Independent Expert has ascribed a range of values to the projects held by Celamin Limited, as is noted within the Independent Expert's Report attached to this Notice of Meeting; and
- (e) The proposed Celamin Limited Acquisition has been deemed to be fair and reasonable to the Company's non-associated shareholders.

4.2. Disadvantages of the Celamin Limited Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a shareholder's decision on how to vote on the proposed Resolutions:

- (a) The Directors of the Company consider that the principal disadvantage of the Celamin Limited Acquisition, is the increase in the risk profile of the Company due to the risks and uncertainties of phosphate exploration and the conduct of activities in North Africa and the Middle East;
- (b) Pursuant to the Acquisition Agreement, the Company has already committed approximately \$4,850,000 and issued securities to the Celamin Limited Vendors to acquire a 10% interest in Celamin Limited. If the Celamin Limited Acquisition does not proceed the Company will not realise the value it was anticipating from its investment;
- (c) The non-associated shareholders of the Company may consider that a superior alternative to the Celamin Limited Acquisition will emerge. The Directors of the Company believe that this is highly unlikely and confirm that to date, no such opportunity has been presented to the Board;
- (d) Completion of the Celamin Limited Acquisition will result in the issue of shares to the Celamin Limited Vendors and participants in the capital raising that is the subject of Resolution 8. The issue of these shares will have a dilutionary effect on the current holdings of shareholders; and
- (e) The projects that Celamin Limited has an interest in may not become commercially viable and losses may be incurred and shareholders should be aware that investments in listed exploration companies are high risk.

A full copy of the Independent Expert's Report is included as an attachment to this Notice of Meeting. Shareholders are encouraged to review the report in full before making a decision as to how to vote.

5. Risks

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature and scale of its activities to a minerals exploration and development country focused in the North Africa Middle East region. A non-exhaustive list of the risk factors associated with the change to the nature and scale of the Company's activities are as follows:

5.1. Risks relating to the Change in Nature and Scale of Activities

The Company is required to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX. There is a risk that the Company may not be able to meet the requirements of ASX for re-quotations of its Shares on ASX;

5.2. Risks relating to the Celamin Limited Projects

Mineral exploration is a high risk activity, with no guarantee of success.

5.3. Commodity and Currency Price Volatility

Commodity prices are subject to influencing factors beyond the control of the Company and can be subject to significant fluctuations. Some of these influencing factors include:

- world demand for particular commodities;
- the level of production costs in major commodity producing regions; and
- expectations regarding inflation, interest rates and US dollar exchange rates.

Any significant and/or sustained fluctuation in exchange rates or commodity prices would have a material adverse effect on the Company's operations and financial position.

5.4. Tenure and Access

The permits in which Celamin Limited and the Company will, or may, in the future acquire an interest, are subject to applicable local laws and regulations and there is no guarantee that any permit applications or conversions will be granted.

The permits are subject to conditions that are imposed by each relevant jurisdiction and failure to comply with these conditions may render the permits liable to forfeiture.

All of the projects which Celamin Limited and the Company have an interest in will be subject to renewal from time to time. Renewal of the term of each permit is subject to the applicable legislation. If a permit is not renewed for any reason, the Company may lose the opportunity to develop and discover any mineral resources on that permit.

5.5. Economic Factors

The Company's future possible revenues, operating costs, share price and returns to shareholders may be affected by changes in factors such as:

- local and world economic conditions;
- inflation or inflationary expectations;
- currency movements;
- interest rates;

- supply and demand;
- levels of tax, taxation law and accounting practice;
- government legislation or intervention;
- industrial disruption; and
- natural disasters, social upheaval or war in North Africa Middle East Region or elsewhere.

These factors are beyond the control of the Company and its Directors.

5.6. Government

Changes in legislation and government policy in Tunisia, Algeria, Australia and internationally (including taxation and monetary policies and corporation laws) could materially affect the operating results of the Company.

5.7. Geopolitical

The Company will be subject to the risks associated with operating in Tunisia and Algeria. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility and instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations and government control over mineral properties.

Tunisia

Tunisia is a constitutional republic, with a President who serves as head of state, a Prime Minister who serves as head of the Government, a bicameral legislature and a legal system that is based on the French Civil Code and Islamic law.

President Ben Ali governed from 1987 until 2011 when in response to political protests, he reportedly fled the country and the then Prime Minister took over as interim President. As a result of the protests, democratic elections were held in September 2011, these elections resulted in a new Constituent Assembly being formed with the moderate Islamist party which is modelled on the AKP party in Turkey, Ennahda holding a majority of seats.

In December 2011, Moncef Marzouki was named as the President of Tunisia. Marzouki will hold office for one year until the Tunisian Constitution is rewritten and new elections are held. No assurance can be given regarding the proposed changes to the Constitution or regarding the future political stability of Tunisia.

There is great pressure on the political parties to maintain the existing well developed tourist industry and to create new jobs (especially in rural areas) and to encourage foreign direct investment.

Algeria

Algeria is a constitutional republic, with a President who serves as head of state, a Prime Minister who serves as the head of the Government, a bicameral legislature and a legal system that is based on French and Islamic law.

The current President is Abdelaziz Bouteflika who has been in power since 1999.

Since 1988, Algeria has implemented a wide program of reforms to move towards a market economy. The transition requires a restructure of Algeria's public industrial sector by removing or modifying controls and regulations that distort price signals and by opening up to international competition.

The key challenge was to implement appropriate policies to ensure long-term macroeconomic stability and promote economic diversification. The goal of the economic liberalization policy was to reduce the impact of the steep fluctuations in hydrocarbon prices on the budget and to boost job creation within the private sector.

Algeria remains dependent on the hydrocarbon sector for its exports and material and food imports. A goal of the economic liberalization policy is to reduce the overreliance on oil and gas which remains excessive.

Algeria will need to diversify the scope of industrial and agricultural as well as of the service sectors, to reduce this dependence. In this frame, Algeria wants to develop mining activities.

As diversification of the economy has only recently commenced, Algeria is favourable to foreign direct investment, creating jobs and providing new export incomes.

5.8. Regulatory

Activities undertaken by the Company and its subsidiaries will require compliance with various laws relating to the protection and rehabilitation of the environment, health and safety, culture and heritage and other matters.

In addition the Company and its subsidiaries will be required to obtain numerous government permits, leases, licences and approvals in respect of its exploration and mining operations. There is a risk that the Company may not obtain or may lose permits, leases, licences or approvals, essential to the Company's operations.

The Company cannot predict how existing, or future laws and regulations may be interpreted by enforcement agencies or court rulings, whether additional laws and regulations will be adopted, or the effect such changes may have on the Company's business or financial condition.

5.9. Environmental Risks

Mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored, and as far as possible, minimised.

The Company is not aware of any endangered species of fauna and flora within any of its project areas. Other than Bir El Afou no environmental studies have been undertaken to date, and discovery of any such endangered species could prevent further work in certain areas.

5.10. Exploration, Development, Mining and Processing Risks

One of the biggest risks facing the Company is that the proposed exploration programs may not result in exploration success. Mineral exploration by its nature is a high risk endeavour and consequently there can be no assurance that exploration of the project areas in which the Company and Celamin Limited has an interest in, or any other projects that may be pursued in the future, will result in discovery of an economic mineral deposit.

Should a discovery be made, there is no guarantee that it will be commercially viable for a host of factors beyond the control of the Company impacting the economics of mining operations. While the Directors will make every effort to reduce the above risks through their experience in the exploration and mining industry, the fact remains that a commercially viable mineral discovery is very much the exception rather than the rule and success can never be guaranteed. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

In summary, mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable ore reserves;
- successful conclusions to feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees.

Other factors that could affect the operations of the Company include:

- failure to achieve predicted grades in exploration and mining;
- poor performance levels from external contractors;
- operational and technical difficulties encountered in mining;
- difficulties in commissioning and operating plant and equipment;
- availability of suitable plant and expertise from contractors and consultants;
- mechanical failure or plant breakdown;
- unanticipated metallurgical problems which may affect extraction rates and costs;
- adverse weather conditions;
- industrial and environmental accidents;
- industrial disputes;
- availability of water and power; and
- unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment.

Consequently, there can be no assurance that through the projects the Company will be able to develop and commercialise mineral extraction from its tenements and generate positive cashflow to sustain the financial viability of the Company.

5.11. Joint Ventures

Celamin Limited and its subsidiaries are a party to a number of joint ventures which require them to contribute to joint venture expenditure and associated costs. If these costs are unable to be met there may be a default under the agreement and Celamin Limited or its subsidiary (as applicable) may be required to surrender its interest in the joint venture and/or withdraw from the joint venture. If Celamin Limited or its subsidiaries withdraw from a joint venture, they will no longer hold any interest in that exploration project.

The Company must ensure that it has sufficient capital to meet any joint venture funding obligations from time to time. This is likely to require the Company to raise additional funds over the course of the joint ventures. There can be no assurance that the Company will be able to raise finance on acceptable terms or within the specified timeframe.

The Company is also reliant on the joint venture partners complying with their obligations under the respective agreements.

5.12. Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. While 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.

5.13. Directors and Management

The Company is dependent on a small and skilled team to undertake the business of the Company and implement its exploration and development programs. If Directors or managers were to leave the Company, the Company may not be able to find suitable replacements. Consequently, the exploration and development programs and the management of the Company could be affected by the lack of suitable Directors, managers, employees or staff.

5.14. Early Stage of Development

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

The mineral tenements that the Company and Celamin Limited have an interest in are at various stages of exploration and shareholders should understand that mineral exploration and development are high risk undertakings.

There can be no assurance that exploitation of the tenement areas described in this Notice of Meeting, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

5.15. Solvency and Liquidity Risk

The Company will initially not have any income other than the interest on the cash deposits from its capital raising. If the Company was not able to meet the ongoing expenditure and joint venture commitments, the Company may not be able to earn or maintain proposed equity interests in the tenements. Accordingly, the Company may potentially lose entitlement or rights to interest s in these projects.

5.16. Unforeseen Risks

There may be other risks which the Directors are unaware of at the time of issuing this Notice of Meeting which may impact on the Company and its operations, and on the valuation and performance of the Company's shares.

6. Directors' Recommendations

The Directors of the Company consider that the transactions the subject of the Resolutions are in the best interests of the Company and where eligible to vote, recommend that Shareholders vote in favour of the Resolutions.

7. Board Changes

On 4 January 2012, the Honourable Andrew P. Thomson was appointed as Non-executive Chairman of the Company. His election as a director is the subject of Resolution 5.

On 22 February 2012, Mr Martin Broome was appointed as a Non-executive Director of the Company. His election as a Director is the subject of Resolution 6.

Subject to Resolutions 2, 3, 4 and 8 being passed, it is also proposed that Shareholders appoint Mr John Hartigan to the Board. His appointment as a Director is the subject of Resolution 7.

Details of Mr Thomson, Mr Broome and Mr Hartigan are set out below:

7.1. The Honourable Andrew P. Thomson (BA, LLB, LLM)

Mr. Thomson lives in Tokyo and works as a consultant to Minter Ellison Lawyers working in the Middle East and Asia on investment and government relations matters. He is also Chairman of Athena Resources Limited (ASX Code: AHN) and Gulf & Asian Mining Pty Ltd.

Until 2005 Mr. Thomson lived in Washington D.C. where he served at the World Bank as an Assistant and Acting Executive Secretary of the Inspection Panel. In this role Mr Thomson conducted investigations of developing world projects. He also practiced as an attorney with Willkie Farr & Gallagher.

Mr Thomson spent the early years of his career in Tokyo working as a fund manager for GT Management (Japan) Ltd and later as an investment banker at Credit Suisse-First Boston (Japan) focusing on Japanese equities and fixed income funds and commodity-based derivatives.

Before moving to Washington D.C. in 2001 Mr Thomson was a Member of Parliament in Australia, representing a district in Sydney in the House of Representatives. During the 1990s he served as Parliamentary Secretary for Foreign Affairs, Minister for Sport, Tourism, and Minister Assisting the Prime Minister for the Sydney 2000 Games, Chairman of the Australia-Japan Parliamentary Friendship League, and Chairman of the Joint Standing Committee on Treaties (JSCOT).

Mr Thomson is a graduate of the Law Faculty of the University of Melbourne, the International Center of Keio University in Tokyo, and Georgetown University Law Center. His other languages are Japanese, Mandarin Chinese, and Arabic.

7.2. Mr. Martin Broome (BSc, MSc)

Mr. Broome has more than 37 years of experience working in the minerals industry in Africa. Until 2010, Mr. Broome was Managing Director of African Mining Consultants (“AMC”) having founded AMC in 1994. This followed a 25 year career with ZCCM in the Zambian Copperbelt. Mr Broome, an MSc graduate in Rock Mechanics from Imperial College London, progressed to being the Group Rock Mechanic Engineer for ZCCM until 1989. Following this, Mr Broome was involved in project management for the Baluba and Chambishi mining projects before initiating AMC where he has overseen open pit and underground rock mechanics design projects, feasibility studies for large and small scale open pit and underground mining projects; mine audits, due diligence and competent person’s reports, mining methods, backfill and rock mechanics studies, government and parastatal mining company privatisations and environmental auditing and project management.

Mr Broome has been a Non-executive Director of Barclays Bank of Zambia plc, since 2003 and has been Chairman of the Bank’s Subsidiary Audit Committee since 2009.

7.3. Mr. John Hartigan (B Com, FAICD, FCIS, FCPA, ANZIIF (Senior Assoc))

Mr Hartigan has had extensive experience with public companies in Director and senior executive roles, including 5 years as a Non-executive Director of the previously listed international Australian Oil & Gas Corporation Limited group, where he was also a member of the Audit Committee. From September 2003 until July 2008 Mr Hartigan was CFO & Secretary of the international eServGlobal Limited group, which is listed on the ASX and on the London Stock Exchange (AIM). He also had 9 years with Industrial Equity Limited, where he was Executive Director & Secretary for 4 years. Mr Hartigan has had extensive experience in Corporate Governance and IPO Due Diligence (including Woolworths).

8. Pro-Forma Statement of Financial Position

A pro-forma statement of financial position of the Company post the Celamin Limited Acquisition is set out in Schedule A of this Explanatory Memorandum.

9. Effect on Capital

If all of the Resolutions are passed and the securities are issued in accordance with Resolutions 3, 4 and 8, the capital structure of the Company will be as follows:

Table 2A: Capital Structure as at the Date of This Notice of Meeting

Celamin Limited Shareholder	No. of Ordinary Shares held as at date of Notice of Meeting	No. of Partly Paid Shares held as at date of Notice of Meeting	No. of Options held as at date of Notice of Meeting	% held in CNL (if Options and Partly Paid Shares not exercised*	No. Shares in CNL (if Options and Partly Paid Shares were exercised	% held in CNL (if all Options and Partly Paid Shares on issue were exercised*
Non-Associated Shareholders	49,456,177	9,971,296	20,367,001	91.6%	79,794,474	84.2%
Associated Celamin Limited Shareholder (Mr David Regan)	3,362,806	2,088,421	2,725,613	6.3%	8,176,840	8.6%
Non-Related Celamin Limited Vendor Shareholders	1,137,194	3,411,579	2,274,387	2.1%	6,823,160	7.2%
TOTAL	53,956,177	15,471,296	25,367,001	100%	94,794,474	100%

Table 2B: Capital Structure Assuming Resolutions 3 and 4 are Passed

Celamin Limited Shareholder	No. of Ordinary Shares held as at date of Notice of Meeting	No. of Partly Paid Shares held as at date of Notice of Meeting	No. of Options held as at date of Notice of Meeting	Consideration Shares Entitlement (to be issued pursuant to Resolutions 3 and 4)	No. Shares in CNL (if Options and Partly Paid Shares not exercised	% held in CNL (if Options and Partly Paid Shares not exercised*	No. Shares in CNL (if Options and Partly Paid Shares were exercised	% held in CNL (if all Options and Partly Paid Shares on issue were exercised*
Non-Associated Shareholders	49,456,177	9,971,296	20,367,001	0	49,456,177	39.1%	79,794,474	47.7%
Associated Celamin Limited Shareholder (Mr David Regan)	3,362,806	2,088,421	2,725,613	39,521,398	42,884,205	33.9%	47,698,239	28.5%
Non-Related Celamin Limited Vendor Shareholders	1,137,194	3,411,579	2,274,387	32,978,602	34,115,795	27%	39,801,761	23.8%
TOTAL	53,956,177	15,471,296	25,367,001	72,500,000	126,456,177	100%	167,294,474	100%

Table 2C: Capital Structure Assuming Resolution 8 is Passed

Celamin Limited Shareholder	No. of Ordinary Shares held as at date of Notice of Meeting	No. of Partly Paid Shares held as at date of Notice of Meeting	No. of Options held as at date of Notice of Meeting	Consideration on Shares Entitlement (to be issued pursuant to Resolutions 3 and 4)	Capital Raising Shares (to be issued pursuant to Resolution 8)*	No. Shares in CNL (if Options and Partly Paid Shares not exercised)*	% held in CNL (if Options and Partly Paid Shares not exercised and Shares subject of Resolution 8 are issued)*	No. Shares in CNL (if Options and Partly Paid Shares were exercised)*	% held in CNL (if all Options and Partly Paid Shares on issue were exercised and Shares the subject of Resolution 8 are issued)*
Non-Associated Shareholders	49,456,177	9,971,296	20,367,001	0	50,000,000	99,456,177	56.3%	129,794,474	59.8%
Associated Celamin Limited Shareholder (Mr David Regan)	3,362,806	2,088,421	2,725,613	39,521,398	0	42,884,205	24.3%	47,698,239	21.9%
Non-Related Celamin Limited Vendor Shareholders	1,137,194	3,411,579	2,274,387	32,978,602	0**	34,115,795**	19.3%	39,801,762**	18.3%
TOTAL	53,956,177	15,471,296	25,367,001	72,500,000	50,000,000	176,456,177	100%	217,294,475	100%

* These figures assume that a maximum of 50,000,000 shares will be issued pursuant to Resolution 8, the figures will be reduced if less shares are issued. Please also note that the public will be entitled to participate in the capital raising offer.

**The Non-Related Celamin Limited Vendors will be entitled to participate in the capital raising and as such their percentage interest in the Company may be increased.

10. Conditionality of Resolutions

Each of Resolutions 2, 3, 4 and 8 are conditional on the others being passed and completion of the Celamin Limited Acquisition.

Resolution 7 is conditional on Resolutions, 2, 3, 4 and 8 being passed and completion of the Celamin Limited Acquisition.

Resolution 8 is conditional on Resolutions 2, 3 and 4 being passed and completion of the Celamin Limited Acquisition.

If any of the Resolutions that the Resolutions listed above are stated to be conditional upon are not passed, the conditional Resolution will have no effect.

11. Additional Information

Plans for the Company if the Resolutions are not Passed

If the Resolutions relating to the change of the Company's activities are not passed:

- (a) the Company's assets will be
 - (i) a 10% equity interest in Celamin Limited; and
 - (ii) \$1.85 million in loans to Celamin Limited. The loans are repayable within 9 to 18 months, or, in some instances, are convertible into shares in the Company.
- (b) the Company's management will try to monetise these assets as soon as possible;
- (c) the name of the Company be changed to omit "Celamin" before its next AGM . (The Company notes that it may still revert to Victorian Gold Mines as the name has been maintained.);
- (d) the Board will look for new management to take the Company in another direction;
- (e) pursue new opportunities for shareholders; and
- (f) new capital raising may be required depending on the scale and needs of the new opportunities proposed to be pursued by any new management.

12. Resolution 1 – Ratification of Prior Share Issue

12.1. Reasons for requirement of shareholder approval

Subject to certain adjustments and permitted exceptions, ASX Listing Rule 7.1 restricts the number of securities which a listed company may issue in any 12 month period without the approval of shareholders, to 15% of the number of shares on issue at the start of the period.

ASX Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12 month period if shareholders ratify the previous issue of securities.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) The number of shares allotted and issued was 4,666,669 fully paid ordinary shares in the Company.
- (b) The shares were issued at an issue price of \$0.15 (15 cents) each.
- (c) The shares allotted and issued rank equally with the Company's existing fully paid ordinary shares.

- (d) As announced to ASX on 4 January 2012, the shares were allotted and issued to professional and sophisticated investors. The shares were allotted and issued as follows:
 - (i) African Lion 3 Limited – 1,666,667 shares;
 - (ii) Colonial First State - 1,733,334 shares;
 - (iii) RMB Resources Limited - 933,334 shares; and
 - (iv) Mr Andrew Thomson – 333,334 shares.
- (e) The funds raised from the issue of shares were applied towards working capital purposes and by Celamin Limited (pursuant to the terms of the acquisition agreement) to continue with its phosphate work program in Tunisia during the period leading up to the completion of its acquisition by the Company.

12.2. Voting Exclusion

The Company will disregard any votes cast on the Resolution by:

- (a) a person who participated in the issue; and
- (b) an associate of that person (or persons).

However, the Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

12.3. Recommendation

The Company's Directors unanimously recommend that you vote in favour of this Resolution.

13. Resolution 2 – Change in nature and scale of activities

13.1. Reasons for requirement of shareholder approval

Resolution 2 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company. In accordance with the terms and conditions of the Acquisition

Agreement, the Company will acquire the remaining 90% of the issued capital of Celamin Limited from the Celamin Limited Vendors and Celamin Limited will become a wholly owned subsidiary of the Company. Upon completion of the Celamin Limited Acquisition, the Company proposes to focus its activities on completing pre-feasibility and feasibility studies on the Celamin Limited Tunisia Phosphate Projects and for progressing other projects in the portfolio of Celamin Limited in the North Africa and Middle East Region.

In summary, Listing Rule 11.1 provides that a listed company that proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide ASX with information regarding the change and its effect on future potential earnings together with any information ASX asks for;
- (b) if ASX requires, obtain the approval of the company's shareholders to the change; and
- (c) if ASX requires, meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the Official List of ASX.

ASX has indicated to the Company that given the completion of the Celamin Limited Acquisition will result in a significant change in the nature and scale of the Company's activities, ASX requires the Company to:

- (a) obtain Shareholder approval for the purposes of Listing Rule 11.1.2; and
- (b) comply with the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2. The perceived benefits and risks associated with the Celamin Limited Acquisition and the details of the Celamin Limited Acquisition are set out at sections 4 and 5 of this Explanatory Memorandum.

The financial effect that the Celamin Limited Acquisition will have on the Company is set out in Section 8 of this Explanatory Memorandum.

13.2. Voting Exclusion

The Company will disregard any votes cast on the Resolution by:

- (a) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed; and
- (b) an associate of that person (or persons).

However, the Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

13.3. Recommendation

The Company's Directors (other than Mr David Regan who abstains) unanimously recommend that you vote in favour of this Resolution.

13.4. Outcome

If Resolution 2 is passed, the Company will have obtained, in compliance with Listing Rule 11.1.2, Shareholder approval to the change in the nature and scale of its activities to the extent described in the Explanatory Memorandum.

If Resolution 2 is not passed, the Company will not be permitted to change the nature and scale of its activities and the Board of the Company will review the position in order to consider the future of the Company.

The passing of Resolution 2 is conditional upon, and subject to, Resolutions 3, 4 and 8 being passed by Shareholders. Accordingly if you wish to vote in favour of Resolution 2, you should also vote in favour of Resolutions 3, 4 and 8.

14. Resolution 3 – Issue of Consideration Shares to Non-Related Parties of the Company

14.1. Reasons for requirement of shareholder approval

Resolution 3 seeks approval of Shareholders under Listing Rule 7.1, on the basis that a company cannot issue more than 15% of its total issued securities in any twelve month period without first obtaining Shareholder approval. As the number of Consideration Shares to be issued pursuant to the Celamin Limited Acquisition exceeds the Company's 15% limit, Shareholder approval is being sought to the issue of Consideration Shares for the purposes of Listing Rule 7.1.

14.2. Effect of the issue

Following the issue of the Consideration Shares (including those shares proposed to be issued to the Regan Superannuation Fund under Resolution 4), the Celamin Limited Vendors will hold interests in the Company as follows:

Table 3: Celamin Limited Vendor Interests after the issue of the Consideration Shares

Item No	Celamin Limited Vendor Name	No. of Ordinary Shares held as at date of Notice of Meeting	No. of Partly Paid Shares held as at date of Notice of Meeting	No. of Options held as at date of Notice of Meeting	Consideration Shares Entitlement (to be issued pursuant to Resolutions 3 and 4)	No. Shares in CNL (if Options and Partly Paid Shares not exercised)	% held in CNL (if Options and Partly Paid Shares not exercised)*	No. Shares in CNL (if Options and Partly Paid Shares were exercised)	% held in CNL (if all Options and Partly Paid Shares on issue were exercised)*
1.	David & Marie Regan atf The Regan Superannuation Fund	3,362,806	2,088,421	2,725,613	39,521,398	42,884,205	33.9%	47,698,239	28.5%
2.	RNAJ Pty Ltd	731,366	2,194,097	1,462,732	21,209,608	21,940,974	17.4%	25,597,803	15.3%
3.	IBDC SARL	246,477	739,430	492,953	7,147,823	7,394,299	5.8%	8,626,682	5.2%
4.	Sharon Rae Sievert	48,504	145,511	97,007	1,406,603	1,455,107	1.2%	1,697,625	1.0%
5.	Bizzell Capital Partners Pty Ltd	95,012	285,036	190,024	2,755,344	2,850,356	2.3%	3,325,415	2.0%
6.	Michelle And Jean Pierre Brevost	3,959	11,876	7,918	114,806	118,765	0.1%	138,559	0.1%
7.	Compagnie Bancaire Helvetica	11,876	35,629	23,753	344,418	356,295	0.3%	415,677	0.2%
	TOTAL	4,500,000	5,500,000	5,000,000	72,500,000	77,000,000	60.9%	87,500,000	52.3%

**The figures do not account for the issue of shares that are the subject of Resolution 8. Please refer to Table 4 below.*

Table 4: Celamin Limited Vendor Interests after the issue of the Consideration Shares and Shares the subject of Resolution 8

Item No	Celamin Limited Vendor Name	No. of Ordinary Shares held as at date of Notice of Meeting	No. of Partly Paid Shares held as at date of Notice of Meeting	No. of Options held as at date of Notice of Meeting	Consideration Shares Entitlement (to be issued pursuant to Resolutions 3 and 4)	No. Shares in CNL (if Options and Partly Paid Shares not exercised)	% held in CNL (if Options and Partly Paid Shares not exercised and Shares subject of Resolution 8 are issued*	No. Shares in CNL (if Options and Partly Paid Shares were exercised)	% held in CNL (if all Options and Partly Paid Shares on issue were exercised and Shares the subject of Resolution 8 are issued*
1.	David & Marie Regan atf The Regan Superannuation Fund	3,362,806	2,088,421	2,725,613	39,521,398	42,884,205	24.3%	47,698,239	21.9%
2.	RNAJ Pty Ltd	731,366	2,194,097	1,462,732	21,209,608	21,940,974	12.4%	25,597,803	11.8%
3.	IBDC SARL	246,477	739,430	492,953	7,147,823	7,394,299	4.2%	8,626,682	4.0%
4.	Sharon Rae Sievert	48,504	145,511	97,007	1,406,603	1,455,107	0.8%	1,697,625	0.8%
5.	Bizzell Capital Partners Pty Ltd	95,012	285,036	190,024	2,755,344	2,850,356	1.6%	3,325,415	1.5%
6.	Michelle And Jean Pierre Brevost	3,959	11,876	7,918	114,806	118,765	0.1%	138,559	0.1%
7.	Compagnie Bancaire Helvetica	11,876	35,629	23,753	344,418	356,295	0.2%	415,677	0.2%
	TOTAL	4,500,000	5,500,000	5,000,000	72,500,000	77,000,000	43.6%	87,500,000	40.3%

*Assumes a maximum of 50,000,000 shares are issued pursuant to Resolution 8.

Subject to Shareholders approving Resolutions 2, 3 and 8, if Resolution 4 is approved by Shareholders and the Celamin Limited Acquisition completes, the shares held by existing Shareholders of the Company will be diluted through the issue of the Consideration Shares. Please refer Section 9 of this Explanatory Memorandum to review the effect that the Celamin Limited Acquisition will have on the capital structure of the Company.

14.3. Terms of issue

The following information is provided to Shareholders to allow them to assess the proposed issue of the Consideration Shares as required by Listing Rule 7.3.

- (a) The maximum number of Consideration Shares to be issued under Resolution 3 is 32,978,602 fully paid ordinary shares in the Company.
- (b) The issue and allotment of the Consideration Shares will occur no later than 3 months after the date of the General Meeting or such longer period as ASX may approve.

- (c) The Consideration Shares are issued at a deemed issue price of \$0.20 (20 cents) per share.
- (d) With the exception of the first row of each of the tables above (which is the subject of Resolution 4), the identity of the allottees is set out in rows 2 to 7 (inclusive).
- (e) The Consideration Shares to be issued pursuant to this Resolution will, from the date of issue, rank equally with the Company's existing fully paid ordinary shares.
- (f) No funds will be raised by the issue of the Consideration Shares as they are to be issued as part consideration for the Celamin Limited Acquisition.

14.4. Voting Exclusion

The Company will disregard any votes cast on the Resolution by:

- (a) a person who might participate in the proposed issue and a person who might receive a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and
- (b) an associate of that person (or persons).

However, the Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

14.5. Recommendation

The Company's Directors (other than David Regan who abstains) unanimously recommend that you vote in favour of this Resolution.

The passing of Resolution 3 is conditional upon, and subject to, Resolutions 2, 4 and 8 being passed by Shareholders. Accordingly if you wish to vote in favour of Resolution 3, you should also vote in favour of Resolutions 2, 4 and 8.

15. Resolution 4 – Issue of Consideration Shares to an entity associated with Mr David Regan

Resolution 4 is seeking Shareholder approval in accordance with:

- (a) Section 611, item 7 and Chapter 2E of the Corporations Act; and
- (b) Listing Rules 10.1 and 10.11.

15.1. Corporations Act

(a) Section 611, Item 7

(i) Reasons for Requirement of Shareholder Approval

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares in a company if, as a result of the acquisition, that person or someone else's voting power in the company increases:

- (A) from less than 20% to more than 20%; or
- (B) from a starting point that is above 20% and below 90%.

Generally, a person will have a “relevant interest” in the shares if that person holds the shares or has the power to control the right to vote or dispose of the shares. A persons’ voting power in a company is the number of voting shares in which the person (and their associates) has a relevant interest compared with the total number of voting shares in the company.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Section 611, Item 7 of the Corporations Act provides an exemption to the rule set out above. Section 611, Item 7 allows a party (and its affiliates) to acquire a relevant interest in shares that would otherwise be prohibited by Section 606 of the Corporations Act, if the proposed acquisition is first approved by shareholders at a General Meeting of the company, and:

- (A) no votes are cast in favour of the Resolution by the persons acquiring the shares or their respective associates;
- (B) no votes are cast by any person (if any) from whom the acquisition is made and their associates; and
- (C) there was full disclosure to all shareholders of all information that is known to the persons acquiring the shares (or their associates), or known to the company that is material to a decision on how to vote on the Resolution.

Pursuant to the terms of the Acquisition Agreement, the Company has, subject to shareholder approval, agreed to allot a total of 39,521,398 shares to an entity associated with Mr David Regan as part consideration for the purchase of the remaining 90% of the issued capital of Celamin Limited.

Shareholder approval under section 611 item 7 of the Corporations Act is sought pursuant to Resolution 4 because, at the time of completion of the Acquisition Agreement when the Consideration Shares and the Shares the subject of Resolution 8, are allotted and issued, Mr David Regan, a director of both the Company and Celamin Limited (and therefore also a related party of the Company), will hold up to approximately 33.9% of the issued capital of the Company on a fully diluted basis (or 24.3% is all the shares the subject of Resolution 8 are issued).

The following paragraphs set out the information required to be provided to shareholders under ASIC Regulatory Guide 74. Shareholders are also referred to the Independent Expert's Report prepared by DMR Corporate Pty Ltd accompanying this Explanatory Memorandum.

(ii) Identity of Person Acquiring Shares

Mr David Regan and Ms Marie Regan as trustees for the Regan Superannuation Fund will acquire the shares. Mr David Regan, who is a director of both the Company and of Celamin Limited will hold a relevant interest in the shares to be allotted.

(iii) Interest in the Company both before and after Allotment

The interest of Mr David Regan and Ms Marie Regan as trustees for the Regan Superannuation Fund in the Company both before and after the issue of the Consideration Shares that are the subject of Resolution 4 is set out in Table 5 below.

Table 5: Relevant Interests

Relevant Interest as at the date of this Notice of Meeting			Percentage Relevant Interest as at the date of this Notice of Meeting	Consideration Shares to be issued pursuant to Resolution 4	Relevant Interest Post Issue of Consideration Shares			Percentage Relevant Interest*
Full Paid Shares	Partly Paid Shares	Options			Shares	Partly Paid Shares	Options	
3,362,807	2,088,420	2,725,614	6.23%	39,521,398	42,884,205	2,088,420	2,725,614	33.9%

* Refer to Table 4 in Section 14.2 of this Explanatory Memorandum for a description of the relevant interest Mr David Regan and Ms Marie Regan as trustee of the Regan Superannuation Fund will have if all the shares the subject of Resolution 8 are issued .

(iv) Future Intentions

The Company understands that Mr David Regan and Ms Marie Regan as trustees of the Regan Superannuation Fund:

- (A) have no intention of making any changes to the business of the Company beyond those described in this Explanatory Memorandum;
- (B) do not propose to inject further capital into the Company;
- (C) intend to retain the present employees of the Company;
- (D) other than as described in this Explanatory Memorandum, do not propose that any property be transferred between the Company and the superannuation fund or any person associated with the superannuation fund; and
- (E) have no intention to otherwise re-deploy fixed assets of the Company.

(v) Terms of Proposed Allotment

As described in the Background section of this Explanatory Memorandum, the Consideration Shares are to be issued to Mr Regan and Ms Regan as trustees of the Regan Superannuation Fund as part consideration for the Celamin Limited Acquisition. The Consideration Shares will have the same terms and conditions as the Company's existing fully paid ordinary shares. Further details about the acquisition are set in Section 1 of this Explanatory Memorandum.

(i) **Intentions Regarding the Financial or Dividend Policies of the Company**

The Company understands that there is no present intention of Mr David Regan or Ms Marie Regan to change the Company's existing policies in relation to financial matters or dividends.

The Consideration Shares will be issued within one month of the date of the meeting.

(vi) **Are the Allotments Fair and Reasonable?**

The Directors of the Company have commissioned DMR Corporate Pty Ltd to prepare a report on the question of whether the proposal is fair and reasonable to shareholders not associated with Mr David Regan and Ms Marie Regan as trustees of the Regan Superannuation Fund. That report is attached to this Explanatory Memorandum at Annexure C. Shareholders are urged to read the Independent Expert's Report.

DMR Corporate Pty Ltd concludes the transaction the subject of Resolution 4 is fair and reasonable to the non-associated shareholders of the Company.

(vii) **Recommendations of Directors**

The current directors of the Company are Mr David Regan, (Managing Director), Mr Andrew Thomson, Ms Melanie Leydin and Mr Martin Broome.

The Directors, other than Mr David Regan, are of the opinion that the proposed transaction is in the best interests of the Company and its shareholders and accordingly recommend that shareholders vote in favour of Resolution 4.

The Directors' recommendation that you vote in favour of Resolution 4 is based on the following reasons:

- (A) DMR Corporate Pty Ltd has opined the acquisition is considered fair and reasonable to the non-associated shareholders;
- (B) the acquisition of Celamin Limited will provide shareholders with the opportunity to participate in the exploration of Celamin Limited's phosphate and base metals projects in Tunisia and Algeria.

The disadvantages of the proposal are:

- (i) the issue of the Consideration Shares represents an approximate 58% increase in the issued shares of the Company thus increasing Shareholder dilution; and
- (ii) Mr David Regan and Ms Marie Regan as trustees of the Regan Superannuation Fund will emerge with voting power of up to approximately 33.9% of the Company on a fully diluted basis (or a 24.3% fully diluted interest if all the shares the subject of Resolution 8 are issued).

The Directors, other than Mr David Regan, consider that the advantages of the acquisition proceeding far outweigh the disadvantages. Mr David Regan cannot vote on Resolution 4.

No votes can be cast on Resolution 4 by Mr David Regan and Ms Marie Regan or any of their associates of the Celamin Limited Vendors.

(b) Chapter 2E

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (i) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (ii) prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months of obtaining the approval.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of the public company and specified members of the director's family. It also includes an entity over which a director maintains control.

A "financial benefit" for the purposes of the Corporations Act is also widely defined and includes a public company issuing securities. In determining whether or not a financial benefit is being given, it is necessary to look at the economic and commercial substance and effect of the transaction (rather than just the legal form) and any consideration which is being given to it is to be disregarded, even if it is full or adequate.

For the purposes of section 219 of the Corporations Act and as required by Regulatory Guide 76, the following information is provided to shareholders in relation to Resolution 4:

(i) **Identity of the Related Party**

Mr David Regan who has a relevant interest in the shares being allotted is a related party of the Company by virtue of being a director of the Company and a director of Celamin Limited.

(ii) **The Nature of the Financial Benefit**

Mr David Regan and Ms Marie Regan as trustees of the Regan Superannuation Fund will be issued with 39,521,398 Shares in accordance with the terms of the Acquisition Agreement. The Shares to be issued pursuant to Resolution 4 form part of the consideration require to acquire the remaining 90% of the issued capital of Celamin Limited.

The value of the Shares to be issued is \$7,904,280.

Mr David Regan and Ms Marie Regan in their capacity as trustees of the Regan Superannuation Fund's interest in the issued capital Company both before and after the issue of the Consideration Shares is set out in Section 15.1(a)(iii) above.

(iii) **Directors' Recommendations:**

Mr David Regan declined to make a recommendation in relation to Resolution 4 as he has a personal interest in its outcome.

The Directors, excluding Mr Regan, (who do not have any interest in the outcome) recommend that you vote in favour of Resolution 4 for the reasons listed under Section 15.1(a)(vii) above.

(iv) **Other Information**

If the Consideration Shares the subject of Resolution 4 are issued to Mr Regan and Ms Marie Regan as trustees of the Regan Superannuation Fund their interest in the Company, will be as described in Tables 3 and 4 in Section 14.2 of this Explanatory Memorandum.

(v) **Dilutive Effect**

The Shares proposed to be issued to Mr David Regan and Ms Marie Regan as trustees of the Regan Superannuation Fund pursuant to Resolution 4 will have the effect of diluting the shareholding of the Company's existing shareholders. If the Consideration Shares pursuant to Resolution 4 are issued, the total shares on issue will increase from 53,956,177 to 93,477,575 being an increase of approximately 58%. Please note that that this calculation does not account for any other securities that are proposed to be issued under Resolutions 3 and 8 of the Notice of Meeting.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 4, other than as set out in this Explanatory Memorandum.

(vi) **Trading History**

At the close of trading on the date preceding the date of printing this Notice, the Share price of the Shares in the Company was \$0.20 (twenty cents). In the 12 months prior to the date of printing of this Notice, the Shares in the Company traded at a high of \$0.62 (sixty two cents) on 23 May 2011 and a low of \$0.15 (fifteen cents) on 10 January 2012. The trading history covers the period within which the Company had a 10% interest in Celamin Limited. Upon completion of the Celamin Limited Acquisition, the Company will have a 100% interest in Celamin Limited.

(vii) **Taxation Consequences**

The Directors are not aware of any taxation consequences that will arise from the issue of Consideration Shares pursuant to Resolution 4.

(viii) **Voting Exclusion**

The Company will disregard any votes cast on the Resolution by:

- (A) Mr David Regan and Ms Marie Regan; and
- (B) an associate of Mr David Regan and Ms Marie Regan.

However, the Company will not disregard a vote if:

- (A) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (B) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

15.2. Listing Rules

(a) **Listing Rule 7.1**

By virtue of the Company seeking approval under Section 611, Item 7 of the Corporations Act and Listing Rule 10.11, shareholder approval is not required under Listing Rule 7.1 as the issue falls within exceptions 14 and 16 of Listing Rule 7.2.

(b) **ASX Listing Rule 10.1**

Listing Rule 10.1 prohibits a listed company from acquiring a substantial asset from a related party of a company, or from a substantial shareholder, who in the 6 months before the transaction, is entitled to at least 10% of the voting securities of the company, without obtaining prior shareholder approval.

An asset is considered to be substantial if its value or the value of the consideration for it is 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Mr David Regan is a substantial shareholder of Celamin Limited and is a director of both the Company and Celamin Limited. The Celamin Limited shares that are being acquired from an entity in which he has a relevant interest pursuant to the Celamin Limited Acquisition represent more than 5% of the equity interests of the Company and are therefore considered to be a substantial asset.

Accordingly, Resolution 4 also seeks shareholder approval to the acquisition of the Celamin Limited shares from Mr David Regan and Ms Marie Regan as trustees of the Regan Superannuation Fund in accordance with Listing Rule 10.1.

The Independent Expert's Report prepared by DMR Corporate Pty Ltd for the purposes of Regulatory Guide 74 has also been prepared in accordance with the requirements of Listing Rule 10.1.

Voting Exclusion

The Company will disregard any votes cast on the Resolution by:

- (i) a party to the transaction; and
- (ii) an associate of that person (or persons).

However, the Company will not disregard a vote if:

- (iii) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (iv) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(c) **Listing Rule 10.11**

Listing Rule 10.11 requires shareholder approval to the issue of the shares to a related party of the Company. As Mr David Regan is a related party of the Company, shareholder approval under Listing Rule 10.11 is also sought in relation to Resolution 4.

The following information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (i) The shares are to be issued jointly to Mr David Regan and Ms Marie Regan as trustees of the Regan Superannuation Fund (or nominee).
- (ii) The maximum number of Consideration Shares to be issued is 39,521,398 fully paid ordinary shares in the Company.
- (iii) The issue of the Consideration Shares will occur no later than 1 month after the date of the General Meeting or such longer period as ASX may approve.
- (iv) The Consideration Shares are issued at a deemed issue price of \$0.20 (twenty cents) per share.
- (v) The Consideration Shares to be issued pursuant to this Resolution will, from the date of issue, rank equally with the Company's existing fully paid ordinary shares.
- (vi) The Consideration Shares are being used as part consideration for the Celamin Limited Acquisition and as such no funds will be raised by the issue of the Consideration Shares.

Voting Exclusion

The Company will disregard any votes cast on the Resolution by:

- (i) Mr David Regan and Ms Marie Regan;
- (ii) a person who might obtain a benefit, except a benefit solely in the capacity of a shareholder of the Company, if the resolution is passed; and
- (iii) an associate of those persons.

However, the Company will not disregard a vote if:

- (iv) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (v) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The passing of Resolution 4 is conditional upon, and subject to, Resolutions 2, 3 and 8 being passed by Shareholders. Accordingly if you wish to vote in favour of Resolution 4, you should also vote in favour of Resolutions 2, 3 and 8.

16. Resolution 5 – Election of the Honourable Andrew P. Thomson as Non-Executive Chairman of the Company

16.1. Reasons for requirement of shareholder approval

The Honourable Andrew P. Thomson was appointed by the Board as a director on 4 January 2012 to fill a casual vacancy. The Company now seeks the approval of Shareholders to the election of Mr Thomson as a Director of the Company.

Background details in relation to the Honourable Andrew P. Thomson are set out in Section 7.1 of this Explanatory Memorandum.

16.2. Recommendation

The Company's Directors (with the exception of Mr Thomson, who has an interest in the outcome of the Resolution) unanimously recommend that you vote in favour of this Resolution.

17. Resolution 6 – Election of Mr Martin Broome as an Independent Non-Executive Director of the Company

17.1. Reasons for requirement of shareholder approval

Mr Broome was appointed by the Board as a Director on 22 February 2012 to fill a casual vacancy. The Company now seeks the approval of Shareholders to the election of Mr Broome as a Director of the Company.

Background details in relation to Mr Martin Broome are set out in Section 7.2 of this Explanatory Memorandum.

17.2. Recommendation

The Company's Directors (with the exception of Mr Broome who has an interest in the outcome of the Resolution) unanimously recommend that you vote in favour of this Resolution.

18. Resolution 7 – Election of Mr John Hartigan as a Non-Executive Director of the Company

18.1. Reasons for requirement of shareholder approval

Mr Hartigan has given his consent to act as a Director of the Company. The Company now seeks the approval of shareholders to the election of Mr Hartigan as a Director of the Company.

Background details in relation to Mr John Hartigan are set out in Section 7.3 of this Explanatory Memorandum.

18.2. Recommendation

The Company's Directors unanimously recommend that you vote in favour of this Resolution.

The passing of Resolution 7 is conditional upon, and subject to, Resolutions 2, 3, 4 and 8 being passed by Shareholders, Accordingly if you wish to vote in favour of Resolution 7, you should also vote in favour of Resolutions 2, 3, 4 and 8.

19. Resolution 8 – Capital Raising

19.1. Reasons for requirement of shareholder approval

The terms of the Acquisition Agreement require the Company to carry out a capital raising to raise up to \$10 million. The Company intends to issue between 25,000,000 and 50,000,000 fully paid ordinary shares in the Company to raise a minimum of \$5 million and a maximum of \$10 million pursuant to a prospectus. The funds will be applied towards completing pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing other projects in the portfolio of Celamin Limited, as well as for the purposes of complying with Chapters 1 and 2 of the Listing Rules.

The capital raising is anticipated to include an offer to the public and a priority entitlement offer to existing shareholders under a prospectus.

Existing shareholders are to receive a priority entitlement of at least 10% of funds sought to be raised under the public offer or in another way that in ASX's opinion, is fair and reasonable in all the circumstances. The Company will limit the number of securities it issues to each shareholder under the priority offer to the higher of 5% of all securities being offered under the priority entitlement and the number the shareholder would be entitled to under a pro rata issue of those securities.

Any securities that are not taken up by shareholders under the priority entitlement offer will be made available under the public offer.

The current Directors of the Company (including Mr John Hartigan) and Mr David Regan and Ms Marie Regan as trustees of the Regan Trust will not be participating in the capital raising.

The capital raising will be subject to shareholders approving Resolutions 2, 3, 4 and 8 at the General Meeting.

The Celamin Limited Acquisition will not proceed if Resolution 8 is not passed.

ASX Listing Rule 7.1 imposes a limit on the number of equity securities which the Company can issue without prior shareholder approval. In general terms this limit in any 12 month period is no more than 15% of the number of fully paid ordinary shares on issue. The effect of Resolution 8 will be to allow the Directors to issue the Shares pursuant to the prospectus within 3 months after the General Meeting (or such longer period as is approved by ASX), without using the Company's 15% annual placement capacity.

The information for shareholders required by ASX Listing Rule 7.3 is:

- (a) the total number of securities which may be allotted and/or issued under Resolution 8 is a maximum of 50,000,000 fully paid ordinary shares;
- (b) The Board proposes to issue a prospectus for a public offer of the Company's shares;
- (c) no securities pursuant to Resolution 8 will be issued to Directors of the Company or their associates;
- (d) the securities will be allotted and/or issued progressively within three 3 months after the date of the General Meeting or such longer period as ASX may approve;
- (e) the issue price of the securities will not be less than \$0.20 each;
- (f) the securities will rank pari passu with all existing securities of that class; and
- (g) the funds raised will be applied towards completing pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing other projects in the portfolio of Celamin Limited.

19.2. Effect of the issue

If Resolution 8 is approved and the maximum number of 50,000,000 shares in the Company are issued then the holdings of existing Shareholders in the Company will be diluted. Table 2C in Section 9 of this Explanatory Memorandum sets out the resultant equity capital of the Company upon completion of the Capital Raising.

19.3. Recommendation

The Company's Directors (with the exception of Mr David Regan) unanimously recommend that you vote in favour of this Resolution.

The passing of Resolution 8 is conditional upon, and subject to, Resolutions 2, 3 and 4 being passed by Shareholders. Accordingly if you wish to vote in favour of Resolution 8, you should also vote in favour of Resolutions 2, 3 and 4.

20. Resolution 9 – Adoption of Employee Share Option Plan (ESOP)

The Company's Directors believe the ESOP will form an important part of a comprehensive remuneration strategy for the Company's employees, aligning their interests with those of Shareholders by linking their rewards to the long term success of the Company and its financial performance.

20.1. Reasons for requirement of shareholder approval

ASX Listing Rule 7.1 imposes a limit on the number of equity securities which the Company can issue without prior shareholder approval. In general terms this limit is no more than 15% of the number of fully paid ordinary shares on issue.

ASX Listing Rule 7.2 exception 9 provides that an issue of securities made under an employee incentive scheme (such as the ESOP) is not counted for the purposes of ASX Listing Rule 7.1 provided that certain conditions have been met. One of these conditions is that members have, within the last three years, approved the issue of securities under the scheme as an exception to ASX Listing rule 7.1. Such shareholder approval is sought by Resolution 9.

At the date of this Notice of Meeting, no Options will have been issued under the proposed ESOP.

A summary of the key terms of the ESOP can be viewed in Schedule B to the Explanatory Memorandum.

20.2. Recommendation

The Company's Directors unanimously recommend that you vote in favour of this Resolution.

20.3. Voting Exclusion

The Company will disregard any votes cast on the Resolution by:

- (a) a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); or

- (b) an associate of those persons;

However, the Company will not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

21. GLOSSARY

The following terms have the following meanings in this Explanatory Memorandum:

“Acquisition Agreement” means the acquisition agreement dated 7 September 2010 entered into by the Company, Celamin Limited and each of the Celamin Limited Vendors for the purchase of Celamin Limited, the Deed of Amendment dated 16 December 2010 and Deed of Second Amendment dated 18 November 2011 entered into by the Company and each of the Celamin Limited Vendors;

“AEST” means Australian Eastern Standard Time;

“ASIC” means the Australian Securities and Investments Commission;

“ASX” means ASX Limited or the Australian Securities Exchange, as the context requires;

“Board” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“Celamin Limited” means Celamin Limited (ACN 137 080 463);

“Celamin Limited Acquisition” means the proposed acquisition of Celamin Limited as described in the Acquisition Agreement.

“Celamin Limited Vendors” means each of the shareholders of Celamin Limited, as listed in Tables 3 and 4 in Section 14.2;

“Celamin Tunisia Phosphate Project” means the Bir El Afou and Chaketma projects;

“CNL” means Celamin Holdings NL (ACN 139 255 771);

“Consideration Shares” 72,500,000 fully paid ordinary shares in the Company at a deemed issue price of A\$0.20 per share;

“Company” means Celamin Holdings NL (ACN 139 255 771);

“Corporations Act” means the *Corporations Act 2001* (Cth);

“Director” means a Director of the Company;

“Listing Rules” means the Listing Rules of the ASX; and

“Share Registry” means Advanced Share Registry Limited.

Schedule A
Consolidated Pro Forma Balance Sheet

Celamin Holdings NL
Proforma Balance Sheet
Consolidated Post Acquisition

	Proforma 31 Dec 2011		
	Reviewed 31 Dec 2011	Minimum Subs \$5m	Maximum Subs \$10m
Current Assets			
Cash and Cash Equivalents	446,427	6,290,599	10,980,599
Trade and other receivables	97,917	208,909	208,909
Financial Assets at Fair Value Through Profit or Loss	160,000	160,000	160,000
Other	78,586	78,586	78,586
Total Current Assets	782,930	6,738,094	11,428,094
Non Current Assets			
Property plant and equipment		55,582	55,582
Other Financial Assets	4,690,587	109,482	109,482
Intangibles		21,878	21,878
Exploration and evaluation	3,000,320	22,548,896	22,548,896
Total Non Current Assets	7,690,907	22,735,837	22,735,837
Total Assets	8,473,837	29,473,931	34,163,931
Current Liabilities			
Trade and other payables	464,953	1,535,047	1,535,047
Total Current Liabilities	464,953	1,535,047	1,535,047
Total Liabilities	464,953	1,535,047	1,535,047
Net Assets	8,008,884	27,938,884	32,628,884
Equity			
Issued Capital	11,493,980	31,540,871	36,221,477
Reserves	-	-	-
Accumulated losses	(3,485,096)	(3,601,987)	(3,592,593)
	8,008,884	27,938,884	32,628,884

Assumptions made in preparing the Pro Forma Balance Sheet

- (a) Column 1 represents the reviewed balance sheet of Celamin Holdings NL as at 31 December 2011.
- (b) Columns 2 and 3 represent the Pro Forma consolidated balance sheet of Celamin Holdings NL taking into account pro-forma transactions in relation to the acquisition of Celamin Limited. The Pro Forma transactions are made up of the following:
- (i) The placement of 4,666,669 fully paid ordinary shares at an issue price of \$0.15 (15 cents) to raise \$700,000.

- (ii) The conversion of 2,000,000 partly paid shares to raise \$200,000.
- (iii) The consideration of 72,500,000 new fully paid ordinary shares to be issued with a deemed issue price of \$0.20 (20 cents) per consideration share.
- (iv) A capital raising of a minimum of \$5m and a maximum of \$10m less costs of capital raising.
- (v) The inclusion of the reviewed Celamin Limited Balance Sheet as at 31 December 2011.
- (vi) On consolidation the goodwill recognised has been deemed to be the fair value of the exploration assets acquired as part of the acquisition of Celamin Limited.

Financial Statements of Celamin Limited

CELAMIN LIMITED
Profit and Loss Account
6 months to 31 December 2011

	Reviewed 31 Dec 11
Interest Income	19,109
Admin Expenses	348,412
Employment Expenses	21,025
Exchange Loss	10,492
Loss on disposal of investment	647,340
Total Expenses	1,027,267
Net Profit / (Loss)	(1,008,159)

Statement of financial position as at 31 December 2011

CELAMIN LIMITED BALANCE SHEET AT 31 DECEMBER 2011

	Reviewed 31 Dec 2011
Current Assets	
Cash and Cash Equivalents	414,172
Trade and other receivables	110,992
Total Current Assets	525,164
Non Current Assets	
Plant, Property and Equipment	55,582
Investments	109,482
Intangibles	21,878
Exploration and evaluation	4,308,880
Total Non Current Assets	4,495,822
Total Assets	5,020,986
Current Liabilities	
Trade and other payables	1,070,094
Total Current Liabilities	1,070,094
Non-Current Liabilities	
Borrowings	1,594,954
Total Non-Current Liabilities	1,594,954
Total Liabilities	2,665,048
Net Assets	2,355,937
Equity	
Issued Capital	3,606,816
Accumulated losses	(1,250,879)
Total Equity	2,355,938

Schedule B

Key Terms of the Celamin Holdings Limited Employee Share Option Plan (Plan)

Eligibility

Eligible Employee means an employee or a director of the Company who is determined by the Board to be an eligible employee for the purposes of the Plan, or any other person who is determined by the Board to be an eligible employee for the purposes of the Plan.

For the purposes of the Plan, the Board may determine at any time that any Eligible Employee is not entitled to participate in the Plan if the Eligible Employee's participation would be unlawful.

Maximum Plan Shares

Subject to any law to the contrary, any Shares issued on exercise of Options issued pursuant to the Plan will not form part of any aggregation of securities issued by the Company pursuant to any other share plans operated by the Company for the purposes of determining the maximum percentage of its issued Securities the Company may issue from time to time pursuant to all share plans it operates.

No payment for options

Unless otherwise determined by the Board, no payment is required for the grant of options under the Plan.

Options transferable

An option granted under the Plan is capable of being transferred or encumbered by a participant to the Plan by the participant giving notice in writing to the Board. The Company has no obligation to apply for quotation of the options on the ASX.

Limit on issues of new shares

The number of shares in the Company that would be issued upon the exercise of any options issued under the Plan, when aggregated with the number of shares that may be issued upon the exercise of any outstanding offer or option to acquire unissued shares that has been made under the Plan, (or any other employee share scheme of the Company that employees or directors may participate in), (but disregarding any offer made, or option acquired or share issued by way of or as a result of an offer to directors of the Company), must not exceed 10% of the total number of the Company's issued Shares as at the time of the offer.

Exercise conditions

An option granted under the Plan may only be exercised:

- (a) if all the exercise conditions have been met;
- (b) if the exercise price has been paid to the Company or as the Company may direct; and
- (c) within the exercise period relating to the option.

An option granted under the Plan may not be exercised once it has lapsed.

Control event

The Board may determine that any option issued under the Plan may be exercised, (whether or not any or all applicable Exercise Conditions have been met), on the occurrence of:

- an offer being made by a person for the whole of the issued ordinary share capital of the Company (or any part that is not owned by the offeror or any person acting in concert with the offeror) and after an announcement of the offer, the offeror (being a person who did not control the Company prior to the offer) acquires control of the Company;
- any other event occurs which causes a change of control of the Company; or
- any other event which the Board reasonably considers should be regarded as a control event.

Issue or transfer of shares on exercise

Following the exercise of an option by a participant, the Company must, within such time as the Board determines, allot and issue or procure the transfer to the participant of the number of Shares in respect of which the option has been exercised, credited as fully paid.

Shares rank equally

Subject to the satisfaction of any applicable disposal restrictions, shares allotted and issued under the Plan must rank equally in all respects with all other shares from the date of allotment and issue

Quotation on ASX

The Company must apply for quotation on the official list of the ASX of shares allotted and issued on the exercise of options as soon as practicable after the allotment and issue of those Shares, so long as shares are quoted on the official list of ASX at that time.

Cessation of Employment

If a participant ceases to be appointed or employed by the Company due to his or her death:

- (a) all vested options may be exercised within 12 months following the date of cessation of employment, after which these options will lapse; and
- (b) all other options will lapse unless the Board determines otherwise.

If a participant ceases to be appointed or employed by the Company for any reason other than his or her death:

- (a) all vested options may be exercised within 30 days following the date of cessation of appointment or employment; and
- (b) all other options will lapse unless otherwise determined by the Board.

If the Board is of the opinion that a participant has acted fraudulently or dishonestly, the Board may determine that any options granted to the participant will lapse.

Any option not exercised prior to the end of an exercise period will lapse.

Any participant may submit a request to the Board that an option granted to that participant should lapse.

Changes in Circumstances

In the event of a reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the share capital of the Company, the options must be reconstructed in accordance with the ASX Listing Rules.

Subject to the ASX Listing Rules, a participant is only entitled to participate (in respect of granted options under the Plan) in any new issue of shares to existing shareholders, if the participant has validly exercised his or her options within the relevant exercise period and became a shareholder prior to the relevant record date.

If there is a pro-rata rights issue carried out by the Company, the exercise price of any options issued under the Plan will be reduced according to the following formula:

$$OA = OP - \frac{E[P - (S + D)]}{N+1}$$

where:

- OA = the exercise price immediately following the adjustment;
- OP = the exercise price immediately prior to the adjustment;
- E = the number of shares into which one option is exercisable;
- P = the average market price per share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

- S = the subscription price for a Share under the pro rata issue;
- D = any dividend due but not yet paid on a share (except any share to be issued under the pro rata issue); and
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

If there is a bonus issue of shares to the Company's shareholders, the number of shares over which an option is exercisable will be increased by the number of shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.

NOTES TO THE NOTICE OF GENERAL MEETING

1. Proxy Instructions

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote on the Shareholder's behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise half of the votes.

A proxy may, but need not, be a shareholder of the Company.

Shareholders, or their attorneys, who plan to attend the General Meeting are asked to arrive at the venue at least 15 minutes prior to the time designated for the General Meeting so that their Shareholding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the General Meeting.

A Shareholder that is a body corporate or corporation, or which has been appointed as a proxy, is entitled to appoint any individual to act as its representative at the General Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the General Meeting a properly executed letter or other document confirming his/her authority to act as the Shareholder's corporate representative.

Completed Proxy Forms (and the powers of attorney or other instruments or authorities, if any, under which each Proxy Form is signed) or a copy of a facsimile which appears on its face is to be an authentic copy of the Proxy Form (and the power of attorney or other instrument or authority) must be deposited by hand or by post at the Share Registry at:

Advanced Share Registry Limited
PO Box 1156
Nedlands, WA 6909

Alternatively, these documents may be faxed to the Share Registry on:

+61 (0) 8 9389 7871

An instrument or authority appointing a proxy:

- (a) shall be in writing under the hand of the appointer or of his/her attorney, or if the appointer is a body corporate, either under seal or under the hand of a duly authorised officer or attorney;

- (b) may specify the manner in which the proxy is to vote in respect of a Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified on the Proxy Form;
- (c) shall be deemed to confer authority to demand or join in demanding a poll; and
- (d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act and the Listing Rules.

If a proxy is not directed how to vote on a Resolution or item of business, the proxy may vote, or abstain from voting, as they think fit, unless otherwise set out in this Notice of General Meeting. Should any Resolution, other than the Resolutions specified in this Notice of General Meeting, be proposed at the General Meeting, a proxy may vote on that resolution as they think fit.

2. Proxy Form

A Proxy Form accompanies this Notice of General Meeting. The Proxy Form is an integral part of this Notice and both documents should be read together.

The Proxy Form must be signed by the Shareholder or his/her attorney duly authorised in writing. In the case of Shares jointly held by two or more persons, all joint-holders must sign the Proxy Form.

Proxy Forms must be submitted no later than 48 hours before the time for holding the Meeting, or adjourned Meeting as the case may be, at which the individual or body corporate named in the Proxy Form proposes to vote.

Shareholders who return their Proxy Forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman as their proxy to vote on their behalf.

If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chairman will act in place of the nominated proxy and vote in accordance with any instructions.

Proxy appointments in favour of the Chairman, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the Resolutions proposed in this Notice of General Meeting.

3. Attendance and Voting Eligibility

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at the time that is 48 hours before the Meeting. Accordingly, share transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Meeting.

DMR CORPORATE

DMR

DMR Corporate Pty Ltd	A.C.N. 063 564 045
470 Collins Street	
Melbourne	Telephone (03) 9629 4277
Victoria 3000	Facsimile (03) 9629 4598
Australia	Web www.dmrporate.com.au

26 March 2012

The Directors
Celamin Holdings NL
Suite 304
22 St Kilda Road
St Kilda, Vic 3182

Dear Sirs,

Re: Independent Expert's Report

1. Introduction

You have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report in respect of the proposed transaction set out in Section 2 below. The proposed transaction is permitted by Section 611 and Chapter 2E of the Corporations Act 2001 ("the Act") and Rule 10.1 of the Listing Rules ("Listing Rule 10.1") of the Australian Securities Exchange ("ASX"), provided that the transaction is agreed to by shareholders, other than those involved in the proposed transaction or persons associated with such persons (i.e. the Non-Associated Shareholders).

On 23 November 2011 Celamin Holdings NL ("CNL") announced the execution of a final agreement for the completion of the acquisition of all of the issued capital of Celamin Limited ("Celamin") that it does not presently own.

Celamin is a private company holding a portfolio of phosphate and base metal projects in Tunisia and Algeria.

2. The Proposed Transaction

2.1 On 29 July 2010 CNL announced that it had entered into a Heads of Agreement to acquire 100% of the issued capital of Celamin from its existing shareholders, subject to CNL shareholder approval. The key terms of this agreement were as follows:

- (a) on satisfactory completion of mutual due diligence CNL would acquire a 10% interest in Celamin. The consideration for this acquisition was the issue of 2,500,000 CNL shares, 5,000,000 31/3/2014 options and 7,500,000 partly paid shares – Tranche 1
- (b) on completion of a pre-feasibility study on the Phosphate Project on the Bir El Afou Exploration Permit ("EP") and delineation of JORC compliant resource of a minimum 25,000,000 tonnes at a minimum grading of 15% P₂O₅, CNL would acquire a further 30% interest in Celamin. The consideration for this acquisition was the issue of 20,000,000 CNL shares – Tranche 2

- (c) on completion of a bankable feasibility study on the Phosphate Project on the Bir El Afou EP, CNL would acquire the remaining 60% of the Celamin shares. The consideration for this acquisition was the issue of 32,500,000 CNL shares – Tranche 3

At the time that this agreement was entered into it was expected that the completion of the pre-feasibility study would take 12 to 15 months and the completion of a bankable feasibility a further 12 to 18 months.

CNL agreed to contribute the necessary funding to complete the pre-feasibility and feasibility studies and to fund Celamin's exploration and development programmes. This was estimated to cost approximately \$3,000,000.

- 2.2 On 21 December 2010 CNL announced that it had entered into a Deed of Amendment, accelerating completion of its acquisition of Celamin. The original agreement (Section 2.1 above) contemplated final completion by July 2013 and this timeline has now been shortened. The key changes to the acquisition agreement are as follows:

- (a) the second and third tranches will now be acquired in a single tranche.
- (b) the key condition for completion will be the delineation of a resource estimated to JORC Code guidelines together with the completion of a pre-feasibility study on Celamin's Bir El Afou Phosphate Project in Tunisia.
- (c) consideration will be the issue of 72,500,000 CNL shares.
- (d) all provisions in the agreement that in certain circumstances gave Celamin shareholders rights to maintain a 47.5% aggregate holding in CNL post completion have been deleted.

- 2.3 The transaction as detailed in Section 2.2 above is referred to as the "Proposed Transaction" throughout the remainder of this report.

The formal approval processes for the Proposed Transaction are set out in Resolutions 1 to 9 in the Notice of Meeting to which this report is attached. The Resolutions deal with the following matters:

- Resolution 1: Ratification of placement of 4,666,669 fully paid shares at an issue price of \$0.15 per share.
- Resolution 2: Change in nature and scale of activities.
- Resolution 3: Issue of 32,978,602 fully paid CNL shares as part of the consideration for the Celamin acquisition.
- Resolution 4: Issue of 39,521,398 fully paid shares to an entity associated with Mr David Regan as part of the consideration for the Celamin acquisition.
- Resolution 5: Appointment of the Honourable Andrew P. Thomson as a non-executive director.
- Resolution 6: Appointment of Mr Martin Broome as a non-executive director.
- Resolution 7: Appointment of Mr John Hartigan as a non-executive director.
- Resolution 8: Approval for the issue of up to 50,000,000 fully paid CNL shares at an issue price of \$0.20 to sophisticated and professional investors and the public.
- Resolution 9: Approval for the establishment of the CNL Employee Share Option Plan and the issue of securities under that Plan.

Resolutions 2 to 4 and 8 are inter dependent and approval of the Proposed Transaction requires shareholders to pass each of these Resolutions.

2.4 If the Proposed Transaction is approved, then the CNL shareholdings will be as follows:

Table 1	Ordinary Fully Paid Shares	%	%	Partly Paid Shares Note 1	Options Over Shares Note 2	Total Fully Diluted	%	%
Non Associated Shareholders	49,456,177	91.7%	39.1%	9,971,296	20,367,001	79,794,474	84.2%	47.7%
Celamin Tranche 1 - already issued	2,500,000			7,500,000	5,000,000	15,000,000	15.8%	9.0%
Partly paid shares fully paid in Jan 2012	<u>2,000,000</u>			<u>(2,000,000)</u>		<u>15,000,000</u>		
	<u>4,500,000</u>	8.3%	3.6%	<u>5,500,000</u>	<u>5,000,000</u>	<u>15,000,000</u>		
Issued securities as at date of this report	53,956,177	100.0%		15,471,296	25,367,001	94,794,474	100.0%	
Celamin - Proposed Transaction	72,500,000		57.3%	-	-	72,500,000		43.3%
Share capital after Proposed Transaction	<u>126,456,177</u>	<u>100.0%</u>	<u>100.0%</u>	<u>15,471,296</u>	<u>25,367,001</u>	<u>167,294,474</u>	<u>100.0%</u>	<u>100.0%</u>

Note 1 - partly paid shares with an unpaid value of \$0.10 per share - at any time after 17 December 2012 calls may be required to be paid
Note 2 - Options with an exercise price of \$0.20 each expiring on 31 March 2014

Source: DMR Corporate

2.5 On an individual shareholder basis, the Celamin shareholders will have an interest in the following CNL securities:

Table 2	Ordinary Fully Paid Shares	%	Partly Paid Shares Note 1	Options Over Shares Note 2	Total Fully Diluted	%
Non Associated Shareholders	49,456,177	39.1%	9,971,296	20,367,001	79,794,474	47.7%
David Gerard Regan and Marie Misaki Regan ATF the Regan Superannuation Fund - Note 1	42,884,205	33.9%	2,088,420	2,725,614	47,698,239	28.5%
RNAJ Pty Ltd ATF the RNAJ Stagg Superannuation Fund	21,940,974	17.4%	2,194,097	1,462,732	25,597,803	15.3%
IBDC SARL	7,394,299	5.8%	739,430	492,953	8,626,682	5.2%
Sharon Rae Sievert	1,455,107	1.2%	145,511	97,007	1,697,625	1.0%
Bizzell Capital Partners Pty Ltd	2,850,356	2.3%	285,036	190,024	3,325,415	2.0%
Michelle Brevost and Jean Pierre Brevost	118,765	0.1%	11,876	7,918	138,559	0.1%
Compagnie Bancaire Helvetica	356,295	0.3%	35,629	23,753	415,677	0.2%
	<u>77,000,000</u>	<u>60.9%</u>	<u>5,500,000</u>	<u>5,000,000</u>	<u>87,500,000</u>	<u>52.3%</u>
Share capital after Proposed Transaction	<u>126,456,177</u>	<u>100%</u>	<u>15,471,296</u>	<u>25,367,001</u>	<u>167,294,474</u>	<u>100.0%</u>

Note 1 - Figures adjusted for the conversion of 2,000,000 partly paid shares to fully paid shares in January 2012

Source: DMR Corporate

2.6 If the CNL Non-Associated Shareholders approve the Proposed Transaction, then the Celamin shareholders could represent up to 60.9% of CNL's voting power prior to any dilution through the conversion of partly paid shares, the exercise of options or any new capital raisings.

The Directors of CNL have requested DMR Corporate to prepare an independent expert's report in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise shareholders whether the Proposed Transaction is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders.

A copy of our report will accompany the Notice of Meeting and will be included as part of the Explanatory Statement to be sent by CNL to its shareholders.

3. Summary Opinions

3.1 Proposed Transaction

In our opinion, the Proposed Transaction set out in Section 2 above is **fair and reasonable** when considered in the context of the interests of the CNL Non-Associated Shareholders.

Our principal reasons for reaching the above opinion are:

Assessment of Fairness

In Section 7.8 we valued CNL on a control basis in a range of \$2,400,000 to \$2,900,000 before the Proposed Transaction. The CNL Non-Associated Shareholders currently hold a 91.7% interest in CNL and this therefore values their interests in a range of \$2,201,000 to \$2,659,000 (91.7% of \$2,400,000 to \$2,900,000) – mid point \$2,430,000.

In Section 11.3 we valued CNL on a control basis after the Proposed Transaction in a range of \$12,300,000 to \$17,200,000. If the control premium was eliminated then this values CNL after the Proposed Transaction in a range of \$9,500,000 to \$14,300,000.

The Non-Associated Shareholders will have a 39.1% interest in CNL after the Proposed Transaction and the Non-Associated Shareholder interests will therefore be valued in a range of \$3,700,000 to \$5,600,000 (39.1% of \$9,500,000 to \$14,300,000) – mid point \$4,650,000.

As the mid point value of the CNL shareholders minority interests after the completion of the Proposed Transaction (\$4,650,000) is greater than the mid point value of their interests before the Proposed Transaction (\$2,430,000) we have concluded that the Proposed Transaction is **fair**.

Assessment of Reasonableness

The Proposed Transaction **is considered to be reasonable** as the Proposed Transaction is fair and the advantages of proceeding with the transaction outweigh the disadvantages of proceeding with the transaction.

Overall Conclusion

After considering all of the information available to us in respect of the Proposed Transaction, we consider that **the Proposed Transaction is fair and reasonable to the CNL shareholders**.

3.2 Financial Benefits

In accordance with Chapter 2E of the Act, Mr. David Regan may receive a financial benefit of up to \$5,375,500 if the Proposed Transaction proceeds – refer to Section 15 below.

4. Structure of this Report

This report is divided into the following sections:

<u>Section</u>		<u>Page</u>
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6	CNL - Key Information	9
7	Valuation of CNL	11
8	Celamin – Key Information	18
9	Valuation of Celamin	21
10	Control Premium	24
11	Valuation of CNL After the Proposed Transaction	24
12	Assessment as to Fairness	25
13	Other Considerations	26
14	Conclusion as to Fairness and Reasonableness	26
15	Related Party – Financial Benefits	27
16	Financial Services Guide	27
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A	Sources of Information	29
B	Declarations, Qualifications and Consents	30
<u>Attachment</u>	<u>GRI Valuation of the North African Mineral Licences</u>	31

5. Purpose of the Report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001**

Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company from 20% or below to more than 20%.

Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

CNL is seeking shareholder approval for the Proposed Transaction under Section 611 of the Act as the Celamin shareholders may increase their interests in CNL from 8.3% to 60.9% if the Proposed Transaction proceeds. Approval is also required as Mr. David Reagan (the Executive Director of CNL) may increase his interests in CNL from 6.23% to 33.9%.

- **ASIC Regulatory Guides**

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

RG 111 – Content of Expert Reports (“RG111”)

RG 111.24 An issue of shares by a company otherwise prohibited under S606 may be approved under item 7 of S611 and the effect on the company’s shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of S611 that are comparable to takeover bids under Ch 6 include:

- (a) a company issues securities to the vendor of another entity or to the vendor of a business and, as a consequence, the vendor acquires over 20% of the company incorporating the merged businesses. The vendor could have achieved the same or a similar outcome by launching a scrip takeover for the company.

RG111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is 'reasonable' if it has assessed the issue price as being 'not fair' applying the test in RG111.11.

RG111.10 It has long been accepted in Australian mergers and acquisitions practice that the words 'fair and reasonable' in S640 established two distinct criteria for an expert analysing a control transaction:

- (a) is the offer 'fair'; and
- (b) is it 'reasonable'?

That is, 'fair and reasonable' is not regarded as a compound phrase.

RG111.11 Under this convention, an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made:

- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- (b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.

RG111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

ASIC Regulatory Guide 111 requires that the Proposed Transaction be assessed as if it was a takeover of CNL. In assessing a takeover bid Regulatory Guide 111 states that the expert should consider whether the Proposed Transaction is both "fair" and "reasonable".

- **ASX - Listing Rule 10**

Listing Rule 10 requires that a company obtain shareholder approval at a general meeting when the sale or acquisition of an asset, which has a value in excess of 5% of the shareholders funds as set out in the latest financial statements given to the ASX under the listing rules, is to be made to or from:

- (i) a related party;
- (ii) a subsidiary;
- (iii) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;

- (iv) an associate of a person referred to in paragraphs (i), (ii) or (iii) above;
- (v) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

As

- the 90% interest in Celamin that CNL is now proposing to acquire is being purchased from the existing CNL shareholders who currently hold an 8.3% interest (15.8% on a fully diluted basis) in CNL (this interest arose as a result of the sale of a 10% interest in Celamin pursuant to tranche 1 of the original acquisition agreement described in Section 2.1(a) above), and
- the value of the Proposed Transaction is greater than 5% of the shareholders funds as set out in the 31 December 2011 financial statements which disclosed CNL's net assets as \$8,008,884; 5% of this value is \$400,444,

Listing Rule 10 will apply to the Proposed Transaction. Listing Rule 10.10 requires that the notice of meeting to shareholders be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes are not to be disregarded (i.e. the Non-Associated Shareholders).

- **General**

The terms "fair" and "reasonable" are not defined in the Act, however guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

- | | | |
|----------------|---|--|
| Fairness | - | the Proposed Transaction is "fair" if the value of the CNL Non-Associated Shareholders' minority interests after the Proposed Transaction is greater than the value of their interests before the Proposed Transaction. |
| Reasonableness | - | the Proposed Transaction is "reasonable" if it is fair. It may also be "reasonable" if, despite not being "fair" but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received. |

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as:

- (i) In determining whether the Proposed Transaction is fair, we have:
 - valued the CNL Non-Associated Shareholders controlling interests before the Proposed Transaction;
 - valued the CNL Non-Associated Shareholders minority interests after the Proposed Transaction; and
 - compared the control values before and the minority values after the Proposed Transaction.

- (ii) In determining whether the Proposed Transaction is reasonable, we have considered other significant factors shareholders should review before deciding whether to approve or reject the Proposed Transaction.
- (iii) In determining whether the Proposed Transaction is fair and reasonable to the CNL Non-Associated Shareholders, we have considered and concluded upon the results of (i) and (ii) above.

- **Corporations Act – Chapter 2E**

Section 208 of the Act states that a public company must obtain approval from the company's members if it gives a financial benefit to a related party unless the benefit falls within the scope of an exception to the Act as set out in Sections 210 to 216 of the Act.

Section 210 of the Act states that member approval is not needed to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a) above.

Section 228 of the Act defines 'related parties' as:

- (a) directors of the public company;
- (b) directors (if any) of an entity that controls the public company;
- (c) if the public company is controlled by an entity that is not a body corporate – each of the persons making up the controlling entity;
- (d) spouses and de facto spouses of the persons referred to in paragraphs (a) to (c) above.

Mr. David Regan is a director of Celamin and he holds an indirect 54.5% interest in Celamin.

Mr. David Regan will gain an indirect interest of up to 33.9% in CNL from the acquisition of the remaining 90% interest in Celamin that CNL does not presently control. This level of interest is permitted by the Act, however Section 208 provides that prior shareholder approval is required before a public company can provide a financial benefit to a related party unless the benefit falls within the scope of an exception to the Act. Shareholders must be provided with all the information that is reasonably required in order for them to decide whether or not it is in the company's interests to approve the giving of the financial benefit.

Section 229(1)(c) of the Act states:

“In determining whether a financial benefit is given you must disregard any consideration that is or may be given for the benefit, even if the consideration is adequate.”

The ASIC media release issued on 10 August 2004 has expressed the view that the financial benefit must be adequately valued. ASIC has gone on to state:

“An adequate valuation requires the basis of the valuation and the principal assumptions behind the valuation to be disclosed, and in some circumstances it may be necessary to provide a valuation by an independent expert.”

The Directors of CNL have requested DMR Corporate to independently assess the value of the financial benefit, if any, that may be given to Mr. David Regan as a result of the Proposed Transaction.

6. CNL – Key Information

6.1 Background

CNL was incorporated as Victorian Gold Mines NL on 3 September 2009 and on 17 December 2009 it was listed on the ASX. On 21 October 2010 the Company changed its name to Celamin Holdings NL.

When the Company was listed it had 3 main projects (Wedderburn and Sheep's Head near Bendigo and a project in Bright, Victoria) and its stated primary objectives were to:

- Review current projects and targets with the goal of optimising returns by re-establishing mining operations as quickly as possible. This included re-timbering shafts, driving new adits and extending mine development. The Company will be participating in limited drilling and minimising overheads by quickly relinquishing targets and licences once they become non-viable.
- Secure new projects and prospects by applying for new licences, acquiring existing licences and projects and via joint ventures.
- Focus on underground development and bulk sampling of existing mining licences with the intention of outlining minable gold resources that can be quickly brought to a sustainable production phase.

In July 2010 CNL announced that it had signed a Heads of Agreement to acquire 100% of Celamin, a company holding interests in North African phosphate and base metals tenements.

In late 2011 investors were advised that no work had been undertaken on the Victorian gold projects and that CNL would commence to dispose of these leases. All Victorian gold interests have now been disposed of for \$57,500 plus a royalty of 10% of the net smelter return of any gold recovered from EL 5188 situated at Bright, Victoria.

CNL is now focusing its corporate objectives on the North African phosphate and base metals tenements currently controlled by Celamin.

6.2 Share Capital

At the date of this report CNL had on issue 53,956,177 fully paid ordinary shares, 15,471,296 partly paid shares (with an unpaid call of \$0.10 per share) and 25,367,001 options with an exercise price of \$0.20 and an expiry date of 31 March 2014.

The major shareholders of CNL fully paid shares on 29 February 2012 were as follows:

Table 3	Name	Number of Shares Held	% of Capital Held
	African Lion 3 Limited	8,552,589	15.85
	J P Morgan Nominees Australia Limited	3,711,134	6.88
	HSBC Custody Nominees (Australia) Limited	3,583,746	6.64
	David Gerard Michael Regan & Marie Misaki Regan <Regan Superannuation Fund>	3,362,806	6.23
	Mr Douglas Wakley Cahill	3,025,001	5.61
	Dawesville Nominees Pty Ltd <Peter Avery Super Fund A/C>	3,000,001	5.56
	J & TW Dekker Pty Ltd <J & TW Dekker Family A/C>	2,372,013	4.40
	Kevin Nichol	1,800,001	3.34
	Citicorp Nominees Pty Limited	1,475,682	2.73
	Beny Manuru	1,450,000	2.69
		32,332,973	59.93

Source: Share Register: 29 February 2012

6.3 Operating Performance

CNL's statements of comprehensive income for the financial years ended 30 June 2010 and 2011 and for the six months ended 31 December 2011 are as follows:

	Consolidated		
	Twelve Months Ended 30-Jun 2010	Twelve Months Ended 30-Jun 2011	Six Months Ended 31-Dec 2011
	\$	\$	\$
Revenue	41,011	100,828	28,297
Expenses			
Corporate expenses	(103,401)	(341,212)	(246,652)
Administration expenses	(47,193)	(159,971)	(245,629)
Employment expenses	(256,666)	(458,370)	(561,678)
Depreciation and amortisation	(95,037)	(122,626)	(37,822)
Loss on sale of property plant and equipment	(39,215)	(21,431)	(115,841)
Exploration expenditure written off	(120,874)	(640,297)	(1,746)
Loss on ordinary shares designated at fair value through P&L	-	-	(40,000)
Gain on sale of subsidiary	-	-	429
Loss before income tax expense	(621,375)	(1,643,079)	(1,220,642)
Income tax expense	-	-	-
Other comprehensive income:			
Foreign currency translation	236	789	-
Total comprehensive income for the period attributable to the owners of Celamin Holdings NL	(621,139)	(1,642,290)	(1,220,642)

6.4 Cash Flow Statements

CNL's cash flow statements for the financial years ended 30 June 2010 and 2011 and for the six months ended 31 December 2011 are as follows:

	Consolidated		
	Twelve Months Ended 30-Jun 2010	Twelve Months Ended 30-Jun 2011	Six Months Ended 31-Dec 2011
	\$	\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)	(398,059)	(960,924)	(978,547)
Interest received	41,011	95,303	28,297
Payments for bank guarantees	(42,505)	-	-
Net cash used in operating activities	(399,553)	(865,621)	(950,250)
Cash flows from investing activities			
Payment for investment in Celamin Limited	-	(344,954)	(200,000)
Advances to Celamin Limited	-	(250,000)	(1,063,133)
Proceeds from sale of property, plant and equipment	30,000	57,638	6,500
Proceeds from sale of tenement	-	5,000	-
Payments for property, plant and equipment	(525,741)	-	-
Payments for exploration and evaluation	(601,438)	(3,060,393)	(1,746)
Net cash used in investing activities	(1,097,179)	(3,592,709)	(1,258,379)
Cash flows from financing activities			
Proceeds from issue of shares	3,158,973	5,833,238	-
Share issue transaction costs	(338,312)	(342,416)	-
	-	-	299,988
Net cash from financing activities	2,820,661	5,490,822	299,988
Net increase in cash and cash equivalents	1,323,929	1,032,492	(1,908,641)
Cash and cash equivalents at the beginning of the financial year	-	1,324,164	2,355,068
Effects of exchange rate changes in cash	236	(1,588)	-
Cash and cash equivalents at the end of the financial year	1,324,165	2,355,068	446,427

6.5 Statements of Financial Position

CNL's statements of financial position as at 30 June 2010 and 2011 and 31 December 2011 are as follows:

	Consolidated		
	30/06/10	30/06/11	31/12/11
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	1,324,165	2,355,068	446,427
Trade and other receivables	34,264	14,398	97,917
Financial assets at fair value	-	-	160,000
Other	47,816	66,826	78,586
Total current assets	1,406,245	2,436,292	782,930
Non-current assets			
Other financial assets	-	3,627,454	4,690,587
Property, plant and equipment	404,329	202,633	-
Exploration and evaluation	580,224	3,000,320	3,000,320
Total non-current assets	984,553	6,830,407	7,690,907
Total assets	2,390,798	9,266,699	8,473,837
Liabilities			
Current liabilities			
Trade and other payables	41,276	36,148	464,953
Total current liabilities	41,276	36,148	464,953
Net assets	2,349,522	9,230,551	8,008,884
Equity			
Contributed equity	2,970,661	11,493,980	11,493,980
Reserves	236	1,025	-
Accumulated losses	(621,375)	(2,264,454)	(3,485,096)
Total equity	2,349,522	9,230,551	8,008,884

7. Valuation of CNL

7.1 Value Definition

DMR Corporate's valuation of CNL has been made on the basis of fair market value, defined as the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length.

7.2 Valuation Methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- asset based methods;
- capitalisation of future maintainable earnings;
- net present value of future cash flows; and
- comparable market transactions.

7.3 Share Price History

The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of the proposed transaction.

Over the approximate 12-month period between 1 March 2011 and 29 February 2012 there have been 11,651,069 shares traded and this represents approximately 21.6% of the Company's current issued capital. On this basis we consider that the trading in the Company's shares is illiquid.

Announcements to the ASX made since 1 July 2010 through to 7 December 2011 that may have had an impact on the market price and trading volumes of the CNL shares include:

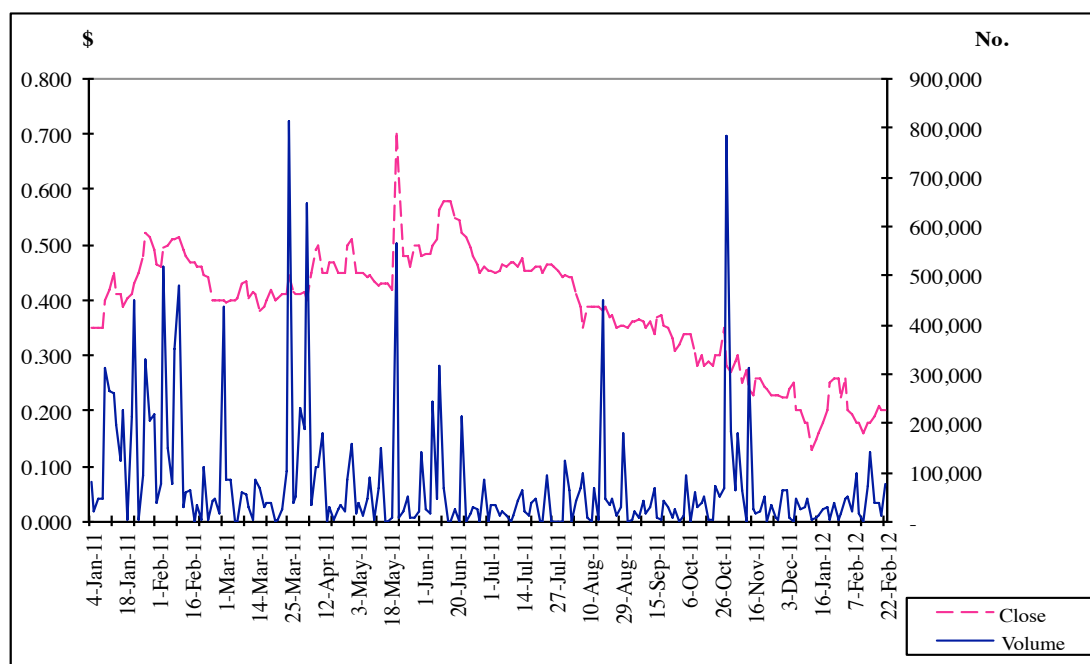
29 July 2010	Acquisition of North African interests
4 August 2010	Drilling program re-scheduled
9 September 2010	Annual report to shareholders released
12 October 2010	Update on acquisition of North African interests
15 November 2010	Placement raises \$5,760,000
26 November 2010	Bir El Afou phosphate project – activities commence
21 December 2010	Update on acquisition of North African interests - acceleration of completion of the North African interests
8 February 2011	Completion of acquisition of Celamin
30 May 2011	earn-in agreement for Qued El Kebir project signed
10 June 2011	update on Celamin project activities
30 August 2011	further advance of \$1 million to Celamin
30 September 2011	annual report to shareholders
6 October 2011	Bir El Afou pre feasibility study completed
11 October 2011	release of 2,500,000 shares from escrow
18 October 2011	drilling commences at Chaketma project
3 November 2011	Bir El Afou pre feasibility results
7 November 2011	Chaketma sampling
23 November 2011	execution of final agreement for acquisition of Celamin
5 December 2011	Chaketma drilling results for first 6 drill holes
23 December 2011	Updated schedule for acquisition of Celamin
4 January 2012	Placement and appointment of new director and Chairman
23 January 2012	Chaketma exploration update – all drill assays received
9 February 2012	Half yearly accounts released
13 February 2012	Chaketma – trench assays confirm historical results

A table of the volume and value of the CNL shares traded in the period from 1 January 2011 to 29 February 2012 is as follows:

Month	Share Price			Volume	Value
	High \$	Low \$	Average \$		
2011					
January	0.550	0.350	0.438	3,104,049	1,358,350
February	0.520	0.385	0.492	2,103,059	1,034,218
March	0.470	0.380	0.419	2,469,514	1,035,327
April	0.550	0.380	0.444	1,442,456	641,054
May	0.790	0.400	0.575	1,122,265	645,349
June	0.600	0.420	0.519	1,266,532	656,981
July	0.480	0.440	0.461	461,014	212,743
August	0.450	0.310	0.385	1,279,077	492,212
September	0.380	0.310	0.349	310,956	108,545
October	0.370	0.280	0.313	488,851	152,981
November	0.350	0.210	0.270	1,754,976	473,265
December	0.250	0.180	0.207	293,314	60,838
2012					
January	0.260	0.130	0.222	193,560	42,904
February	0.225	0.160	0.188	568,554	106,965
				16,858,177	7,021,732

Source – DMR Corporate

Graphically the daily closing prices and volumes of the CNL shares traded in the period from 1 January 2011 to 29 February 2012 are as follows:



Graph 1 – DMR Corporate

Commentary on Share Prices

In the period from 1 January 2011 to the 29 February 2012 the share price has been fluctuating in a range of \$0.13 to \$0.79. Since the 30 June 2011 the share price appears to have been in a slow but steady decline. The current 30-day VWAP (volume weighted average price – based on daily volumes and the daily closing prices) is \$0.199, the 60-day VWAP is \$0.196 and the 90-day VWAP is \$0.203.

Based on the above analysis we consider that the CNL shares are valued in a range of \$0.196 to \$0.199 per share, on a minority interest basis (i.e. excluding a premium for control).

A recent study has indicated that control premiums are generally in a range of 20% to 30%¹ so the minority prices will need to be adjusted to include a control premium.

As the CNL shares are trading in the range of \$0.196 to \$0.199 per share, then it is unknown if the partly paid shares will be paid up or the options would be exercised at a future date, so we have performed the remainder of our valuation on the basis of the current issued share capital.

In early January 2012 CNL placed 4,666,669 ordinary shares at \$0.15 per share. The placement price represented a discount of approximately 23% to 25% below the above share prices and this level of discount is, in our opinion, normal for the placement of shares to sophisticated investors. The issue of 4,666,669 ordinary shares raised \$700,000. In the period between 4 January 2012 and 29 February 2012 there have been 762,114 shares with a value of \$149,869 at an average price of \$0.197 per share.

Based on the above, the control value based on the share price valuation methodology is determined as follows:

Table 8	Number	Low	High
Share price - per share		\$0.196	\$0.199
Number of shares on issue	53,956,177		
Preliminary value	<u>53,956,177</u>	<u>\$ 10,556,398</u>	<u>\$ 10,735,410</u>
Control Premium	20%	\$ 12,667,677	\$ 12,882,492
	30%	\$ 13,723,317	\$ 13,956,033
DMR Corporate range selected		\$ 12,700,000	\$ 14,000,000
Per share basis		\$ 0.24	\$ 0.26

Based on the share price valuation methodology we consider that CNL is valued in a range of \$12,700,000 to \$14,000,000 or \$0.24 to \$0.26 per share on a control basis.

7.4 Asset Based Methods

These methodologies are based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) **Net Assets**

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses. The net assets on a going concern basis does not take account of realisation costs.

(b) **Orderly Realisation of Assets**

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs

¹ Control premiums are normally in a range of 20% to 30% above the value of a minority share – RSM Bird Cameron Control Premium Study – September 2010.

(c) Liquidation of Assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

Net Assets

The total net assets of CNL as at 31 December 2011, per the reviewed consolidated accounts, were \$8,008,884 or \$0.169 per share.

These values have been determined for financial reporting purposes using the Australian Accounting Standards, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Act.

The \$0.169 per share is not a value that shareholders should necessarily expect to receive for their shares and it has not been included in our summary of values as the orderly realisation of assets valuation methodology supersedes it.

Orderly Realisation of Net Assets

In an orderly realisation shareholders would be left with cash and a listed corporate shell, which could be used to acquire a new business. In our experience listed shells in the current market have a value between \$300,000 to \$400,000 and we have added this value to the net asset values above.

Since 30 June 2011 CNL has disposed of its Victorian gold mining leases and exploration licences and the 31 December 2011 half-year financial statements reflect these disposals. We have assessed the value of CNL as at 31 December 2011 on an orderly realisation basis after taking into account the following assumptions:

- | | |
|--------|---|
| Note 1 | Financial assets at fair value represents shares in an ASX listed company that were sold in January/February 2012. |
| Note 2 | Other receivables represents proceeds from sale of Victorian mining tenements, GST receivable and prepayments. |
| Note 3 | The loans to Celamin are unsecured and bear no interest. If CNL wished to recover the loan then it would take a period of time as Celamin could only repay the debt by selling its interests in one or more of the Mineral licences. For this reason we have discounted the recoverable values to allow for the elapsed time to enable this to occur. |
| Note 4 | Pursuant to the terms of the Acquisition Agreement (7/9/2010) \$3,000,000 was to be advanced to Celamin for exploration and evaluation purposes. At this point of time there are no recoverable values from this expenditure. We understand that it will form part of the cost of acquiring the remainder of the Celamin issued share capital as the advance is not repayable to CNL by Celamin. |
| Note 5 | The investment represents a 10% holding in Celamin and this represents a minority interest in an unlisted company. In Section 9.2 below we valued Celamin on an orderly realisation basis in a range of \$13,400,000 to \$20,400,000 and 10% of these values is \$1,340,000 to \$2,040,000 on a control basis. We then eliminated a control premium (20% to 30%) and then took a further 25% to 35% marketability discount to determine the assessed realisable values of \$726,000 to \$1,177,000. |
| Note 6 | The costs of realisation are estimates made by DMR Corporate. |

Table 9				
Celamin Holdings NL				
Orderly Realisation of Net Assets				
	Note	Reviewed 31/12/11 \$	Estimated Realisable Values Low \$	Estimated Realisable Values High \$
CURRENT ASSETS				
Cash and cash equivalents		446,427	446,427	446,427
Financial assets at fair values	1	160,000	138,000	138,000
Other receivables and prepayments	2	176,503	150,000	165,000
TOTAL CURRENT ASSETS		782,930	734,427	749,427
NON CURRENT ASSETS				
Loans - Celamin	3	1,290,587	1,226,000	1,162,000
Exploration and evaluation	4	3,000,320	-	-
Investment in Celamin - tranche 1	5	3,400,000	726,000	1,177,000
TOTAL NON-CURRENT ASSETS		7,690,907	1,952,000	2,339,000
TOTAL ASSETS		8,473,837	2,686,427	3,088,427
LIABILITIES CURRENT				
Trade and other payables		464,953	464,953	464,953
TOTAL CURRENT LIABILITIES		464,953	464,953	464,953
NET ASSETS		8,008,884	2,221,474	2,623,474
Add: Value of listed shell			300,000	400,000
Less: Costs of realisation	6		(150,000)	(100,000)
			2,371,474	2,923,474
			Say:	2,400,000
Total diluted number of shares	53,956,177	Per share:	\$0.04	\$0.05

Based on the above we have valued CNL in a range of \$2,400,000 to \$2,900,000 or \$0.04 to \$0.05 per share.

7.5 Capitalization of Future Maintainable Earnings

This methodology involves capitalising the estimated future maintainable earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits.

There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax – Price Earnings or PE. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

Other variations to EBIT include ‘Earnings Before Interest, Tax, Depreciation and Amortization’ – EBITDA and ‘Earnings Before Interest, Tax, and Amortization’ – EBITA.

We have concluded that the capitalisation of future maintainable earnings methodology cannot be applied in valuing CNL and its shares as it has no operating activities generating earnings.

7.6 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

As CNL does not have an operating business generating cash flows, we consider that the capitalisation of future cash flows is not an appropriate methodology to use to value CNL.

7.7 Comparable Market Transactions

CNL is basically an exploration company and following the sale of its Victorian mining interests its only mining asset is its 10% interest in Celamin. We do not consider that this valuation methodology can be applied in valuing the CNL shares as there are no comparable companies.

7.8 Conclusion

The applicable valuation methodologies that we have considered are summarised as:

VALUATION METHODOLOGY	Section	Low \$	High \$
Share price history	7.3	12,700,000	14,000,000
Orderly realisation of net assets	7.4	2,400,000	2,900,000

The above table highlights a large variance in the two valuation methodologies and we consider that these variances may be attributable to the following:

- (a) The original Celamin acquisition transaction was signed in September 2010 and it has taken an extraordinary length of time to have the initial exploration work completed and valuations prepared for the joint ventures and mining interests.
- (b) The terms of the original acquisition agreement were renegotiated and this again took time to complete.
- (c) The share market has, in our opinion, established the market price on the basis that the Celamin acquisition would proceed. This is supported by the recent CNL capital raising at \$0.15 per share which is considerably higher than the underlying value of CNL as a stand alone entity.
- (d) The CNL shares are not liquid and the share price has been steadily falling as the Proposed Transaction has taken too long to complete.
- (e) The CNL orderly realisation valuation methodology places no value on the \$3,000,000 that has been advanced to Celamin for exploration and evaluation purposes pursuant to the September 2010 acquisition agreement.

Based on the above we consider that the orderly realisation value should be used to value CNL and on this basis CNL is valued in a range of \$2,400,000 to \$2,900,000.

8. Celamin – Key Information

8.1 Background

Celamin was incorporated on 13 May 2009 as an unlisted public company and its founding directors were Messrs David Regan, Ralph Stagg (resigned 5 December 2011) and Timothy Regan.

Tunisia

Celamin has the following interests in mining licences in Tunisia:

Bir El Afou – Celamin has an 80% interest in the exploration permit.

Chaketma – Celamin has a 80% interest in the exploration permit.

Base metal projects – Sidi Driss, El Haouria and Oued Maden –

Celamin has an agreement to earn a 50% interest in the exploration permit

Tailings – Celamin has an agreement to earn a 50% interest in the exploration permit by spending the first US\$0.5 million and after that the parties contribute equally to all expenditures.

Algeria

Celamin has the following interests in mining licences in Algeria:

Oued El Kebir Celamin is earning a 49% interest in a granted exploitation permit (“mining lease”) at through the completion of a feasibility study.

Further detailed information on Mining Interests

Geological assessments of all of Celamin’s interests in Tunisia and Algeria are included in the ‘Valuation of the North African Mining Licences’ valuation report prepared by Global Resources & Infrastructure Pty Ltd (“GRI”), which is set out as Attachment 1 to this report.

8.2 Share Capital

Celamin has 140,333,333 fully paid ordinary shares on issue. The shareholders of Celamin as at 31 January 2011 were as follows:

Table 11	Ordinary Fully Paid Shares
Name of Shareholder	
David Gerard Regan and Marie Misaki Regan ATF the Regan Superannuation Fund - Note 1	68,849,001
RNAJ Pty Ltd ATF the RNAJ Stagg Superannuation Fund	36,948,600
IBDC SARL	12,452,000
Sharon Rae Sievert	2,450,400
Bizzell Capital Partners Pty Ltd	4,799,999
Compagnie Bancaire Helvetica	600,000
Michelle Brevost and Jean Pierre Brevost	200,000
Celamin Holdings NL	14,033,333
	<u>140,333,333</u>

8.3 Operating Performance

Celamin's audited income statements for the financial years ended 30 June 2010 and 2011 are as follows:

Table 12		
CELAMIN LIMITED		
Statement of Comprehensive Income		
For Year Ended 30 June		
	Consolidated	
	2010	2011
	\$	\$
Revenue		
Interest received	2,491	51,630
Depreciation and amortisation expense	(8,901)	(8,901)
Foreign currency losses	-	(7,697)
Other expenses	(2,923)	(268,001)
Profit before income tax	(9,333)	(232,969)
Income tax expense	-	-
Profit for the year	(9,333)	(232,969)

An operating loss of \$1,008,158 was incurred in the six months to 31 December 2011 and this loss included a 'loss on disposal of an investment' of \$647,340.

8.4 Cash Flow Statements

Celamin's audited cash flow statements for the financial years ended 30 June 2010 and 2011 are as follows:

Table 13		
CELAMIN LIMITED		
Statement of Cash Flows		
For The Year Ended 30 June		
	Consolidated	
	2010	2011
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(88,215)	(204,529)
Interest received	2,491	51,630
Net cash provided by/(used in) operating activities	(85,724)	(152,899)
Cash flows from investing activities		
Purchase of shares	(17,500)	(54,437)
Purchase of property, plant and equipment	-	(58,071)
Purchase of investment in associates and joint ventures	(516,171)	(2,384,146)
Net cash provided by/(used in) investing activities	(533,671)	(2,496,654)
Cash flows from financing activities		
Proceeds from issue of shares	557,549	-
Proceeds from borrowings	202,454	3,594,954
Repayment of borrowings	(200,000)	(202,454)
Net cash provided by/(used in) financing activities	560,003	3,392,500
Net increase/(decrease) in cash held	(59,392)	742,947
Cash and cash equivalents at beginning of financial year	134,918	75,526
Cash and cash equivalents at the end of the financial year	75,526	818,473

8.5 Statement of Financial Position

Celamin's audited statements of financial position as at 30 June 2010 and 2011 and management accounts as at 31 December 2011 are as follows:

Table 14			
CELAMIN LIMITED			
Statement of Financial Position			
	Consolidated		
	30/06/10	30/06/11	31/12/11
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	75,526	818,473	414,172
Trade and other receivables	-	27,732	110,991
Total current assets	<u>75,526</u>	<u>846,205</u>	<u>525,163</u>
Non-current assets			
Other financial assets	17,500	71,937	109,482
Property, plant and equipment	-	58,071	55,582
Exploration and evaluation	669,865	2,973,817	4,308,880
Intangible assets	35,229	26,329	21,879
Total non-current assets	<u>722,594</u>	<u>3,130,154</u>	<u>4,495,823</u>
Total assets	<u>798,120</u>	<u>3,976,359</u>	<u>5,020,986</u>
Liabilities			
Current liabilities			
Trade and other payables	201,255	17,509	1,070,294
Current tax liabilities	(200)	(200)	(200)
Total current liabilities	<u>201,055</u>	<u>17,309</u>	<u>1,070,094</u>
Non-current Liabilities			
Other financial liabilities	-	594,954	1,594,954
Total non-current liabilities	<u>-</u>	<u>594,954</u>	<u>1,594,954</u>
Total liabilities	<u>201,055</u>	<u>612,263</u>	<u>2,665,048</u>
Net assets	<u>597,065</u>	<u>3,364,096</u>	<u>2,355,938</u>
Equity			
Issued capital	606,816	3,606,816	3,606,816
Retained earnings	(9,751)	(242,720)	(1,250,878)
Total equity	<u>597,065</u>	<u>3,364,096</u>	<u>2,355,938</u>

9. Valuation of Celamin

The definition of value and the valuation methodologies considered are the same as stated in Sections 7.1, 7.2 and 7.4 (a), (b) and (c).

9.1 Share Price History

Celamin is an unlisted public company and there have only been two transfers of shares registered. One was for 200,000 shares at a price of \$0.22 per share and the second transfer was for 180,000 shares at a price of \$0.2875 per share. At an average price of \$0.25 per share, Celamin would be valued at approximately \$35 million.

We do not consider that the price of these two transfer can be extrapolated to a market valuation of Celamin and we therefore consider that this valuation methodology is not an applicable valuation methodology to value Celamin.

9.2 Asset Based Methods

9.2.1 Net Assets

The audited statement of financial position as at 30 June 2011 disclosed net assets of \$3,364,096 (following the capitalisation of the \$3,000,000 advance from CNL) or \$0.024 per share and the 31 December 2011 management balance sheet disclosed net assets of \$2,355,938 which places a \$0.017 value on the Celamin shares at that date.

9.2.2 Orderly Realisation of Net Assets

Celamin's main assets are its mineral exploration rights. Given that many of these assets are at an early exploration stage the company had BBP Consulting prepare an independent technical valuation of the Celamin mineral projects in Tunisia and Algeria. BBP Consulting ("BBP") relied upon the geological work prepared by SRK Consultants (South Africa) ("SRK") on behalf of Celamin.

As both BBP and SRK had been appointed by Celamin, we appointed GRI to independently review the BBP and SRK reports to determine whether these reports contained sufficient evidentiary material which would enable GRI to extrapolate data that could reasonably be relied upon to determine a value of the mineral interests currently held by Celamin.

We have reviewed the valuation report prepared by GRI and discussed the valuation with Mr. Ian Buckingham, a director of GRI responsible for preparation of the report. As a result of our review of the GRI report and discussions with Mr. Buckingham, we have used the tenement values determined by GRI as a basis of our assessment of the value that an alternate acquirer may be prepared to pay to acquire Celamin's mineral assets and the other net assets recorded in the Statement of Financial Position.

A copy of the GRI report dated 2 March 2011 is set out as Attachment 1 to this report and the Executive Summary contains the following valuation of Celamin's North African projects:

Project	Location	Interest	Valuation Method	Value	
				Low	High
BEA Project	Tunisia	80%	EEM	\$5.9 m	\$9.1m
Chaketma Project	Tunisia	80%	EEM	\$6.2m	\$9.4m
Tailings Project	Tunisia	50%	EEM	-	-
Base & Precious Metals Projects	Tunisia	50%	EEM	\$0.4m	\$0.5m
Base & Precious Metals Projects	Algeria	49%	EEM	\$3.2m	\$3.6m
Total				\$15.7m	\$22.6m

9.2.3 Our assessment of the orderly realisation of Celamin's net assets as at 31 December 2011 is as follows:

Table 15				
CELAMIN LIMITED				
Orderly Realisation of Net Assets				
	Note	31-Dec 2011 \$	Estimated Realisable Values Low \$	Estimated Realisable Values High \$
Assets				
Current assets				
Cash and cash equivalents		414,172	414,172	414,172
Trade and other receivables		110,991	75,000	90,000
Total current assets		<u>525,163</u>	<u>489,172</u>	<u>504,172</u>
Non-current assets				
Exploration and evaluation	1	4,308,880	12,730,000	17,560,000
Other financial assets	2	109,482	54,000	72,000
Property, plant and equipment	3	55,582	10,000	40,000
Intangible assets	4	21,879	-	-
Total non-current assets		<u>4,495,823</u>	<u>12,794,000</u>	<u>17,672,000</u>
Total assets		<u>5,020,986</u>	<u>13,283,172</u>	<u>18,176,172</u>
Liabilities				
Current liabilities				
Trade and other payables		1,070,294	1,070,294	1,070,294
Current tax liabilities		(200)	(200)	(200)
Total current liabilities		<u>1,070,094</u>	<u>1,070,094</u>	<u>1,070,094</u>
Non-current Liabilities				
Other financial liabilities		1,594,954	1,594,954	1,594,954
Total non-current liabilities		<u>1,594,954</u>	<u>1,594,954</u>	<u>1,594,954</u>
Total liabilities		<u>2,665,048</u>	<u>2,665,048</u>	<u>2,665,048</u>
Net assets		<u>2,355,938</u>	10,618,124	15,511,124
Less: Costs of Realisation			(200,000)	(150,000)
			<u>10,418,124</u>	<u>15,361,124</u>
		SAY:	10,400,000	15,400,000

Note 1 Realisable values have been assessed by GRI at \$15,700,000 to \$22,600,000 as stated in Section 9.2.2 above, net of an estimated taxation liability of 30% on the estimated profit on realisation (\$2,970,000 Low and \$5,040,000 High). A full copy of the GRI report is attached to this report.

Note 2 Balance represents cash advances to establish new subsidiary companies in offshore locations to take advantage of double tax agreements the Australian government has with different countries. Realisable values have been estimated by DMR Corporate following discussions with Mr. David Regan.

Note 3 Realisable values have been estimated by DMR Corporate.

Note 4 Intangible assets represents the costs of forming Celamin and have no realisable values in the future.

Based on the above assessment of orderly realisation values, Celamin is valued in a range of \$10,400,000 to \$15,400,000.

9.3 Earnings Based Valuation

Capitalisation of earnings is a methodology commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

An alternative to the use of EBIT is to capitalise EBITDA. The argument in favour of using EBITDA is that it is a proxy for operating cash flows.

Celamin does not presently have an operating business and we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value Celamin.

9.4 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

As Celamin does not yet have a business capable of producing long-term cash flows, we consider that the capitalisation of future cash flows is not an appropriate methodology to use to value Celamin.

9.5 Alternate Acquirer

The value that an alternative acquirer may be prepared to pay to acquire Celamin is a relevant valuation methodology to be considered.

Whilst CNL has the current Acquisition Agreement in place and CNL is owed in excess of \$1.5 million, we consider that an offer from an alternative acquirer is unlikely. However if an offer were to be made then it would probably be based upon the estimated realisable values, as determined in the orderly realisation valuation assessment in Section 9.2 above.

9.6 Conclusion

We have considered the various applicable valuation methodologies and we have determined that the orderly realisation of net assets is the most appropriate valuation to use to value Celamin. On this basis we have valued Celamin in a range of \$10,400,000 to \$15,400,000 (Section 9.2 above). These values represent control values in respect of Celamin.

10. Control Premium

A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. Control premiums are normally in a range of 20% to 30%² above the value of a minority share. The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the CNL importance of the assets.

If the Proposed Transaction is approved by shareholders, then the shareholders of Celamin will control 60.9% (assuming the partly paid shares and options are not exercised) of CNL's voting power. Whilst this level of control is likely to be reduced by future capital raisings, the Proposed Transaction will deliver control of CNL to the Celamin shareholders.

In Section 7.8 we valued CNL in a range of \$2,400,000 to \$2,900,000 on a control basis.

In Section 9.2 we valued Celamin in a range of \$10,400,000 to \$15,400,000 on a control basis.

11. Valuation of CNL After the Proposed Transaction

11.1 We have prepared a pro forma consolidated statement of net assets of CNL based on the following assumptions:

1. The CNL shareholders approve the Proposed Transaction.
2. The 10% investment in Celamin is eliminated.
3. The \$3,000,000 capitalised as 'Exploration and evaluation' in the books of CNL is eliminated.
4. The intercompany loans are eliminated.
5. After processing the above eliminations we determined that the pro forma net assets total \$4,268,869. We then considered the 'Low' and 'High' realisable values of the pro forma net assets on a similar basis as in Sections 7.8 and 9.2 above.
6. The book value of the investment in joint venture projects is eliminated and the estimated realisable value of those projects as determined by GRI replaces the book values.
7. The realisable values of the Joint Venture interests were reduced by the estimated taxation liability (\$2,970,000 Low and \$5,040,000 High) that may be payable if the Joint Venture interests were realised. Whilst we do not expect this to occur, we have included this possible taxation liability to be conservative.

11.2 Based on the above assumptions the Pro Forma statement of net assets as at 31 December 2011 and our estimated net realisable values are as follows:

² RSM Bird Cameron Control Premium Study – September 2010.

Table 16

Pro Forma Statement of Net Assets After the Proposed Transaction

	CNL Pro Forma 31/12/11 \$	Estimated Realisable Values Low \$	Estimated Realisable Values High \$
Current assets			
Cash and cash equivalents	860,599	860,599	860,599
Trade and other receivables	110,991	75,000	90,500
Financial assets at fair values	160,000	138,000	138,000
Other assets - prepayments	176,503	150,000	165,000
	<u>1,308,093</u>	<u>1,223,599</u>	<u>1,254,099</u>
Non current assets			
Other financial assets	109,482	54,000	72,000
Property, plant and equipment	55,582	10,000	40,000
Joint venture interests	4,308,880	12,730,000	17,560,000
Intangible assets	21,879	-	-
	<u>4,495,823</u>	<u>12,794,000</u>	<u>17,672,000</u>
Total assets	5,803,916	14,017,599	18,926,099
Current liabilities			
Trade and other payables	1,535,047	1,535,047	1,535,047
Total current liabilities	<u>1,535,047</u>	<u>1,535,047</u>	<u>1,535,047</u>
Net assets	<u>4,268,869</u>	<u>12,482,552</u>	<u>17,391,052</u>
Less: Costs of realisation		(200,000)	(150,000)
		<u>12,282,552</u>	<u>17,241,052</u>
Net realisable values on a control basis		12,300,000	17,200,000
Elimination of Control Premium	20%	10,249,590	14,332,760
Elimination of Control Premium	30%	9,461,160	13,230,240
Value on a minority interest basis - Say:		9,500,000	14,300,000

- 11.3 The above valuations of \$12,300,000 to \$17,200,000 (\$0.10 to \$0.14 per share) are control values and if we removed the control premium from these values then a minority interest in CNL after the Proposed Transaction would be valued in a range of \$9,500,000 to \$14,300,000 - \$0.08 to \$0.11 per share.

12. Assessment as to Fairness

In Section 7.8 we valued CNL on a control basis in a range of \$2,400,000 to \$2,900,000 before the Proposed Transaction. The Non-Associated Shareholders currently hold a 91.7% interest in CNL and this therefore values their interests in a range of \$2,201,000 to \$2,659,000 – mid point \$2,430,000.

In Section 11.3 above we valued CNL on a control basis after the Proposed Transaction in a range of \$12,300,000 to \$17,200,000 and after the control premium is eliminated from these values then this values CNL after the Proposed Transaction in a range of \$9,500,000 to \$14,300,000. The Non-Associated Shareholders will have a 39.1% interest in CNL (a minority interest) after the Proposed Transaction and the Non-Associated Shareholder interests will therefore be valued in a range of \$3,700,000 to \$5,600,000 – mid point \$4,650,000.

As the mid point value of the CNL shareholders minority interests after the completion of the Proposed Transaction (\$4,650,000) is greater than the mid point value of their interests before the Proposed Transaction (\$2,430,000) we have concluded that the Proposed Transaction is **fair**.

13. Other Considerations

Prior to deciding whether to approve or reject the Proposed Transaction the CNL shareholders should also consider the following factors:

- In Section 12 above we concluded that the Proposed Transaction is **fair** and therefore it is reasonable.
- We consider that the CNL shareholders should also take into consideration the following matters:
 - CNL currently has a 10% interest in Celamin and the Proposed Transaction offers CNL the opportunity to increase its interest to 100%.
 - CNL has been providing the majority of the funding for the exploration and evaluation work on the various joint ventures interests held by Celamin and as this money is expended it has been increasing the underlying value of the joint venture interests without CNL shareholders obtaining the benefits. The Proposed Transaction will change these arrangements and enable the CNL shareholders to directly share in all future increases in the underlying values of the joint ventures.
 - Capital raisings should become easier to market as the investors will directly share in all future increases in the underlying value of the joint ventures.
 - CNL will gain a new management team with experience in the development and exploitation of North African resources.
 - The projects in the Celamin joint ventures are in various sites in Tunisia and Algeria providing diversity of geographic locations and also cover different resources (phosphate, lead, zinc, copper, gold and silver)
 - The finalisation of the preliminary feasibility study should add substantial value to Bir El Afou project over the next 12 months.
 - The CNL Non-Associated Shareholders will lose control of CNL.
 - If the Non-Associated Shareholders do not approve the Proposed Transaction then the CNL share price will fall significantly to reflect the underlying value of CNL as determined in Section 7 above.

14. Conclusion as to Fairness and Reasonableness

After reviewing the results of our assessment of the fairness of the Proposed Transaction set out in Section 12 and after considering the 'other considerations' set out in Section 13, we consider that **the Proposed Transaction is fair and reasonable**.

15. Related Party – Financial Benefits

Mr. David Regan is the Executive Director of CNL and he currently indirectly holds 3,362,806 fully paid ordinary shares in CNL (representing a 6.23% interest) and for the purposes of Chapter 2E, he is deemed to be a related party to the Proposed Transaction.

In Section 11.3 above we valued the CNL shares after the Proposed Transaction in a range of \$0.10 to \$0.14 on a control basis and \$0.08 to \$0.11 on a minority basis. As an integral part of the Proposed Transaction Mr. David Regan will receive 39,521,398 CNL shares and these shares may have a maximum value of \$5,375,523 on a control basis.

In our opinion Mr. David Regan may receive a financial benefit of up to \$5,375,500 if the Proposed Transaction proceeds.

16. Financial Services Guide

16.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

16.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

16.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity (“Entity”). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate’s independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

16.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial

product.

16.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any interest in the outcome of the Proposed Transaction, nor any relationship with CNL or Celamin.

Drafts of this report were provided to and discussed with the Directors of CNL and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR Corporate and its related entities do not have any shareholding in or other relationship with CNL or Celamin that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

DMR Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

16.6 Remuneration

DMR Corporate is entitled to receive a fee of approximately \$36,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

16.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to Celamin a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

DMR Corporate Pty Ltd



Paul Lom
Director



Derek Ryan
Director

CNL Pooled Development Limited**Sources of Information**

- The Explanatory Memorandum which this report accompanies
- Audited financial statements of CNL for the financial years ended 30 June 2009, 2010 and 2011
- CNL's Half Yearly report as at 31 December 2011
- CNL's announcements to the ASX since 1 January 2010
- CNL share price summaries supplied by Capital IQ and Commonwealth Securities
- ASIC historical extracts for CNL and Celamin
- Listing of CNL's top 20 shareholders as at 29 February 2012
- Celamin's audited financial statements for the year ended 30 June 2011
- Celamin's management accounts as at 31 December 2011
- Acquisition Agreement dated 7 September 2010 between CNL, Celamin and the Celamin vendor shareholders
- Deed of Amendment – Acquisition Agreement between CNL, Celamin and the Celamin vendor shareholders
- Deed of Second Amendment between CNL, Celamin and the Celamin vendor shareholders
- Valuation report prepared by Global Resources & Infrastructure dated 2 March 2012
- BBP Consulting report dated 22 November 2011
- SRK report dated November 2011
- Draft Notice of General Meeting re the Proposed Transaction
- Discussions with Mr. David Regan (CNL Executive Director and a Director of Celamin) and Mr. Timothy Regan (Director of Celamin)

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the directors of CNL pursuant to Section 611 and Chapter 2E of the Act together with Chapter 10 of the ASX Listing Rules to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

GRI is to be paid a fee of \$48,000 for the preparation of its specialist technical report. GRI consented to the inclusion of statements made by it, or based on statements made by it, or statements or information extracted or derived from its report titled “Valuation of the North African Mineral Licences” dated 2 March 2012:

- (a) in the form and context in which they are included; and
- (b) to all references to that information in the form and context in which it appears.

2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 40 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Chartered Accountant and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

ATTACHMENT TO DMR CORPORATE PTY LTD REPORT

**VALUATION OF THE NORTH AFRICAN MINERAL PROJECTS
of
CELAMIN LIMITED**

Prepared for

DMR Corporate Pty Ltd

by

Global Resources & Infrastructure Pty Ltd

and

BBP Consulting

This report has been prepared at the request of DMR Corporate Pty Ltd. The report's purpose is to provide information relating to the valuations determined by Global Resources & Infrastructure Pty Ltd and BBP Consulting of the tenements located in Tunisia and Algeria North Africa that are held by Celamin Limited, to DMR Corporate Pty Ltd to assist that company in providing an Independent Expert's Report on the fairness and reasonableness to non-associated shareholders of the proposed purchase of Celamin Limited by Celamin Holdings(ASX: CNL).

This report, prepared by Global Resources & Infrastructure Pty Ltd and BBP Consulting, has estimated the valuation range for the projects, which has been based on information supplied by management, directors and staff of, and consultants to, Celamin Holdings NL via DMR Corporate Pty Ltd and from consultants reports based on technical investigations into the various tenements as well as publicly available information and reviews of other projects of these types in North Africa in particular and elsewhere.

This report may accompany commentary provided by DMR Corporate Pty Ltd on their opinions with regard to the transaction.

The report has been completed in accordance with the terms and conditions described herein and set forth in our agreement with DMR Corporate Pty Ltd.

2 March 2012

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1. INTRODUCTION

1.1 OVERVIEW

Celamin Holdings NL (“CNL”) has entered into an agreement to purchase the remaining 90% of Celamin Limited (“Celamin”) by the issue of 72.5 million ordinary shares.

Shareholders of Celamin following the share issue will hold approximately 60.9% of CNL’s issued capital.

Section 606 of the Corporations Act 2001 (“the Act”) contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company to more than 20% without a takeover bid.

Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

CNL is seeking shareholder approval for the proposed transaction under Section 611 of the Act as Shareholders of Celamin will increase their interests in CNL from 8.3% to up to 60.9%.

The Directors of CNL have commissioned DMR Corporate Pty Ltd (“DMR Corporate”) to prepare an Independent Expert’s Report (“IER”) in respect of the proposed transaction for the benefit of the CNL shareholders. DMR Corporate’s IER will have to be prepared in accordance with ASIC Regulatory Guide 111 – Content of expert reports, which requires the Independent Expert to advise shareholders whether the Proposed Transaction is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders.

1.2 PURPOSE OF THE REPORT

DMR Corporate requested Global Resources & Infrastructure Pty Ltd (“GRI”), which co-authored with BBP Consulting of Malta, to undertake the role of Specialist to undertake an independent assessment and valuation of the projects held by Celamin for its use in developing the IER, and for attachment to its IER. GRI and BBP have relied on reports prepared by SRK Consulting (South Africa) (Proprietary) Limited (“SRK”), who were mandated by CNL to prepare an independent review of Celamin’s minerals projects.

1.3 DISCLAIMER

GRI and BBP do not have any relationship with CNL or Celamin, nor have they had any past relationship with CNL or Celamin, other than acting as consultants to produce this report. GRI and BBP have no shareholdings in or any interest in the acquisition or disposal of any securities or assets of Celamin. GRI and BBP have no pecuniary or other interest that could be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the valuation of the mineral interests of Celamin.

Neither GRI nor BBP has received or may receive any pecuniary or other benefits, whether direct or indirect or in connection with the preparing of this report other than normal consultancy fees based on fee time at normal professional rates plus out-of-pocket expenses.

Much of the information in this report was provided by Celamin and while some of it was checked where this was possible, all of it is accepted in good faith. GRI and BBP have no reason to doubt the accuracy of the information provided.

2. SUMMARY AND VALUATION

2.1 EXECUTIVE SUMMARY

- CNL has entered into agreement subject to CNL shareholder approval to purchase the remaining 90% of Celamin it does not currently hold for the issue of 72.5 million CNL ordinary fully paid shares.
- Following the issue, CNL will hold 100% of Celamin's total issued capital.
- Celamin holds interests in five project areas four, in Tunisia and one in Algeria, that cover a total area of 354 km².

2.2 CELAMIN PROJECTS

- Bir El Afou ("BEA"), Tunisia - Phosphate (80%/20% Joint Venture)
- Chaketma, Tunisia - Phosphate (80%/20% Joint Venture)
- Tailings Project, Tunisia- Base Metals Pb/Zn (50%/50% Joint Venture)
- Tunisian - BaseMetals Pb/Zn (50%/50% Joint Venture)
- Oued El Kebir- Algeria Base and Precious Metals Pb/Zn/Ag Celamin 49%
- GRI and BBP Consulting examined all of the information provided by Celamin and SRK reviewed the same documentation and made site visits to all prospect areas in Tunisia. The prospect in Algeria is in a very early stage of investigation and it was considered that a review of the work done with the local Algerian staff of Celamin's partner in Algiers was adequate.
- In Tunisia Celamin operates through a registered branch and has also set-up a wholly owned subsidiary in Malta for the BEA Phosphate Project. Tunisia currently has no reciprocal taxation arrangements with Australia and this intermediary company will allow funding to 'flow-through' to Australia with minimal taxation implications.
- Celamin has set-up a wholly owned subsidiary in Bahrain. The double tax agreement between Algeria and Bahrain provides for no dividend withholding tax. Algeria currently has no reciprocal taxation arrangements with Australia and this intermediary company will allow funding to 'flow-through' to Australia with minimal taxation implications.
- Most of the projects are in the early stages of investigation, the exception is the BEA phosphate project in Tunisia where documentation reviewed for this project presents the work undertaken as a preliminary feasibility study (PFS). We consider this work to be at a Scoping Study level rather than a Pre-Feasibility Study level. SRK also supports this view and in discussions, Celamin accepts that the Bir El Afou report is not at PFS level although the report describes valid work that has been completed on the project, SRK has defined additional work that would be required to take the project to PFS level and beyond.
- Both Tunisia and Algeria have suffered a degree of political unrest in the recent past but it is considered that they are both countries in which the legislative framework provides adequate protection to foreign companies to pursue their activities.
- All projects show good potential and warrant investment to allow further investigation. We have not found any fatal flaws in the projects nor in the work completed on them at this stage.
- SRK noted that the terms "resources" and "reserves" are used interchangeably and incorrectly in historical literature. Celamin did not provide SRK with any documentation delineating classified resources or reserves.
- The Tunisian phosphate deposits are currently the primary assets of Celamin in North Africa. To date, Celamin has completed a literature review, data compilation and followed these with a mapping exercise and field exploration programme. The base metal tailings project consists mainly of lead, zinc (Pb/Zn) oxides some of which have been sampled. Celamin is focussing

on four main areas. Historical work on the tailings includes trenching, drilling and resource estimation, which is currently not JORC compliant. The North Tunisian base metal projects are based on identifying areas that may have potential and could be treated using the Bougrine plant which TMS (in consortium) has purchased. The development concept is to find smaller resources that are not ‘stand-alone’ and mine, truck and process them at Bougrine subject to agreement with the new owners (Toll Treatment).

- The Algerian base metal deposit was not visited by SRK and most of the work conducted to date comprises literature and data reviews. No surface field work has been undertaken.
- SRK identified no fatal flaws with the current exploration programme, other than some qualifications in regard to quality control and historical result verification. We do not believe that these issues are an impediment to the on going development of the project (p113, SRK, 2012).
- The information provided by Celamin, including the PFS carried out by RSV, has been studied. SRK’s views regarding this information, plus other facts as referenced in Section 15 and the information obtained during the site visits by SRK Consultants from 11 September to 21 September 2011 have been incorporated into this report.



Figure 1: Location of Celamin’s Tunisian and Algerian Projects

2.3 VALUATION

Table 1 provides a summary of the valuation estimates of Celamin’s interests in the North African projects.

Table 1: Summary of valuations for Celamin’s North African projects.

Project	Location	Interest	Valuation Method	Value	
				Low	High
BEA Project	Tunisia	80%	EEM	\$5.9 m	\$9.1m
Chaketma Project	Tunisia	80%	EEM	\$6.2m	\$9.4m
Tailings Project	Tunisia	50%	EEM	-	-
Base & Precious Metals Projects	Tunisia	50%	EEM	\$0.4m	\$0.5m
Base & Precious Metals Projects	Algeria	49%	EEM	\$3.2m	\$3.6m
Total				\$15.7m	\$22.6m

3. METHODOLOGY AND APPROACH

3.1 INTRODUCTION

Celamin holds nine Mining Licenses in the North Western region of the Tunisian Republic, North Africa where it is targeting phosphate and polymetallic (lead, zinc) deposits and one License in Northern Algeria, North Africa, which is a polymetallic (lead, zinc) deposit.

Celamin has entered into an agreement with ASX Listed CNL in terms of which CNL will acquire Celamin by issue of 72.5 million ordinary shares in CNL.

On completion of the share issue by CNL, shareholders of Celamin will hold 60.9% of CNL's total issued capital.

Section 606, the Act, contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company to more than 20% without a takeover bid.

Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

CNL is seeking shareholder approval for the proposed transaction under Section 611 of the Act as Celamin shareholders may increase their interest in CNL from 8.3% to 60.9%.

The Directors of CNL have commissioned DMR Corporate to prepare an IER in respect of the proposed transaction for the benefit of the CNL shareholders. DMR Corporate's IER will have to be prepared in accordance with ASIC Regulatory Guide 111 – Content of expert reports, which requires the Independent Expert to advise shareholders whether the Proposed Transaction is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders.

GRI's estimation of the value range of the tenements has been undertaken in compliance with the requirements of the Valmin Code (2005) of the Australasian Institute of Mining and Metallurgy ("The AusIMM").

For the purposes of this report, GRI and BBP have relied to a large extent on technical information provided by SRK, a technical mining consulting company retained by CNL. Mr. Andre Vorster and Nick McNulty, of SRK undertook these investigations. Mr. Donald Thompson, a Geologist retained by CNL to manage its North African projects, has visited the properties, acquired briefing information including geological reports and maps, miscellaneous technical papers, published government reports and historical documents and authorised several geological reports to be produced on the tenements. Mr. Thompson has provided this data and information to GRI and BBP to assist us in preparing this report. These reports are listed in the "References" section in this report. SRK, Deswick Mining and GEOS Mining have agreed to the use of their work by GRI and BBP for inclusion in this report.

3.2 PROJECT VALUATION METHODS

In general, a valuation is derived by considering a technical value, reflecting the assessed future net economic benefit of the project, which can be adjusted by way of a premium or discount, for given market and other conditions presently applicable to determine a fair market value. With this in mind, the application of standard valuation methodologies, while possible, may not indicate a realisable value, as the ability of a potential purchaser to use the asset for commercial advantage or other gain from its ownership, may not be achievable.

3.2.1 SUMMARY

The commonly used valuation methods for mineral assets that GRI considered, and/or adopted where appropriate, to determine the value of CNL's North African mineral projects:

- The Net Present Value Of Future Cash Flows Method
- The Exploration Expenditure Multiples method

- Joint Venture Terms method
- Comparable Transactions method

3.2.2 NET PRESENT VALUE OF FUTURE CASH FLOWS METHOD - (NPV)

The Net Present Value method is based on the premise that the value of a business is the net present value of its future discounted cash flows. In the mining business, this method requires assessment of:

- mineral reserves and resources;
- the appropriate mining and processing methods to exploit and market those reserves; and
- analyses of future production, production costs, market prices, cash flows, capital requirements and capital costs for the life of the potential reserves.

This technique is particularly appropriate for a minerals investment with defined reserves and resources and is the most common approach to valuation in the minerals industry. The NPV method requires that as a minimum, Inferred Resources estimated in accordance with the JORC Code (2004) must be identified in order for such a calculation to be made. Although a JORC compliant Inferred Resource has been estimated for the BEA Project in Tunisia, GRI determined that there is insufficient information available regarding future production projections, capital requirements, production costs and other inputs necessary to enable future cash flows to be determined and therefore establish an NPV for the project.

3.2.3 EXPLORATION EXPENDITURE MULTIPLES METHOD - (EEM)

The method is commonly used to assess value for “grass-roots” or immature exploration assets where no JORC classifiable resource has been identified. With this method, the total historical costs of acquiring and exploring the permit up to the present, plus committed and approved future exploration expenditure, is taken as the base. To this is applied an “Exploration Effectiveness Multiplier”, a measure of the usefulness of the expenditure to the development of future exploration programmes and the effective equity interest.

The result is adjusted by applying a Prospectivity Enhancement Multiplier (“PEM”) representing the valuer's opinion of the company's potential success (or otherwise) in upgrading the prospectivity of the permit. This factor would normally lie in the range of 0 to 3, with zero representing a write-off, and a value greater than one applying where exploration had successfully upgraded the permit. The selection of the appropriate enhancement factor is subjective and dependent on the valuer's experience and judgement.

GRI reviewed the available exploration information and analysed previous expenditures and approved budgets. We determined that although a couple of these tenements had been held for some time the majority were relatively new, had received little exploration activity and had little money spent on their exploration. Therefore, the use of this method would most likely result in a lower value being estimated than if the tenement, in an exploration sense, was regarded as being more mature. Nevertheless, we determined that deriving values using this method was appropriate in these circumstances and applied it accordingly.

3.2.4 JOINT VENTURE TERMS - (JVT)

The terms of a joint venture agreement or proposed agreement indicate the value placed on a permit by a (usually) knowledgeable incoming partner who is prepared to invest in the property to earn an interest. This method has to take into consideration the full details of the agreement, particularly the terms under which the incoming partner can withdraw. GRI has not used this method as the terms being offered is for the whole company and not for individual tenements.

3.2.5 COMPARABLE TRANSACTIONS METHOD – (CT)

Comparable transactions relate to the values of reasonably recent transactions for other properties that are judged to be similar and / or in the same region as the property in question. As such transactions are often of a joint-venture nature, it is necessary to discount the apparent value for

time and for the probability of the earning expenditure being completed or adjust them for other payments such as royalties to be triggered by successful exploration.

GRI found a number of transactions for phosphate properties in various locations across the globe and applied these to Celamin’s phosphate projects but could find no comparable transactions for the base and precious metals projects that related to Celamin’s projects for similar minerals assemblages.

3.3 MATERIAL ISSUES

Unless otherwise noted, the units used in this report are contained in Table 2.

Table 2: Units used in this report

Area – Kms ²	Grams per metric tonne - g/t
Currency – Australian Dollars	Tons – metric tonnes
Dates – DD/MM/YYYY	Metric tonne – t
Distance – Meters	Percent - %

3.4 OTHER MATTERS

This report has been prepared in accordance with the requirements of ASIC Regulatory Guide 111 “Content of expert’s reports”. It also conforms to the requirements of the Australasian Institute of Mining and Metallurgy’s VALMIN Code, 2005.

All references to JORC within this report relate to the Australasian Joint Ore Reserves Committee (JORC), which is the Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code) and is widely accepted as a standard for professional reporting purposes. The latest revised version was published in 2004. Since 1989 it has been incorporated in the Listing Rules of the Australian Stock Exchange, making compliance mandatory for listing public companies in Australia.

3.5 JORC COMPETENT PERSON’S STATEMENTS

Celamin Holdings NL, in an ASX Announcement dated 3 November 2011, reported to the market on its Prefeasibility Study Results for the BEA project. The Competent Person’s Statements below have been extracted from the Announcement.

The information in this report that relates to Mineral Resources at BEA (Blocks A, B and C) and Boukechrid (Block G) has been compiled by Ms Armstrong of Deswick Mining Consultants who is a consultant and advisor to Celamin Ltd and Member of the Geological Society of South Africa. Ms Armstrong has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken as to qualify as a Competent Person as defined in the 2004 (Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Ms Armstrong consents to the inclusion in the report of the matters based on the information supplied in the form and context in which it appears.

The information in this report that relates to Mineral Resources at Zebouzi has been compiled by S Border of Geos Mining mineral consultants who is a consultant and advisor to Celamin Ltd and Fellow of both the Australasian Institute of Mining and Metallurgy and Australian Institute of Geologists. Ms Border has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken as to qualify as a Competent Person as defined in the 2004 “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Ms Border consents to the inclusion in the report of the matters based on the information supplied in the form and context in which it appears.

4 LICENCES HELD - TUNISIA

4.1 SUMMARY

A summary of Celamin's exploration assets in Tunisia is shown in Table 3.

Table 3: Summary of permit areas Tunisia Celamin 80%

Project	Permit Name	Permit Status	Minimum Expenditure (Tunisian Dinar)	Area (km ²)
Tunisian Phosphate	BEA	EP	TD 1.1M – 3 years	84
	Chaketma	EP	TD 1.61M – 3 years	56
Tunisian Tailings <i>Note 1</i>	Trozza		Nil	
	Garn Halfaya		Nil	
Tunisia Base & Precious Metals	El Haouaria	EP	TD 285,000 – 3 years	24
	Sidi Driss	EP	TD 310,000 – 3 years	16
	Oued El Maden	EP	TD 295,000 – 3 years	4

Note 1: Permits to treat tailings are issued under Office National des Mines (ONM). Authorisation not under the mining code and is limited to the area of the tailings. There is no minimum expenditure.

BBP has sighted documentation relating to the permits but has not undertaken legal checks on their validity as this does not form part of our brief.

4.2 TUNISIA - INTRODUCTION

Celamin has interests in the following projects in Tunisia:

- **BEA and Chaketma Phosphate.** Celamin and Tunisian Mining Services (“TMS”) hold two Exploration Permits (“EP”) for phosphate over the project areas. The EPs were granted to Celamin and TMS on a 80% / 20% basis. Celamin has committed in its application for the EP's to allow for a 50% Tunisian interest at the time of each project's development. In the interim, Celamin will cover the cost of 95% of the PFS costs and 70% of the Feasibility Study (“FS”) costs of the first development project. All costs thereafter will be according to percentage participation in the project or projects.
- The BEA and Chaketma Licences cover phosphate deposits with an Exploration target identified from previous exploration and mining of 230-320 million tonnes at 17%-22% P₂O₅
- A BEA JORC compliant inferred resource of 29 million tonnes at 11.1% P₂O₅ has been estimated by Deswick Mining Consultants and Geos Mining.
- **Tailings Projects Base Metals** from former lead-zinc mining. Celamin has the right to earn 50% of this through the expenditure of US\$500,000; three exploration permits are held by TMS; other tailings rights are held under a discretionary authority given by the Director General of Mines.
- **Northern Tunisian Base and Precious Metals Project:** 3 exploration permits have been recently granted. The minerals involved are lead, zinc and silver. Celamin is working with TMS on a 50% / 50% basis.

4.3 TUNISIA-PROJECT DESCRIPTION, STATUS AND LOCATION

4.3.1 PHOSPHATE- BIR EL AFOU. (“BEA”)

This Project forms part of the Kalaat Senan group of phosphate deposits that are located in the west of the Northern basin on the edge of the Tunisian-Algerian frontier region, a distance of some 220 kilometres from Tunis. The BEA Project is on a rail line however, the line is not presently operational at the Project site.

The BEA Permit/project will be transferred at the time of development to a Tunisian company, Numidia Phosphate S.A. which has already been set up with the ownership structure of Celamin 50% and 50% TMS.

Celamin has management control through its right to appoint key management positions.

4.3.1.1 Key Findings Pre Feasibility Study

Celamin and TMS have had excellent co-operation from the Tunisian Government authorities with respect to all aspects of the Project but in particular Infrastructure and Services as follows:

- Rail transportation - Societe Nationale Chemin de Fer Tunisie (SNCFT) the national rail operator has confirmed the availability of locomotives and rolling stock to enable the transportation of the product to Port over existing rail track;
- Port - The Office de la Marine Marchande et des Ports (OMMC) the Tunisian Port Authority has confirmed availability of a suitable site at Rades port, at Tunis covering approximately 24,000m². This site contains an existing rail spur and shed for unloading and storage as well as access to a shared berth and the space for construction of another dedicated berth as required. The berth is suitable for loading of vessels up to 30,000 dwt;
- Energy Supply - Societe Tunisienne de Electricite du Gaz (STEG) the national electricity and gas supplier has confirmed the availability of power and gas supplies to the site under existing gazetted pricing arrangements for Industrial usage. High voltage transmission lines are located close to the BEA Exploration Permit and gas is supplied to a nearby cement works;
- Water - Celamin and TMS have received permission from the responsible Government Authority for water supply from a site about 25 km from the proposed plant site. This site is capable of delivering as much as ten times the water supply estimated for the process plant consumption (~60 litres per second);
- Environmental Aspects - The initial study by Tunisian consultancy EAM has confirmed there are no ‘fatal flaws’ to the proposed development of a phosphate rock mining and processing operation in the Bir El Afou exploration permit;
- Drilling - Celamin and TMS completed 66 diamond core drillholes totalling 5,360.35m between December 2010 and August 2011. This slow rate of drilling was due to a number of factors the consequence was that the program had to be focussed in a limited area in order that resources to JORC Code guidelines could be estimated. Only 3.2 km² –or less than five percent- of the 84 km² Exploration Permit area has been drilled or explored to date. This will be expanded during the next phase;
- Process testwork - Core samples from BEA were sent to Ammtec in Australia for process testwork, surface samples were also tested in Tunisia (audited by Jacob’s Engineering, a phosphate flotation specialist). All of this work showed that the phosphate is soft with a Bond Work Index of about 4, and that a flotation concentrate grading 30% P₂O₅ can be made at an acceptable recovery. This concentrate is a clean product within acceptable product specifications. The process testwork was used to construct a ‘Metsim’ model which is used to create design outputs for plant and equipment and for estimation of consumables;

CNL reported in November 2011 that a BEA Maiden JORC resource had been estimated by Deswick Mining Consultants – South Africa for BEA Blocks A, B and C, and Boukechrid (Block G) and by Geos Mining Pty Ltd for BEA Zebouzi. This is summarised in the following table and on the attached plan:

Table 4: JORC (2004) compliant Resource estimates for BEA

Classification	Ore Body	Tonnes	Grade P ₂ O ₅ %
Inferred	Block A	2,900,000	12.3
Inferred	Block B	1,900,000	11.4
Inferred	Block C	300,000	13.5
Inferred	Block G	13,900,000	10.6
	All Blocks ⁽¹⁾ - Total	19,100,000	11.2
Inferred	Zebouzi Prospect ⁽²⁾	9,900,000	11.0
	Total	29,000,000	11.1

NOTE:

- Deswick Mining Consultants calculated the Inferred Resources at a cut-off grade of 7.5% P₂O₅. The total Inferred Resource for the Blocks are 19.1 million tons at an average grade of 11.2 % P₂O₅.
- Geos Mining Pty Ltd calculated the Inferred Resource at a cut-off grade of 7.5% P₂O₅. The total Inferred Resource for the Zebouzi Prospect is 9.9 million tonnes at an average grade of 11.0 P₂O₅.

4.3.1.2 Forward Program

Planning for the next phase incorporates actions to address the main issues apparent in the drilling undertaken during the PFS. Exploration completed by Celamin to date has covered about 3.2 km² of the 84 km² permit.

Exploration targets that meet the grade, thickness and also likely to meet the waste/ore ratios criteria have been identified at BEA Blocks D, E and F, Boukechrid Extended, Majouba, Rebiba, Kef Rebiba and parts of Kalaat Senan.

Based on the work completed by Celamin and TMS at BEA an exploration target tonnage can be estimated. Note that this exploration target tonnage is not a JORC compliant resource estimation, only a conceptual exploration tonnage based on current data.

Table 5: Prospect parameters

	Prospect ID	Surface area (km ²)	Unit Thickness (m)	Average Grade (P ₂ O ₅ %)	Density	Tonnage (Mt)
Explored Area	Salsala	0.77	4	8	2.2	6.77
	Zebouzi			11.0	2.2	9.9
	BEA (Block A,B,C)	3.2		12.4	2.2	17.7
	Boukechrid West					
Unexplored Area	Mahjouba	1.5	10	12	2.2	33
	BEA (Block D,E,F)	1.1249	10	12	2.2	24.7
	Boukechrid East	0.8145	10	12	2.2	17.9
	Kef Rebiba North	0.4624	10	15	2.2	10.17
	Kef Rebiba South	1.396	10	10	2.2	30.7

For BEA Blocks A, B and C, the prefeasibility values have been used and for the remainder of the prospects, a simple area times unit thickness times density was used to arrive at the tonnage. Grades may vary between 10% and 12% and 15% and 20% for both Kef Rebiba massifs.

In addition to the exploration programs designed to test the above targets Celamin and TMS are planning to routinely undertake flotation test work in Tunisia using an in-house laboratory. Celamin and TMS will upgrade existing equipment at the local laboratory to undertake this work.

4.3.2 PHOSPHATE - CHAKETMA PROJECT

The Chaketma project is 4 km west of the village of Rodia (Ar Rouhiyya), located 210 km from Tunis by road. The bulk of the phosphate is located at the base of a massive limestone unit close to the top of a high segmented plateau, which rises approximately 600 m above the valley floor. This plateau extends for approximately 12 km from north to south, and from 900 to 1,200 m width. The average width of the ridge is 1,000 m. The plateau is divided in to distinct domains or prospects by a series of normal faults. Within the Celamin/TMS concession these are from north to south: -

- **Gassaa El Kebira** is a basin like feature with an outer rim at 1,100 to 1,170 metres dipping to the west at 5 to 20 degrees;
- **Douar Ouled Hamouda** is a slump or down faulted block at a height of 875 metres to the east of Gassaa El Kebira;
- **Kef Sidi Ali Ben Oum Ezzine** is a prominent pinnacle rising to 1,307 metres;
- **Kef El Louz** is a fault bound monocline which dips to the west at 10-15 degrees;
- **Gassaat Ez Zerbat** is the southernmost phosphate occurrence in the Chaketma group. The limestone cap is from less than 10 metres, up to 153 metres thick in the vertical drill holes. The phosphate unit ranges in thickness from 9 metres to 39 metres with an average of around 15 metres. The strata are relatively flat lying, but have been folded in to a series of broad-open east-west orientated anticlines and synclines then block faulted.

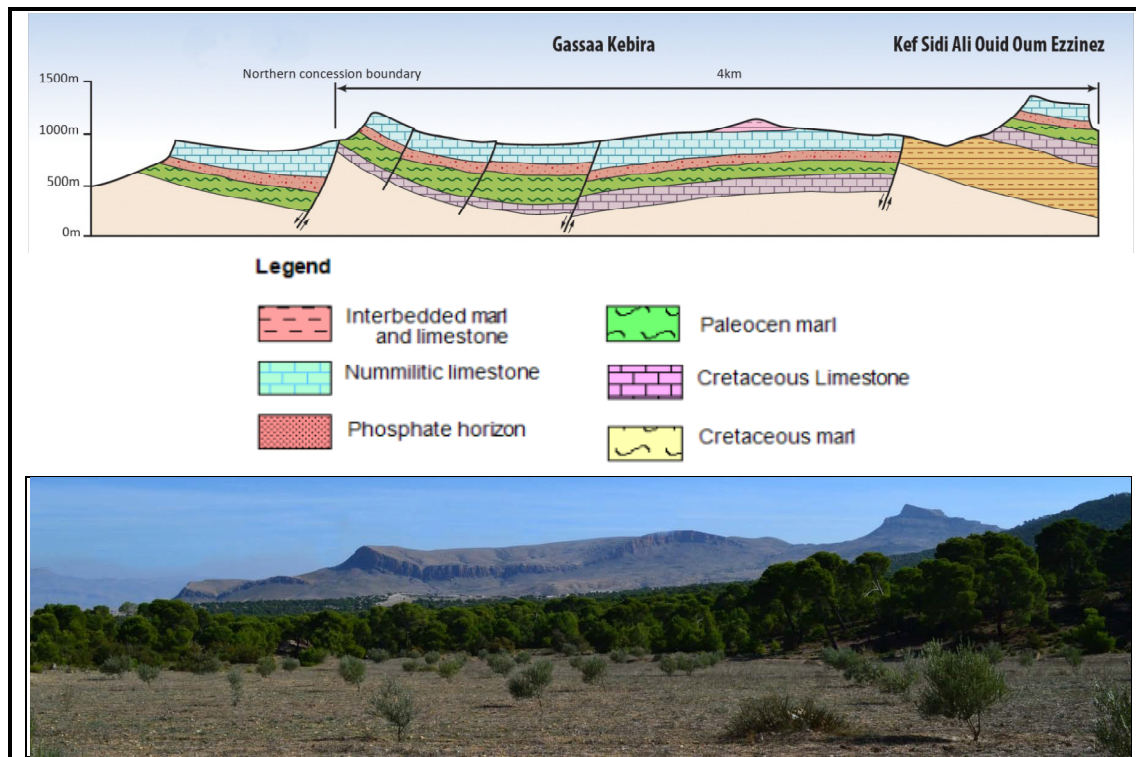


Figure 2: Generalised Longitudinal Section through Gassaa Kebira and Kef Sidi Ali Ben Oum Ezzine showing the Eocene phosphate under massive limestone

4.3.2.1 Exploration Target

No resource estimate has been made for Chaketma. The relative simplicity of the geology, the continuity and the amount of exposure of the phosphate unit mean that exploration on this project should be a comparatively straight forward exercise. Continuity of the mineralisation has demonstrated both by detailed outcrop mapping and trenching and then confirmed by drilling.

Over burden thicknesses can be estimated from outcrop to a level of confidence not often encountered in exploration. Estimates of potential target size can also be made to a degree not found in other styles of mineral deposit.

Table 6: Exploration Potential of Prospects at Chaketma

Prospect	Area (m ²)	Min Thickness (m)	Max Thickness (m)	Tonnage Potential (millions)
Gassaa El Kebira	1,400,000	9	39	30 - 50
Kef Sidi Ali Ben Oum Ezzine	400,000	13	24	10 - 15
Kef El Louz	3,000,000	10	20	70 - 110
Gassaat Ez Zerbat	1,000,000	10	20	20 - 35
Douar Ouled Hamouda	1,000,000	10	20	20 - 35
Total Area	6,800,000			150 - 245

4.3.3 TUNISIAN TAILINGS PROJECT – BASE METALS

Celamin and TMS recently completed a study into nine North Tunisian Base metals tailings sites Bouaouane, Fej Le Doum, Lakhouat, Sakiet, Garn Halfaya, Sidi Salah, Trozza, Bechateur and Kebbouch. This study identified two more promising tailings piles, Trozza and Garn Halfaya for more detailed initial studies based on volume and grade from preliminary sampling.

The tailings projects that are of greatest interest are **Trozza, Garn Halfaya, Sakiet and Sidi Amor**.

- **Trozza** can be reached by a gravel road 13 km long from the sealed National road connecting Sbeitla to Kairouan in Western Tunisia approximately 150 kilometres from Tunis.
- **Garn Halfaya** is an old Lead-zinc mine located at about 30 kilometres west, south-west of the town of le Kef in western Tunisia approximately 150 kilometres from Tunis. The site is accessed via a sealed road.
- **Sakiet** is 30 kilometres west of Le Kef, near the Algerian border.
- **Sidi Amor** (also known as Sidi Salah) is 50 kilometres south west of Le Kef. All tailings sites are reached by good roads.

4.3.4 NORTHERN TUNISIAN BASE AND PRECIOUS METALS PROJECTS

This project is centred on three sites in the North of the country located as follows:

- **El Haouaria** prospect is 5 kilometres south of the city of Beja. Between 1906-1940, 7,500 tons of lead was produced. The mine was closed due to water ingress in a gallery.
- **Sidi Driss** prospect is 30 kilometres north east of the city of Tabarka.
- **Oued El Maden** prospect is 35 kilometres north west of the city of Jendouba, close to the Algerian border.

SRK commented from their site visit to the projects in Tunisia that road access was good being generally tarred roads. There are over 2,000 kilometres of rail lines in the country.

5. LICENCES HELD - ALGERIA

Celamin licences held in Algeria are set out below in Table 7:

Table 7: Summary of Algerian permit areas - Celamin 49%

Project	Permit Name	Permit Status	Minimum Expenditure (Tunisian Dinar)	Area sq km
Algeria Base & Precious Metals	Oued El Kebir	EL	Nil	153 Ha

5.1 OUED EL KABIR, ALGERIA (“OEK”)

Celamin has one project in Algeria. This is the polymetallic Exploitation Licence (Mining Permit). The minerals involved are silver, lead, zinc, copper and gold. This prospect is held together with a private Algerian company, Faienceries Algériennes (FA). In terms of an agreement with FA Celamin had the right to earn in 50 % interest in the project. However since legislation in Algeria requires 51 % Algerian ownership, Celamin will own 49 % in the project and will nominate an Algerian party to take 1%. Celamin has management control through its right to appoint key positions.

BBP sighted the exploitation permit (mining lease) from the government but has done no legal checks on its validity.

In May 2011 Celamin Ltd contracted Arethuse Geology SARL (“Arethuse”) to review the historical data. A report of their findings was made available. SRK reviewed the data and concluded that, the data, in its current form, should not to be used in any Mineral Resource estimation. However, it will be useful for exploration planning.

Faienceries Algériennes (“FA”), manufactures porcelain and tiles and holds between thirty-five and forty percent of the Algerian market in these products. FA mines kaolin and holds a number of other industrial mineral properties.

5.1.1 PROJECT DESCRIPTION, STATUS AND LOCATION

OEK is located in northern Algeria close to the coast. The portal for the underground workings is 2 km from the Coast Road between Jijel and Bejaia. The nearest port, Jijel, is about 20 km away.

FA holds an Exploitation Permit for Small or Medium Scale Mining over the 152 hectares (1.52 km²) of the OEK project. The surrounding area was available as an exploration area once work started at the site and was reserved for the OEK leaseholder. Thirty-six to forty square kilometres of the exploration area may be prospected.

6. REGIONAL GEOLOGY

6.1. TUNISIA

Tunisia is the smallest of the North African countries. Its 164,150 km² onshore area is wedged between Algeria and Libya. The northern regions, plus a large part of the country's eastern frontiers, are delineated by the Mediterranean coastline which stretches some 1300 kilometres. Geographically, the country is divided into 3 regions:

- a northern region lying above the eastward extension of the Algerian range of the Atlas Mountains;
- a middle section of low plateaux and plains sloping towards Tunisia's eastern coast;
- a southern region adjacent to the Saharan areas of Libya and Algeria.

Several oil and gas fields have been developed with the main reservoirs in Triassic sandstones and subordinate reservoirs in Silurian clastics. The main source of its oil is a set of Silurian shales with most oilfields producing from Triassic reservoirs. It is believed that the onset of generation was delayed until well after the Hercynian orogeny. The Atlasic foreland is in the front of the Tellian fold belt. Zinc and lead deposits in the Tunisian Atlasic foreland occur in Triassic to Upper Miocene dolostones and limestones.

Four groups of ore-deposits can be distinguished:

- Pb-Zn-Cu-As-Hg in the Tellian belt;
- Pb-Zn in Upper Miocene strata in Upper Miocene basins;
- Pb-Zn-Sr in Triassic cap-rocks and Pb-Zn in the Upper Cretaceous cover of Triassic evaporates domes;
- F-Ba-Pb-Zn in Jurassic platform carbonate and Pb-Zn-Ba or siderite in Aptian platform carbonate;

Replacement of limestone and open-space fillings in karst cavities are the principal types of ore occurrences. Lesser amounts occur as open-space filling of fractures. The ore-forming brines have salinities in the range of 10 to 20 Wt% NaCl equiv. and temperature in the range of 70 to 200°C.

The 1:500,000 scale geological map of northern Tunisia shows area of outcrop of numerous Triassic, minor Jurassic, Cretaceous and Tertiary age carbonate dominated sedimentary rocks with a strong structural trend running northeast-south west. These structures manifest themselves as ridgelines or synclines and anticlines and bear witness to periods of moderate compression and tension. The rocks defining the structures standing out in the relief are commonly hard limestones. The 1:500,000 geological map also indicates that a horst and graben regime running NW – SE also operated cutting through the earlier structures, creating a series of depressions in which Quaternary detrital sediments were deposited forming plains in the current landscape.

Thus the regional Cretaceous - Early Tertiary context is of the African tectonic plate moving northwards and approaching the Eurasian plate to the north with the Tethys Ocean gradually closing. Shallow shelf carbonate seas developed all along the northern margin of the African plate (and indeed beyond into Jordan, Iraq and Saudi Arabia). In the Upper Cretaceous and Early Tertiary conditions favourable to phosphatic rock sedimentation developed frequently. In the central part of the Tethys, present day Tunisia it would seem that compressional and tensional tectonics resulting in a significant degree of faulting, had a strong influence on basin anatomy and then on subsequent juxtapositions of blocks.

The conventional interpretation concerning phosphate deposition in Tunisia suggests that from the Early Tertiary (Paleocene) through to the Middle Eocene, the paleogeography was dominated by two emerged landmasses or "islands" – Kasserine and Al Jeffara surrounded by shallow marine shelves. These islands, in all likelihood horst structures, divided sedimentation into two distinct zones – a northern zone comprising the current study area, and a southern zone known as the Gafsa basin which is where Tunisia's phosphate is produced today on a large scale (>3Mt/y).

Within this northern basin it is noteworthy that a large seemingly economic deposit occurs 30 km to the east of the BEA deposits at Sraouertane. Another area under license to Celamin / TMS is that called Chaketma about 60 km to the southeast.

A fact worthy of note is that the often thick Ypresian (Lower Eocene) nummulitic limestone (see Figure 2) is to a large extent a “protective” cover for the underlying phosphate horizons. Where large areas of nummulitic limestone crop out, usually as a massif, on the flank of the structure (beneath the limestone) it is common to observe the presence of the phosphate unit.

In 2009 Tunisia was ranked 5th in the world as a producer of phosphate rock. Tunisian phosphate concentrates range in two main categories based upon the content of P₂O₅; the merchant-grade 65-68% BPL grade mostly used for chemical process, and the merchant-grade 60%-62% BPL grade, well suited for direct application.

6.2 ALGERIA

The geology of Algeria is widely diverse with four morphological fields being found across the country from north to south. These are:

- The Maritime Atlas, made up of ranges and plateaus with a littoral plain;
- The Highlands;
- The Sahara Atlas constituting a long succession of reliefs, which are NE-SW oriented, extend from Morocco to the Tunisian borders;
- The Sahara that conceals the main part of the hydrocarbon resources, a desert that is made of large stretches of dunes, stony plains and strewn with oases.

From a tectonic perspective, Algeria is divided into two major units separated by a south atlas dividing line:

- The North of Algeria which bears the mark of the alpine tectonic regime;
- The Saharan platform, relatively stable, where the tectonic is less marked.

Algeria's non-fuel minerals were used extensively as raw material for domestic manufacturing, but some, such as high-grade iron ore, phosphate, mercury, and zinc, have also been exported since the early 1970s. The state mining and prospecting corporation, the National Company for Mineral Research and Exploration (Société Nationale de Recherches et d'Exploitations Minières), was established in 1967. As a result of the government's decentralization policy, the company was restructured in 1983 into separate production and distribution entities. The most important of these were an iron ore and phosphate producing company known as Ferphos, which had three production units and a port complex at Annaba, and another company called Erem that specialized in conducting mineral research at Boumerdas on the Mediterranean Sea and Tamanrasset in the south.

Iron ore is found at Beni Saf in the northwest and the Ouenza and Bou Khadra region near the eastern border. Production levels have tended to vary significantly over the years, fluctuating between 1 million and 2 million tons between the early 1970s and the early 1990s. The deposits at Ouenza represent 75 percent of total production and have been exported primarily to Italy and Britain. There are massive reserves of medium-grade ore estimated to be 2,000 million tonnes at Gara Djebilet, near Tindouf in the west. The most significant zinc deposits have been found at the mountain of El Abed near the Algerian-Moroccan border and at Kherzet-Youssef in the Sétif region. Lead is also mined at El Abed and Kherzet-Youssef.

The large phosphate deposits at Djebel Onk in the northeast have been mined since the early 1960s; phosphate rock output reached 1.3 million tons in 1988. Processing occurred at the Annaba fertilizer plant, 350 km away. Most major mines are linked by rail to Algeria's ports.

There are other known deposits of precious and base metals as well as industrial minerals. The government is trying to diversify the economy by entering into joint ventures with international mining companies to exploit the mineral occurrences.

7. BEA PHOSPHATE PROJECT -CELAMIN 80%

7.1. LOCATION AND LICENCE STATUS

Celamin and Tunisian Mining Services (TMS) holds an EP for phosphate over the BEA project area. The EP was granted to Celamin and TMS on a 80% / 20% basis. Celamin has committed in its application for the Permit to allow for a 50% Tunisian interest at the time of the project's development. In the interim Celamin will cover the cost of 95% of the Pre Feasability Study costs and 70% of the Feasability Study costs of the first development project. All costs thereafter will be according to percentage participation in the project.

7.2. HISTORICAL WORK

The phosphate deposits at BEA were discovered in 1894, with mining commencing in 1904 along the north-western flank of the massif. These earlier working have added a layer of complexity to the understanding of the deposit as exploration activities by Celamin have found that some of its pits/trenches came across cavities, probably galleries that were dug by the miners of the early 20th century.

A large amount of historical work has been obtained since SRK's first visit in September of 2011. It is understood that relevant historic information is being obtained as part of an on-going process. The findings in this report are based on the data made available up to and during the January 2012 site visit by SRK. Historical work consists of mapping, pitting, trenching and resource estimation.

7.3. PROJECT GEOLOGY

Each prospect in the Kalaat Senan group of phosphate deposits which includes the BEA prospect forms a structurally separate area. Each structure is typically in the form of a perched syncline with an asymmetrical axis.

Previous geological investigations confirmed the existence of three main layers with an upper layer in which the particle size and the concentration of phosphatic material decreases from top to bottom. There are some particles in the top 2 to 4 metres of coarse coprolitic phosphate. The middle transitional layer consists of phosphatic marls and the lowest marl layer is such that it will not be considered as part of the resource.

The greater part of the BEA deposits occur on the 1:50,000 scale Kalaat es Senan (Geological Map number 59). This map shows a central plain some 10 km in width from west to east and 20 km north to south, with very gentle relief. The plain is a one of the NE-SW grabens mentioned earlier, called the Kalaâ Jardah and underlain by Quaternary sediments. It is bordered to the east and to the west by massifs of mainly Cretaceous and Tertiary sediments.

The BEA deposits occur on the western side of the Kalaat Jardah graben where they form a succession of ridgeback and synclinal structures along an NE-SW axis some 11 km in length from the extreme east of the Salsalah ridgeback, which extends southwest to Zabouzi, to the western flank of Bou Keshrid part of the BEA syncline (see Figure 3 below).

The regional geology of the BEA deposits is characterized by exclusively sedimentary rock successions dating Cretaceous to Miocene, deposited on the southern continental margin of the Proto-Mediterranean Sea, better known as the "Tethys". These sediments comprise mainly shallow marine shelf carbonates (limestones), sandstones, marls and clays.

The BEA area comprises the following prospects:

- **Galaat Senan/Kef Rebiba** was an old underground mine exploiting the top 2.5 m of a 6 - 8 m thick phosphate layer. The overburden is up to 60 m of limestone. The raw phosphate grades are in the range 23% to 24% P₂O₅. The processing was by dry classification at +4 mm.
- **BEA – Boukechrid** are two adjacent areas of phosphate mineralisation. BEA was an old underground mine exploiting the top 2 to 3 m of 8 - 10 m thick phosphate. The overburden is between 30 to 40 m of a marl type limestone, but the phosphate outcrops/subcrops over about

8 km of strike and dips shallowly under the limestone. This project area is located on an existing historical rail line that is currently not in use.

- **Salsala** also occurs near to an existing historical unused rail line. The phosphate mineralisation is 6 - 7 m thick and dips shallowly (about 15 degrees) to the south east the outcrop/subcrop is over a strike of about 6 kilometres. The overburden varies from 0 m to more than 60 m. An adit into the phosphate provides potential source for a bulk sample.
- **Majouba** forms a partial mesa across the valley from Salsala. The phosphate layer outcrops below limestone cliffs. The mineralisation is 6 - 7 m thick and averages 21% P_2O_5 in the upper 2 m layer.
- **Zabouzi** is a western continuation of the Salsala ridgeback structure and crests roughly 50 to 70 m above the surrounding plain. Drilling was undertaken both on the scarp and dip slope to intersect the phosphate unit which was found at depths between 45 and 111m.

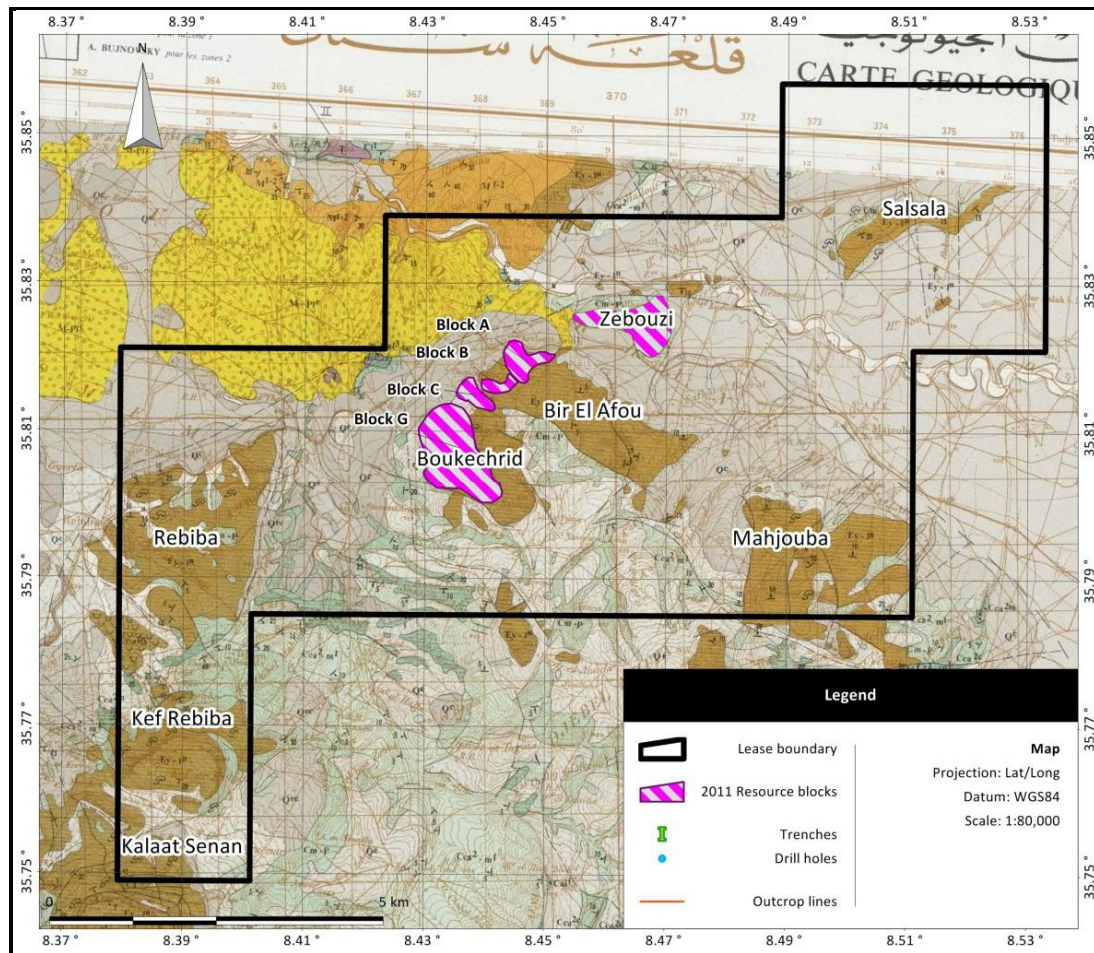


Figure 3: 1:50,000 scale Geological Map of BEA deposits

7.4 EXPLORATION WORK COMPLETED

The BEA exploration licence (*permis d'exploration*) was granted to Celamin in association with TMS in 2009 for an initial period of 3 years and renewable for another 3 years. The surface of the licence area is 84 km² as shown in the above map. Field work started in September 2010 using a pre-existing TMS logistical base in Tajerouine (the closest town to the permit area). Drilling started end November 2010 and terminated in August 2011.

During 2010 and 2011, Celamin/TMS undertook a detailed literature review of the many reports on this project, these reports were collected from the phosphate state company ("CPG"); compiled all

available trench geological and geochemical data; created a digital database initially in Excel and then Access; used Geomatics to create a 1/5,000 scale topographic map; re-positioned all coordinates to NUTM32-WGS84 and re-located all the trenches done by CPG with GPS; undertook a detailed geological mapping program at 1/5,000 scale; completed a structural study for all of the project area; completed 19 trenches and/or pits (either by hand or with a mechanical shovel (excavator)) and drilled a total of 63 diamond cored drill holes (HQ diameter) and 3 diamond cored drill holes (PQ diameter) for a total length of approximately 5,000 m.

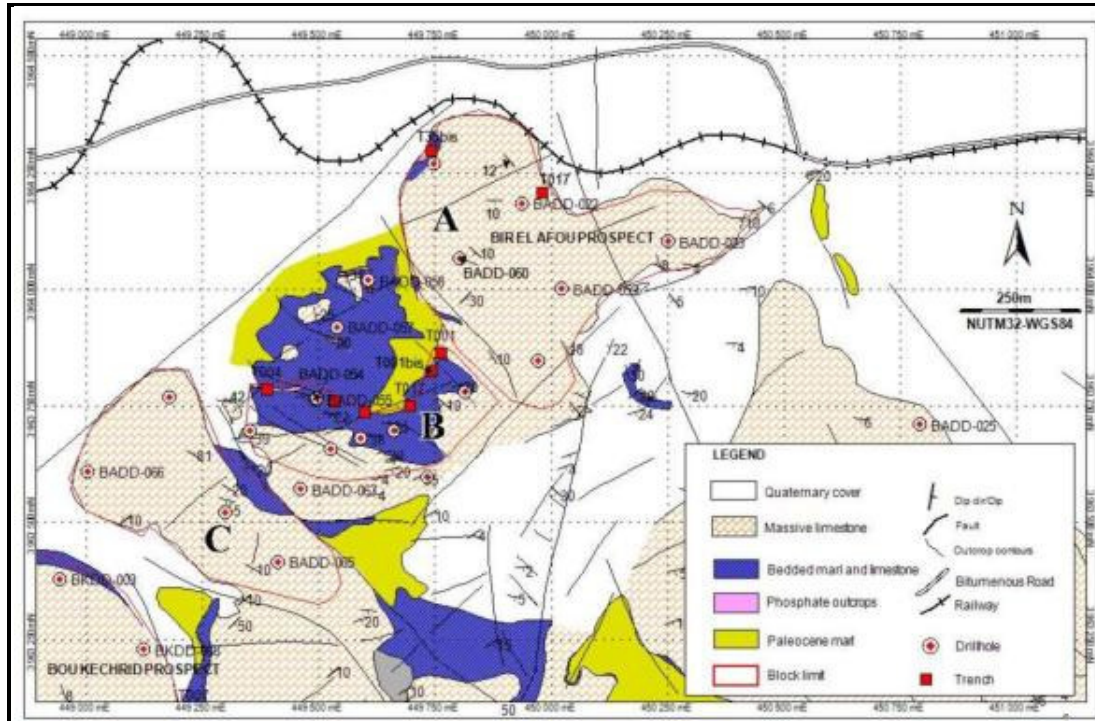


Figure 4: BEA Prospect - detailed geological map, trench and drill hole positions

7.4.1 BEA MASSIF

The BEA massif is a highly dissected rectangular shape plateau represented by the nummulitic limestone. The plateau is around 50 to 60 m above the surrounding plain. The massif was geologically mapped 1:5 000 scale but only the north-western part was subjected to drilling.

There were difficulties encountered during the drilling operation and a structural geologist, Professor Lassâad Chihi, was brought into the study to assist with the complex structure.

The overall conclusions drawn by Professor Chihi indicate that there are three major fault networks (NW-SE, E-W and NE-SW). These tensional regimes created horst and graben tectonics resulting in the formation of distinct blocks. Along the edge of each block it was noted that faulting tended to be intense whilst in the central part of the blocks, faulting was less common.

Based in the structural interpretation the north-west part of the massif was divided into three blocks denominated A, B and C.

In **Block A** two trenches, T035 and T017, were dug into the flanks of the massif.

In **Block B**, which is located in the north-western flank of the BEA massif and is characterised by having a relatively thin nummulitic limestone overburden, it was found that virtually all the previous mining of phosphate rock across the area has been within the area covered by Block B.

There were five trenches and one pit dug. The trenches were of variable length from 10 to 30 m and the pit exposed 5 m of vertical thickness of the phosphate unit. This block is estimated to cover 87,000 m².

In **Block C** only drilling was carried out. Four (4) HQ holes were drilled giving a total drilled length of 337 m. Block C covers an approximate surface area of 143,000 m² and is located to the southwest of Block B. As with Block A, it is a nummulitic, limestone-capped massif. The phosphate unit was intersected by the drill holes at depths between 41.5 m and 83.8 m.

7.4.2 BOUKECHRID PROSPECT

Topographically, the area is the highest and most rugged of the studied zone with rounded peaks at 880 m, while the surrounding plain is at about 600 m. The Boukechrid massif is cut in two by a wadi (creek) running NNW-SSE that deeply dissects the massif into a western part (roughly 2/3 of the surface area) and an eastern part which forms a pronounced cliff in the eastern side of wadi.

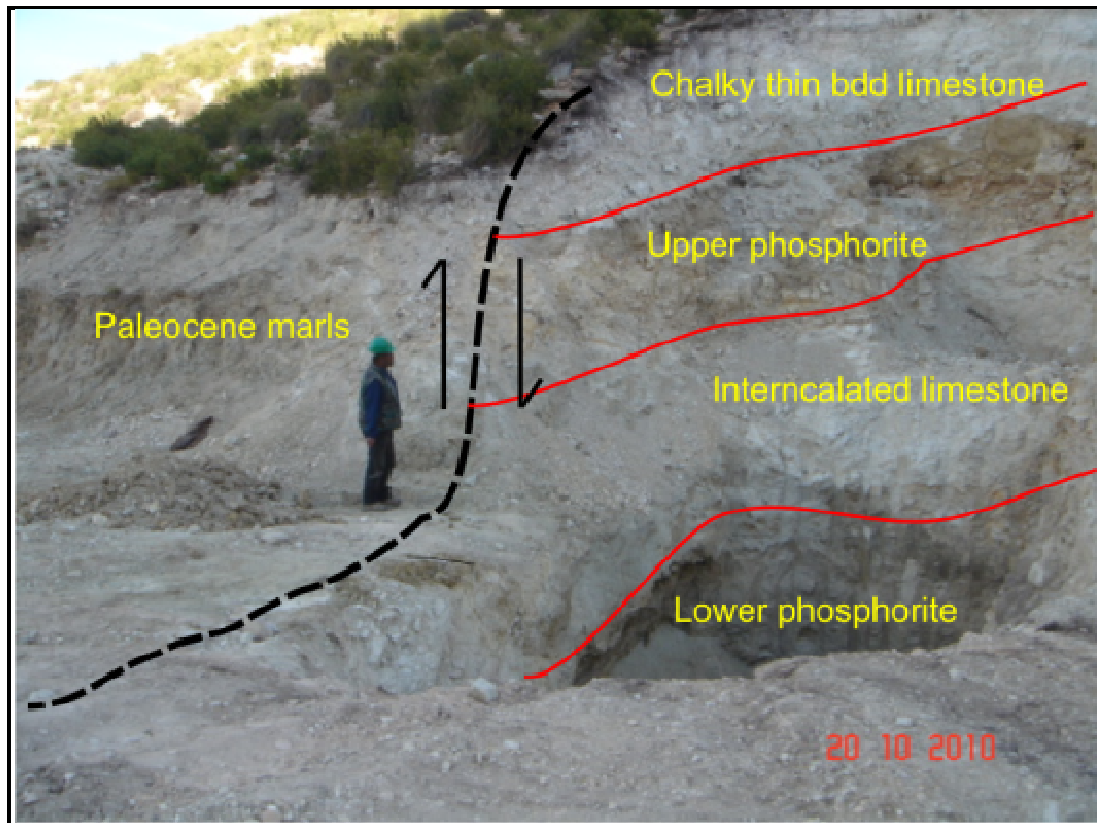


Figure 5: Boukechrid - Pit T007 Faulting in central wadi

7.4.3 ZABOUZI PROSPECT

The Zabouzi prospect is a western continuation of the Salsala ridgeback (monocline) structure but much shorter in length (1.5 km). The geological succession dips south and drilling has shown the angle to be steeper than at Salsala (20 to 30°). The ridge line crests roughly 50 to 70 m above the surrounding plain and is formed by the nummulitic limestone. The north-facing scarp slope shows a thick accumulation of colluvium and was thus not amenable to trenching. Drilling was undertaken both on the scarp and dip slope to intersect the phosphate unit.

A total of eight diamond drill hole for a total depth of 744 m were drilled. On the dip slope the five drill holes intersected the phosphate unit at depth between 45 and 111m indicating a steeper dip angle than at Salsala. Drill hole ZADD-30 intersected a fault zone and was negative for the phosphate unit, the hole intersecting paleocene marl beneath nummulitic limestone.

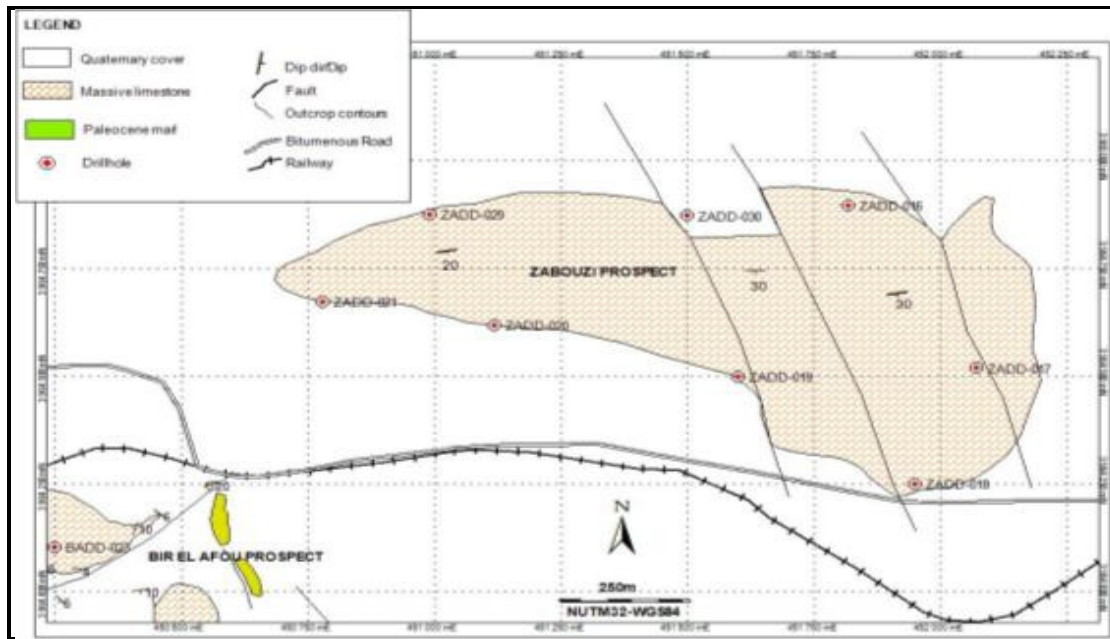


Figure 6: Zabouzi geological map and drillhole locations

7.5 PROSPECTIVITY

Exploration targets that meet the grade, thickness and also likely to meet the waste/ore ratios criteria have been identified at BEA Blocks D, E and F, Boukechrid Extended, Majouba, Rebiba, Kef Rebiba and parts of Kalaat Senan. Based on the work completed by Celamin and TMS at BEA an exploration target tonnage can be estimated. Note that this is not a JORC compliant resource estimation, only a conceptual exploration tonnage based on current data. For BEA Blocks A, B and C, the prefeasibility values have been used and for the remainder of the prospects, a simple area x unit thickness x density was used to derive the tonnage. Grades may vary between 10% and 12% and 15% and 20% for both Kef Rebiba massifs.

Table 8: Potential of Exploration Targets by Celamin technical staff based on current exploration data.

Prospect	Area (m ²)	Thickness (m)	Tonnage Potential (millions)
BEA (Blocks D, E, F)	1,124,900	10 -15 metres	25 - 37
Majouba	1,500,000	10 -15 metres	33 - 50
Boukechrid East	814,500	10 -15 metres	18 - 27
Kef Rebiba North	462,000	10 -15 metres	10 - 15
Kef Rebiba South	1,396,000	10 -18 metres	46 - 55
Total Unexplored Area	5,297,400	Total Tonnage	132 - 184

Assuming average SG of 2.2 metres per cubic metre

Above information has been provided by the Celamin technical team and is the current best estimate.

7.6 SUMMARY

Since SRK’s previous visit there was a significant increase in understanding of the geological model, the structural complexity and depositional setting by senior management. SRK believes the geological model explained in the field is in line with the generally accepted current understanding of geological setting. Use of this model in further exploration activities may greatly increase exploration effectiveness. Of greatest significance is the current theory that the phosphate layers are, due to the depositional environment and structural influences, relatively uniform in thickness.

8. CHAKETMA PHOSPHATE PROJECT: CELAMIN 80%

8.1 LOCATION AND LICENCE STATUS

The Chaketma project is 4 km west of the village of Rodia (Ar Rouhiyya), located 210 km from Tunis by road. The bulk of the phosphate is located at the base of a massive limestone unit close to the top of a high segmented plateau, which rises approximately 600m above the valley floor. This plateau extends for approximately 12 km from north to south, and from 900 m to 1,200 m in width. The average width of the ridge is 1,000 m. The plateau is divided into distinct domains or prospects by a series of normal faults. At the Chaketma prospect the phosphates occur as a single layer with a very dark phosphate rich roof and a gradation towards the base with a fine grained calcareous phosphate. The exploration history of the Chaketma prospect can be summarised as follows:

- **Gasaa El Kebira** is a basin like feature with an outer rim at 1,100 m to 1,170 m dipping to the west at 5 to 20 degrees was studied in 1969/70. The mineralisation is 15 m - 20 m thick at 21% P₂O₅. The upper part of the zone grades 25% P₂O₅. A 29% - 30% P₂O₅ concentrate was made in the past by calcination testwork.
- **Douar Ouled Hamouda** is a slump or down faulted block at a height of 875 m to the east of Gassaa El Kebira;
- **Kef Sidi Ali Ben Oum Ezzine** is a prominent pinnacle rising to 1,307 m is situated between the other two zones. Mineralisation has been studied in one opening in the past where the phosphate is 25 m thick grading 21.5% P₂O₅. The top 2 m – 4 m grades 26% P₂O₅ whilst the middle 8 m – 10 m grades 27% P₂O₅. The target potential has not been estimated.
- **Kef El Louz** is a fault bound monocline which dips to the west at 10-15 degrees and is situated at the southern end of the mineralised zone and has only been sampled in the past by 4 trenches. These trenches showed 7 m thick mineralisation grading 19% - 23% P₂O₅.
- **The Kef el Agab area** has been explored by two trenches in the past. The phosphate mineralisation is 13 m thick grading 21.5% P₂O₅. The top 2 m – 5 m grades 27.5% P₂O₅. Target potential has also not been estimated.
- **Gassaat Ez Zerbat** – the southernmost phosphate occurrence in the Chaketma group. The limestone cap is from less than 10 m up to 153 m thick in the vertical drill holes. The phosphate unit ranges in thickness from 9 m to 39 m with an average of around 15 m. The strata are relatively flat lying, but have been folded into a series of broad-open east-west orientated anticlines and synclines then block faulted.

8.2 CURRENT WORK PROGRAMME

The Chaketma has been mapped in detail. The study area is faulted into blocks and tilted plates bordered by high cliffs. The phosphate unit has been identified at all the prospects and is continuous under the limestone overburden.

8.2.1 GASSÂA EL KEBIRA PROSPECT

The phosphorite rocks are continuous under a 50 m hard dolomitic limestone cap. The phosphorite unit is 15 m to 20 m thick, very hard calcareous and coarse grained throughout. At the middle is a more friable black phospharenite. To the base, it is more marly especially to the contact with the Paleocene black marl.

8.2.2 SIDI ALI OULD OUM EZZINE PROSPECT

In outcrop the phosphate unit exceeds 20 m thickness, is very continuous and has a thin limestone cover. At some localities the phosphorites are not covered. The phosphorites are grey and coprolitic, hard and with some shark's teeth. Close to the bottom they are more coprolite rich, very black, very rich in glauconite and smell very phosphatic. The phosphorites are also friable and became more marly close to the Paleocene marly basement.

8.2.3 KEF EL LOUZ PROSPECT

The phosphate unit commences from the top with hard black calcareous slightly coprolitic phosphorites apparently P_2O_5 rich. The second level is rich in big coprolite (1 to 3 cm) and black in colour and at the contact with the Eocene marl it is more glauconitic but still a rich phospharenite. The hard limestone overburden is not very thick (30 to 40 m) however the access is difficult.

8.2.4 GASSÂAT EZ ZERBATE PROSPECT

The phosphorites are very black and rich in big coprolite (more than 2cm). The phosphate unit is around 15m width and covered by a 40 to 50 m dolomitic limestone and Lumachellic limestone in the south. The phosphorite unit is hard and very calcareous at the top and becomes more black and friable at the middle. Towards the base it is a marly phospharenite.

8.2.5 DOUAR OULED HAMOUDA PROSPECT

Down faulted block to the east of Gassâa El Kebira with similar geology. This prospect has not yet been studied in detail.

8.3 HISTORICAL WORK

Aside from regional mapping by the Service Geologique de Tunisie (Office National des Mines 1998) at 1:50,000 scale, there have been three periods of investigations of the Chaketma deposit. The first phase was in 1914 and the last in 1968, which was undertaken by Compagnie des Phosphate de Gafsa (CPG). Celamin has access to only some of the reports of the work done by CPG.

8.4 SUMMARY OF WORK COMPLETED BY CELAMIN-TMS

Two months of sedimentological study and geological mapping at 1:5,000 scale have been completed. This work involved photogrammetry evaluations and DEM (1:5,000 scale with 1 m contours) by Geomatix. Access Tracks of 26,860 m were plotted; at Gassaa Kebira 12,610 m were mapped and at Sidi Ali Ben Oum Ezzine some 4,250 m was recorded. A total of 313 m of trenching was dug and 12 diamond HQ core holes were drilled totalling 1,199.75 m. At Gassaa Kebira 7 HQ core holes for 12,610 m were drilled and at Sidi Ali Ben Oum Ezzine 5 HQ core holes were drilled for 207.9 m. Five hundred and twenty-seven assay samples, 368 core samples; 102 trench samples and 57 channel samples were completed

The Chaketma area has been mapped in detail. The study area is faulted in to blocks and tilted plates bordered by high cliffs. The phosphate unit has been identified at all the prospects and is continuous under the limestone overburden.

8.5 RESULTS OF CELAMIN/TMS WORK

In late 2011 Celamin/TMS drilled 12 HQ diamond core holes totalling 1,200 metres at Chaketma. Core from the drill holes was half split and sampled after geological logging generally at 1 m intervals or to lithological boundaries. These samples were crushed and riffle split and 500g splits were sent to commercial laboratories for analysis.

Eleven of the 12 holes interested potentially economic thicknesses. Empirically there is a good correlation between the grades in drill holes at Chaketma and historic trench results obtained by CPG. Particularly trench T1 (18m@21%) with CHDD2011-001 (20m@21% P_2O_5) and trenches T3 (17m@20%) and T4 (19m@19%) with CHDD2011-002 (14.7m@20% P_2O_5).

Celamin / TMS have now completed six trenches at the same locations as historic trenches, but the assays were not available at the time of this report. The standard of trenching is high with the trenches dug as close as perpendicular to the stratigraphy as possible. The sampling to geological boundaries has been collected along channels that were uniformly cut with an angle-grinder. The position of each sample is determined by hand-held GPS. Sample locations are marked with spray paint for later pick up by a surveyor.

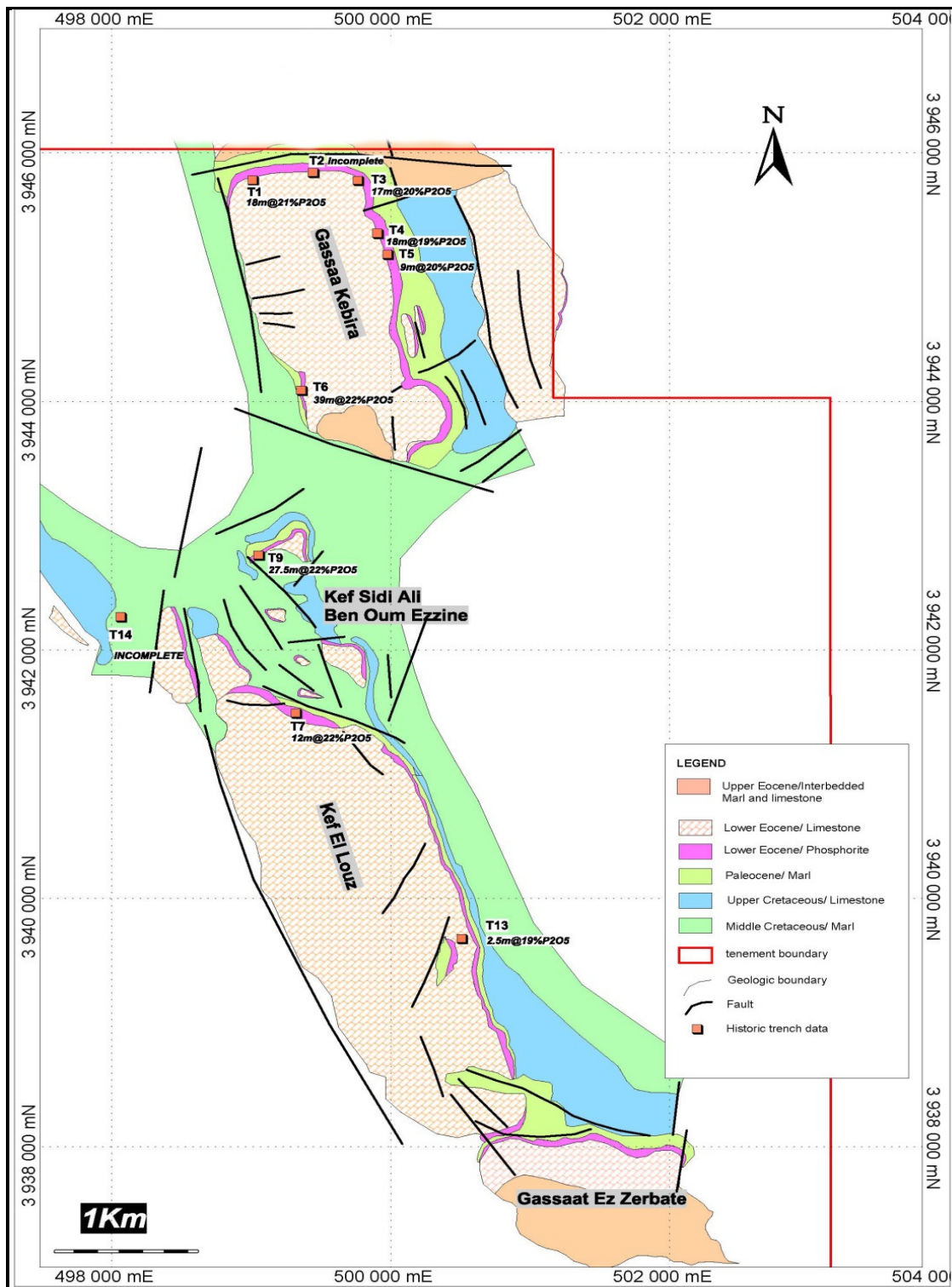


Figure 7: Chaketma Geological Map with location of historic trenching in relation to Concession

8.6 PROSPECTIVITY

Although no resource estimate has been made for Chaketma, the relative simplicity of the geology, the continuity and the amount of exposure of the phosphate unit suggest that exploration should be relatively straight forward. Overburden thicknesses can be estimated from outcrop to a level of confidence not often encountered in exploration. Estimates of potential target size can also be made to a degree not found in other styles of mineral deposit.

Table 9: Exploration Potential of Prospects at Chaketma.

Prospect	Area (m ²)	Min Thickness (m)	Max Thickness (m)	Tonnage Potential (millions)
Gassaa El Kebira	1,400,000	9	39	30 - 50
Kef Sidi Ali Ben Oum Ezzine	400,000	13	24	10 - 15
Kef El Louz	3,000,000	10	20	70 - 110
Gassaat Ez Zerbat	1,000,000	10	20	20 - 35
Douar Ouled Hamouda	1,000,000	10	20	20 - 35
Total Area	6,800,000			150 - 245
Note: Surface Areas projected to horizontal Plane, SG 2.4t/m ³				

Due to the simplicity of the geology, Chaketma will in all probability, become Celamin's lead project. The immediate forward program will entail extending the first passing drilling to cover Kef El Louz (8 holes), Gassaat Ez Zerbat (3 holes) and Douar Ouled Hamouda (3 holes). Resource definition drilling will then concentrate on those areas with the best combination of high-grade, low strip ratio and geological continuity. Drilling density will be optimised to determine the drill spacing required to achieve a level of confidence to "Indicated" status according to JORC parameters.

Provision has been made for 600 m of trenching and the provisional budget for the 2012 calendar year is \$1,068,000. However, funds will be shifted from BEA or other projects should the need arise.

9. TUNISIA TAILINGS - BASE METALS PROJECTS - CELAMIN 50%

9.1 BASE METAL PROJECT: TAILINGS

There is currently no inventory of the tailings material in Tunisia, interest in a possible re-treatment of tailings from these sites was triggered by grades of >3% Zn and excellent beneficiation properties (ONM reports).

TMS holds concessions over a number of tailing storages. The Tunisian government has approved Celamin and TMS to undertake studies into the potential for reprocessing the tailings at other sites.

Celamin and TMS have concluded an agreement that allows the Company to earn a 50 percent interest in the tailings project by completing a research and identification study of sites suitable for the reprocessing project. The agreement also provides for joint funding of feasibility studies and development of identified sites.

9.2 LOCATION AND ACCESS

Celamin and TMS recently completed a study into nine sites Bouaouane, Fej Le Doum, Lakhouat, Sakiet, Garn Halfaya, Sidi Amor, Trozza, Bechateur and Kebbouch.

Based on initial study completed on above mentioned old tailings sites, the study consisting mainly to systematic grab sampling and reserve calculation, Celamin and TMS decided to continue investigation on only 2 sites (Garn Halfaya and Trozza). The selection of those two tailings deposits was based on tonnage and also the grade of lead (Pb) and zinc (Zn) contained.

The Trozza site can be reached by a gravel road 13 km long from the sealed National road connecting Sbeitla to Kairouan in Western Tunisia approximately 150 kilometres from Tunis.

Garn Halfaya is an old lead-zinc mine located at about 30 kilometres west, south-west of the town of le Kef in western Tunisia approximately 150 kilometres from Tunis. The site is accessed via a sealed road.

9.3 GEOLOGY

Tunisia forms the Alpine Orogenic border of the African craton. The structural zone of Tunisia forms the transition between an Alpine domain in the north characterized by active tectonics and the stable shield tectonics of the African domain to the south.

The Alpine domain of Tunisia can be further subdivided into three main zones, viz the Tellian Atlas domain to the north forming the internal core of the Alpine orogeny, the Tunisian Atlas fold belt to the south of this zone and further south again the neritic platform domain.

All the tailings material that form part of this project occur at mines in the Tunisian Atlas fold belt. In this zone a “zone de domes” (“diapirs”) occurs, which is characterized by Triassic inliers that outcrop through the sedimentary cover. These outcrops played a major role as active domes during regional sedimentation, giving rise to local variations in facies and thickness of depositional cover. The mineralisation of Zn, Pb, Fe, Ba and Sr appears as stratiform replacements, clusters and columns within the wall-rocks of the diapirs and within the cap-rock formations. These two types of deposits have a very similar structural and petrographic characteristics to the well-known “Mississippi-valley” type deposits in the USA. The Tunisian deposits tend to be smaller but better quality than those found in the USA. The deposits at both Trozza and Garn Halfaya were formed in this way.

The host structure at Garn Halfaya is a simple syncline of Eocene age that forms Jebel Garn Halfaya structurally complicated on one side with the appearance of Triassic and Cretaceous formations as well as Miocene rocks. Galena is the dominant mineral within the oxide zone and there is a high silver content. Jebel Trozza appears as a Cretaceous dome and the mineralised body is very complex. It occurs as a fault against the limestones of the Aptien to the South. It is terminated to the East by another fault trending north-west.

9.4 MINING HISTORY

9.4.1 THE TROZZA LEAD MINE

The mine occurs near Hajeb Layoun, in the Governorate (County) of Kairouan. Milling began in 1920 and continued to 1962. Historic production about 97,000 tons of Lead and 3,000 tons of Zinc is recorded by the Department of Mines. Beside lead (and zinc) the Trozza mine is said to have contained “large” quantity of barite. The ‘tailings’ reflect the process which was largely “Heavy Media” Separation and so they are relatively coarse grained although there is one area of finer material, but no difference in sample grades from Celamin’s sampling.

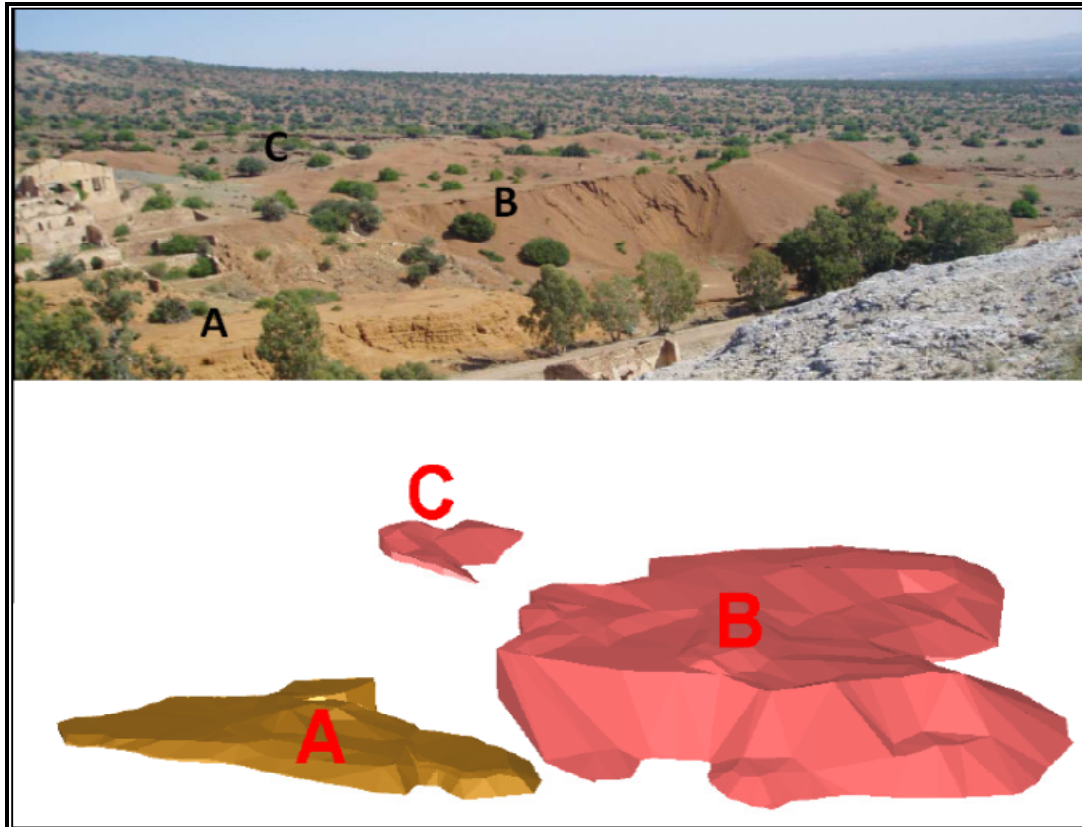


Figure 8: Areas A, B and C for Trozza

9.4.2 GARN HALFAYA

Garn Halfaya was a Lead-zinc mine that operated mainly in the first half of the 20th century.

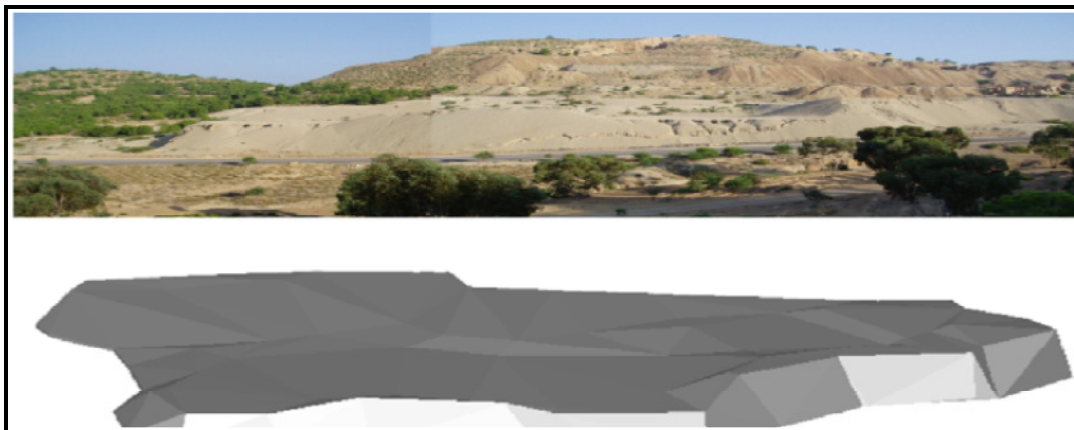


Figure 9: Garn Halfaya tailings

Milling used gravity separation only. Historic production is estimated to be about 36,000 tons Pb and 6,000 tons Zn (Weisser and Muller, 1991). Celamin has undertaken a more detailed study.

9.5 CURRENT EXPLORATION

All samples described for the current exploration program for Garn Halfaya were taken by the TMS team. Table 10 summarises this work.

Table 10: Garn Halfaya sample summary

Activity	Number of sample
Systematic grab sampling	13
Trench sampling (14 T)	94
Pit sampling (13 P)	53

For the pits and trenches, each sample weighed 25 kg and represented 1 m of apparent thickness. The sampling results by Celamin of the tailings sites have been summarised in Table 11

Table 11: Target potential summary of the tailing sites (provided by Celamin)

Tailings Site	% Pb	% Zn	Volume m3	Tons
Trozza	1.5	2.3	247,500	609,000
Garn Halfaya	3.9	6.2	347,300	851,000
Total			594,800	1,460,000

Both Garn Halfaya and Trozza, have been selected for more detailed sampling and metallurgical testwork. Celamin's study to date has focused on the old tailings only and has not assessed waste rock stockpiles. Galena, has been observed in waste rock stockpiles at Garn Halfaya. Detailed mineralogical studies have been completed at both sites in preparation to this metallurgical work. A 'sulphidised' flotation flow sheet is being considered and this will be the focus of the initial metallurgical work.

Treatment of tailings from these sites was triggered by grades of >3% Zn and an excellent beneficiation properties (ONM reports). TMS holds concessions over a number of tailing storages. The Tunisian government has approved Celamin and TMS to undertake studies into the potential for reprocessing the tailings at other sites. Celamin and TMS have concluded an agreement that allows the Company to earn a 50% interest in the tailings project by completing a research and identification study of sites suitable for the reprocessing project. The agreement also provides for joint funding of feasibility studies and development of identified sites.

9.6 PROSPECTIVITY

Lead and zinc have been mined intermittently since Roman times. This long history of mining has left behind large quantities of processing waste or tailings. Studies by consultants on behalf of TMS suggest volumes of tailing in excess of 32 million cubic metres are available for assessment and economic retreatment. The aim of the current studies is to prove the technology involved in tailings retreatment and develop appropriate systems to handle large volumes of tailings cost-effectively. Seven areas beyond the two currently selected may warrant evaluation in the future.

9.7 SUMMARY

The two tailing sites have been estimated to have a target potential of almost 1.5 Mt of ore grade material. This material is made up of about 600,000 t of tailings from Trozza and according to Celamin, samples are running at 1.5% Pb and 2.3% Zn respectively. Similarly Garn Halfaya's estimate of about 850,000 t provided sample results of about 3.9 % and 6.2 % Pb and Zn respectively. It should be noted that no variograms or statistical analyses were compiled for the samples and the average values are presented as a guide only. No JORC compliant resources can be classified at this stage.

10. TUNISIAN BASE AND PRECIOUS METALS PROJECTS

10.1 INTRODUCTION

Celamin and TMS evaluated base metal opportunities in Tunisia including existing tenements held by TMS with a view to identifying areas that may have potential. Part of this strategy revolves around the closed Bougrine plant operation which TMS (in consortium) has purchased. The concept is to find smaller resources that are not 'stand-alone' but have potential to be mined, trucked and processed at Bougrine subject to agreement with the new owners (Toll Treatment). This would enable a relatively low capex, quick start operation to be conceived potentially as open cut mine(s), pre-concentration, trucking to Bougrine, production of a saleable flotation concentrate(s), railing to Port and market using existing infrastructure. This is a relatively modest programme that can largely be managed and run by Tunisians and 'kick-start' the Tunisian base metal mining Industry which is currently stagnant.

Accordingly Celamin has funded an evaluation of numerous existing base metal deposits at old mines in Tunisia (introduced by TMS) with a view to identifying and acquiring rights to those with potential to delineate resources and reserves to provide feedstock for this type of operation.

Celamin and TMS have evaluated over 50 well known and available deposits and from these have identified three to four areas which have interesting potential. Exploration Permits have been granted over areas El Haouaria, Sidi Drii, Oued El Maden and Bou Aouane. They are jointly in Celamin and TMS names and funding will be 50:50 from the start.

Many of the old areas evaluated by Celamin and TMS may hold promise as the programme expands, but at this stage it is difficult without significant exploration work to identify whether they do have potential or not.

The commentary in the remainder of this report is based on various field evaluations and reports prepared by Celamin and TMS personnel.

10.1.1 EL HAOUARIA PROSPECT

Between 1906 and 1940, 7,500 tons of lead was produced but the mine was closed due to water ingress in a gallery.



Figure 10: Old mining plant area

A 1973 report of work undertaken by ONM/Techno-exportstroy-Proremi (TES) has been summarized:

- 40 diamond drill holes totalling 6,495.8m and spaced 100 m x 100 m were completed of which 36 holes were in the old mine area and 4 holes in Oued Barche sector;

- Four stratabound mineralised zones in Miocene sandstone cemented by calcareous material, fossiliferous sandstone, lacustrine limestone and conglomerate were outlined. These mineralized zones have dimensions of 50 - 100m x 50 - 200m with thickness of 1 - 12m in the old mine area and dimensions of 50 - 100 m x 10 - 150 m with thickness of 1 - 5m elsewhere
- A target resource of 1.0 Mt to 1.5Mt hosting 29,000 to 31,000 t of Pb metal and 48,000 to 50,000 t of Zn metal was estimated from this work.

A TES (Bulgarian) report, which studied this deposit in 1972, estimated a target resource in the range of 1.5 to 2.0 Mt at 4% Zn and 1% Pb.



Figure 10: Zn replacement of sandstone in mining dump

10.1.2 SIDI DRISS PROSPECT

The old mine is located 30 Kilometres to the North East of Tabarka city. During 1911-1923, 48,292 tons of Pb (19.1%), 22,729 tons of Pb/Zn mixed concentrate and 11,000 tons of Pb (47.5%) were produced. For the period 1923-1965, no data is available.



Figure 10: Open pit area (about 6, 000 m²)of Sidi Driss deposit

A 1973 report of work undertaken by ONM/Technoexportstroy-Proremi (TES) has been summarized:

- 81 diamond drill holes totalling 6,794.4m, with 51 holes spaced 200 m x 200 m and 30 holes spaced 100 m x 100 m were completed. 11 holes were drilled by the Australian Company Albidon Ltd.
- Several mineralized zones of stratabound-replacement in limestone, conglomerate and volcanoclastic rocks of Miocene age with thickness up to 12 m and as stockworks in Eocene age limestone, occur from surface to about 100 m depth. A target resource in the range of 4.0Mt to 4.5Mt at 1.0-1.3% Pb metal and 2.7-3.5%Zn was estimated from this work.

A Feasibility Study by Alusuisse, in 1983, based on this drilling data reported a target resource in the range of 1.5 to 1.8 million tons at 3.59% Zn and 1.28% Pb

10.1.3 OUED EL MADEN (GHARDIMAOU) PROSPECT

The old mine is located 35 km to the NW of Jendouba city. This area is close to the Algerian border.

During 1900 to 1955, 11,500 tons of Pb (metal) and 89 tons of Cu concentrate (containing 350g/t Ag) were produced. This deposit has been exploited by open pit and underground mining.

The Oued El Maden deposit is composed of 5 mining sectors, namely Thuburnic, Oued Maden, Fejjet El Maden, Mjer Hanech and Jebel Arkou.

A previous report by TES (1972) has been summarised:

- Eighteen diamond drill holes totalling 2,420.30 m with an average depth of 120 m have been drilled along the Groura fault, spaced at 100 m to 200 m (total strike extension of 1,700 m).
- Mineralisation is polymetallic (Pb, Zn, Sb, Hg, Ag, As, Cu, Ba, Sr) in Triassic limestone and Senonian dolomite along the Groura and Ferza faults trending North East/South West. An iron oxide cap occurs on the surface of the Groura fault along 2.5 km of strike extension. The Groura and Ferza faults are part of a regional major fault zone called the Ghardimaou-Cap Serrat.
- TES drill holes intersected two mineralised zones, a stockwork and a veinlet zone. The stockwork zone with 1.91% Pb, 0.65% Zn and 0.89% Sb, was intersected by 4 holes underneath the old open pit with dimensions of 200 m (L) x 100 m (W) x 25 m (thickness). The veinlet zone is 10.8m at 2.88% Pb, 0.79% Zn and 0.73% Sb intersected by 2 holes at 30 m from surface, located at 230 m to the South West of the old open pit. The TES report stated that the mineralisation found below the old open pit opens to depth and also opens to an East West direction. TES had made additional drilling plans, which were not realised.
- A target resource in the range of 800,000 to 900,000 at 2.31% Pb, 0.08% Zn and 1.03% Sb was estimated. The range of grade of samples is Pb: 0.1 - 9.74% (Average 2.0%), Zn: 0.1 - 6.11% (Average 0.6%), Sb: 0.05 - 5.5% (Average 1.0%), Hg: 50 - 3500g/t (Average 50 - 100g/t) and Ag: 10 - 300g/t (Average 30 - 40g/t).

Previous Exploration of Jebel Ed Diss-Aïn Bekkouch deposits:

- Seven diamond drill holes totalling 1,007.5m were drilled but only intersected weak mineralisation. The mineralization is polymetallic (Pb, Zn, Cu, Ag, Ba) located in Triassic dolostone and Cretaceous limestone along the Ghardimaou-Cap Serrat faults zone.;
- There is no data to estimate 'reserves' (read resources) at these prospects;
- There are many recorded mineralised occurrences along the Ghardimaou- Cap Serrat faults zone. Therefore the area along this fault zone between Jebel Ed Diss-Aïn Bekkouch deposits and Oued Maden deposit has a geological potential of deposits of mineralisation.

10.1.4 BOU AOUANE PROSPECT

The old mine is located 17 km to the west of Beja city. Although no accurate data was obtained, it is estimated about 3Mt at 5 - 10 % Zn with minor Pb was produced between 1910-1986. SOTEMI operated this mine between 1965-1986.

This area consists of Cretaceous and Neogene sedimentary rocks located at the northern margin of the Majerda basin. There are very few outcrops in this area, principally at the Khadhkhadha sector which was discovered after the closing of the mine (date of closing is believed to be around 1986).

Mineralisation occurs as Zn-rich stratabound-replacement in Neogene sandstone, breccia and carbonates (up to 30 m thickness), but it is high grade within the Carbonates. There are two major faults called the Hotel Fault and the Sidi Bou Aouane Fault which cut the Neogene sediments and these faults are considered as mineralization feeders.

The Bou Aouane deposit is comprised of 3 mining sectors (Jebel Hallouf, Sidi Bou Aouane and Khadhkhadha).

The Bou Aouane deposit is located about 10 km from the railway between Jendouba and Bizerte port. Water and energy supply is reportedly available at the site.

Celamin is targeting the potential to start a modest scale base metal production in Tunisia within 2 to 3-years. Initial feed will be either ROM or a pre-concentrate from an open cut mine with the potential to produce 35,000 – 40,000 t of Pb+Zn with Ag by-product credits that can be processed to a saleable flotation concentrate using the Bougrine Mill facility. This material can then be shipped and sold overseas.

The ore to be processed may be sourced from a number of different deposits, but initially it is proposed that it will be sourced from the tenements that comprise this project as they seem to hold reasonable potential for multi-million tonne, potentially open cut, resources of mid-grade Pb+Zn mineralisation.



Figure 13: Mining dump at Bou Aouane deposit

11. BASE METAL PROJECT: OUED EL KABIR, ALGERIA

11.1. BACKGROUND

Due to logistical and time constraints, the planned site visit of SRK to the deposit could not take place. Most of the work conducted by Celamin has been a data review and interpretation and SRK spent a day and a half conducting spot checks on the review. SRK's findings confirm those of Celamin's.

11.2. GEOLOGY, LOCATION AND ACCESS

Oued El Kabir ("OEK") is located in northern Algeria close to the coast. The portal for the underground workings is 2 km from the Coast Road between Jijel and Bejaia. The nearest port, Jijel, is about 20 km away.

FA holds an Exploitation Permit for Small or Medium Scale Mining over the 152 ha (1.52 km²) of the OEK project. The surrounding area was available as an exploration area once work started at the site and was reserved for the OEK leaseholder with 36 - 40 km² of the exploration area available to be prospected.

The OEK deposit occurs in a volcanic complex in the Paleozoic fold belt of northern Algeria and mineralisation occurs as massive sulphide lenses, known as a 'Kuroko-style' deposits. This is a distinct style of volcanic hosted sulphide deposit originally identified in Japan.

During the 1980s, the Algerian government engaged Russian investigators to examine the OEK area. These investigators drilled approximately 300 holes. Celamin has reviewed the data from more than 160 holes of these and determined that the data is of relatively poor quality.

The drilling results, using the Russian classification, delineated B+C1+C2 reserves of 11.5 million tons at 2.6 % Pb, 2.1 % Zn, 0.7 % Cu and 95 grams per ton Ag. This work is of sufficient quality that all of this mineralisation could be stated to be classified as an Inferred Mineral Resource, compliant to the JORC Code standards. The completion of satisfactory confirmatory drilling would allow some of this Mineral Resource to be re-stated as an Indicated Mineral Resource. The current mineralisation also contains gold (about 0.5 gram per ton), but this was not formally quantified by the Russians.

The deposit occurs in a single zone but the mineralisation is stratified within this zone and is generally flat-lying, sheet. It outcrops in one place but it is up to 250 m below the surface. The zone is at least 1.5 km long and 200 m to 400 m wide. The maximum thickness of mineralisation is about 20 metres with an average of about 10 metres.

Drilling is regularly spaced at about 100 metres over most of the deposit; closer spacing occurs near the outcrop. Core recovery was poor in places and the investigators did not carry out any down-hole surveying although most holes were vertical.

In general, an upper zone of mineralisation with a Barite-rich 'Pb-Zn' signature is overlain by lower grade mineralisation with a 'Cu' signature. The 'Pb-Zn' zone has an average thickness of 6 m with a grade of 3.9% Pb, 2.8% Zn, 0.5% Cu, 127 g/t Ag and 0.6 g/t Au. The 'Cu' zone has an average thickness of 5.4 m with grades of 1.0% Pb, 0.9% Zn, 1.7% Cu, 62 g/t Ag and 0.5 g/t Au. The ability to distinguish these two zones may make ore processing significantly simpler and lower the operating cost.

Significant exploration potential exists near the OEK permit area but the additional potential is mainly outside the current lease area. However, there has been no significant work in these areas. Reports by ORGM, the Algerian government agency formerly responsible for mineral exploration and development, claim that there are potential resources of some 30 million tons, but no detailed data has been made available that substantiates these claims.

11.3 PROSPECTIVITY

OEK deposit is located at the southern part of a caldera structure which is composed of volcano-sedimentary rocks and volcanic rocks of Miocene age in the inner part, younger granitic rocks in

the edge and the sedimentary rocks of Senonian in the outer part. The caldera has a diameter of about 5 - 6 km.

Another Cu-Au deposit within this caldera called Boussoufa is located about 2 km north of OEK deposit. SONAREM (Société Nationale de Recherche Et D'Exploitations Minières) of Algeria reported 20,038,100 tons (221,320 tons Cu metal) of potential resources for this deposit. Two exploration adits in this deposit intersected silicified stratabound gold mineralisation (Au 1 – 5 g/ton) with 3 m to 7m width. However, no data is available to explain the relationship between gold and copper mineralisation. The results of geochemical soil survey in this area done by SONAREM shows the lead and zinc anomalies overlie the copper anomaly suggesting the possibility of Kuroko style mineralisation at this deposit. The copper and gold potential of Boussoufa deposit is regarded to be high.

A geochemical soil survey in the surrounding area of OEK deposit indicated Zn-Pb-Cu anomalies in the area about 200 m – 300 m to west of OEK deposit. There is a possibility of other Kuroko style mineralisation in this area.

11.4 SUMMARY

A desktop review of the OEK data has been undertaken. Further verification work is required including modelling prior to a final decision being made on the locations of the proposed 'due diligence' verification drillholes. These cannot be finalized until a complete site visit has been undertaken.

A substantial amount of historical data is available and Celamin is in the process of reviewing the data and filling in the "gaps" in the database.

12. INFRASTRUCTURE IN TUNISIA

12.1. WATER SUPPLY

The project has taken significant measures to reduce water consumption, including:

- Filtering of tailings and recycling of all water streams; and
- Recycling of all mine drainage water streams and domestic water;

As a result of these water conservation techniques, the project water demand is approximately 5,500 m³ per day (~60 l/s). Water supply to the project will be provided from Oued Sarrath and Mellegue, and piped 25 km to the site. The proposed resource is sufficient (average flow of Oued Mellegue 5 m³/s) to cover the needs of the proposed plant. In the future, as required, other water resources will also be evaluated.

12.2. ELECTRICITY AND GAS

The initial operation, the first process train will require approximately 7 MW of power increasing to 15 MW at full production with two processing trains. This will be provided by Société Tunisienne de l'Electricité du Gaz (STEG) through its existing transmission line network.

Additionally STEG will also supply the gas requirements of approximately 70 GJ/hr rising to 140 GJ/hr when full phase, two process trains, production is attained.

12.3. SITE INFRASTRUCTURE

It is planned to accommodate the workforce, in the nearby towns Tajerouine and the Governorate centre of El Kef. Transport will be provided to the site.

A minor network of site roads will be constructed to connect the plant, mine and village to the national highway network.

12.4. RAIL AND PORT

A separate study has been undertaken into the transportation and shipping of product from the site to export market(s). Société Nationale Chemin de Fer Tunisienne (SNCFT) operates the existing rail network in Tunisia which has an operating rail line in close proximity to the project site and rail alignment within the project site. This study determined the optimal configuration of the rolling stock to transport phosphate product from the mine to the Port of Rades. This involved determining the optimal locomotive/wagon configuration and above rail requirements as well as reviewing the current below rail infrastructure and determining what upgrades would be necessary to achieve the required capacity of 1.5 Mt per annum.

Additional rail infrastructure required to facilitate the export of phosphate through the Port of Rades includes:

- New rail siding at the mine site to facilitate the loading of the trains;
- New siding at the Port of Rades to facilitate shunting activity and the unloading of the trains; and
- The Office de la Marine Marchande et des Ports (OMMC) operates the commercial port facilities throughout Tunisia. OMMC have made the port terminal facility in the Port of Rades available. It is close to the capital Tunis and accessible by existing operational rail network to the mine proximity.

The Port of Rades bulk storage & export port location has direct access to 30,000DWT ship birth and ship loading quay. The facility has an existing operational rail siding and a non-operational bottom dump rail wagon unloading facility; while these facilities may require some upgrade work, the current facilities and their condition allows a fast track and low cost port terminal development.

The port facility includes shared access to a 30,000 DWT ship birth, and the capacity to build a dedicated additional 30,000DWT if and when required. The port terminal will include the development of a storage facility of capacity to 50,000 tonne.

12.5. PLANT AND PROCESSING

A 55 t/hour plant at Bougrine, although not owned by Celamin, is available to Celamin for the treatment of either Pb/Zn ore or alternatively phosphate ore. SRK was given a short tour of the facilities by Dr Ammar Henchiri, a metallurgist who has 39 experience and spent 12 years in Bougrine during the operational years from 1994 to 2006.

The plant is already set up for Pb/Zn with numerous spare parts available on site. SRK was advised that historically the plant was 96% operational.

According to Dr Ammar, the costs associated to upgrade the plant into full Pb/Zn operational capacity is estimated at US\$5 to US\$6 million and may take about 12 to 18 months.

Similarly the costs and timing to upgrade and modify the plant to treat phosphates is in the order of US\$10 million and 18 months to complete. The plant would be able to accept phosphate ore at a rate of 1 million ton per year.

There is electricity that goes directly to site as well as two water wells, one about 2 km away and the other about 4 km away.

12.6. MINING

Historic phosphate mining was undertaken mostly before 1930 and was all from underground. There is no detailed information on mining techniques or production rates. The current phosphate mining in Tunisia (Gafsa) is all from large-scale open cut mining using modern mining techniques.

The known mineralisation at all the deposits in the EPs are all outcrops or sub outcrops and dip shallowly from the surface. The overburden is a massive limestone rock. The phosphate horizon varies from 7 m – 10 m thick and up to 25 m thick. There is potential for open cut mining in the nearer surface sections of some of these deposits.

According to the BEA mine plan in the PFS the resource above the 7.5 % cut-off grade would be mined. Mining would be staged from five pits. In future it may be decided to bring in Highwall Mining. This may enable the higher strip ratio mining areas that also indicate higher head grades, to be more economically and efficiently exploited. Room and pillar mining is also under consideration.

Mining production has been assumed to start in the second half of 2013, production building up to 2.7 million tons per annum of mill feed.

12.7 PROCESSING

The proposed BEA process plant produces a phosphate concentrate suitable for export. The major processing steps are crushing, grinding, desliming, reverse flotation, filtration and drying. Prudent criteria have been incorporated into the plant design given that a relatively small amount of test sampling and test work have been carried out to date.

Particular attention has been given to the issue of water supply to the plant. Tailings filtering and recycling of process streams have been incorporated to ensure an adequate water supply is maintained.

The design production rate from the BEA beneficiation plant is 1.5 million metric tons of dry concentrate per year at an average grade of 30 wt% P₂O₅. The beneficiation plant is available for operation on a continuous basis, 24 hours per day, 7 days per week, 50 weeks per year.

A phased start-up strategy would involve the process plant initially starting up with a capacity of 0.75 million tonnes per annum of product and then upgrading to a 1.50 million tonnes per annum of product capacity at a later stage.

12.8. ENVIRONMENTAL

The creation of the National Environmental Protection Agency (ANPE) in 1988 led to the development of a National Action Plan for the Environment (NAPE), which attempts to draw together existing environmental legislation and programs and to provide a strategy for natural resource conservation, pollution control and land-use management. To that end, Article 8 of Air Pollution and Noise Emissions Law No. 88-91 dictates that any industrial, agricultural or commercial establishment as well as any individual or corporate entity carrying out activity that may cause pollution to the environment, is obliged to eliminate or to reduce discharges and, eventually, to recycle rejected matter. ANPE may initiate legal proceedings against violators or reach a compromise with the polluting entity.

Legislation pertaining to environmental protection includes the Wildlife Protection Law No. 88-20; the Water Pollution Law No. 75-16; and the Marine Pollution Law No. 75-16. In addition, Tunisia is a member of ISO. In June, 1997, the Technical Committee for the Elaboration of Standards adopted the ISO 14,000 Series relating to industrial atmospheric emission standards.

Celamin is fully aware of its obligations in regard to environmental matters, both on an on-going basis and on closure of operations. Plans to comply with all environmental legislation will be put in place at all operations and the appropriate funding either included in operating costs or set aside for closure of operations.

In the PFS an initial Environmental and Social study has been completed. No significant environmental and social issues which could impact on the project, have been detected.

12.9 INFRASTRUCTURE AND SERVICES

Roads to the prospects are good and generally tarred. There is excellent rail coverage over the country with links into Algeria. The BEA project is on rail but the line is not operative within the permit area. It is used for bulk agricultural transport. The concentrates will be exported through the port of Rades, near Tunis. A siding at the mine and another siding at the port will need to be built.

There is comprehensive power coverage over the whole country. At full production the BEA mine will use 15 MW of power. This will be provided by Société Tunisienne de 'Electricité du Gaz (STEG) using their existing transmission lines. STEG will also provide the gas needs of approximately 140 GJ/hour.

Cell phone coverage is good over all the prospect areas.

Water will be supplied from Oued Sarrath and Mellegue and piped some 25 kilometres to site. There is sufficient water to meet the project needs. Care will be taken in the mine and plant design to minimise water usage.

13. RISKS

13.1 POLITICAL

13.1.1 TUNISIA

Tunisia remains, to some extent politically and economically volatile and under an ‘indefinite’ state of emergency following the removal of former President Ben Ali from power early in 2011. Some ongoing protests and strikes persist, particularly in Tunis. The tourist industry and some other parts of the economy have been badly impacted.

Constituent assembly elections took place as scheduled on 23 October 2011 and resulted in an elected Assembly that will only exist for 12 months with the objective of providing an interim government, introducing a new constitution and arranging Presidential and Assembly elections thereunder. Any new government will be on probation for 12 months.

Public debate over the role of religion in politics continues to be a destabilising factor in Tunisia’s transition to democracy, with both secular and Islamist parties involved in perpetuating fear and paranoia about the other in their bid for power. Although the short term outlook may be somewhat negative, there are significant grounds for optimism in the long term.

Celamin indicate that they have seen no unrest in Tunisia and SRK made the site visit without incident. There is however some uncertainty about the future as there always is where there has been the overthrow of a regime. However the economy is well developed and there is also reason to be optimistic about the future particularly if the October elections bring in a widely accepted democratic government.

The country has a number of economic problems brought about by both the European economic downturn as well as the uprising. Official figures show that tourism, a major employer, was down 42% year on year in July. Foreign direct investment was down by 24.1% in the first four months of the year. Although the economy has been severely damaged by the uprising, it has the potential to rebound. The fact that a moderate Islamist party has won and that it does not have a clear majority and has to form a coalition appears to be positive. The majority party in the new coalition has had talks with bankers to reassure them and has clearly stated that it will continue to support foreign investment and not mandate Islamic dress and dietary codes nor introduce any new restrictions in tourist areas.

13.1.2 ALGERIA

Algeria’s past was characterised by violent and brutal periods of political conflict. Islamic groups do not presently have the same power as they had in the past but there have been sporadic attacks on civilians and state security services. One such attack by Al Qaeda took place in September 2011 as SRK was preparing its initial report.

High youth unemployment and poverty are to be found. The minimum wage is too low to allow an adequate standard of living. There are various minority groups (eg the Tuaregs in the south) onto which the government has tried to enforce Arab culture. There are no strongly organised opposition parties. The president, Abdelaziz Bouteflika has been in power since 1999 and the constitution was amended in 2009 to allow him a third term of office.

High oil prices have bolstered the foreign exchange reserves. Algeria specifically encourages foreign mining companies to work in the country. The creation of jobs by these companies will help in reducing unemployment. However the problems within the long-standing regime remain and may lead to problems in the future.

13.2. OWNERSHIP

Permits issued by the respective governments have been viewed by BBP. No legal checks have been made.

13.3. GEOLOGICAL

The usual geological risks that apply to projects in the early stages of development apply. In all cases further drilling is required to confirm information already obtained and to expand the knowledge base.

13.4. MINING

The report completed by RSV on BEA was labelled as a Preliminary Feasibility Study (PFS). GRI, BBP and SRK feel that this report is not actually at the level of a PFS in terms of the JORC code, although the code is not prescriptive in its definition of a PFS. It is however, the general view of all consultants, i.e., GRI, BBP, SRK and RSV, although they differ as to degree. Notwithstanding whether the report is accepted as a PFS or a Scoping Study it is clear that a lot of work has been completed on the BEA project and that further work is needed before the status of a PFS is achieved. We do not believe that any argument on this detracts from the current value of the BEA prospect. Despite these comments we have continued for convenience to refer to the report as a PFS in following sections.

Further investigations need to be carried out on the Chaketma project.

13.5 ENVIRONMENTAL

It will be necessary to adhere to the environmental laws of Tunisia and Algeria and Celamin has advised GRI and BBP of its firm intention to abide by all local laws.

13.6 MARKETING

Although there is strong demand for all the commodities that will be mined, the exact status of the markets may well change at the time of actual production or during the life of the projects. The fact the projects, as presently assessed, are of relatively short duration may be of benefit in this regard providing the market assessment undertaken as part of the study proves to be accurate.

13.7 FINANCIAL

The primary risk facing the sponsors of the BEA project lies in the expenditure related to the completion of the Definitive Feasibility Study (DFS) (approximately US\$10M), which includes the resources delineation phase. The proposed interim delineation phase is planned to delineate reserves to JORC Code guidelines that will significantly enhance the value of the project.

The main risk factors include foreign exchange, materials and labour costs changes, and critically, the prevailing phosphate price at the time of the DFS completion, and the appetite of equity and debt providers to fund the execution of the project at that time.

14. PHOSPHATE EVALUATION

Approximately 90% of all phosphate rock is consumed annually in the production of fertilizers. The manufacturing process varies depending on the type being produced and can involve the conversion to phosphoric acid as an intermediate step, mainly for the production of ammonium phosphate fertilizers. The remaining 10% of phosphate rock is used in livestock and poultry feed supplements, pesticides, detergents, water treatment chemicals, food additives and metal surface treatments.

Fertilizer manufacturers usually require that the phosphate rock concentrate they are using to make fertilizers has a P_2O_5 grade of at least 28%. Since most phosphate deposits have a grade below that level, the ore that is extracted from the deposits must be upgraded into a phosphate rock concentrate prior to shipping to fertilizer producers.

Celamin is currently focussing on producing a 30% plus phosphate rock for supply to fertilizer producers.

Growth in the global market is expected to stem largely from the developing countries of Asia-Pacific, Latin America and Middle East. With relatively high usage of phosphates in fertilizers and detergents in Asia-Pacific and Latin America, the regions are likely to remain the leaders for the phosphates market in the foreseeable future.

International prices for rock phosphate, strongly influenced by Morocco, remained relatively stable for about three decades until 2005. From a low of US\$40 per ton in 2005, traded phosphate prices of over US\$400 per ton were reached by early 2008, dipping back to under US\$200 per ton later in the year.

The price for a given type of rock phosphate depends on phosphorus content and is also influenced by the levels of other elements that may be considered contaminants by fertiliser manufacturers.

Moroccan phosphate rock concentrate is typically used as the benchmark for worldwide phosphate pricing. Current phosphate pricing based on 32-33% P_2O_5 FOB Morocco is in excess of US\$200 per tonne.

Looking at the most important base metals with respect to Celamin operations the underlying feeling of the market is far removed from the doom and gloom seen in the financial markets. While stock levels are not at particularly low levels prices are holding up for the medium to long term based on demand expectations lead by Asia - India and China seen as giving considerable support on the demand side.

15 VALUATION

15.1 INTRODUCTION

GRI reviewed the available methodologies (Chapter 3) to provide an estimate of value for the projects owned by Celamin.

All the projects are at an immature or exploration stage and we have used either the Comparable Transactions ("CT") method or the Exploration Expenditure Multiples method ("EEM"), or both methods where possible, to obtain a comparison of value ranges. In each case:

- i. We determined that there is insufficient information available regarding future production, capital requirements, production costs and cash flows to enable modelling of the projects to determine an NPV;
- ii. There is information relating to previous exploration programmes and expenditures available and whilst most of this information relates to the recent exploration activities of Celamin, a significant amount has also been estimated based on present values of the considerable exploration activities undertaken by previous owners;
- iii. Celamin has developed budgets for its exploration programmes for these projects and we have used the next twelve months expenditures and other information to support the valuation;

GRI's estimates of the value ranges for Celamin's interests in the projects are summarised in Table 12:

Table 12: Valuation of Celamin's interest in the North African projects at 2 March 2012

Project	Location	Interest	Valuation Method	Value	
				Low	High
BEA Project	Tunisia	80%	EEM	\$5.9m	\$9.1m
Chaketma Project	Tunisia	80%	EEM	\$6.2m	\$9.4m
Tailings Project	Tunisia	50%	EEM	-	-
Base & Precious Metals Project	Tunisia	50%	EEM	\$0.4m	\$0.5m
Base & Precious Metals Project	Algeria	49%	EEM	\$3.2m	\$3.6m
Total				\$15.7m	\$22.6m

15.2. VALUATION OF BEA PHOSPHATE PROJECT

(Celamin Limited (80%) / Tunisian Mining Services (20%) JV)

For the BEA phosphate project we reviewed a number of valuation methods used in the mining industry to determine their applicability to the BEA project. JORC compliant Inferred Resource has been estimated but there is not yet sufficient information available to enable a financial model to be constructed so as to use the Net Present Value method to estimate a value for the project. The BEA project is still in an exploration stage and we have considered the Comparable Transactions method and the Expenditures Multiple Method to estimate a value range for the project.

15.2.1 COMPARABLE PHOSPHATE PROJECT TRANSACTIONS

We have identified a number of comparable transactions that can be used to give an indication of the value of Celamin's phosphate projects. The comparable transactions include deals regarding projects with and without JORC/NI 43-101 compliant resources.

Rock phosphate prices increased from about \$100/t in late 2007 to peak at over \$600/t in October 2008. By October 2009 prices had fallen back to about \$100/t and have since increased steadily to

about \$200/t in late 2011/early 2012. The graph in Figure 14 shows the price history for Rock Phosphate in Australian dollars.

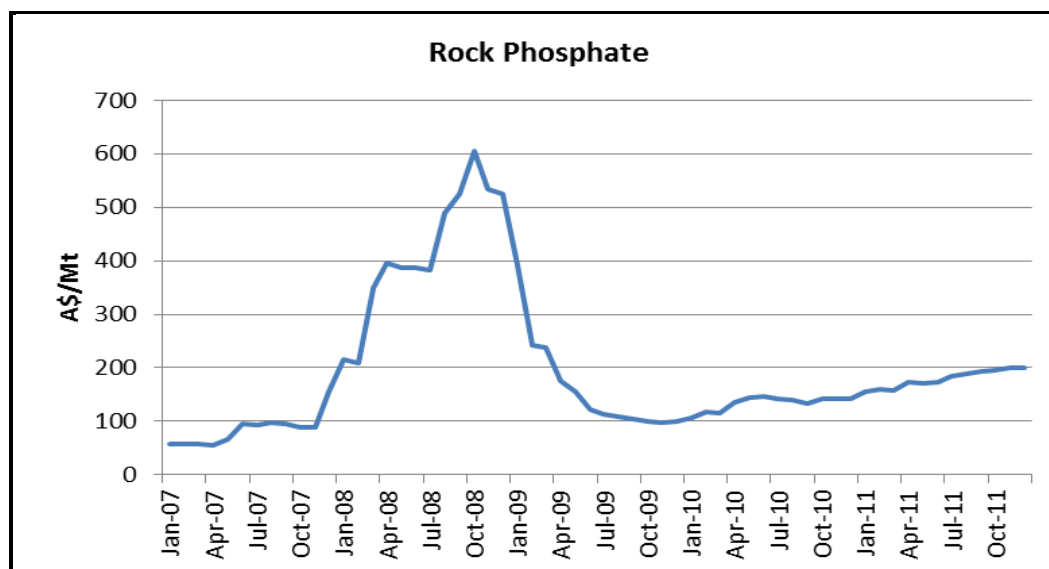


Figure 14: Price history for rock phosphate. (Source: IndexMundi.com)

The comparable transactions discussed below have mostly occurred after the peak in phosphate prices in October 2008.

Ammaroo Phosphate Project

The Ammaroo Phosphate project is located on the Sandover Highway 350km north east of Alice Springs and 80-180km east of Barrow Creek. The project is situated in the highly prospective western side of the Georgina Basin which contains the largest phosphate deposits in Australia. Rum Jungle Resources (ASX:RUM) ("Rum") became operator of the project in 2010 and found immediate success with the discovery of the Barrow Creek 1 and Ammaroo 1 phosphate prospects.

Rum announced on 1 July 2010 that it had signed a heads of agreement with Aragon Resources Limited ("Aragon") to earn up to 70% in the Ammaroo Phosphate project. Rum was allowed to earn an initial 60% by spending \$3m over 5 years and a further 10% by spending \$2m over two years. The total expenditure of \$5m over 7 years to earn a 70% interest in the tenements (ELs 25183, 25184 and 25185) valued the project at \$7.1m.

Rum commenced a drilling program and achieved early success. On 7 December 2010, Rum announced results from the drilling program showing the near surface high grade nature of the Barrow Creek area and the lower grade deeper mineralisation at the Ammaroo 1 area. The announcement stated that the potential existed to delineate sufficient ore reserves to sustain a 20+ year mine life of a substantial sized operation.

On 12 January 2011, Rum announced that it had reached agreement with Aragon Resources Limited to purchase all the shares in Territory Phosphate Pty Ltd, a wholly owned subsidiary of Aragon so as to acquire a 100% interest in the Ammaroo/Barrow Creek Phosphate discovery. Rum would pay Aragon \$1m and issue 16m shares to Aragon. On 12 January 2011, the date of the announcement, Rum shares traded at \$0.325 per share, valuing the total transaction at \$6.2m.

Agua Resources Limited (Rio Grande Projects)

Agua Resources Limited, ("Agua") is an ASX listed company whose primary focus is on the exploration and development of large scale potash and phosphate projects in Brazil. On 7 July 2011, Agua announced that it has signed an option agreement to acquire 100% of two potential large phosphate projects located in the state of Rio Grande do Sul in South East Brazil from Companhia Brasileira do Cobre. The Tres Estradas and Joca Tavares projects show early stage

signs similar to the carbonatite style hosted phosphate deposits mined by Vale within Brazil. At Tres Estradas three historical drill holes intersected carbonatite host rocks and returned wide zones of low grade phosphate mineralisation. Surface rock chip sampling had returned high grade phosphate mineralisation at Joca Tavares.

The terms of the agreement allowed Aguia to conduct exploration on the projects for a term of 36 months ("Exploration Period"). Aguia can elect to acquire the projects through the issue of 5 million ordinary shares at any time up to 120 days after the expiry of the Exploration Period.

Using a risk free rate of 5.02%, option term of 40 months, share price at the time of the transaction of \$0.69 and volatilities of 50% and 80%, the value of the transaction is in the range from \$4.9 million to \$5.4 million with a midpoint of \$5.2 million.

Mata da Corda Phosphate Project

On 21 December 2011, Aguia announced that it had entered into an agreement with Vicenza Mineracao e Participacoes S.A. over the Aguia's Mata da Corda Phosphate Project ("MCP") located in the state of Minas Gerais in Brazil. Pursuant to the agreement, Vicenza has an exclusive option to acquire 70% of the MCP over a three year period for R\$8 million through a minimum exploration spend of R\$7 million and by paying Aguia a total of R\$1 million up to the end of the option term. The transaction indicates a value of \$6.2 million for 100% of the project.

The Mata da Corda Phosphate Project ("MCP") covers approximately 310,000 hectares (3,100km²) and is located within 150km of the three largest phosphate mines in Brazil; Araxá – Vale (290Mt @ 14.88% P₂O₅), Tapira – Vale (744Mt @ 8.35% P₂O₅) and Catalão – Anglo/Vale (203Mt @ 8.80% P₂O₅). The property was identified as potentially attractive because of the historical phosphate occurrences. Rock chip sampling has returned some outstanding results with high-grade phosphate returned from surface including best grades of 20.0% and 18.15% P₂O₅.

Sandpiper Project

On 13 February 2012, Minemakers Limited ("Minemakers") (ASX and TSX: MAK, NSX: MMS) announced a proposal to acquire all of the outstanding shares in Union Resources Limited (ASX: UCL) ("UCL") by way of an off-market takeover bid. UCL is Minemakers' joint venture partner in the Sandpiper marine phosphate project in Namibia. Under the offer, UCL shareholders will receive 9 Minemakers shares for every 10 UCL shares held, implying a value of AUD 30.2 cents per UCL share, based on the Minemakers closing share price of AUD 33.5 cents per share on 10 February 2012. UCL has rejected the proposal and further developments in the takeover process are awaited. The offer, however, gives a useful indication of the value of the Sandpiper project after successful exploration allowed the estimation of a JORC compliant Indicated Resource of 74Mt at 20.6% P₂O₅ and Inferred Resource of 1,877Mt at 18.4% P₂O₅.

The Sandpiper project lies approximately 60km offshore between Walvis Bay and Luderitz covering an area of 200,000ha. The area had been subjected to significant past exploration that had shown that phosphate occurred over an area of at least 1,000 sq. km with drilled P₂O₅ grades on average in the range 15-20%. UCL reported that the deposit of peletal phosphorate occurred as unconsolidated sediment in water between 250 and 300 metres deep. It is geologically simple and exhibits good consistency in area and thickness which will simplify exploration and development.

Minemakers and UCL are each 42.5% shareholders in Namibian Marine Phosphate (Pty) Limited ("NMP"), a joint venture company which owns the Sandpiper Project. UCL's major assets are cash of \$2 million at December 2011, an 42.5% investment in the Sandpiper project and the Mehdiabad zinc project in Iran. Iranian Mines and Mining Industries Development and Renovation Organization ("IMIDRO") purported to terminate several agreements governing the Mehdiabad zinc project in December 2006, and since that time UCL has been negotiating in an effort to resolve the impasse and progress the Mehdiabad zinc project. UCL has fully impaired its investment in the Mehdiabad zinc project in its accounts and for the purposes of this exercise we have assumed that the Mehdiabad zinc project would constitute such a small portion of the value placed by Minemakers on UCL so as to be negligible. Minemakers takeover offer for UCL effectively values the Sandpiper project at \$52.7 million.

Plains Creek Phosphate Corp

On 25 February 2011 Plains Creek Phosphate Corp (TSX.V-PCP) ("Plains Creek") purchased a 50.1% interest in GB Minerals AG ("GB Minerals"), a Switzerland company that owns a significant phosphate mineral property located in West Africa from WAD Consult AG for €19 million. Plains Creek has the option to purchase the remaining shares in GB Minerals in two further tranches for a total of €27 million. This deal values the Farim project located in Guinea-Bissau, West Africa at €46 million (\$63 million).

A NI 43-101 compliant technical report entitled "Technical Report on the Preliminary Economic Assessment of the Farim Phosphate Project, Guinea-Bissau" dated effective February 10, 2010 reports a National Instrument 43-101 compliant Measured Resource of 69 million tonnes at 29.9% P₂O₅, Indicated Resource of 15 million tonnes at 30.1% P₂O₅, and Inferred Resource of 43.6 million tonnes at 29.6% P₂O₅.

Table 13: Summary of Comparable Transactions

Transaction	Value
Ammaroo Phosphate Project 1/7//2010 – 70% JV, very early stage exploration. 12/1/2011 – 100% purchase. Better information regarding project prospects but lower value reflecting the structure of the deal with more cash up front.	\$7.1 million \$6.2 million
Agua Resources Limited <i>Rio Grande Projects</i> -7/7/2011 – Two potentially large early stage projects <i>Mata da Corda Phosphate Project</i> – 21/12/2011 – Farm-out of early stage exploration project	\$5.2 million \$6.2 million
Sandpiper Project 20/6/2008 – Early stage project with very little exploration work completed. 13/2/2012 – Takeover offer, now for an advanced stage project with a JORC compliant Indicated Resource of 74Mt at 20.6% P ₂ O ₅ and an Inferred Resource of 1,877Mt at 18.4% P ₂ O ₅ at 10% cut-off. The relatively low value per tonne P ₂ O ₅ ¹ reflects the high proportion of inferred resources in the estimate and the fact that it is a marine deposit requiring special mining methods.	\$0.6 million \$52.7 million Equivalent to \$0.15/t P ₂ O ₅
Plains Creek Phosphate Corp. 25/2/2011 – NI 43-101 compliant Measured Resource of 69 million tonnes at 29.9% P ₂ O ₅ , Indicated Resource of 15 million tonnes at 30.1% P ₂ O ₅ , and Inferred Resource of 43.6 million tonnes at 29.6% P ₂ O ₅ . (No grade cut-off because of uniform grade distribution)	\$63 million Equivalent to \$1.65/t P ₂ O ₅

NOTE: (1) We consider the dollar value for contained P₂O₅ to be the better indicator to measure value because it eliminates discrepancies in grade, which is not taken into account with the dollar value per tonne (\$/t) of resource.

The comparable transactions show values in a range from \$5.2 million to \$7.2 million for early stage exploration projects for which resources are yet to be estimated, and for projects with JORC/NI 43-101 resources a range from \$52.7 million (\$0.15/t P₂O₅ for predominantly inferred resources) to \$63 million (\$1.65/t P₂O₅ for resources with a substantial portion in the measured and indicated category).

A JORC compliant Inferred Resource of 29Mt at 11.1% P₂O₅ has been estimated for the BEA project. All of the resource falls in the Inferred, or lowest, category of resources and would therefore be valued at the lower end of the range of values indicated by the Sandpiper and Plains Creek comparable transactions of \$0.15 to \$1.65/t P₂O₅. The Sandpiper and Plains Creek CT values indicate a value of \$0.5 million to \$5.3 million for the BEA project with GRI's preferred value lying towards the lower end of the range because the BEA resource is entirely in the inferred category.

Celamin reports that less than 5% of the permit area has been drilled or explored and it is therefore possible that the values indicated by reference to the published resource estimate could undervalue the project. We note that the Ammaroo Phosphate and Aguia Resources comparable transactions indicate a value range for the BEA project in the range from \$5.2 to \$7.2 million and believe that this range better indicates the value of the BEA project.

Table 14: CT Valuation of the BEA Project

Valuation Method	Value	
	Low	High
Comparable Transactions	\$5.2m	\$7.2m

15.2.2 EXPLORATION EXPENDITURE MULTIPLES METHOD

We have reviewed various valuation methods that we regard as appropriate for what is currently an undeveloped project and have determined that the Exploration Expenditures Multiples method is an appropriate method in this circumstance. We have been provided with information on costs incurred for the exploration work on the project to date and budgeted for 2012. These expenditures amount to \$5.4 million. It is our opinion that it could be reasonably argued that Celamin placed considerable reliance on the early exploration work and considered that the results obtained from this work justified its decision to continue further work. It has prepared budgets for 2012 and 2013 and within this methodology we are entitled to use figures from the 2012 budget in our estimations.

We have then applied an exploration effectiveness multiplier to these activities and then derived an estimate of the effective exploration costs.

We have applied a Prospectivity Enhancement Multiplier ("PEM") of between 1.3 and 2.0 based on our estimation of the potential for success in finding sufficient resources to justify developing a mine. We have estimated this range on the basis that within the tenements the Company has target areas for further exploration and that it sees sufficient commercial upside to continue to explore and do test work so as to prepare for future production.

Table 15: BEA Project - Expenditures and Effectiveness

Exploration Item	Estimated Cost	Effectiveness	Effective Value
Expenditure to December 2011 as advised by Celamin.	\$4.1m	100%	\$4.1m
Budgeted expenditure for 2012	\$1.6m	100%	\$1.6m
Total Expenditure	\$5.7m		\$5.7m
PEM	1.3		\$7.4m
PEM	2.0		\$11.4m

15.2.3. VALUATION SUMMARY

The valuation range for the BEA Project using the EEM method is from \$7.4 million to \$11.4 million. We have accepted this value range as being more representative of the current estimated value for this project than that obtained using the CT method. We note that the CT method valuation aligns with the low end of the valuation range indicated by the EEM method.

Table 16: Valuation of the BEA Project at 2 March 2012

Valuation Method	Value	
	Low	High
Exploration Expenditures Multiples	\$7.4m	\$11.4m
Comparable Transactions	\$5.2m	\$7.2m
Adopted Values	\$7.4m	\$11.4m
Celamin 80% share	\$5.9m	\$9.1m

15.3. VALUATION OF CHAKETMA TUNISIA PHOSPHATE PROJECT

(Celamin Limited (80%) / Tunisian Mining Services (20%) for 50:50 JV)

For the Chaketma phosphate project we reviewed a number of valuation methods used in the mining industry to determine their applicability to the Chaketma project. The Chaketma project is still in an exploration stage and we have considered the Comparable Transactions method and the Expenditures Multiple Method to estimate a value range for the project.

15.3.1. COMPARABLE TRANSACTIONS METHOD

Please refer to the Comparable Phosphate Project Transactions discussed in Section 15.2.1. above.

A JORC compliant Inferred Resource has not yet been estimated for the Chaketma project. Ammaroo Phosphate and Aguia Resources comparable transactions indicate a value range for other projects at a similar early exploration stage. Accordingly the CT method indicates a value range for the Chaketma project in the range of \$5.2 million to \$7.2 million.

Table 17: CT Valuation of the Chaketma Project

Valuation Method	Value	
	Low	High
Comparable Transactions	\$5.2m	\$7.2m

15.3.2. EXPLORATION EXPENDITURES MULTIPLES METHOD

We have reviewed various valuation methods that we regard as appropriate for what is an immature stage exploration project, and have determined that the Exploration Expenditures Multiples method is an appropriate method in this circumstance. We have been provided with information on costs incurred for the exploration work on the project to date and budgeted for 2012. These expenditures amount to \$3.9 million. Celamin has also supplied their estimate of the expenditures that were incurred historically on the project by previous operators. The historical expenditure relates to mapping, bulk sampling, drilling and trenching and the cost is estimated to be in the range \$450,000 to \$600,000. A recent announcement by CNL on 13 February 2012 regarding the success of recent trenching work done by Celamin highlights the confidence that can be placed on the results of the historical work. It is our opinion that it could be reasonably argued that Celamin placed considerable reliance on the early exploration work in order to make its decision to continue further work and prepare budgets for 2012 and 2013.

We have then applied an exploration effectiveness multiplier to these activities and then derived an estimate of the effective exploration costs.

We have applied a Prospectivity Enhancement Multiplier of between 1.3 and 2.0 based on our estimation of the potential for success in finding sufficient resources to justify developing a mine. We have estimated this range on the basis that within the tenements the Company has target areas for further exploration and that it sees sufficient commercial upside to continue to explore and do test work so as to prepare for future production.

Table 18: Chaketma Project - Expenditures and Effectiveness

Exploration Item	Estimated Cost	Effectiveness	Effective Value
Historical expenditure as estimated by Celamin	\$0.5m	75%	\$0.4m
Expenditure to December 2011 as advised by Celamin.	\$0.6m	100%	\$0.6m
Budgeted expenditure for 2012	\$4.9m	100%	\$4.9m
Total Expenditure	\$6.0m		\$5.9m
PEM	1.3		\$7.7m
PEM	2.0		\$11.8m

15.3.3. VALUATION SUMMARY

The valuation range for the Chaketma Project using the EEM method is from \$7.7 million to \$11.8 million. We have accepted this value range as being more representative of the current estimated value for this project than that obtained using the CT method although we note that the value range using the CT method aligns with the low end of the value range obtained using the EEM method.

Table 19: Valuation of the Chaketma Project at 2 March 2012

Valuation Method	Value	
	Low	High
Exploration Expenditures Multiples	\$5.1m	\$7.8m
Comparable Transactions	\$7.7m	\$11.8m
Adopted Values	\$7.7m	\$11.8m
Celamin 80% share	\$6.2m	\$9.4m

15.4. VALUATION OF TUNISIA TAILINGS PROJECT

(Celamin Limited / Tunisian Mining Services 50:50 JV)

For the Tailings Project we reviewed a number of valuation methods used in the mining industry to determine their applicability to the Project. The tailings project is still in an exploration stage and we have not been able to identify suitable comparable transactions and, accordingly, we have used the Exploration Expenditures Multiples method to estimate a value range for the project.

15.4.1. EXPLORATION EXPENDITURES MULTIPLES METHOD

We have reviewed various valuation methods that we regard as appropriate for what is an immature stage exploration project, and have determined that the Exploration Expenditures Multiples method is an appropriate method in this circumstance. We have been provided with information on costs incurred for the exploration work on the project to date and budgeted for 2012. These expenditures amount to \$0.4 million. It is our opinion that it could be reasonably argued that Celamin placed considerable reliance on the early exploration work in order to make its decision to continue further work and prepare budgets for 2012 and 2013.

We have then applied an exploration effectiveness multiplier to these activities and then derived an estimate of the effective exploration costs.

We have applied a Prospectivity Enhancement Multiplier of between 1.0 and 1.2 based on our estimation of the potential for success in finding sufficient resources to justify developing a mine. We have estimated this range on the basis that within the tenements the Company has target areas for further exploration.

Table 20: Tunisian Tailings Project - Expenditures and Effectiveness

Exploration Item	Estimated Cost	Effectiveness	Effective Value
Expenditure to December 2011 as advised by Celamin.	\$0.2m	100%	\$0.2m
Budgeted expenditure for 2012	\$0.2m	100%	\$0.2m
Total Expenditure	\$0.4m		\$0.4m
PEM	1.0		\$0.4m
PEM	1.2		\$0.5m

15.4.2 VALUATION SUMMARY

The valuation range for the Tunisian Tailings Project using the EEM method is from \$0.4 million to \$0.5 million.

Table 21: Valuation of the Tunisian Tailings Project at 2 March 2012

Valuation Method	Value	
	Low	High
Exploration Expenditures Multiples	\$0.4m	\$0.5m
Celamin 50% share	Not yet earned	Not yet earned

We reviewed the agreement between Celamin and Tunisian Mining Services ("the Parties") dated 1 July 2009, the so called "Tailings Agreement". Pursuant to the agreement Celamin will spend up to US\$500,000 on Study Phases 1 & 2 where after, if the Parties decide to execute the project, the Parties will form a Joint Company, each holding 50% of the capital of the Joint Company. It is GRI's understanding that Study Phases 1 & 2 have not yet been completed and that the Joint Company has not yet been formed. Therefore, Celamin does not yet, as at the date of this valuation, own a share in the project.

15.5. VALUATION OF THE NORTH TUNISIAN BASE AND PRECIOUS METALS PROJECT

(Celamin Limited / Tunisian Mining Services 50:50 JV)

For the North Tunisian Base and Precious Metals Project we reviewed a number of valuation methods used in the mining industry to determine their applicability to the Project. The Base and Precious Metals project is still in an exploration stage and we have not been able to identify suitable comparable transactions for similar minerals assemblages. Accordingly, we have used the Expenditures Multiple Method to estimate a value range for the project.

15.5.1. EXPLORATION EXPENDITURES MULTIPLES METHOD

We have reviewed various valuation methods that we regard as appropriate for what is an immature stage exploration project, and have determined that the Exploration Expenditures Multiples method is an appropriate method in this circumstance. We have been provided with information on costs incurred for the exploration work on the project to date and budgeted for 2012. These expenditures amount to \$0.4 million. It is our opinion that it could be reasonably argued that Celamin placed reliance on the early exploration work in order to make its decision to continue further work and prepare budgets for 2012 and 2013.

We have then applied an exploration effectiveness multiplier to these activities and then derived an estimate of the effective exploration costs.

We have applied a Prospectivity Enhancement Multiplier of between 1.2 and 1.5 based on our estimation of the potential for success in finding sufficient resources to justify developing a mine. We have estimated this range on the basis that within the tenements the Company has target areas for further exploration.

Table 22: North Tunisian Base and Precious Metals Project - Expenditures and Effectiveness

Exploration Item	Estimated Cost	Effectiveness	Effective Value
Expenditure to December 2011 as advised by Celamin.	\$0.2m	100%	\$0.2m
Budgeted expenditure for 2012	\$0.5m	100%	\$0.5m
Total Expenditure	\$0.7m		\$0.7m
PEM	1.2		\$0.8m
PEM	1.5		\$1.0m

15.5.2. VALUATION SUMMARY

The valuation range for the North Tunisian Base and Precious Metals Project using the EEM method is from \$0.8 million to \$1.0 million.

Table 23: Valuation of the North Tunisian Base and Precious Metals Project at 2 March 2012

Valuation Method	Value	
	Low	High
Exploration Expenditures Multiples	\$0.8m	\$1.0m
Celamin 49% share	\$0.4m	\$0.5m

15.6. VALUATION OF THE OUED EL KABIR BASE AND PRECIOUS METALS PROJECT

(Celamin Limited (49%) / A private Algerian company, Faïenceries Algériennes (50%))

For the OEK Project we reviewed a number of valuation methods used in the mining industry to determine their applicability to the Project. The Base and Precious Metals project is still in an exploration stage and we have not been able to identify suitable comparable transactions for similar minerals assemblages. Accordingly, we have used the Exploration Expenditures Multiple method to estimate a value range for the project.

15.6.1. EXPLORATION EXPENDITURES MULTIPLES METHOD

We have reviewed various valuation methods that we regard as appropriate for what is an exploration project, and have determined that the Exploration Expenditures Multiples method is an appropriate method in this circumstance. We have been provided with information on costs incurred by Celamin for the exploration work on the project to date and budgeted for 2012. These expenditures amount to \$1.0 million. Celamin has also supplied their estimate of the expenditures that were incurred historically on the project by previous operators. The historical expenditure is in the range \$18.4 to \$24.7 million with the majority of the expenditure being incurred for exploration drilling and the development of an adit. It is our opinion that it could be reasonably argued that Celamin placed reliance on the early exploration work in order to make its decision to continue further work and prepare budgets for 2012 and 2013.

We have then applied an exploration effectiveness multiplier to these activities and then derived an estimate of the effective exploration costs. During the 1980s, the Algerian government engaged Russian investigators to examine the OEK area. These investigators drilled approximately 300 holes. Celamin has reviewed the data from more than 160 holes of these holes. The study found

that the data is of relatively poor quality. For this reason we have applied a low effectiveness factor to the historical expenditure. A substantial amount of historical data is available and Celamin is in the process of reviewing the data and filling in the “gaps” in the database. As this process continues it may be possible to apply a higher effectiveness factor in the future to the historical expenditure. It should be noted that SRK commented that the drilling results, using the Russian classification, delineated B+C1+C2 reserves of 11.5 Mt at 2.6 % Pb, 2.1 % Zn, 0.7 % Cu and 95 g/t Ag. SRK also commented that this work is of sufficient quality that all of this mineralisation could be stated to be classified as an Inferred Mineral Resource, compliant to the JORC Code standards.

We have applied a Prospectivity Enhancement Multiplier of between 1.5 and 1.7 based on our estimation of the potential for success in finding sufficient resources to justify developing a mine. We have estimated this range on the basis that within the tenements the Company has target areas for further exploration.

Table 24: OEK Project - Expenditures and Effectiveness

Exploration Item	Estimated Cost	Effectiveness	Effective Value
Historical expenditure as estimated by Celamin.	\$22.0m	15%	\$3.3m
Expenditure to December 2011 as advised by Celamin.	\$0.3m	100%	\$0.3m
Budgeted expenditure for 2012	\$0.7m	100%	\$0.7m
Total Expenditure	\$23.0m		\$4.3m
PEM	1.5		\$6.5m
PEM	1.7		\$7.3m

15.6.2 VALUATION SUMMARY

The valuation range for the OEK Project using the EEM method is from \$6.5 million to \$7.3 million.

Table 25: Valuation of the OEK Project at 2 March 2012

Valuation Method	Value	
	Low	High
Exploration Expenditures Multiples	\$6.5m	\$7.3m
Celamin 50% share	\$3.2m	\$3.6m

16 GENERAL

16.1 QUALIFICATIONS

16.1.1 GLOBAL RESOURCES & INFRASTRUCTURE

Global Resources & Infrastructure Pty Ltd (“GRI”) is a management consulting company that specialises in providing its services to the resources and infrastructure industries. Ian Buckingham, Managing Director of GRI is GRI’s lead consultant in preparation of this opinion for DMR Corporate. Mr. Buckingham has worked on over eighty valuation assignments involving gold, silver, molybdenum, diamonds, iron ore, base metals, coal, lithium, petroleum and other resources commodities.

Ian Buckingham holds B.App.Sc.(Applied Geology) from the Victorian Institute of Colleges and Fellowship and Associateship Diplomas in Geology (RMIT) with extra studies in mining engineering and primary metallurgy and an MBA from RMIT University. He is a Fellow AusIMM and Member AAPG and Member PESA. Ian commenced his career as a base metals, gold and diamonds exploration geologist before moving into gas engineering and petroleum exploration and development. He then established himself as a resources analyst in stock broking and investment banking with several international banks. As an analyst he evaluated and developed financial models for major mining and energy companies. On joining Anderson & Schwab Australia as founding Managing Director, he worked on a significant number of resources projects where his knowledge and expertise in areas such as due diligence, valuation, commercial and technical analyses, concept and strategic development, financial modeling and general mining management have been required. On establishing Global Resources & Infrastructure he has carried on his work in the resources and infrastructure industries focusing on project development, strategic analysis and project evaluation and valuation. Ian was a member of the committee that re-wrote the VALMIN Code (2005).

16.1.2 BBP CONSULTING

BBP Consulting (BBP) was originally established in 1998 in South Africa. In 2010 BBP moved to Malta because the focus of its work had expanded beyond South Africa. BBP has completed a wide range of mine valuations and marketing studies, managed multi-million rand feasibility studies in anthracite, coal and chrome mining, negotiated the sale of a coal deposit to a multinational client, managed the sale a large area of platinum mineral rights to a foreign junior and completed a scoping study on a tantalum mine. BBP acted as advisors to short-listed empowerment clients during the sale of New Coal by Anglo Coal and acted as advisors and fund raisers for several empowerment companies including suppliers of coal to Eskom power stations. They have successfully introduced foreign junior miners into South Africa and provided them with successful acquisition strategies. BBP has recently completed a platinum marketing and economic study for the Western Bushveld Joint Venture. BBP is collaborating closely with a major US coal company assisting it to develop opportunities in South Africa and Mozambique.

Barbara Day holds BSc (Mathematics, Chemistry, University of Natal 1965), B.Comm(Hons) (Marketing and Economics, Unisa, 1977) and MSc (Computer Science), Rand Afrikaans University, 1980. Barbara has over 35 years of experience in the mining industry mostly with Gold Fields of South Africa (GFSA), culminating in the position of chairman and MD of Gold Fields Coal Ltd. She was also chairman of The Zinc Corporation of SA and O’okiep Copper Company. She served for four years as manager of the Mineral Economics Division followed by another four years as group financial manager. Barbara established BBP Consulting with Bob Adey following their departure from GFSA.

Bob Adey holds BSc (Honours), University of Exeter, Devon, England 1971. Bob has 40 years experience in the mining industry mainly with Gold Fields of South Africa Ltd (GFSA). He spent twelve years in metallurgical operations of the Group followed by various management positions at head office in marketing, human resources and mineral economics. This experience culminating in the position of Marketing Director for Gold Fields Coal Ltd and Commercial Manager for GFSA.

16.2 FEES

GRI will be paid a professional fee of \$48,000.00 exclusive of GST plus reasonable expenses for the preparation of this report. The fee is not contingent on the conclusions set out in the report.

16.3 COMPLIANCE

This report has been prepared in accordance with the requirements of the “Code and Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for independent Expert Reports” (The VALMIN Code, 2005).

16.4 DECLARATION

Neither GRI or BBP have previously worked on any assignment associated with Celamin.

Neither GRI or BBP has any business relationship with Celamin or with any companies associated with that company that could reasonably be regarded as being prejudicial to its ability to give an unbiased and independent assessment.

There is no present agreement, arrangement or understanding that GRI nor BBP will at any time in the future undertake any assignment for Celamin or any company or organisation associated with Celamin Limited. Other than as set out herein, neither GRI nor Ian Buckingham nor BBP nor Barbara Day nor Bob Adey has any interest in the company that is the subject of this report.

16.5 INDEMNITY

GRI and Ian Buckingham and BBP and Barbara Day and Bob Adey have been indemnified by DMR Corporate Pty Ltd as to damages, losses and liabilities relating to or arising out of their engagement that do not arise from the fault of GRI or Ian Buckingham or BBP or Barbara Day or Bob Adey or their associates.

16.6 CONSENT

GRI and BBP have given their written consent to the inclusion of this report in DMR Corporate Pty Ltd’s IER to be provided to Celamin directors, management or shareholders, pursuant to Australian regulatory requirements. As of this date, neither GRI or BBP have withdrawn their consent. Neither GRI or BBP have been involved in the preparation of or authorised or caused the issue of any other part of the documentation to be provided to Celamin shareholders, other than this report.

Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with, or attached to any document or used for any other purpose without the prior written consent of GRI and BBP to the form and context in which it appears and the purpose of its use.

All of the persons involved in the preparation of this report have consented to the use of this assessment report, for the purpose stated above and in the form and context in which it appears.

16.7 LIMITATION

The statements and opinions contained in this report are given in good faith and, to a considerable extent; reliance has been placed on the information provided by Celamin. All such information has been presented in a professional manner and both GRI and BBP believe, on reasonable grounds, that it is true, complete as to material details, and not misleading. The work undertaken for the purpose of this report in no way constitutes a technical audit of any of the assets or records reviewed, and GRI and BBP do not warrant that their inquiries have realised all of the matters that an audit might disclose. Neither GRI or BBP in no way guarantees or otherwise warrants the achievability of any forecasts of future production and costs that may have been used in valuations in this report.

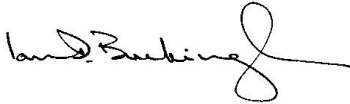
16.8 FACTUAL AND CONFIDENTIALITY REVIEW

A draft copy of this report was provided to officers of DMR Corporate Pty Ltd and the directors of Celamin for comments as to confidentiality issues, errors of fact or misinterpretation, or substantive disagreements on the assumptions that GRI and BBP have adopted. While GRI and BBP have included minor corrections and amendments in this final report as a result of comments received, neither the methodology nor conclusions were amended.

GRI and BBP gratefully acknowledge the assistance provided by the Directors and officers of DMR Corporate Pty Ltd and Celamin in facilitating the preparation of this report.

Global Resources & Infrastructure Pty Ltd

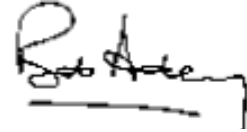
BBP Consulting



Ian D. Buckingham



Barbara Day



Bob Adey

APPENDIX I – REFERENCES

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UCL Resources Limited website, <http://www.uclresources.com.au>

UCL Resources Limited announcements on ASX,

<http://www.asx.com.au/asx/research/companyInfo.do?by=asxCode&asxCode=UCL>

Wren Research website, <http://www.wrenresearch.com.au/downloads/>

CELAMIN HOLDINGS NL

Appointment of proxy

If you propose to attend and vote at the General Meeting, please bring this form with you. This will assist in registering your attendance.

All Registry communication to:
Advanced Share Registry Ltd

150 Stirling Highway

Nedlands WA 6009

PO Box 1156

Nedlands WA 6909

Telephone: (08) 9389 8033

Facsimile: (08) 9389 7871

Website: www.advancedshare.com.au

www.celaminl.com.au

I/We being a member(s) of CELAMIN HOLDINGS NL ACN 139 255 771 and entitled to attend and vote hereby appoint.

A the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

Or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the General Meeting of the Company to be held at 11:00am (AEST) on Friday, 27 April 2012 and at any adjournment of that meeting. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received at the Company's registered office no later than 48 hours before the meeting.

If the Chair of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by the Chair of the Meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, then the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chair intends to vote 100% of all open proxies in favour of each resolution.

Should you desire to direct your proxy how to vote on any resolution please insert in the appropriate box below.

		For	Against	Abstain*
Resolution 1	Ratification of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Change in nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Consideration Shares to Non-Related Parties of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Consideration Shares to an entity associated with Mr David Regan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of the Honourable Andrew P. Thomson as Non-Executive Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Mr Martin Broome as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Appointment of Mr. John Hartigan as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

B PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Securityholder 1 (individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (individual)

Director

Contact Name

Contact Daytime Telephone or Email

Date

Proxy Instructions

Generally

A shareholder entitled to attend and vote at the General Meeting convened by the Notice is entitled to appoint not more than 2 proxies to vote on the shareholder's behalf. A proxy need not be a shareholder. The proxy appointment may be a standing appointment for all general meetings until it is revoked. Additional proxy forms are available from the Company.

If a representative of a shareholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission. A form of the certificate may be obtained from the Company's share registry by calling +61 8 9389 8033.

Appointing Two Proxies

A shareholder entitled to cast 2 or more votes may appoint 2 proxies. Where 2 proxies are appointed, if the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise one half of your votes. Fractions of votes will be disregarded.

Signing Instructions

Individuals: The shareholder must sign personally.

Joint Holding: If the holding is in more than 1 name, all of the shareholders must sign.

Company: Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held.

Power of Attorney: The attorney must sign and the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.

Lodgement of a Proxy

Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be lodged at, or sent by facsimile transmission to, the offices of the Company so that it is received no later than 11:00am (AEST) on Friday, 27 April 2012.

Documents may be lodged:

IN PERSON	Share Registry – Advanced Share Registry, 150 Stirling Highway Nedlands WA 6009, Australia Registered Office
BY MAIL	Share Registry – Advanced Share Registry, PO Box 1156, Nedlands WA 6909, Australia
BY FAX	+61 8 9389 7871

Your Address

This is your address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form and sign it. Security holders sponsored by a broker (in which case your reference number overleaf will commence with an "X") should advise your broker of any changes. You cannot change ownership of your shares using this form.