



**CELAMIN**

**HOLDINGS NL**

ACN 139 255 771

## PROSPECTUS

PROSPECTUS FOR THE ISSUE OF 50,000,000 FULLY PAID ORDINARY SHARES AT AN ISSUE PRICE OF \$0.20 PER NEW SHARE TO RAISE A MAXIMUM OF \$10,000,000. THE OFFER IS SUBJECT TO A MINIMUM SUBSCRIPTION OF 25,000,000 SHARES AT AN ISSUE PRICE OF \$0.20 EACH TO RAISE A MINIMUM OF \$5,000,000

The Offer includes a Priority Offer of up to 5,000,000 New Shares to Shareholders registered as at the Priority Offer Record Date. The Offer is conditional upon Shareholders approving, at the General Meeting to be held on Friday 27 April 2012, a change to the nature and scale of the Company's activities, the issue of Shares to the Celamin Limited Vendors and the issue of the New Shares offered by this Prospectus. Please refer to Section 2.5 of this Prospectus for further details.

PETRA CAPITAL PTY LTD IS ACTING AS LEAD MANAGER TO THE OFFER

This is an important document that should be read in its entirety.

If you do not understand it you should consult your professional advisers without delay.

The securities offered by this Prospectus are of a speculative nature



CELAMIN HOLDINGS NL ACN 139 255 771

## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

**Andrew Thomson**  
Non-Executive Chairman

**David Regan**  
Managing Director

**Martin Broome**  
Non-Executive Director

**Melanie Leydin**  
Non-Executive Director/Company Secretary

### REGISTERED OFFICE

Suite 304,  
22 St Kilda Road  
St Kilda, Victoria, 3182 Australia  
Ph: +61 3 9692 7222  
Fax: +61 3 9529 8057

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### LEAD MANAGER

**Petra Capital Pty Ltd**  
Suite 108, Level 1,  
343 George Street  
Sydney, New South Wales, 2000  
Ph: +61 2 9239 9600  
Fax: +61 2 9299 5610

### AUDITOR

**AFS & Associates**  
61-65 Bull Street  
Bendigo, Victoria, 3550  
Ph: +61 3 5443 0344  
Fax: +61 3 5443 5304

### SHARE REGISTRY

**Advanced Share Registry  
Services Ltd**  
150 Stirling Highway  
Nedlands, Western Australia, 6009  
Ph: +61 8 9389 8033  
Fax: +61 8 9389 7871

### INDEPENDENT GEOLOGIST

**SRK Consulting**  
10 Richardson Street  
Wets Perth, Western Australia, 6005  
Ph: +61 8 9288 2000  
Fax: +61 8 9288 2001

### INVESTIGATING ACCOUNTANT

**AFS & Associates**  
61-65 Bull Street  
Bendigo, Victoria, 3550  
Ph: +61 3 5443 0344  
Fax: +61 3 5443 5304

### SOLICITORS

**Tresscox Lawyers**  
Level 9, 469 La Trobe Street  
Melbourne, Victoria, 3000  
Ph: +61 3 9602 9444  
Fax: +61 3 9642 0382



# PROSPECTUS

PROSPECTUS FOR THE ISSUE OF 50,000,000 FULLY PAID ORDINARY SHARES AT AN ISSUE PRICE OF \$0.20 PER NEW SHARE TO RAISE A MAXIMUM OF \$10,000,000. THE OFFER IS SUBJECT TO A MINIMUM SUBSCRIPTION OF 25,000,000 SHARES AT AN ISSUE PRICE OF \$0.20 EACH TO RAISE A MINIMUM OF \$5,000,000.

The Offer includes a Priority Offer of up to 5,000,000 New Shares to Shareholders registered as at the Priority Offer Record Date. The Offer is conditional upon Shareholders approving, at the General Meeting to be held on Friday 27 April 2012, a change to the nature and scale of the Company's activities, the issue of Shares to the Celamin Limited Vendors and the issue of the New Shares offered by this Prospectus. Please refer to Section 2.5 of this Prospectus for further details.

This Prospectus is a compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change in the nature and scale of the Company's activities.

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## **PETRA CAPITAL PTY LTD IS ACTING AS LEAD MANAGER TO THE OFFER**

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## Indicative timetable

Prospectus Lodged with ASIC	13 April 2012
Priority Offer Record Date	13 April 2012
Priority and Public Offer Opening Date	20 April 2012
Priority Offer Closing Date	27 April 2012
Shares Suspended from Trading	27 April 2012
General Meeting	27 April 2012
Public Offer Closing Date	11 May 2012
Issue of Shares under Prospectus	15 May 2012
Despatch of Transaction Confirmation Statements	15 May 2012
Completion of Celamin Limited Acquisition	15 May 2012
ASX Trading Resumes	22 May 2012

These dates are indicative only and are subject to change without notice. The Company, in consultation with the Lead Manager, reserves the right to close the Offer at any time before the Priority Offer and Public Offer Closing Dates and to extend the Offer without prior notice. Investors are encouraged to submit their Applications as soon as possible after the Offer opens..

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# IMPORTANT INFORMATION

## CHANGE IN NATURE AND SCALE OF ACTIVITIES & RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE ASX LISTING RULES

At a General Meeting to be held on Friday 27 April 2012, the Company shall seek (among other things), shareholder approval to a change in the nature and scale of its activities, the issue of Shares to the Celamin Limited Vendors and the issue of New Shares under this Prospectus. In order to give effect to the Company's change in the nature and scale of its activities if the appropriate Shareholder approval is obtained, the ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to satisfy these requirements.

The Company's Shares will be suspended from Official Quotation from the time of the General Meeting and will not be reinstated until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

**There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares to the Official List. In the event the Company does not receive conditional approval for re-quotations on the ASX, then the Company will not proceed with the Offer and will repay all application monies received.**

## LODGEMENT

This Prospectus is dated 13 April 2012 and was lodged with ASIC on that date.

Neither ASX nor ASIC takes any responsibility for the contents of this Prospectus. The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company. The Directors of the Company reserve the right to close the Offer earlier than the timetable described in this Prospectus without prior notice, or vary any of the important dates set out in this Prospectus, including extending the Priority Offer and Public Offer Closing Dates. No securities will be issued, allotted or traded on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

## NOTE TO APPLICANTS

Before deciding to invest in the New Shares offered for subscription under this Prospectus you should read the entire Prospectus and in particular consider the risk factors that could affect the financial performance of the Company. You should carefully consider these risks in light of your personal circumstances (such as financial and taxation issues) and seek advice from your professional advisers before deciding whether or not to invest. An investment in New Shares should be considered speculative in nature. This Prospectus is important and should be read in its entirety. No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in the Prospectus. Any information that is not contained in the Prospectus may not be relied upon as having been authorised by the Company and its Directors. If you require an explanation of the contents of the Prospectus, you should consult a professional adviser.

## JURISDICTION

This Prospectus and the enclosed Application Forms do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

It is the responsibility of non-Australian resident investors to obtain all necessary approvals for applying for New Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all approvals necessary in the jurisdiction in which the Applicant resides have been obtained.

## EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications in the seven day period following the date of lodgement of the Prospectus with ASIC. This period may be extended by ASIC up to a further seven days. The period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. Any Applications received during the exposure period will not be processed until after the end of that period. No preference will be given to Applications received during the exposure period.

## AUSTRALIAN FINANCIAL SERVICES LICENCE

The Company does not hold, and does not intend to hold, an Australian Financial Services License and the Directors have decided that the Company will only issue New Shares pursuant to this Prospectus under an arrangement of the type contemplated by Section 911A(2)(b) of the Corporations Act made with the holder of an Australian Financial Services License. Offers under this Prospectus will be made pursuant to an arrangement between the Company and an Australian Financial Services Licensee pursuant to Section 911A(2)(b) of the Corporations Act. The Company will only authorise licensees to make offers to people to arrange for the issue of New Shares by the Company under the Prospectus and the Company will only issue New Shares in accordance with such offers if they are accepted.

Petra Capital Pty Ltd is the holder of Australian Financial Services License number 317 944 and the Company has procured the services of Petra Capital Pty Ltd to make the offers of New Shares under this Prospectus. Please refer to Section 9.2 of this Prospectus for further information.

## DEFINITIONS AND INTERPRETATIONS

Throughout this Prospectus abbreviations and defined terms are used and all financial amounts are expressed in Australian Dollars ("A\$") unless otherwise stated.

Photographs in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams in this Prospectus are for illustrative purposes only and may not be drawn to scale.

## ELECTRONIC PROSPECTUS

A soft copy of this Prospectus can be downloaded from the Company's website: [www.celaminnl.com.au](http://www.celaminnl.com.au). Potential investors should download and read the entire Prospectus before considering applying for New Shares. Applications for New Shares may only be made on an Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing an Application Form onto another person unless it is attached to a hard copy of this Prospectus or the complete and unaltered soft copy of this Prospectus.

A hard copy of this Prospectus will be provided free of charge to any person in Australia. Please contact the Company or the Lead Manager (contact details are set out in the Corporate Directory on the inside front cover of this Prospectus) for such a copy.

## LISTING

Application will be made within seven (7) days of the date of this Prospectus for the re-listing of the Company's Shares on the ASX. The fact that the ASX may re-list the Shares of the Company is not to be taken in any way as an indication of the merits of the Company or the Shares. The ASX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

## FORWARD LOOKING STATEMENTS

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties

and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed herein.

## PRIVACY

By completing an Application Form, applicants will be providing personal information to the Company (directly or via the Share Registry). The Company will collect, hold and use that information to assess the Application and, for successful Applications, to service Shareholders' needs, communications and related administration. The information may also be disclosed to persons inspecting the register, bidders for securities in the context of takeovers, regulatory bodies, print service providers, mail houses and share registry activities generally. Shareholders can access, correct and update the personal information that the Company holds on them by contacting the Company.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act, the Listing Rules and the ASTC Settlement Rules. If applicants do not provide the information required on the Application Form, the Company may not be able to accept or process an Application.



*Gassaa Kebira - Chaketma trench*

# Chairman's Letter

Dear Investor,

As Chairman of Celamin Holdings NL (Celamin or the Company) I am pleased to present this Prospectus on behalf of the Board and invite you to subscribe for New Shares in our Company.

Under this Prospectus, the Company is inviting Shareholders and investors to apply for up to 50,000,000 New Shares at an issue price of \$0.20 per New Share to raise \$10,000,000. The Minimum Subscription for the Offer is \$5,000,000.

To ensure that our existing Shareholders have an opportunity to participate in this investment, the raising includes a Priority Offer of 5,000,000 New Shares (\$1,000,000) to existing Shareholders. We invite all Shareholders to take up shares under this Priority Offer, and encourage Shareholders with small shareholdings to increase their investment to a marketable parcel (at least \$2,000) by taking up additional shares.

Subject to the completion of the Celamin Limited Acquisition, the Company's successful relisting on ASX and obtaining all necessary approvals, it is the Company's intention at the date of this Prospectus to issue Loyalty Options to Eligible Shareholders within three months after the Company has relisted on the ASX. It is proposed that one free Loyalty Option for every two Shares held by Eligible Shareholders held on the Loyalty Option Record Date will be issued by the Company. The issue of Loyalty Options will be subject to prior Shareholder approval. The Company proposes to hold a general meeting for this purpose in June 2012.

In 2010 the Company announced that it had entered into an Acquisition Agreement with Celamin Limited and its shareholders whereby the Company was given the opportunity to acquire 100% of the issued capital of Celamin Limited. Celamin Limited is an Australian incorporated minerals exploration and development company that has a portfolio of phosphate, base and precious metal projects in North Africa.

In October 2010, the Company acquired a 10% interest in the issued capital of Celamin Limited and now proposes to acquire the remaining 90% of Celamin Limited's issued capital. Further details about the terms of the Acquisition Agreement are set out in Section 9 of this Prospectus.

The Board is of the belief that the largely underexplored region of North Africa and the Middle East has a great 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, zinc and iron.

The purpose of the Offer is to raise funds to assist the Company to meet the requirements of the ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules, to assist with satisfying the

conditions required to acquire the remaining issued capital of Celamin Limited, to assist with carrying out scoping, pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and progress Other Projects and to fund the Company's working capital requirements and expenses of the Offer.

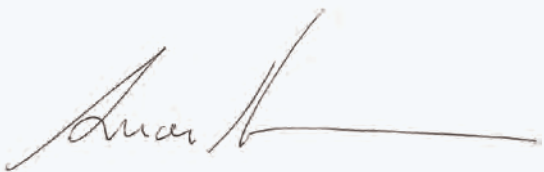
The ASX has informed the Company that it considers that the acquisition of Celamin Limited will result in the Company making a significant change to the nature and scale of its activities and as a result it requires the Company to obtain the approval of Shareholders to the Celamin Limited Acquisition and re-comply with Chapters 1 and 2 of the ASX Listing Rules. At a General Meeting that is to be held on Friday 27 April 2012, the Company shall seek shareholder approval to its proposed acquisition of Celamin Limited and a subsequent change in the nature and scale of its activities. In order to give effect to the Company's change in the nature and scale of its activities if shareholder approval is obtained, the Company proposes to take the steps required to satisfy the requirements for re-compliance with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to satisfy these requirements.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares to the Official List. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotations on ASX, then the Company will not proceed with the Offer and will repay all application monies received.

The Company's Board has extensive experience in exploration, development and operation of mines and marketing and finance and are well placed to implement the Company's strategy.

The Board looks forward to welcoming you as a new Shareholder or thanks you for your continued interest and further investment in the Company if you are an existing Shareholder.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Thomson', with a long horizontal flourish extending to the right.

Andrew Thomson  
Non-Executive Chairman



## 1. INVESTMENT OVERVIEW

### Important Notice

This Section is not intended to provide full information for investors intending to apply for New Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The New Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

### 1.1. The Company

Celamin Holdings NL is a public company listed on the Official List of ASX (**ASX Code: CNL**).

In 2010 the Company announced that it had entered into an Acquisition Agreement with Celamin Limited and its shareholders whereby the Company was given the opportunity to acquire 100% of the issued capital of Celamin Limited. Celamin Limited is an Australian incorporated minerals exploration and development company that has a portfolio of phosphate, base and precious metal projects in Tunisia and Algeria.

In October 2010, the Company acquired a 10% interest in Celamin Limited. The acquisition of the remaining 90% is subject to satisfaction of a number of conditions, including approval from Shareholders, which is being sought at the General Meeting.

Upon completion of the Celamin Limited Acquisition, the Company proposes to focus its activities on carrying out scoping, pre-feasibility and feasibility studies on the Celamin Limited Phosphate Projects and progressing Other Projects in the portfolio of Celamin Limited in the North Africa and Middle East region. Please refer to Section 2.3 of this Prospectus for further information.

## 1.2. Projects

In Tunisia, Celamin Limited currently holds two permits targeting phosphate mineralisation, three permits targeting lead-zinc mineralisation, and one Authorisation targeting two lead-zinc tailings projects. In Algeria, Celamin Limited has a farmin interest in one exploitation permit targeting lead-zinc-silver mineralisation.

Further details about the Tenements are set out in Sections 3 and 6 of this Prospectus.

The Tenements are as follows:

### Permits:

	Permit	JORT Reference/ Ministry Letter	Mineral	Celamin Interest	Tenement Size (km <sup>2</sup> )	Required Expenditures (Tunisian Dinar M)
Tunisia	Bir El Afou	16 February 2010	Phosphate	80%	84	1.10/3 years
	Chaketma	16 February 2010	Phosphate	80%	56	1.61/3 years
	Sidi Driss	16 September 2011	Pb/Zn	50%	16	0.310/3 years
	Oued El Maden	16 September 2011	Pb/Zn	50%	28	0.295/3 years
	El Haouaria	16 September 2011	Pb/Zn	50%	24	0.285/3 years
Algeria	Oued El Kebir	Mining Permit issued September 12, 2006	Ag/Pb/Zn	49%	1.53	Nil

### Tunisian Authorisation:

Authorisation	JORT Reference/ Ministry Letter	Mineral	Celamin Interest	Tenement Size (km <sup>2</sup> )	Required Expenditures (Tunisian Dinar M)
Garn Halfaya and Trozza*	Letter Dated 16 May 2011	Pb/Zn	50%	NA	Nil

\*The Authorisation is currently in the process of being renewed for an additional year.

## 1.3. Change in Nature and Scale of Activities

As a result of the Company's proposed acquisition of Celamin Limited, it is required to obtain shareholder approval for a change to the nature and scale of its activities and to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

This Prospectus is issued to assist the Company to comply with these requirements.

## 1.4. Investment Highlights

Highlight	Section
<b>Management</b> - Celamin's management and Board has a proven track record in the mining and resources sector in the Middle East and Africa.	4
<b>Tenement Portfolio</b> - Celamin Limited has assembled an impressive portfolio of advanced-stage exploration Permits and an Authorisation.	3 and 6
<b>Access to Infrastructure</b> - The Celamin Limited Phosphate Projects are both located near existing infrastructure (rail, power, roads and water) and have access to an export port which is around 220km from the mine sites.	6
<b>Tailings</b> - Celamin Limited's tailings project is the only tailings reprocessing project in Tunisia. Tailings from over a hundred years of mining exist in Tunisia and Algeria. Reprocessing tailings attracts a ten year tax holiday in Tunisia as it is an industrial project.	3 and 6
<b>Partners</b> - Celamin has partners in Tunisia and Algeria with experience in the mining sector and currently operating businesses in the region.	3, 6 and 9

## 1.5. Key Risks

Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in Section 8 of this Prospectus, and other general risks applicable to all investments in listed securities, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered highly speculative. As many of these risks are outside the control of the Company and/or its Directors, there is no guarantee that the Company can achieve its objectives. **This Section summarises only some of the risks which apply to an investment in the Company and you should refer to Section 8 for a more detailed summary of the risks which apply to an investment in the Company.**

The Company notes the following major risks:

Risk	Section
<b>Change in Nature and Scale of Activities</b> - At a General Meeting to be held on Friday 27 April 2012, the Company shall seek (amongst other things) the approval of Shareholders to a change in the nature and scale of its activities, the issue of Shares to the Celamin Limited Vendors and the issue of New Shares under this Prospectus.	

Risk	Section
<p>In order to give effect to the Company's change in the nature and scale of its activities if Shareholder approval is obtained, the ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to satisfy these requirements.</p> <p>The Company's Shares will be suspended from Official Quotation from the time of the General Meeting and will not be reinstated until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.</p> <p>There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares to the Official List. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotations on ASX, then the Company will not proceed with the Offer and will repay all application monies received.</p>	8.4
<p><b>Speculative Nature of Investment in Exploration Company</b> - Mineral exploration is a high risk activity with no guarantee of success.</p>	8.1 & 8.10
<p><b>Commodity and Currency Price Volatility</b> - Commodity prices are subject to influencing factors beyond the control of the Company and can be subject to significant fluctuations that could have a materially adverse effect on the Company's operations and its financial position.</p>	8.2
<p><b>Sovereign Risks</b> - The Tenements are located in Tunisia and Algeria. Both Tunisia and Algeria may be subject to social and economic uncertainty. Any civil or political unrest and outbreaks of hostilities in Tunisia or Algeria could affect the Company's access to the Tenements and subsequent exploration and development. Adverse changes in government policies or legislation in Tunisia or Algeria affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations and mining exploration activities may affect the operations of the company.</p>	8.8
<p><b>Environmental Risks</b> - Mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk.</p>	8.3 & 8.9

Risk	Section
<p><b>Tenure and Access</b> - The Tenements are subject to applicable local laws and regulations and there is no guarantee that any permit applications or conversions will be granted.</p> <p>The Tenements are subject to conditions that are imposed by each relevant jurisdiction and failure to comply with these conditions may render the Tenements liable to forfeiture.</p> <p>All of the Tenements will be subject to renewal from time to time. Renewal of the term of each Tenement is subject to the applicable legislation. If a Tenement is not renewed for any reason, the Company may lose the opportunity to develop and discover any mineral resources on that Tenement.</p>	8.3
<p><b>General Economic Factors</b> - The Company's future possible revenues, operating costs, share price and returns to Shareholders may be affected by a wide range of economic and business risk factors.</p>	8.5
<p><b>Exploration, Development, Mining and Processing Risks</b> - There can be no assurance that exploration of the Tenements described in this Prospectus, or any other projects that may be pursued in the future will result in the discovery of an economic mineral deposit.</p>	8.10
<p><b>Directors and Management</b> - The Company is dependent on a small and skilled team to undertake the business of the Company and implement its strategies. If Directors or managers were to leave the Company, the Company may not be able to find suitable replacements. Consequently, the business strategies and the management of the Company could be affected by the lack of suitable Directors, managers, employees or staff.</p>	8.15

## 1.6. The Offer

This Prospectus invites Shareholders and investors to apply for a total of 50,000,000 New Shares at an issue price of \$0.20 per New Share to raise \$10,000,000. The Minimum Subscription for the Offer is \$5,000,000. No New Shares will be allotted or issued until the Offer has reached the Minimum Subscription. The Offer comprises of a Priority Offer to Shareholders at the Priority Offer Record Date as well as a Public Offer which is open to all other investors.

Subject to the completion of the Celamin Limited Acquisition, the Company's successful relisting on ASX and obtaining all necessary approvals, it is the Company's intention at the date of this Prospectus to issue Loyalty Options to Eligible Shareholders within three months after the Company has relisted on the ASX. It is proposed that one free Loyalty Option for every two Shares held by Eligible Shareholders held on the Loyalty Option Record Date will be issued by the Company. The issue of Loyalty Options will be subject to prior Shareholder approval. The Company proposes to hold a general meeting for this purpose in June 2012.

The Offer is not underwritten. The rights and liabilities attaching to the New Shares are detailed in Section 10.5 of this Prospectus.

The Offer is conditional upon Shareholders approving at the General Meeting to be held on Friday 27 April 2012, a change to the nature and scale of the Company's activities, the issue of Shares to the Celamin Limited Vendors and the issue of New Shares offered pursuant to this Prospectus.

Applications must be for a minimum of 10,000 New Shares (\$2,000) and thereafter in multiples of 5,000 New Shares (\$1,000).

## Capital Structure

Capital Structure	Minimum Subscription	Maximum Subscription
Shares on issue as at date of Prospectus	53,956,177	53,956,177
Shares to be issued to Celamin Limited Vendors*	72,500,000	72,500,000
New Shares issued under the Prospectus	25,000,000	50,000,000
<b>Total Shares on Issue</b>	<b>151,456,177</b>	<b>176,456,177</b>
<b>Partly Paid Shares on issue as at date of Prospectus</b>	<b>15,471,296</b>	<b>15,471,296</b>
Options on Issue as at date of Prospectus	25,367,001	25,367,001
Loyalty Options**	75,766,766	88,266,766
<b>Total Options on Issue**</b>	<b>101,133,767</b>	<b>113,633,767</b>

\*The issue of these Shares is subject to Shareholder approval at the General Meeting and completion of the Celamin Limited Acquisition.

\*\* Loyalty Options will be issued subject to completion of the Celamin Limited Acquisition and the Company's successful relisting on ASX. This figure also does not account for the exercise of any Existing Options or Partly Paid Shares. Partly Paid Shareholders will be entitled to participate in the issue of Loyalty Options in proportion to the amount paid on their Partly Paid Shares. The issue of Loyalty Options will be subject to prior Shareholder approval. The Company proposes to hold a general meeting for this purpose in June 2012.

As at the date of this Prospectus, the Shareholders who have a substantial shareholding in the Company are as follows:

Rank	Name	Number of Shares	Percentage Shareholding
1	African Lion 3 Limited	8,552,589	15.85%
2	Commonwealth Bank of Australia	4,703,619	8.72%
3	RMB Resources Limited	3,711,134	6.88%
4	David Gerard Michael Regan & MarieMisaki Regan <Regan Superannuation Fund>	3,362,806	6.23%
5	Dawesville Nominees Pty Ltd <Peter Avery Superannuation Fund A/C>	3,000,001	5.56%
6	Mr Douglas Wakley Cahill	2,749,631	5.10%

## 1.7. Purpose of the Offer and Use of Funds

The purpose of the Offer is to provide the Company with sufficient funds:

- (a) to assist the Company to meet the requirements of ASX and re-comply with Chapters 1 and 2 of the ASX Listing Rules;
- (b) to be applied in satisfaction of the terms and conditions of the Acquisition Agreement;
- (c) to assist with carrying out scoping, pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing Other Projects; and
- (d) to provide funds for general working capital and expenses of the Offer.

Further details of the Company's strategy are detailed in Section 3 and are reported on in detail in the Independent Geologist's Report set out within Section 6 of this Prospectus.

The funds raised pursuant to the Offer are intended to be applied in accordance with the following table:

Application of Funds	Minimum Subscription \$	Maximum Subscription \$
Chaketma Delineation Program	2,000,000	3,000,000
Chaketma Scoping Study	1,000,000	-
Definitive Feasibility Study	-	4,000,000
Corporate Costs	1,200,000	1,200,000
Other Projects	800,000	1,800,000
<b>Total</b>	<b>5,000,000</b>	<b>10,000,000</b>

## 1.8. Costs of the Offer

Item of Expenditure	Minimum Subscription \$	Maximum Subscription \$
Legal Expenses	130,000	130,000
Commission	250,000	500,000
ASX & ASIC fees	25,000	50,000
Independent Geologists Report	30,000	30,000
Investigating Accountants Report	10,000	10,000
Printing and associated costs	25,000	40,000
Miscellaneous expenses	-	20,000
<b>Total</b>	<b>470,000</b>	<b>780,000</b>

## 1.9. Funding

The Directors are of the view that following completion of the Offer and satisfaction of the Minimum Subscription, the Company will be able to meet the objectives set out in this Prospectus.

## 1.10. Financial Information

Historical financial information regarding the Company and Celamin Limited is considered in the Investigating Accountant's Report contained within Section 5 of this Prospectus.

The Directors have considered the matters outlined in ASIC Regulatory Guide 170. Given that the Company's focus is on the evaluation of exploration tenements in Tunisia and Algeria, which are both speculative, the Company considers that it is unable to provide potential investors with any reliable revenue, profit or cash flow forecasts or projections.

## 1.11. Directors

The Directors of the Company have significant experience across the resources and financial sectors.

Mr Andrew Thomson who is a qualified lawyer is the Chairman of the Company. Mr Thomson has previously served as Assistant and Acting Executive Secretary of the Inspection Panel of the World Bank, is a former fund manager for GT Management (Japan) Ltd and investment banker at Credit Suisse – First Boston (Japan). Mr Thomson is currently a consultant to Minter Ellison Lawyers and works in the Middle East on matters concerning investment and government relations.

Mr David Regan, Managing Director of the Company is a qualified lawyer who has been working in senior corporate roles within the resources industry in Papua New Guinea, Australia, North America and the North Africa Middle East region for over 30 years. During this period, Mr Regan has been employed by entities that include Rio Tinto, BHP Billiton and Atlantic Richfield.

Mr Martin Broome is a mining engineer who has over 37 years of experience working in the minerals industry in Africa. Mr Broome has held directorships with Copperbelt Minerals Limited and African Mining Consultants Limited. Since 2003 Mr Broome has been a non-executive director of Barclays Bank of Zambia plc and Chairman of the Banks' Subsidiary Audit Committee since 2009.

Ms Melanie Leydin is a Chartered Accountant and is a Registered Company Auditor. In the course of her practice she audits listed and unlisted public companies involved in the resources industry. Her practice also involves outsourced company secretarial and accounting services to public companies in the resources sector.

Mr John Hartigan has had experience with public companies in director and senior executive roles, including 5 years as a non-executive director of the previously listed International Australia Oil & Gas Corporation Limited Group, where he was also a member of the Audit Committee. Mr Hartigan's appointment to the Board is subject to Shareholder approval at the General Meeting and completion of the Celamin Limited Acquisition.

As at the date of this Prospectus, the Directors have a relevant interest in Shares, Partly Paid Shares and Options as set out in the table below:

Name	Shares	Partly Paid Shares	Options
Mr Andrew Thomson	383,334	Nil	Nil
Mr David Regan*	3,362,806	2,088,421	2,725,613
Mr Martin Broome	Nil	Nil	Nil
Ms Melanie Leydin	Nil	Nil	Nil

*\*The Company has sought Shareholder approval to the issue of an additional 39,521,398 Shares to an entity associated with Mr Regan in part-consideration for the acquisition by the Company of Celamin Limited Shares. If Shareholders approve the issue of these Shares, Mr Regan will have an indirect interest in 42,884,205 Shares. Please refer to Section 10.11 of this Prospectus for more information.*

## **1.12. Agreements with Directors and Related Party Benefits**

### **Acquisition Agreement**

Mr David Regan, a director of both the Company and Celamin Limited is also a shareholder of Celamin Limited. In accordance with the terms of the Acquisition Agreement, an entity associated with Mr Regan is entitled to acquire securities in the Company in consideration for the Company acquiring an interest in Celamin Limited. In accordance with the terms of the Acquisition Agreement, Mr Regan will acquire, in total, an indirect interest in 42,884,205 Shares, 2,088,421 Partly Paid Shares and 2,725,613 Options. 1,362,806 Shares, 4,088,421 Partly Paid Shares (some of which have subsequently been converted into fully paid Shares) and 2,725,613 Options have previously been issued and at the General Meeting, the Company is seeking Shareholder approval to the issue of 39,521,398 Shares (which are included in the 42,884,205 Shares described above). The issue of these shares is also subject to the completion of the Celamin Limited Acquisition.

### **Employment Agreement with David Regan**

The Company has entered into an employment agreement with Mr David Regan, the Company's Managing Director. The agreement provides for an initial 3 year term which commenced on 12 October 2010.

The agreement is on normal commercial terms and provides for the payment of a total remuneration package which is commensurate with the remuneration packages offered to managing directors of public companies of a similar size and industry grouping as the Company. Pursuant to the terms of the agreement, Mr Regan will receive remuneration at the rate of \$180,000 per annum including statutory superannuation.

### **Letter of Appointment as Non-Executive Chairman – The Honourable Andrew P Thomson**

The Company has appointed Mr Andrew Thomson as a Non-Executive Chairman of the Company pursuant to a Letter of Appointment.

Mr Thomson's appointment commenced on 4 January 2012 and his ongoing appointment is subject to Shareholders approving Mr Thomson's appointment at the General Meeting.

The terms of Mr Thomson's appointment are on normal commercial terms and provide for the payment of a total remuneration package which is commensurate with the remuneration packages offered to Non-Executive Chairmen of public companies of a similar size and industry grouping as the Company. Pursuant to the terms of appointment, Mr Thomson will receive a gross consultancy remuneration of \$120,000 per annum.

### **Leydin Freyer Engagement**

In accordance with its terms of engagement, Ms Leydin's Director's fees are paid to Leydin Freyer Corporate Pty Ltd, a company associated with Ms Leydin. Leydin Freyer Corporate Pty Ltd also receives a monthly fee of \$6,500 plus GST for accounting and company secretarial services.

For the period between 1 December 2011 and 31 March 2012, Leydin Freyer Corporate Pty Ltd also received an additional monthly fee of \$5,500 in relation to its role in assisting with completion of the Celamin Limited Acquisition and the Company seeking re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Please refer to Section 10.11 of this Prospectus for further details.

### **1.13. Dividend Policy**

Due to the activities of the Company as outlined in this Prospectus, the Directors do not intend to pay dividends in respect of the financial periods ending 30 June 2012 or 31 December 2012. No assurance can be provided as to the Company's future dividend policy, the extent of future dividends or the franking of dividends.



## 2. THE OFFER

### 2.1. Introduction

The Company was incorporated on 3 September 2009 in Queensland, Australia and Celamin Limited was incorporated on 13 May 2009 in Queensland.

The Company's Board has extensive experience in exploration, development and operation of mines, marketing and finance and are well placed to implement the Company's strategy.

### 2.2. Projects

#### *Tunisia*

Celamin Limited currently has interests in six Tenements consisting of five exploration permits and one Authorisation in Tunisia. It has two phosphate projects held in two Tenements known as the Chaketma Project and the Bir El Afou Project with its immediate focus on the Chaketma Project. The two phosphate tenements were granted to Celamin Limited and TMS on a 80%/20% basis. Celamin Limited has committed in its application for these tenements to allow for a 50% Tunisian interest at the time of each project's development. In the interim Celamin Limited will cover the cost of 95% of the pre-feasibility study (PFS) costs and 70% of the feasibility study (FS) costs for the development of the first project. All costs thereafter will be according to percentage participation in the project or projects.

#### *Algeria*

Celamin Limited has entered into an agreement to farm into one precious and base metals project in Algeria known as the Oued El Kebir project.

The Oued El Kebir project is held by a private Algerian company, Faiencerries Algeriennes. Celamin Limited has the right to acquire 49% interest in the project and may nominate an Algerian party to acquire an interest in 1% of the project (with Faiencerries Algeriennes also maintaining a 50% interest in the project).

Further details in relation to these projects and proposed investments are set out in Section 3 of this Prospectus.

### 2.3. Purpose of the Offer

The purpose of the Offer is to provide the Company with sufficient funds:

- (a) to assist the Company to meet the requirements of ASX and re-comply with Chapters 1 and 2 of the ASX Listing Rules;
- (b) to be applied in satisfaction of the terms and conditions of the Acquisition Agreement;
- (c) to assist with carrying out scoping, pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing Other Projects; and
- (d) to provide funds for general working capital and expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its objectives. Further details of the use of funds are described in Section 2.8 of this Prospectus.

## 2.4. The Offer

This Prospectus invites Shareholders and investors to apply for a total of 50,000,000 New Shares at an issue price of \$0.20 per New Share to raise \$10,000,000. The Minimum Subscription for the Offer is \$5,000,000. No New Shares will be allotted or issued until the Offer has reached the Minimum Subscription.

The Offer comprises of a Priority Offer to Shareholders at the Priority Offer Record Date as well as a Public Offer which is open to all other investors.

The Offer is conditional upon Shareholders approving at the General Meeting to be held on Friday 27 April 2012, a change to the nature and scale of the Company's activities, the issues of shares to the Celamin Limited Vendors and the issue of New Shares offered by this Prospectus.

Subject to the completion of the Celamin Limited Acquisition, the Company's successful relisting on ASX and the Company obtaining all necessary approvals at the General Meeting, it is the Company's intention at the date of this Prospectus to issue Loyalty Options to Eligible Shareholders within three months after the Company has relisted on the ASX. It is proposed that one free Loyalty Option for every two Shares held by Eligible Shareholders on the Loyalty Option Record Date will be issued by the Company. The issue of Loyalty Options will be subject to prior Shareholder approval. The Company proposes to hold a general meeting for this purpose in June 2012.

### **Priority Offer**

The Company will offer 5,000,000 New Shares (of the 50,000,000 being offered under this Prospectus) in priority to Shareholders of the Company as at the Priority Offer Record Date (Priority Offer Eligible Shareholders). Priority Offer Eligible Shareholders, particularly those holding less than 10,000 Shares are encouraged to apply for New Shares under the Priority Offer to increase their holding to a marketable parcel.

In accordance with the requirements of the ASX Listing Rules, the Company will limit the number of New Shares it issues to each Priority Offer Eligible Shareholder to the higher of 5% of all New Shares being offered under the Priority Offer and the number each Priority Offer Eligible Shareholder would be entitled to under a pro-rata issue of those New Shares.

To the extent that subscriptions from Priority Offer Eligible Shareholders under the Priority Offer exceed 5,000,000 New Shares in total, the Directors will treat such Applications for excess Shares as Applications for New Shares under the Public Offer.

The Directors retain an absolute discretion when deciding whether or not to accept any particular Application in part or in full and will not be liable to any Priority Offer Eligible Shareholder who is not allocated New Shares.

If any of the New Shares available for Priority Offer Eligible Shareholders are not applied for by 5.00pm on the Priority Offer Closing Date, those New Shares will form part of the Public offer. All Shareholders may apply for New Shares under the Public Offer.

No New Shares offered pursuant to this Prospectus will be issued until the requisite Shareholder approvals have been obtained at the General Meeting, the minimum subscription is reached and the ASX has confirmed that it will admit the New Shares offered pursuant to this Prospectus to quotation. Application Monies will be held in a bank account on behalf of the Applicant until the issue of the New Shares offered pursuant to this Prospectus. No interest will be paid to Applicants on Application Monies being returned.

### **Public Offer**

The pool for the Public Offer will be 45,000,000 New Shares, plus any New Shares not applied for under the Priority Offer.

Applicants should note that the Directors retain an overriding right to do any of the following at their discretion in relation to the Priority Offer and Public Offer:

- accept an Application in full;
- accept an Application in respect of a lesser number of securities than applied for; or
- decline an Application.

## 2.5. Change in Nature and Scale of Activities

As outlined in Section 9.1 of this Prospectus, the Company has entered into the Acquisition Agreement to acquire the entire issued capital of Celamin Limited. Upon completion of the Celamin Limited Acquisition, 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 carrying out scoping, pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing Other Projects.

At the General Meeting that is to be held on Friday 27 April 2012, the Company will seek Shareholder approval to the acquisition of the remaining issued capital of Celamin Limited and a subsequent change to the nature and scale of its activities. If such approval is acquired, in order to give effect to the Company's change in the nature and scale of its activities, the ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to satisfy these requirements.

The Company's Shares will be suspended from Official Quotation from the time of the General Meeting and will not be reinstated until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares to the Official List. In the event the Company does not receive conditional approval for re-quotations on the ASX, then the Company will not proceed with the Offer and will repay all application monies received.

## 2.6. Indicative Dates

ACTION	DATE
Prospectus Lodged with ASIC	13 April 2012
Priority Offer Record Date	13 April 2012
Priority and Public Offer Opening Date	20 April 2012
Priority Offer Closing Date	27 April 2012
Shares Suspended from Trading	27 April 2012
General Meeting	27 April 2012
Public Offer Closing Date	11 May 2012
Issue of Shares under Prospectus	15 May 2012
Despatch of Transaction Confirmation Statements	15 May 2012
Completion of Celamin Limited Acquisition	15 May 2012
ASX Trading Resumes	22 May 2012

These dates are indicative only and are subject to change without notice. The Company, in consultation with the Lead Manager, reserves the right to close either of the Priority or Public Offers at any time before the Closing Dates described above and to extend the Priority or Public Offer without prior notice. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

## 2.7. Capital Structure

A summary of the capital structure of the Company under the Minimum Subscription and Maximum Subscription is set out below.

Capital Structure	Minimum Subscription	Maximum Subscription
Shares on issue as at date of Prospectus	53,956,177	53,956,177
Shares to be issued to Celamin Limited Vendors*	72,500,000	72,500,000
New Shares issued under the Prospectus	25,000,000	50,000,000
<b>Total Shares on Issue</b>	<b>151,456,177</b>	<b>176,456,177</b>
<b>Partly Paid Shares on issue as at date of Prospectus</b>	<b>15,471,296</b>	<b>15,471,296</b>
Options on Issue as at date of Prospectus	25,367,001	25,367,001
Loyalty Options**	75,766,766	88,266,766
<b>Total Options on Issue**</b>	<b>101,095,089</b>	<b>113,595,089</b>

\*The issue of these Shares is subject to Shareholder approval at the General Meeting and completion of the Celamin Limited Acquisition.

\*\*Loyalty Options will be issued subject to completion of the Celamin Limited Acquisition and the Company's successful relisting on ASX. This figure also does not account for the exercise of any Existing Options or Partly Paid Shares. Partly Paid Shareholders will be entitled to participate in the issue of Loyalty Options in proportion to the amount paid on their Partly Paid Shares. The issue of Loyalty Options will be subject to prior Shareholder approval. The Company proposes to hold a general meeting for this purpose in June 2012.

Please see Section 2.19 of this Prospectus for details of the escrow restrictions that may be applicable to existing Shares.

## 2.8. Use of Funds

The funds raised by the Offer under the Minimum Subscription and Maximum Subscription will be applied as follows:

Application of Funds	Minimum Subscription \$	Maximum Subscription \$
Chaketma Delineation Program	2,000,000	3,000,000
Chaketma Scoping Study	1,000,000	-
Definitive Feasibility Study	-	4,000,000
Corporate Costs	1,200,000	1,200,000
Other Projects	800,000	1,800,000
<b>Total</b>	<b>5,000,000</b>	<b>10,000,000</b>

The Company anticipates that upon completion of the Offer it will have sufficient working capital to carry out its exploration activities and stated objectives. The Company has commitments consistent with its business objective to spend at least half of its cash following completion of the Offer.

## 2.9. Market Capitalisation

Based on an Issue Price of \$0.20 per New Share the Company will have the following market capitalisation following the Issue:

**Minimum Subscription:** \$30,291,235

**Maximum Subscription:** \$35,291,235

## 2.10. Rights and Liabilities Attaching to Shares

The New Shares to be issued pursuant to this Offer are of the same class and will rank equally in all respects with existing Shares in the Company. The rights and liabilities attaching to the New Shares are set out in Section 10.5 of this Prospectus.

## 2.11. Applications for New Shares

Applications for New Shares under the Priority Offer are to be made using the Priority Offer Application Form and Applications for New Shares under the Public Offer must be made using the Public Offer Application Form.

Payment for the New Shares must be made in full at the issue price of \$0.20 each.

Applications for New Shares can only be made by completing the relevant Application Form attached to this Prospectus and must be for a minimum of 10,000 New Shares (\$2,000) and thereafter in multiples of 5,000 New Shares (\$1,000). Application Forms must be accompanied by a cheque for the full amount of the Application. Cheques are to be drawn in Australian dollars and made payable to "Celamin Holdings NL - Share Offer Account" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

Completed Application Forms together with Subscription Moneys must be sent:

**BY POST:**

Advanced Share Registry  
PO Box 1156  
Nedlands, Western Australia 6909

OR

**BY HAND DELIVERY:**

Advanced Share Registry  
2/150 Stirling Highway  
Nedlands, Western Australia, 6009

Completed Application Forms may be lodged at any time after the Opening Date and must be received by the applicable Closing Date.

Priority Offer Eligible Shareholders may also submit payments for New Shares applied for under the Offer using BPAY®. In order to use BPAY®, please follow the instructions set out on the Priority Offer Application Form. If you make payment by BPAY®, you are not required to return your Priority Offer Application Form.

Members of the general public may not make payment for New Shares under the Offer via BPAY®.

Full instructions on how to apply for New Shares and how to complete the relevant Application Form are set out on the reverse side of each Application Form. If you have any doubt on how to apply for New Shares or complete the Application Form, please consult your stockbroker, accountant or other professional adviser.

## 2.12. Allotment

Subject to Shareholders approving at the General Meeting to be held on Friday 27 April 2012, the change to the nature and scale of the Company's activities, the issue of Shares to the Celamin Limited Vendors and the issue of New Shares under this Prospectus and ASX approving the Company's re-compliance with Chapters 1 and 2 of the

ASX Listing Rules, New Shares issued pursuant to the Offer will be allotted as soon as practicable after the Public Offer Closing Date. Where the number of New Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded to the Applicant as soon as practicable after the Public Offer Closing Date.

In accordance with the provisions of the Corporations Act, all Application Moneys shall, pending allotment and issue of the New Shares pursuant to the Offer, be held by the Company in trust in a bank account established solely for the purpose of depositing the Application Moneys received. Any interest earned on such Application Moneys shall be deposited to the Company's account.

### **2.13. Scale Back**

The Company will proceed to allocate New Shares as soon as possible after the Public Offer Closing Date and receiving ASX's confirmation that the Shares will be re-admitted to the Official List. The Company reserves the right, in consultation with the Lead Manager, to allocate to any Applicant a lesser number of New Shares than are applied for, or to decline any Application. Where no allocation is made to a particular Applicant or the number of New Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant within 30 days of the Public Offer Closing Date. No interest will be paid on refunded Application Monies.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made after the Public Offer Closing Date. It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in the Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### **2.14. Lead Manager**

Petra Capital Pty Ltd has been appointed as Lead Manager. Further information in respect of the agreement is set out in Section 9.2 of this Prospectus.

### **2.15. Overseas Shareholders**

This Prospectus does not constitute an offer in any jurisdiction outside of Australia or to any person to whom it would not be lawful to issue this Prospectus.

Nominees applying for New Shares on behalf of overseas residents are responsible for ensuring that such an Application does not breach any regulation applicable to any such overseas resident.

Lodgement of Application Forms accompanied by the relevant Application Moneys will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred. Applicants, who are nominees, or persons proposing to act as nominees, should seek independent advice as to how they should proceed.

### **2.16. Re-Admission to ASX**

The Company will be suspended from Official Quotation from the date of the General Meeting and will not be reinstated until ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Application for Official Quotation by ASX of the New Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such other period that is approved by ASIC), the Company will deal with all application monies in accordance with the Corporations Act.

The fact that ASX may grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription.

### **2.17. CHES**

The Company will participate in the Clearing House Electronic Sub-register System ("CHES"), in accordance with the ASX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together will make up the Company's principal register of Shares.

Consequently, the Company will not issue certificates to security holders. Security holders will be provided with transaction confirmation statements (similar to a holding statement), which will set out the number of New Shares allotted to them under this Prospectus. At the end of the month of allotment, CHES (acting on behalf of the Company) will provide security holders with a holding statement that will confirm the number of securities then held.

A holding statement or transaction confirmation statement (whether issued by CHES or the Company) will also provide details of a security holder's Holder Identification Number in the case of a holding on the CHES sub-register or security holder Reference Number in the case of a holding in the issuer-sponsored sub-register. Following distribution of these initial statements to all security holders, a holding statement will be provided to each security holder at the end of any subsequent month during which the balance of that security holder's holding of securities changes.

### **2.18. Dividend Policy**

Due to the activities of the Company as outlined in this Prospectus, the Directors do not intend to pay dividends in respect of the financial periods ending 30 June 2012 or 31 December 2012. No assurance can be provided about future dividend policy, the extent of future dividends or the franking of dividends.

### **2.19. Restricted Securities**

The ASX may, as a condition of granting the Company's application for re-admission to the Official List, classify certain securities as Restricted Securities. If so, prior to the Official Quotation of the Company's Shares, the holders of the Restricted Securities will be required to enter into agreements with the Company not to do, or omit to do, any act which would have the effect of transferring effective ownership and control of any Restricted Security, for a period determined by the ASX, without first obtaining the prior written consent of the ASX. The Share Registry will be requested to provide a holding lock on the securities classified as Restricted Securities, and to not remove the holding lock without the ASX's written consent.

### **2.20. Taxation and Stamp Duty Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of being issued New Shares under this Prospectus, as it is not possible to provide a summary of the possible taxation positions of all Applicants. The Company, and its advisors and officers, do not accept any responsibility or liability for any taxation consequences to Applicants in respect of this issue of the New Shares pursuant to this Prospectus. Applicants should, therefore, consult their own professional tax advisor in connection with the taxation implications of the issue of New Shares pursuant to this Prospectus.

### **2.21. Risk Factors**

An investment in the Company is speculative and involves a number of risks. While the Directors intend to focus management on investment risk minimisation, no assurances can be given by the Company to Shareholders as to the success or otherwise of its business. Investors should consider the risk factors identified in this Prospectus, particularly those identified in Section 8 of this Prospectus, before applying for New Shares.

## 2.22. Privacy

By completing an Application Form, applicants will be providing personal information to the Company (directly or via the Share Registry). The Company will collect, hold and use that information to assess the Application and, for successful Applications, to service Shareholders' needs, communications and related administration. The information may also be disclosed to persons inspecting the register, bidders for securities in the context of takeovers, regulatory bodies, print service providers, mail houses and share registry activities generally. Shareholders can access, correct and update the personal information that the Company holds on them by contacting the Company.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act, the Listing Rules and the ASTC Settlement Rules. If applicants do not provide the information required on the Application Form, the Company may not be able to accept or process an Application.

## 2.23. Enquiries

If you have any enquiries as to the terms of the Issue please contact:

### **Petra Capital – Lead Manager**

Telephone: +61 2 9239 9600

Facsimile: +61 2 9299 5610

### **Advanced Share Registries Services**

Telephone: +61 8 9389 8033

Facsimile: +61 8 9389 7871



*Tunisian Phosphate train*

## 3. COMPANY OVERVIEW

### 3.1. Background

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

The Company has now disposed of its Victorian gold tenements. The Company is entitled to a royalty of 10% of the net smelter return of any gold recovered from EL 5188 which is situated in Bright, Victoria, Australia.

### 3.2. General

Celamin Limited is an Australian junior exploration company that focuses on early and advanced stage industrial minerals, base and precious metal projects in North Africa. Celamin Limited strategically targets properties that have existing exploration data and that may have been mined on small and medium scale in the past. Commodities targeted are phosphate and base metals.

In Tunisia, Celamin Limited currently holds two permits targeting phosphate mineralisation, three permits targeting lead-zinc mineralisation, and an Authorisation targeting two lead-zinc tailings projects. In Algeria, Celamin Limited is farming into one permit targeting lead-zinc-silver mineralisation. See Table 1 for a summary of the Tenements.



Figure 1. Location of Celamin Limited's Tunisia and Algerian Projects

**Permits:**

	Permit	JORT Reference/ Ministry Letter	Mineral	Celamin Interest	Tenement Size (km <sup>2</sup> )	Required Expenditures (Tunisian Dinar M)
Tunisia	Bir El Afou	16 February 2010	Phosphate	80%	84	1.10/3 years
	Chaketma	16 February 2010	Phosphate	80%	56	1.61/3 years
	Sidi Driss	16 September 2011	Pb/Zn	50%	16	0.310/3 years
	Oued El Maden	16 September 2011	Pb/Zn	50%	28	0.295/3 years
	El Haouaria	16 September 2011	Pb/Zn	50%	24	0.285/3 years
Algeria	Oued El Kebir	Mining Permit issued September 12, 2006	Ag/Pb/Zn	49%	1.53	Nil

**Tunisian Authorisation:**

Authorisation	JORT Reference/ Ministry Letter	Mineral	Celamin Interest	Tenement Size (km <sup>2</sup> )	Required Expenditures (Tunisian Dinar M)
Garn Halfaya and Trozza*	Letter Dated 16 May 2011	Pb/Zn	50%	NA	Nil

\* An application has been made to renew this Authorisation for another year.

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. 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. In addition and following satisfactory completion of mutual due diligence, on 29 October 2010, the Company issued:

- (a) 2,500,000 fully paid 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 shares 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 the agreement between the Company and Celamin Limited agreed to proceed with the Acquisition Agreement. The following conditions must now be satisfied in order for the Company to acquire the remaining 90% issued capital of Celamin Limited:

- (a) the Company obtaining all necessary shareholder approvals for completion of the Celamin Limited Acquisition. These approvals are being sought from shareholders at a General Meeting of the Company on Friday 27 April 2012;
- (b) the issue by the Company of 72,500,000 fully paid ordinary shares to the Celamin Limited Vendors Approval for the issue of these shares is being sought at a General Meeting of the Company on Friday 27 April 2012; and
- (c) 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) and are to be applied to assist with carrying out scoping, pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing Other Projects.

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

Further information about the terms of the Acquisition Agreement are set out in Section 9.1 of this Prospectus.

### 3.3. Corporate Structure

Once Celamin Limited becomes a wholly owned subsidiary of the Company, the Company's corporate structure will be as set out in Figure 2 below:

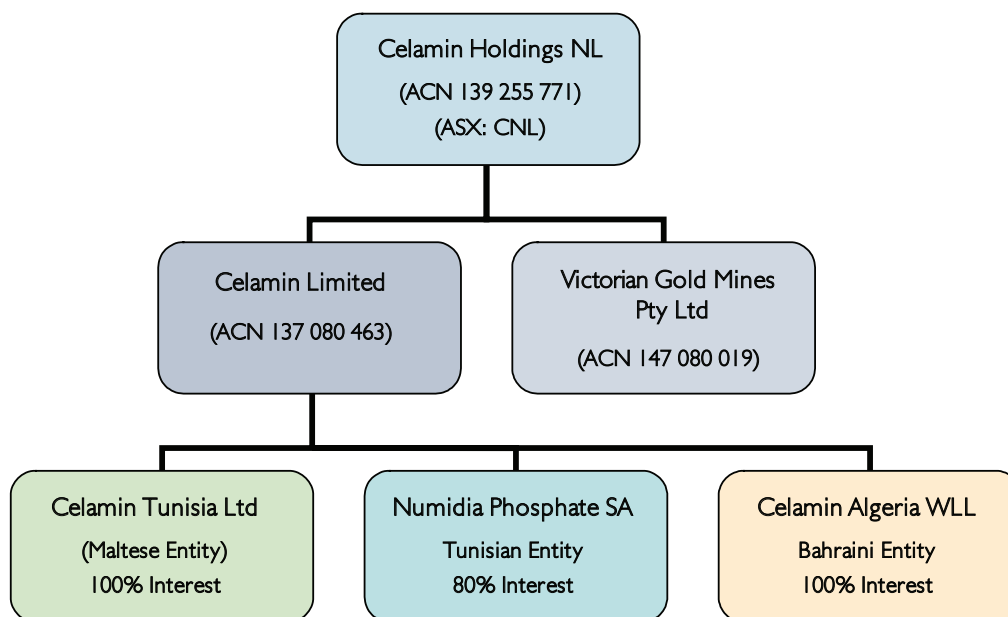


Figure 2: Corporate Structure flow chart

Upon completion of the acquisition of Celamin Limited, the Company proposes to focus its activities on carrying out scoping, pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing Other Projects.

## Chaketma Phosphate Project - Tunisia

### 3.4. Tenement, Location and Access

The Chaketma project is located 210 km south-west of 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 kilometres from north to south, and from 900 in 1,200 metres width. The plateau is divided into distinct domains or prospects by a series of normal faults. Within the Celamin/TMS concession these are from north to south:

- **Gassaa El Kebira** – a basin like feature with an outer rim at 1100 to 1170 metres dipping to the west at 5 to 20 degrees;
- **Douar Ouled Hamouda** – 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** – a prominent pinnacle rising to 1307 metres;
- **Kef El Louz** – a fault bound monocline which dips to the west at 10 to 15 degrees;
- **Gassaat Ez Zerbat** – the southernmost phosphate occurrence in the Chaketma group.

### 3.5. Previous Exploration

#### (a) Historical Exploration

Aside from regional mapping by the Service Geologique de Tunisie/Geological Survey of Tunisia (Office National des Mines 1998) at 1:50,000 scale, there have been three periods of exploration of the Chaketma deposit. The first phase was in 1914, the second in 1962 and the last in 1968 by Compagnie des Phosphates de Gafsa (CPG). No information exists about the earlier two exploration periods and access to data from CPG is limited.

To the best of Celamin Limited's knowledge, CPG's work included:

- Geological Mapping at 1:5,000 scale;
- Completion of two tunnels for bulk samples with a total length of approximately 250 metres and six trenches of 10 to 39 metres in length for a total of approximately 110 metres (one trench incomplete) at Gassaa El Kebira;
- One trench with a length of 27.5 metres at Kef Sidi Ali Ben Oum Ezzine;
- Three trenches at Kef El Louz;
- One trench at Gassaat Ezzerbat (details not available);
- CPG completed between a total of 163 to 170 metres of trenching;
- Metallurgical studies on bulk samples by a Yugoslav government agency.

#### (b) Exploration by Celamin Limited and TMS

Celamin Limited and TMS started exploration work on the Chaketma Project in February 2011, producing geological maps as well as acquiring and compiling base data. A first drill program was carried out in 2011 which consisted of 12 diamond holes, totalling 1200 metres (Figure 3). In addition, Celamin Limited completed six trenches at the same location as historic trenches in order to verify historical data.

The samples from six holes, CHDD2011-003 to CHDD2011-008, (145 in samples in total) were sent to laboratories in Seville, Spain and Saudi Arabia for analysis for major oxides using XRF on fused "buttons". The samples from two holes (CHDD2011-003 and CHDD2011-008) were also sent to CPG's laboratory in Gafsa for analysis. The results from CPG were generally 2-5% lower than the XRF analyses. Table 2 shows a summary of drill intersects with P<sub>2</sub>O<sub>5</sub> grades above 10 per cent. Samples from the remaining six holes, CHDD2011-001, CHDD2011-002 and CHDD2011-009 and CHDD2011-012, were only analysed at the laboratory in Saudi Arabia.

Celamin Limited has received major element oxide analyses for all 12 holes. All samples within the phosphatic horizon will also be analysed for a comprehensive suite of 34 trace elements in the future. In summary, Celamin Limited and TMS have completed the following exploration work on the Chaketma Project:

- Two months of sedimentological study and geological mapping at 1:5,000 scale,
- Photogrammetry and DEM (1:5,000 scale with 1 metres contours) by Geomatix,
- Building a number of access tracks

- Gassaa El Kebira trenching
- Diamond drilling – 12 HQ core holes totalling 1199.75 metres
- Gassaa El Kebira = 7 HQ core holes
- Sidi Ali Ben Oum Ezzine = 5 HQ core holes
- Assaying – 527 samples
  - Core – 368 samples
  - Trench – 102 samples
  - Channel Sampling - 57 samples

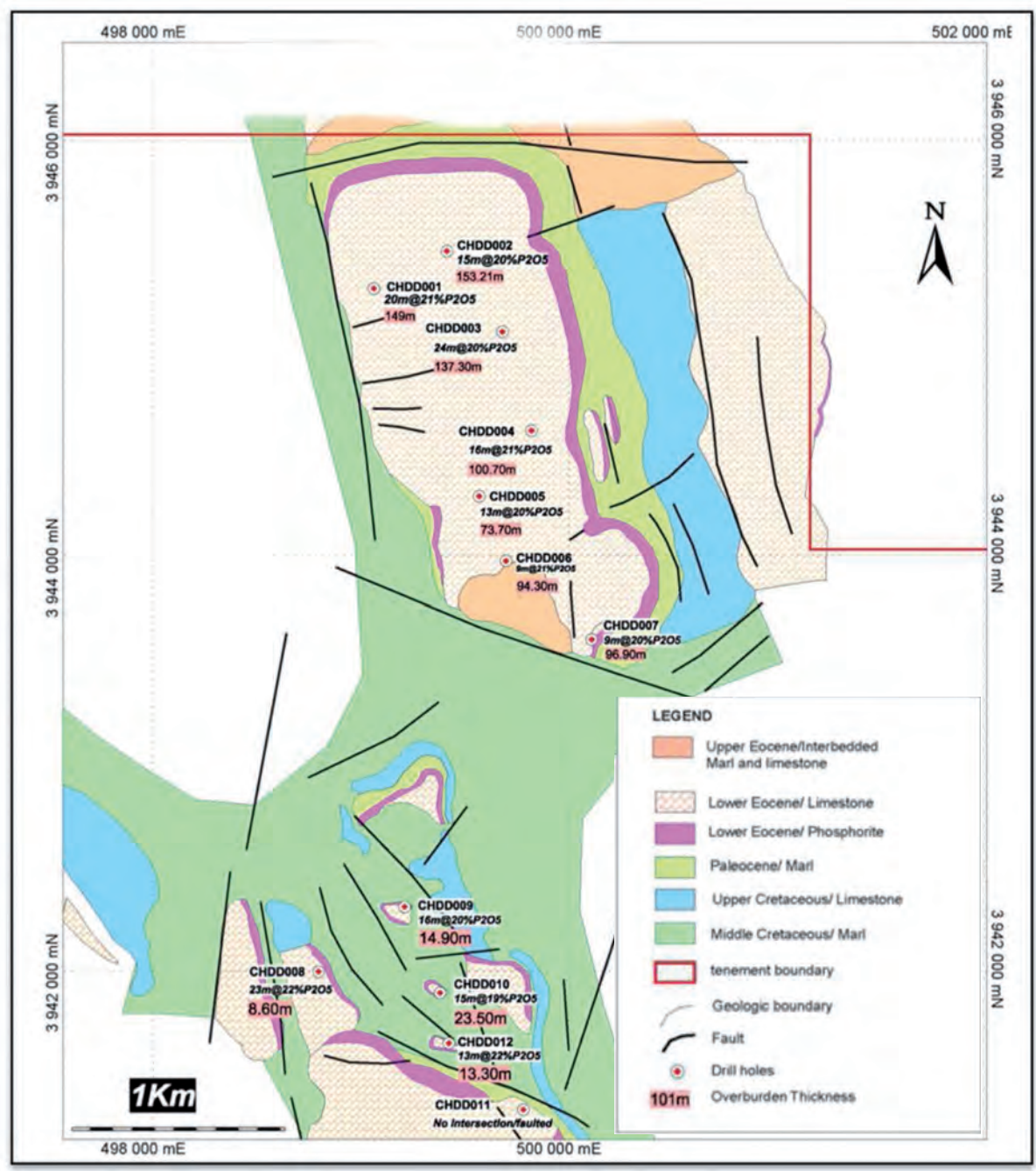


Figure 2: Location of Celamin Limited and TMS holes drilled at Chaketma in 2011

Table 2: Summary of Intercept above 10% cut-off grade for Celamin Limited and TMS HQ Core drilling at Chaketma

Drill Hole	From (m)	To (m)	Intercept Length (m)	Average grade P <sub>2</sub> O <sub>5</sub> %	CaO %
CHDD-2011-001	149.00	163.70	14.70	20.15	40.98
CHDD-2011-002	153.21	173.65	20.44	21.19	44.75
CHDD-2011-003	137.30	161.30	24.00	19.76	45.13
CHDD-2011-004	100.70	116.30	15.60	20.53	44.74
CHDD-2011-005	73.70	86.70	13.00	20.49	41.12
CHDD-2011-006	94.30	103.20	8.90	21.07	41.34
CHDD-2011-007	96.90	106.00	9.10	19.96	41.22
CHDD-2011-008	8.60	32.00	23.40	21.57	41.52
CHDD-2011-009	14.90	31.00	16.10	20.04	40.99
CHDD-2011-010	23.50	38.40	14.90	18.61	40.23
CHDD-2011-011			0.00	NSI	
CHDD-2011-012	13.30	26.75	13.45	21.94	42.40

## Bir El Afou Phosphate Project - Tunisia

### 3.6. Tenement, Location and Access

The Bir El Afou exploration permit was granted to Celamin Limited in association with TMS in February 2010 for an initial period of 3 years and is renewable for another 3 years. The area covered by the licence area is 84 km<sup>2</sup> and is shown in Figure 4.

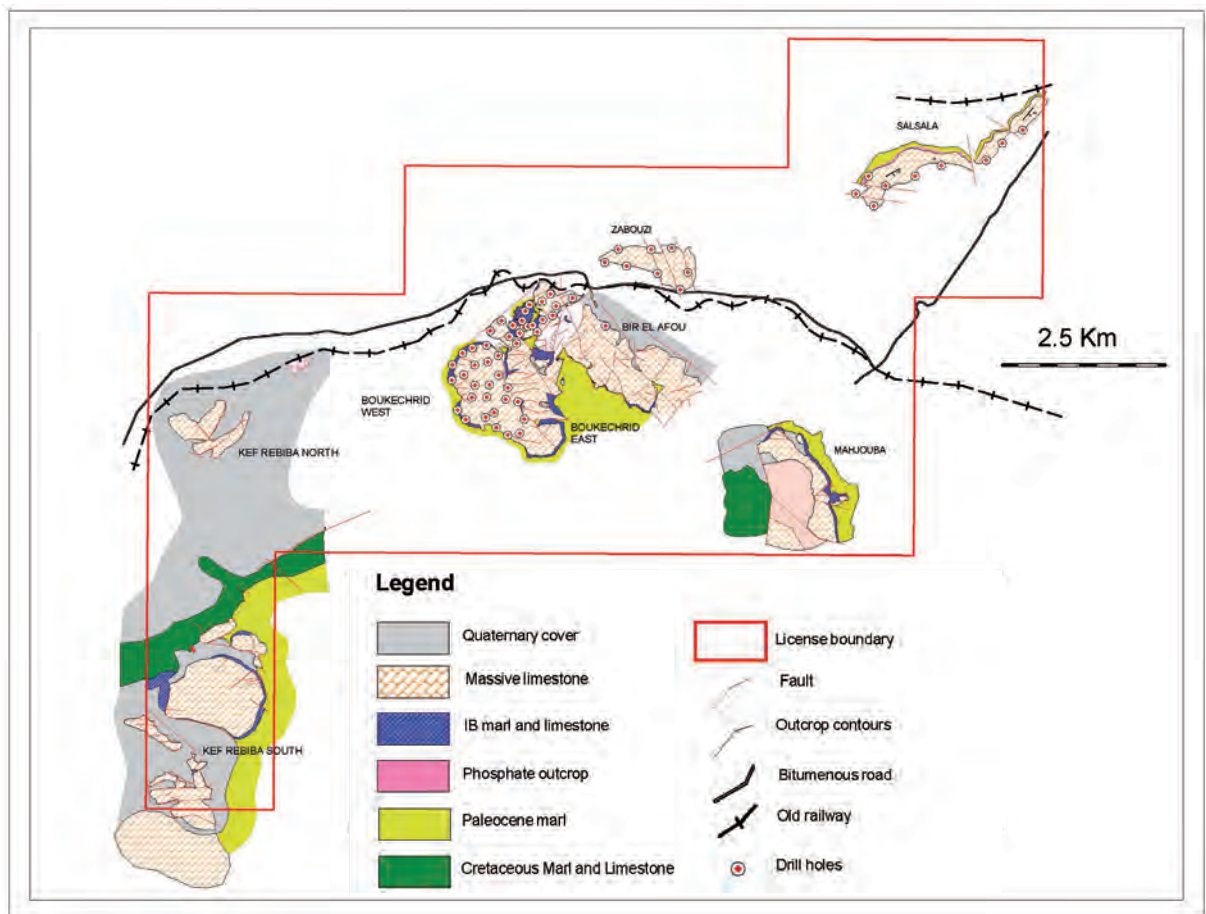


Figure 4: Extent of BEA Tenement area

The BEA Project contains the following prospects:

- **Kef Rebiba:** This prospect targets mineralisation in the area of an old underground mine which exploited the top approximately 2.5 m of a 6 to 8 metre thick phosphate layer. The overburden consists of up to 60 m of limestone.
- **Bir El Afou – Boukechrid:** This prospect targets two adjacent areas of phosphate mineralisation. Bir El Afou was an old underground mine exploiting the top 2 to 3 metres of an 8 to 10 metre thick phosphate-bearing strata. The overburden is between 30 and 40 metres thick and consists of a marly type limestone. Known strike extent of the phosphate-bearing horizon is approximately 8 km; the phosphate-bearing horizon follows an open NW-SE trending syncline. This project area is located on an existing historical rail line that is currently unused.
- **Salsala:** This prospect also occurs near to an existing historical but currently unused rail line. The phosphate mineralisation is 6 to 7 metres thick and dips shallowly (about 15 degrees) to the south east. Mineralisation is known over a strike length of approximately 6 kilometres. The overburden varies in thickness from 0 to more than 60 metres. An audit into the phosphate-bearing horizon provides a potential source for a bulk sample.
- **Mahjouba:** The Mahjouba prospect forms a partial mesa across the valley from Salsala. The phosphate layer outcrops below limestone cliffs.

### 3.7. Previous Exploration

#### (a) Historical Exploration

The northwestern flank of the Bir El Afou Project was superficially exploited during the beginning of the last century (before 1929). Remnants of galleries exist that were dug by the miners of the early 20<sup>th</sup> century. No more details are known about the extent or duration of these early artisanal activities.

The Bir El Afou permit has been explored in the mid-1980's by the Tunisian Compagnie des Phosphates de Gafsa ("CPG"). During this time, extensive geological mapping and trenching was carried out. Celamin Limited is currently compiling available historical data.

#### (b) Exploration by Celamin Limited and TMS

Field work started in September 2010 using a pre-existing TMS logistical base in Tajerouine, which is the closest town to the permit area. During 2010 and 2011, Celamin Limited and TMS undertook the following exploration program:

- A detailed literature review of the many reports on this project was completed. The reports were sourced from the phosphate state company;
- Compilation of all available trench geological and geochemical data;
- Creation of a digital database;
- Creation a 1:5,000 scale topographic map;
- Re-positioning of all coordinates to NUTM32-WGS84;
- Survey of historical trenches done by CPG with hand-held GPS.
- 1:5,000 detailed geological mapping;
- A structural study for all prospect areas;
- A total of 19 trenches and/or pits were dug either by hand or with an excavator, totalling 229 metres;
- A total of 63 diamond drill holes (HQ diameter) and 3 diamond drill holes (PQ diameter) were drilled in the whole project area for a total of 5,360 metres. The drill program was divided into two phases: An early program targeted the four initial prospects (Salsala,

Zabouzi, Bir El Afou and Bou Kechrid) with drill holes spaced 400 m apart and infill drilling reducing drill hole spacing to 200 metres targeted Bir El Afou and Bou Kechrid. All drilling was cored using normal circulation and liquid lubrication mainly water and locally manufactured bentonite. The core diameter was typically HQ, for depth greater than 100 metres core size was reduced to NQ.

- 3 PQ diameter cored drill holes were drilled at Bir el Afou in December 2010 to provide material for metallurgical tests. The samples were sent to a laboratory in Perth, Australia.

In late 2010 Celamin Limited commissioned a Pre-feasibility Study of the Bir El Afou Project. The Report was completed in October 2011.

## **El Haouaria Base Metal Project - Tunisia**

### **3.8. Tenement, Location and Access**

The El Haouaria prospect is 5 kilometres south of the city of Beja and approximately 80 km west of Tunis, in northern Tunisia. Access to the railway between Jendouba and Bizerte Port is located several hundred metres from the property. Water and energy supply is reportedly available at site.

### **3.9. Local Geological Setting and Mineralisation**

Known VMS-style sulphide mineralisation occurs in four stratabound zones in Miocene sandstone, fossiliferous sandstone, lacustrine limestone and conglomerate. In the historical mine area the mineralised zones have a known lateral extent of 50 by 50 metres to 100 by 200 metres. The thickness varies between 1 and 12 metres. Elsewhere, known mineralised zones have a maximum extent of approximately 100 by 150 metres with a maximum thickness of 5 metres.

### **3.10. Previous Exploration**

#### **(a) Historical Exploration**

The El Haouaria Mine was in production between 1906 and 1940 when it closed due to water ingress in a gallery. During this time 7,500 tonnes of lead were produced.

In total, 40 diamond drill holes totalling 6,495.8m were completed; the collars were located on a regular grid with 100 metre centres. 36 holes were in the old mine area and 4 holes in Oued Barche sector.

A target mineralisation of 1.0 to 1.5 Mt hosting 29,000 to 31,000 Mt of lead and 48,000 to 50,000 Mt of zinc was estimated from this work. These figures are not JORC or National Instrument 43-101 compliant and should not be relied upon, the numbers have been stated in this context for historical purposes only.

#### **(b) Exploration by Celamin Limited and TMS**

Celamin and TMS have not carried out exploration work at El Haouaria.

## **Sidi Driss Base Metal Project - Tunisia**

### **3.11. Tenement, Location and Access**

The Sidi Driss permit is 30 kilometres northeast of the city of Tabarka and approximately 80 km west of Tunis, in northern Tunisia. The railway between Tamara and Bizerte port is located about 100 m from the Sidi Driss deposit.



a) Drilling at Salsala, SADD-009; b) Chip-sampling in trenches, T006

### 3.12. Local Geological Setting and Mineralisation

Mineralisation occurs in six stratabound replacement bodies that are hosted in Miocene marl and conglomerate. Sulphide veins occur in Eocene limestone. Individual bodies have a thickness of up to 12 metres. Stockwork mineralisation occurs in Eocene limestone. The mineralised system crops out and has a known depth extent of approximately 100 metres.

### 3.13. Previous Exploration

#### (a) Historical Exploration

Production figures are available for the periods 1911 to 1923 and 1972 to 1981. No production data are available for the period between 1923 and 1965. During the first period listed 48,292 tonnes of 19.1 per cent lead concentrate, 11,000 tonnes of 47.5 per cent lead concentrate, and 22,729 tonnes of a mixed lead-zinc concentrate were produced. Between 1972 and 1981 13,465 tonnes of lead and 4,710 tonnes of zinc were produced by SOTEMI (Societe Tunisienne d'Expansion Miniere).

Exploration consisted of 81 diamond drill holes totalling 6794.4m; 51 of these holes were drilled on a 200 by 200 metre grid, while the remaining 30 holes were drilled on a tighter 100 by 100 metre grid. 11 holes were drilled by the Australian Company Albidon Ltd.

Chemical analyses of 1,104 samples (spectrophotometer) and 856 samples (Pb + Zn) were carried out.

A feasibility study by Alusuisse - Lonza Holding AG, completed in 1983, based on these drilling data reported a target resource in the range of 1.5 to 3.0 Mt. This study is considered indicative only as the method of calculation used by Alusuisse - Lonza Holding AG did not comply with JORC or National Instrument 43-101.

#### (b) Exploration by Celamin Limited and TMS

Celamin Limited and TMS have not carried out exploration work at Sidi Driss.

## Oued El Maden Base Metal Project - Tunisia

### 3.14. Tenement, Location and Access

The Oued El Maden permit covers an area 24sq. km and is located 35 kilometres northwest of the city of Jendouba, close to the Algerian border. The railway from Ghardimaou to Bizerte is located approximately 15km to the south of Oued El Maden deposit.

### 3.15. Local Geological Setting and Mineralisation

Mineralisation at Oued El Maden is associated with the regional Ghardimaou-Cap Serrat fault zone. Parts of this fault zone are the north-easterly striking Groura and Ferza faults. In the deposit area polymetallic (Pb,Zn,Sb,Hg,Ag,As,Cu,Ba,Sr) mineralisation is hosted in Triassic limestone and Senonian dolomite. A gossan zone extends for approximately 2.5 kilometres along the Groura fault, marking underlying sulphide mineralisation.

### 3.16. Previous Exploration

(a) Historical Exploration

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

The Oued El Maden deposit is composed of 5 mining sectors (Thuburnic, Oued Maden, Fejjet El Maden, Mjer Hanech and Jebel Arkou). Mining took place from 1900 to 1955; during this time 11,500 tonnes of lead and 89 tonnes of copper concentrate were produced. The copper concentrate contained 350 grams per tonne silver. Production came from open pit and underground operations.

Eighteen diamond drill holes totalling 2,420.3 metres with an average depth of 120 metres have been drilled along the Groura fault. Drill holes were spaced between 100 and 200 metres apart, testing a total strike extent of 1,700m.

TES drill holes intersected two mineralised zones consisting of a stockwork and a veinlet zone. The stockwork zone with 1.91 per cent lead, 0.65 per cent zinc and 0.89 per cent antimony, was intersected by 4 holes underneath the old open pit. The estimated dimensions of the stockwork zone were 200 by 100 metres with a thickness of 25 metres. The veinlet zone was intersected 30 metres from surface by 2 drill holes 230 metres south west of the old open pit. Assays yielded 10.8 metres at 2.88 per cent lead, 0.79 per cent zinc, and 0.73 per cent antimony. Mineralisation is open to depth and the east and west.

A target resource in the range of 800,000 to 900,000 tonnes grading 2.31 per cent lead, 0.08 per cent zinc, and 1.03 per cent antimony was estimated. These figures are not JORC or National Instrument 43-101 compliant and should not be relied upon, the numbers have been stated in this context for historical purposes only.

(b) Exploration by Celamin Limited and TMS

Celamin Limited and TMS have not carried out exploration work at Oued El Maden.

## Garn Halfaya Base Metal Tailings Project - Tunisia

### 3.17. Tenement, Location and Access

The reprocessing of tailings material is considered an industrial venture in Tunisia and as a result there are no exploration and mining licencing rules that are applicable to this type of venture. Instead, a company can seek an annual permit to study the tailings. Once feasibility to extract metals has been demonstrated, a permit for industrial activity can be issued by the state.

Garn Halfaya is an historic lead-zinc mine in the Governorate of Kef located approximately 30 kilometres west, south-west of the town of El Kef or approximately 150 kilometres south-west of Tunis in western Tunisia in proximity to the Algerian border. Access from Tunis is via sealed road along the A3 highway to the area of Majaz Al Bab and then the via the P5 secondary, sealed road to El Kef. Access from El Kef is via sealed road.

### 3.18. Previous Exploration

#### (a) Historical Exploration

Garn Halfaya was a lead-zinc mine that was active during the first half of the 20th century. The production during its life is estimated to be about 36 000 tonnes of lead and 6 000 tons of zinc. Mineralised material was processed using milling with gravity separation only.

No further information about historical exploration activities exist. Exploration for historical tailing material has not been carried out previously.

#### (b) Exploration by Celamin Limited and TMS

Exploration activity was carried out by TMS. During January 2010 a total of 13 grab samples were collected, 13 trenches and 13 pits were completed (Figure 5). Trench sampling yielded 94 samples, while pit sampling yielded 53 samples. Trench and pit sampling was aimed at obtaining continuous sample representation through the tailings pile and as such, each single sample represented 1 metre apparent thickness. Sample preparation was carried out by Bourgrine Laboratory in Tunisia; pulps were then shipped for analysis to a laboratory in Seville, Spain. In order to gain a better understanding of the available tailings volume, TMS conducted a GPS based survey of the tailings pile. Survey points were used to construct a 3D model for which a volume of 347,385 m<sup>3</sup> was calculated (Figure 6).

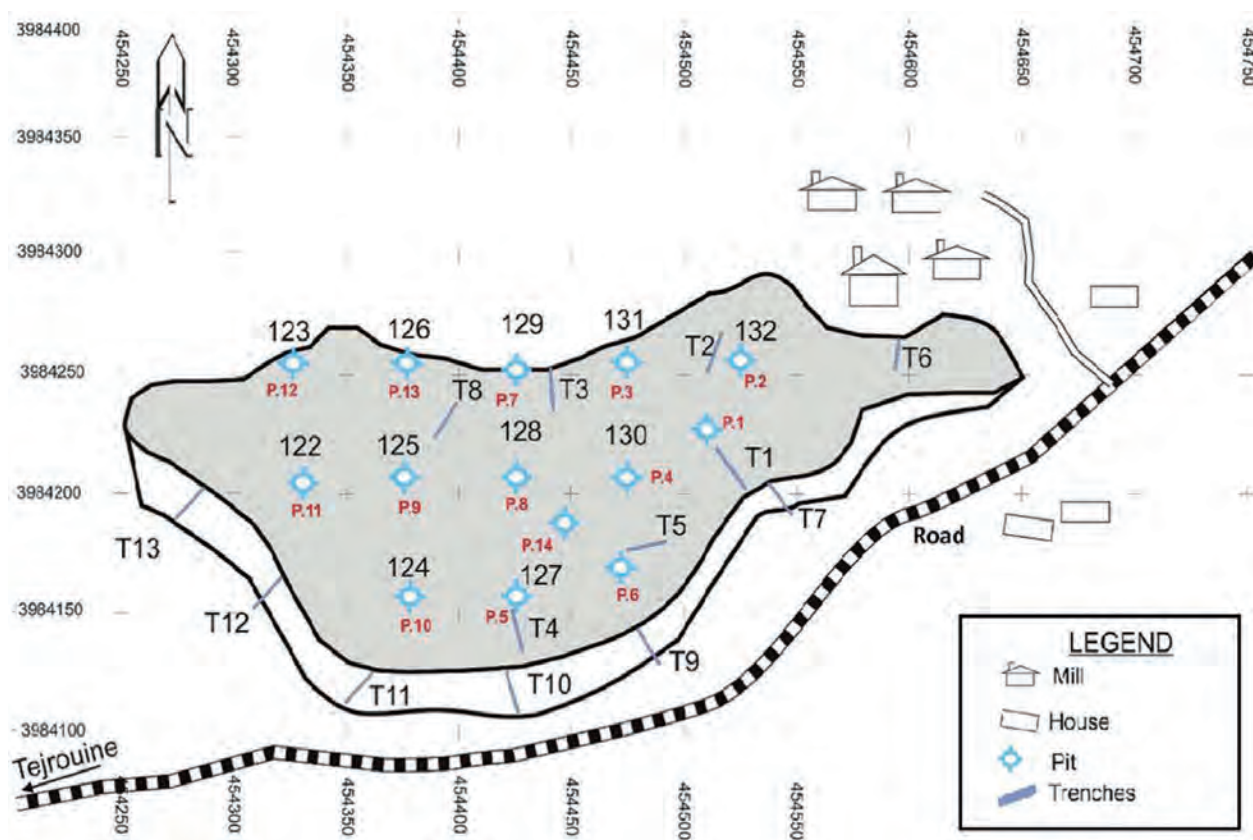


Figure 5: Location of current trenches and pits and outline of tailings pile

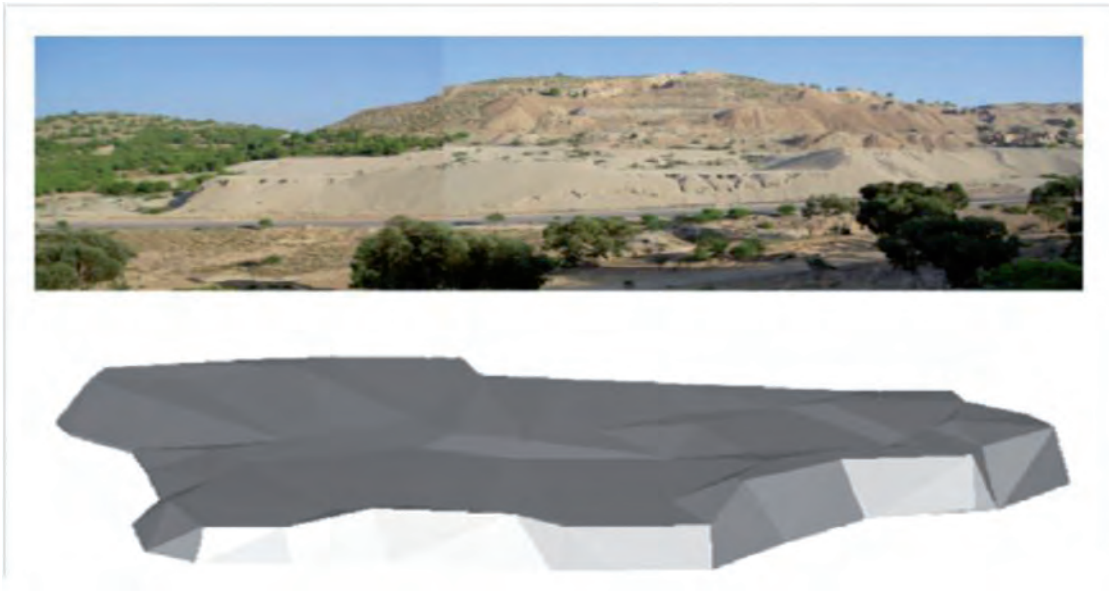


Figure 6: View of the Garn Halfaya Tailings pile and 3D model. View to the north west

## Trozza Base Metal Tailings Project - Tunisia

### 3.19. Tenement, Location and Access

The reprocessing of tailings material is considered an industrial venture in Tunisia and as a result there are no exploration and mining licencing rules that are applicable to this type of venture. Instead, a company can seek an annual permit to study the tailings. Once feasibility to extract metals has been demonstrated, a permit for industrial activity can be issued by the state.

The Trozza Tailings are a result of mining activity at the Trozza mine between 1907 and 1937. The mine is located approximately 18 kilometres north of the city of Hajeb El Ayoun in central northern Tunisia approximately 150 kilometres south south-west of Tunis.

Access is via 13 kilometres of gravel road from the sealed national road connecting Sbeitla to Kairouan.

### 3.20. Previous Exploration

(a) Historical Exploration

The Trozza mine was in active production between 1907 and 1939. Production totalled 91,476 tonnes of lead concentrate and 5,398 tons of zinc concentrate. The lead concentrate had a grade of 55 per cent, while the zinc concentrate had a grade of 30 per cent. The latter was produced exclusively from zinc oxide mineralisation, no zinc sulphide production has been reported from this mine and tailings contain substantial zinc occurrences estimated at over 10 per cent.

No previous exploration activity for historical tailing material exists.

(b) Exploration by Celamin Limited and TMS

Exploration activity was carried out by TMS. During January, 2010 a total of 8 grab samples were collected, 12 trenches and 19 pits were completed. Trench sampling yielded 127 samples, while pit sampling yielded 54 samples. Trench and pit sampling was aimed at obtaining continuous sample representation through the tailings pile and as such, each single sample represented 1 metre apparent thickness. Sample preparation was carried out by Bourgrine Laboratory in Tunisia. Pulps were then

shipped for analysis to ALS Laboratories in Seville, Spain. In order to gain a better understanding of the available tailings volume, TMS conducted a GPS based survey of the tailings piles.

### 3.21. Infrastructure Tunisia

Tunisia is located in northern Africa and shares borders with Algeria in the west and Libya in the east. Tunisia's northern border is marked by the Mediterranean Sea, and its climate is characterised by hot, dry summers and mild, rainy winters. Arable land is located in the north and along the central coast. The south and southwest is mainly semiarid or desert. Tunisia is home to approximately 10.5 million people, including a workforce of approximately 3.8 million.

Tunisia has a well-developed infrastructure that includes six commercial seaports plus an additional deep water port located approximately 150 kilometres south of Tunis that is in the early planning stage, seven international airports as well as approximately 20,000 kilometres of good quality roads that link all parts of the country. Approximately 60 per cent of the roads are paved. A total of 2,165 kilometres of rail line exist, of which approximately 1,700 kilometres are narrow gauge, while the remainder is standard gauge.

The Majority of Tunisia's electricity is being provided by the state-owned Société Tunisienne de L'Electricité et du Gaz (STEG) that provides approximately 14.4 kilowatt hours at full power.

Telecommunication is above the African average with approximately 100 telephones for every 100 persons. The Tunisian telephone system is completely digital, and cellular and internet connectivity is available throughout the country's populated areas.

Celamin Limited has conducted a preliminary study, as part of the Bir El Afou pre-feasibility study into the transportation and shipping options for exploited phosphates from mine sites 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 (Tunis) and determined the optimal locomotive/wagon configuration and above rail requirements as well as reviewing the current below rail infrastructure. Based on market conditions, financial risks and capacity, an optimum of 1.5 Mt of phosphate product has been determined. The study further explored what upgrades would be necessary to achieve this required capacity per annum.

Additional rail infrastructure required to facilitate the export of phosphate through the Port of Rades (Tunis) includes:

- New rail siding at the mine site to facilitate the loading of the trains
- Upgraded siding at the Port of Rades to facilitate shunting activity and the unloading of the trains

The Office de la Marine Marchande et des Ports (OMMC) operates the commercial port facilities throughout Tunisia. Preliminary talks between Celamin Limited and the OMMC suggest that the port terminal facility in the Port of Rades (Tunis) would be available for shipment. At this point no formal agreement has been reached between Celamin Limited/TMS and the OMMC regarding the usage of port facilities. 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 a 30,000 DWT ship berth 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 would likely allow a fast track and low cost port terminal development.

The port facility includes shared access to a 30,000 DWT ship berth, 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 tonnes.

## Oued El Kebir Base Metal Project - Algeria

### 3.22. Tenement, Location and Access

Oued El Kebir (OEK) is located in northern Algeria, approximately 300 kilometres east of Algiers close to the coast between Jijel and Bejaia, approximately 20 kilometres west of Jijel. Access from Algiers is via highway N12 that stretches due west from Algiers. The exploration permit for small and medium mining of zinc lead, copper and silver comprises 153 hectares.

### 3.23. Local Geological Setting and Mineralisation

The Oued El Kebir Project is located in the El-Aouana Massif of northern Algeria. The massif is a volcano-tectonic unit of Neogene age that forms an oval-shaped caldera. The caldera has an east-west extent of approximately 8 kilometres and a north-south axis approximately 6 kilometres in length. The Oued El Kebir deposit is located in the centre of the massif, on the southern side of a north-westerly trending anticline. The main units comprising the massif are a volcanic and pyroclastic series of Bou-Soufa and Port Maria, an undifferentiated volcano-sedimentary horizon, and undifferentiated sub volcanic rocks.

The stratigraphic series of the mineralised region includes Mesozoic terrigenous carbonate deposits and volcanic rocks and sedimentary rocks of Cenozoic age.

The andesitic volcanic rocks are subdivided into two series which form the complex of Bou-Soufa and the complex of Port Maria. The two complexes are separated by a volcano-sedimentary horizon.

Bou-Soufa rocks outcrop only in the North-East part of the deposit area and comprise andesitic lava flows with thicknesses ranging from 10 to 50 metres and less abundant andesitic breccia and tuffs. The total thickness of the Bou-Soufa sequence is approximately 500 metres; its age is estimated to be post-Burdigalian (Miocene). The central part of the complex is composed of massive andesite while the periphery is made of breccia with a thickness of approximately 40 metres. Intercalations of tuffs, breccia-tuff as well as argillite and sandstone mark hiatuses in the lava flow deposition.

The volcano-sedimentary horizon is composed of argillite and tuffite alternating with andesite and dacite lava flows. The thickness is irregular and varies from a few tens of centimetres to several tens of meters.

The Port Maria complex forms the major part of the host rock of the mineralisation and is characterised by a thick sequence of andesitic and basaltic lava flows.

The sub volcanic rocks are andesite-dacites and dacites.

The dip of the mineralisation is generally gentle at 10 to 15 degrees.

Between 1978 and 1980 Russian Investigators carried out definition drilling, generally following a 100 by 100 metre drill grid. All holes were drilled vertically. Based on this drilling, mineralisation has been characterised as galena, sphalerite, and chalcopyrite-rich. Other abundant minerals are melincovite, arsenopyrite, pyrite, and marcasite. Minor constituents include gold, cadmium, and barite. The latter is most common in the hydrothermally altered tuffite horizons. Average metal content of the deposit has been estimated as follows: 2.59% Pb, 2.13% Zn, 0.62% Cu, 82.6g/t Ag, 0.45g/t Au, 11.99% BaSO<sub>4</sub> and 6.38% pyrite sulphur (Samoilenko and Tcherniaiev, 1980(a)). Note that these numbers do not conform to JORC or National Instrument 43-101 guidelines and hence are given for historic purposes only. No JORC compliant resource has been estimated for the OEK deposit.

The deposit is composed of six individual mineralised bodies (N1, N2, N3, N4, N5 and N6) which are located at different depths. Mineralisation forms irregular lenticular, elongated shaped. Bodies N1 to N3 contain most of the mineralisation (Table 3), while bodies N4 to N6 are considered economically insignificant.

Table 3: Characteristics of the major ore bodies (Report OEK.E)

Sulphide body	Surface (km <sup>2</sup> )	Thickness (m)	Pb (%)	Zn (%)	Cu (%)	Ag (g/t)
N1	0.156	1.2 – 8.3	2.86	2.63	0.73	87.0
N2	0.140	5.3 – 11.5	2.87	1.26	1.08	109.0
N3	0.027	20.2	2.45	3.04	0.85	102.0

Sulphide body N1 has been regarded as the most important and contains the majority of sulphide minerals. N1 is a stratiform body that dips gently to the south west at 5 to 10 degrees. It crops out in the north east and dips to a depth of 250 to 300 metres in the north east. The known strike extent of N1 is 1500 metres; the dip extent ranges from 400 to 750 metres from east to west. (Report OEK.A).

Mineralisation in the deposit displays a vertical zonation of the mineralisation happens in the lower part of the ore bodies, starting with Cu, then Cu-Pb-Zn, and then at the bottom, Barite-polymetal. From a horizontal point of view, the zonation is less important but still noticeable. Pb predominates in the eastern part of the ore body, Cu is found in important quantity in the centre of the ore body and Zn predominates in the southern and northern part of the ore body.

### 3.24. Previous Exploration

#### (a) Historical Exploration

During the 1980's, the Algerian government engaged Russian investigators to examine the OEK area. These investigators drilled approximately 300 holes. Celamin Limited has reviewed the data from more than 160 of these holes.

Drilling is spaced regularly at approximately 100 metres over most of the deposit; closer spacing occurs near the outcrop. The investigators did not carry out any down-hole surveying; however, most holes were vertical.

Typical of Russian exploration, limited underground development took place and was used, amongst general mapping and sampling, to remove bulk samples. Information about current access is unavailable.

The drilling results, using the Russian classification, delineated B+C1+C2 reserves of 11.5 million tons at 2.6 per cent lead, 2.1 per cent zinc, 0.7 per cent copper and 95 grams per ton silver. Note that these results do not comply with JORC or National Instrument 43-101 guidelines and is of historical interest only. The numbers should not be relied upon to judge potential economic feasibility of this deposit.

## Proposed Exploration Programs and Budgets

### 3.25. Summary

An exploration budget has been prepared by the Company covering the first two-year period following listing (2012 – 2014). Estimates of expenditure to be incurred to carry out the Company's proposed exploration program are detailed in the table below in the event that the Company raises \$10 million (Maximum Subscription) or \$5 million (Minimum Subscription). In the event of full or Minimum Subscription, exploration programs will be expanded scaled down on a prorated basis.

The Company plans to concentrate exploration efforts on the Chaketma project, which, according to Celamin Limited, shows early promise of hosting economic deposits of phosphate that exceed the minimum grade, tonnage and mineralisation to waste ratios identified during the Bir El Afou Prefeasibility Study (PFS). The intention is to switch the emphasis to Chaketma, where the Bir El Afou PFS can be adapted and built on with the aim of delivering a Definitive Feasibility Study by mid 2013.

### Capital Raising and Use of Funds

Application of Funds	Minimum Subscription \$	Maximum Subscription \$
Chaketma Delineation Program	2,000,000	3,000,000
Chaketma Scoping Study	1,000,000	-
Definitive Feasibility Study	-	4,000,000
Corporate	1,200,000	1,200,000
Other	800,000	1,800,000
<b>Total of Capital Raising</b>	<b>5,000,000</b>	<b>10,000,000</b>

### 3.26. Chaketma and Bir El Afou Permits

The objective of the exploration program at Chaketma is to delineate Mineral Resources sufficiently large to support a profitable mining operation with first production within 3 years. In order to reach this goal, the Company proposed the following exploration program:

- 10,000 metres of drilling and assaying by end 2012;
- pilot metallurgical test work;
- completion of a scoping study on Chaketma as supplement to the existing BEA PFS; and
- in case the Chaketma Scoping study demonstrates a positive financial model, it will be immediately followed by a Definitive Feasibility Study.

A Definitive Feasibility Study will entail:

- Resource modelling;
- metallurgical, geotechnical, engineering and infrastructure studies;
- environmental, hydrological, community and social impact studies; and
- financial modelling.

### 3.27. El Haouaria, Sidi Driss and Oued El Maden Projects

Exploration planning for the El Haouaria, Sidi Driss, and Oued El Maden has been combined under a “Northern Tunisian Base Metals” Program. The objective of exploration at the three project sites is to identify, outline, and quantify known and remaining MVT-style lead-zinc mineralisation large enough to justify the refurbishment of the Bougrine plant, which is currently on care and maintenance. In order to reach this goal, Celamin Limited proposes to complete an exploration program that includes:

- Compilation of historical data, including digitizing of maps, plans and sections;
- Creation of relational (Access) data base containing historic exploration and mining assays where available;
- Diamond drill testing of best targets;
- Pilot metallurgical test work; and
- Process design and study of Capex and Opex costs associated with establishing a boutique mining and milling operation.

### 3.28. Garn Halfaya and Trozza Projects

The objective of exploration work at Garn Halfaya and Trozza, Celamin Limited's Tailings Projects, is to demonstrate process techniques for the retreatment of the historic lead and zinc tailings dumps as well as to establish Capex and Opex costs associated with tailings retreatment. In order to achieve this goal, Celamin Limited proposes to:

- Carry out metallurgical test work to establish selective floatation pathways for lead and zinc ; and
- Complete a process design and study of Capex and Opex costs.

### 3.29. Oued El Kebir Project

Exploration work at Qued El Kebir is aimed at the completion of a Due Diligence Study by mid-2012. If the results of this study support further work, Celamin Limited plans to commence a scoping study in mid- to late-2012. An initial exploration phase will aim to establish metal distribution and zoning within the mineralised body. This work will also provide material to studies into selective flotation. In order to reach these exploration goals, Celamin Limited proposed the following program:

- Completion of a 3 hole diamond drilling program for due diligence (purchase of man-portable rig included in budget for this purpose);
- Selective floatation tests on the different styles of mineralization (Ag, Cu, Zn);
- Process design; and
- Study of Capex and Opex costs associated with OEK Kuroko style mineralisation as a guide to cut-off grade and resource base required to support a profitable mining and milling operation in Algeria.

## 4. DIRECTORS AND CORPORATE GOVERNANCE

### 4.1. Directors' Experience

The Company's Board has extensive experience in exploration, development and operation of mines and marketing and finance and are well placed to implement the Company's strategies and achieve the Company's financial objectives.

All Directors will be involved in the investment process and will provide such time as is reasonably necessary to enable adequate review of operations generally and investment decisions in particular.

### 4.2. Directors' Profiles

#### *The Honourable Andrew P Thomson - Non-Executive Chairman*



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 1990's, 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 was the Chairman of ASX listed Citadel Resource Group Limited (CGG).

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.

#### *David Regan – Managing Director*



Mr Regan is a qualified lawyer who has been working in senior corporate roles within the resources industry in Papua New Guinea, Australia, North America and the North Africa Middle East region for over 30 years. During this period, Mr Regan has been employed by Rio Tinto, BHP Billiton, Atlantic Richfield (Anaconda Minerals, Arco Coal and Arco International) in a variety of roles including legal, corporate planning, economic evaluation, marketing, joint venture management and business development. Mr Regan has worked in the North Africa Middle East region for over 15 years and during this time has led teams that have established resource investments with a combined cost of over \$3 billion.

Mr Regan was an independent director of ASX listed Citadel Resource Group (CGG) and a founding director of Celamin Limited.



Mr Broome is a mining engineer who has over 37 years of experience working in the minerals industry in Africa. 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, Martin 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 held directorships with Copperbelt Minerals Limited and African Mining Consultants Limited. Since 2003 Mr Broome has been a non-executive director of Barclays Bank of Zambia plc and Chairman of the Banks' Subsidiary Audit Committee since 2009.

*Melanie Leydin – Non-Executive Director and Company Secretary*



Ms Leydin is a Chartered Accountant and is a Registered Company Auditor.

She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer.

In the course of her practice she audits listed and unlisted public companies involved in the resources industry. Her practice also involves outsourced company secretarial and accounting services to public companies in the resources sector. This involves preparation of statutory financial statements, annual reports, half year reports, stock exchange announcements and quarterly ASX reporting and other statutory requirements.

Ms Leydin has 19 years experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities on the Australian Stock Exchange.

*Mr John Hartigan*



The Company has sought the approval of Shareholders at the General Meeting to appoint Mr John Hartigan to the Board. If such approval is acquired, the appointment of Mr Hartigan is still subject to the completion of the Company's acquisition of Celamin Limited.

Mr Hartigan has had experience with public companies in Director and senior executive roles, including 5 years as a non-executive director of the previously listed International Australia 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 and Secretary of the international eServGolbal Limited Group which is listed on the ASX and the London Stock Exchange (AIM). He also had 9 years with Industrial Equity Limited, where he was an executive director and company secretary for 4 years. Mr Hartigan has had experience in corporate governance and due diligence.

### 4.3. Corporate Governance

The Board of Directors the Company is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

Principles and Recommendations	Compliance	Comply
<b>Principle I – Lay solid foundations for management and oversight</b>		
1.1	<p>Establish the functions reserved to the Board and those delegated to manage and disclose those functions.</p> <p>The Board is responsible for the overall corporate governance of the Company.</p> <p>The Board has adopted a Corporate Governance charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management.</p> <p>The Board has adopted a Delegations of Authority that sets limits of authority for senior executives.</p> <p>On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.</p>	Complies
1.2	<p>Disclose the process for evaluating the performance of senior executives.</p> <p>The Board meets annually to review the performance of executives. The senior executives' performance is assessed against performance of the Company as a whole.</p>	Complies
1.3	<p>Provide the information indicated in <i>Guide to reporting on Principle I</i>.</p> <p>A Corporate Governance charter has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.</p> <p>A performance evaluation process is included in the Corporate Governance Charter, which has been disclosed on the Company's website and is summarised in this Corporate Governance Statement.</p>	Complies

Principles and Recommendations		Compliance	Comply
<b>Principle 2 – Structure the Board to add value</b>			
2.1	A majority of the Board should be independent directors.	<p>If Mr Hartigan is appointed to the Board by Shareholders, the majority of the Board of Directors will be independent directors of the Company.</p> <p>Mr Andrew Thomson is the Non-Executive Chairman.</p> <p>Mr David Regan is an Executive Director.</p> <p>Mr Martin Broome is an independent Non-Executive Director.</p> <p>Ms Melanie Leydin is not an independent Non-Executive Director.</p>	Complies
2.2	The chair should be an independent director.	Mr Andrew Thomson is the Chairman and is an independent Non-Executive Director.	Complies
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	As noted, Mr Andrew Thomson is the Company Chairman. Mr David Regan is Chief Executive Officer of the Company.	Complies
2.4	The Board should establish a nomination committee.	The Company has established a Nomination and Remuneration Committee. The members are Mr Andrew Thomson and Mr Martin Broome. A third member will be appointed if and when an additional director joins the Board.	Complies
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	<p>The Company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the Company's website.</p> <p>The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of directors for the benefit of the Company.</p>	Complies

Principles and Recommendations		Compliance	Comply
2.6	Provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	<p>A director is considered independent when he substantially satisfies the test for independence as set out in the ASX Corporate Governance Recommendations.</p> <p>Members of the Board are able to take independent professional advice at the expense of the Company.</p> <p>Mr Andrew Thomson, independent Non-Executive Chairman, was appointed to the Board in January 2012.</p> <p>Mr David Regan, Executive Director, was appointed to the Board in October 2010.</p> <p>Ms Melanie Leydin, Non-Executive Director, was appointed to the Board in November 2011.</p> <p>Mr Martin Broome, independent Non-Executive Director, was appointed to the Board in February 2012.</p> <p>The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company.</p> <p>In accordance with the information suggested in <i>Guide to Reporting on Principle 2</i>, the Company has disclosed full details of its directors in the prospectus containing this Corporate Governance Statement. Other disclosure material on the Structure of the Board has been made available on the Company's website.</p>	<p>Complies</p> <p>Complies</p>
<b>Principle 3 – Promote ethical and responsible decision making</b>			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	<p>The Board has adopted a code of conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct.</p> <p>The code is available on the Company's website.</p>	Complies

Principles and Recommendations		Compliance	Comply
3.2	<p>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.</p> <p>The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.</p>	<p>The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction.</p> <p>The Board has prepared a Diversity Policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for Board and senior management positions in the Company, education programs to develop skills and experience in preparation for Board and senior management positions, processes to include review and appointment of directors, and identify key measurable diversity performance objectives for the Board, CEO and senior management.</p>	Complies
3.3	Provide the information indicated in <i>Guide to reporting on Principle 3</i> .	The Company will report in each annual report the measurable objectives for achieving gender diversity set by the Board.	Complies
		The Company will report, where appropriate, the proportion of women employees and their positions held within the Company.	Complies

#### Principle 4 – Safeguard integrity in financial reporting

4.1	The Board should establish an audit committee.	The Board has established an audit committee. The members are Mr Andrew Thomson and Mr Martin Broome. A third member will be appointed if and when an additional director joins the Board.	Complies
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members.	The audit committee consists of all independent directors and is chaired by an independent director who is not chair of the Board.	Complies
4.3	The audit committee should have a formal charter.	The audit committee has a formal charter.	Complies
4.4	Provide the information indicated in <i>Guide to reporting on Principle 4</i> .	This will be disclosed in the directors' report in the next annual report for the year ending 30 June 2012.	Complies

Principles and Recommendations		Compliance	Comply
<b>Principle 5 – Make timely and balanced disclosure</b>			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Board has adopted a Corporate Governance Charter, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001.</p> <p>The Charter is available on the Company's website.</p>	Complies.
5.2	Provide the information indicated in the <i>Guide to reporting on Principle 5</i> .	The Company's Corporate Governance Charter is available on the Company's website.	Complies.
<b>Principle 6 – Respect the rights of shareholders</b>			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	<p>The Company has not adopted a shareholder communications policy. The Company uses its website (<a href="http://www.celaminnl.com.au">www.celaminnl.com.au</a>), annual report, market announcements, media disclosures and webcasting to communicate with its shareholders, as well as encourages participation at general meetings.</p> <p>The Board believes that given the size and nature of the Company's activities, that the framework in place for the Company's communication with Shareholders is entirely appropriate and effective. The Company intends to develop the communications framework into a detailed policy as its operations continue to grow</p>	Does not Comply, however the Company is committed to preparing a Communications Policy as its operations continue to grow.
6.2	Provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company provides relevant Shareholder communication documents on the Company's website.	Complies.
<b>Principle 7 – Recognise and manage risk</b>			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	<p>The Company has adopted a risk management statement within the audit committee charter. The audit committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board.</p> <p>The audit charter is available on the Company's website and is summarised in this Corporate Governance Statement.</p>	Complies.

Principles and Recommendations		Compliance	Comply
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer are adequate given the size and nature of the Company's activities. The Board informally reviews and requests management internal control.	Management has not formally reported to the Board as to the effectiveness of the Company's management of its material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.
7.3	The Board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	The Board has previously received a statement from the previous Chairman Mr Kevin Nichol and Ms Melanie Leydin that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks. This statement will be updated by the current Chairman in due course.	Complies
7.4	Provide the information indicated in <i>Guide to reporting on Principle 7</i> .	Refer to the comments above in 7.1, 7.2 and 7.3.	Complies

### Principle 8 – Remunerate fairly and responsibly

8.1	The Board should establish a remuneration committee.	The Board has established a Nomination and Remuneration Committee and has adopted a remuneration charter.	Complies. The remuneration charter forms part of the Company's general Corporate Governance Charter and can be accessed at <a href="http://www.celaminnl.com.au">www.celaminnl.com.au</a> .
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration.  No senior executive is involved directly in deciding their own remuneration.	Complies
8.3	Provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	Any information not found in this prospectus will be disclosed in the Annual Report.	Complies

The Company's corporate governance practices are in place at the date of this Prospectus.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to our website: [www.celaminnl.com.au](http://www.celaminnl.com.au)

#### 4.4. Remuneration of Directors

The remuneration entitlements of the Directors are as follows:

Name	Position	Remuneration		Annual Remuneration
		FY 2010 -2011	From 1 July 2011 Remuneration to date of this Prospectus	
Mr Andrew Thomson	Non-Executive Chairman	Nil	\$30,000	\$120,000
Mr David Regan	Managing Director	\$143,333	\$135,000	\$180,000
Mr Martin Broome	Non-Executive Director	Nil	\$5,000	\$60,000
Ms Melanie Leydin *	Non-Executive Director	Nil	\$45,000	\$60,000
Mr John Hartigan **		Nil	Nil	Nil

*\*Ms Leydin's Director's fees are paid to Leydin Freyer Corporate Pty Ltd, a company associated with Ms Leydin. Leydin Freyer Corporate Pty Ltd also receives a monthly fee of \$6,500 plus GST for accounting and company secretarial services. For the period between 1 December 2011 and 31 March 2012, Leydin Freyer Corporate Pty Ltd also received an additional monthly fee of \$5,500 in relation to its role in assisting with completion of the Celamin Limited Acquisition and the Company seeking re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Please refer to Section 10.11 of this Prospectus for further details.*

*\*\*Mr Hartigan's appointment is subject to Shareholder's approving his appointment at the General Meeting and the Company completing the acquisition of Celamin Limited. If Mr Hartigan is appointed he will receive a remuneration package of \$60,000 per annum.*

Subject to Shareholder approval, the total remuneration of non-executive Directors may not exceed in aggregate in any financial year the amount of \$350,000 (inclusive of superannuation).

As noted in the Company's 2011 Annual report, the Company aims to reward executives with a level and mix of remuneration that is based on the executives position and responsibility. Currently the Company's executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits; and
- other remuneration such as superannuation and long service leave.

Directors of the Company may be entitled to acquire securities in the Company under the Company's Employee Share Option Plan. Further details about the Plan are set out in Section 10.8 of this Prospectus.

There are no Directors' retirement benefits under any contracts or plan entered into between the Company and any Director and no such agreements are presently contemplated to be entered into.

**4.5. Number of Directors and Tenure**

The number of Directors must not be less than three and, unless otherwise determined by the Company in general meeting, no more than eight. At every annual general meeting of the Company, one-third of the Directors (excluding the Managing Director) must retire from office. Directors may be appointed or removed by resolution of the Company in general meeting. In addition, the Directors themselves may appoint additional Directors provided that any such Directors must have their appointment ratified by Shareholders at the next annual general meeting. Directors who retire at an annual general meeting may offer themselves for re-election.

## 5. INVESTIGATING ACCOUNTANT'S REPORT



13 April 2012

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

Dear Sirs

### **Investigating Accountant's Report for Celamin Holdings NL**

#### **Introduction**

We have prepared this Investigating Accountant's Report (report) at the request of the Directors of Celamin Holdings NL (Celamin Holdings NL or the "Company") for inclusion in a Prospectus to be dated on or about 13 April 2012. The Prospectus is in relation to the proposed issue by the Company of a minimum of 25,000,000 shares and up to 50,000,000 shares at an issue price of \$0.20 each to raise a minimum of \$5,000,000 and up to \$10,000,000 before the costs of the issue (the "Prospectus"). The proposed issue comprises of a Priority Offer to shareholders as well as a Public Offer which is open to all other investors (together "the Offer"). Further, subject to the Company's successful relisting on ASX and obtaining all necessary approvals, it is the Company's intention to issue one Loyalty Option for every two shares held by eligible shareholders within three months of the Company relisting on ASX.

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

#### **Basis of Preparation**

This report has been prepared to provide investors with information on the Historical and Pro forma Financial Information as detailed in the Scope below. The Historical and Pro forma Financial Information is presented in an abbreviated form in this report and does not include all of the disclosures required by Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This report does not address the rights attaching to the shares to be issued in accordance with the Prospectus nor the risks associated with the investment and has been prepared based on the Offer being achieved. AFS & Associates Pty Ltd has not been requested to consider the prospects for the Company, the shares on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so. AFS & Associates Pty Ltd accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this report.

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

## Background

Celamin Holdings NL is a mining exploration company which was admitted to the Official List of ASX in December 2009 and upon its admission, 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 \$4,250,000 to Celamin Limited to fund prefeasibility and other studies, and following satisfactory completion of mutual due diligence, on 29 October 2010, the Company issued 2,500,000 fully paid ordinary shares, 5,000,000 options having an exercise price of \$0.20 with an expiry date of 31 March 2014 each; and 7,500,000 partly paid shares, to the Celamin Limited Vendors. This was in consideration for the Celamin Limited Vendors transferring 10% of the issued capital of Celamin Holdings NL 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 Holdings NL 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 was 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.

The Company advises that conditions (a), (b) and (c) have been satisfied and (d) is the subject of the Prospectus.

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.

## Scope

You have requested AFS & Associates Pty Ltd to conduct a review of the pro forma statement of financial position in order to report whether, on the basis of procedures described, anything has come to our attention which causes us to believe that the pro forma statement of financial position as at 31 December 2011 does not present fairly the pro forma financial position of the Company as at 31 December 2011.

### Scope of review of Historical and Pro forma Financial Information

The Historical and Pro forma Financial Information set out in this report has been extracted from the historical consolidated financial statements of the Company, which have been subject to review.

The Directors are responsible for the preparation and presentation of the Historical and Pro forma Financial Information, including determination of the pro forma adjustments.

The Pro forma Consolidated statement of financial position incorporates:

- (i) the Historical Consolidated statement of financial position of Celamin Holdings NL at 31 December 2011;
- (ii) the Historical Consolidated statement of financial position of Celamin Limited at 31 December 2011; and
- (iii) the proceeds of this Offer and related costs;

We have conducted our review of the Historical and Pro forma Financial Information in accordance with Australian Auditing and Assurance Standard ASRE 2405 "Review of Historical Financial Information Other than a Financial Report".

We made such enquiries and performed such procedures as we, in our professional judgement considered reasonable in the circumstances including:

- Enquiry of Directors, management and others;
- Review of the assumptions used to compile the pro forma statement of financial position;
- Review of available financial information; and
- Review of work papers, accounting records and other documents.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Statement on historical information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical and Pro forma Financial Information, as set out in this report:

- (a) does not fairly represent the Historical Consolidated statement of financial position as at 31 December 2011 and Pro forma Consolidated statement of financial position adjusted for the effects of the Offer and material events occurring subsequent to 31 December 2011;
- (b) has not been prepared in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) prescribed in Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

**Subsequent events**

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

**Independence**

AFS & Associates Pty Ltd do not have any interest in the outcome of this issue other than in its capacity as Investigating Accountant for which normal professional fees will be received. We do not hold nor have any interest in the ordinary shares of the Company.

AFS & Associates Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

AFS & Associates Pty Ltd consents to the inclusion of this report in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully



**AFS & Associates Pty Ltd**  
**Graeme Stewart**  
Director

Dated in Melbourne, Australia this 13<sup>th</sup> day of April 2012

## 5.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Set out below is the consolidated statement of comprehensive income for Celamin Holdings NL for the 6 month period ended 31 December 2011 with the proforma statement of comprehensive income for the 6 month period ended 31 December 2011 based on the proforma assumptions in Section 5.3 (Note 2).

	<b>Reviewed Historical 31/12/11</b>	<b>Reviewed Proforma Minimum 31/12/11</b>	<b>Reviewed Proforma Maximum 31/12/11</b>
Revenue	28,297	28,297	28,297
Corporate Expenses	(246,652)	(246,652)	(246,652)
Administration Expenses	(245,629)	(245,629)	(245,629)
Employment Expenses	(561,678)	(561,678)	(561,678)
Depreciation/Amortisation	(37,822)	(37,822)	(37,822)
Loss on Sale of Assets	(115,841)	(115,841)	(115,841)
Exploration Expenditure Written Off	(1,746)	(1,746)	(1,746)
Loss on Fair Value of Financial Assets	(40,000)	(40,000)	(40,000)
Gain On Sale of Subsidiary	429	429	429
<b>Loss for the period before tax</b>	<b>(1,220,642)</b>	<b>(1,220,642)</b>	<b>(1,220,642)</b>
Income tax benefit	-	-	-
	<b>(1,220,642)</b>	<b>(1,220,642)</b>	<b>(1,220,642)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>(1,220,642)</b>	<b>(1,220,642)</b>	<b>(1,220,642)</b>

*The Statement of Comprehensive Income should be read in conjunction with the Notes.*

## 5.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Set out below is the consolidated statement of financial position for Celamin Holdings NL as at 31 December 2011 with the proforma statement of financial position as at 31 December 2011 based on the proforma assumptions in Section 5.3 (Note 2).

	Proforma 31 Dec 2011		
	Reviewed 31 Dec 2011	Minimum Subs \$5m	Maximum Subs \$10m
<b>Current Assets</b>			
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
<b>Total Current Assets</b>	<b>782,930</b>	<b>6,738,094</b>	<b>11,428,094</b>
<b>Non Current Assets</b>			
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
<b>Total Non Current Assets</b>	<b>7,690,907</b>	<b>22,735,838</b>	<b>22,735,838</b>
<b>Total Assets</b>	<b>8,473,837</b>	<b>29,473,932</b>	<b>34,163,932</b>
<b>Current Liabilities</b>			
Trade and other payables	464,953	1,535,047	1,535,047
<b>Total Current Liabilities</b>	<b>464,953</b>	<b>1,535,047</b>	<b>1,535,047</b>
<b>Total Liabilities</b>	<b>464,953</b>	<b>1,535,047</b>	<b>1,535,047</b>
<b>Net Assets</b>	<b>8,008,884</b>	<b>27,938,885</b>	<b>32,628,885</b>
<b>Equity</b>			
Issued Capital	11,493,980	31,540,871	36,221,477
Reserves	-	-	-
Accumulated losses	(3,485,096)	(3,601,986)	(3,592,592)
	<b>8,008,884</b>	<b>27,938,885</b>	<b>32,628,885</b>

*The Statement of Financial Position should read in conjunction with the Notes.*

## 5.3 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND THE STATEMENT OF FINANCIAL POSITION

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the measurement and recognition (but not all disclosure) requirements of applicable Australian Accounting Standards. The financial information is presented in abbreviated form insofar as it does not comply with all disclosure requirements set out in the Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards ("AIFRS").

The financial information has been prepared on the basis of historical cost and on a going concern basis. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated. In the view of the Directors of Celamin Holdings NL, the omitted disclosures provide limited relevant information to potential investors.

The following significant accounting policies have been adopted in the preparation and presentation of the historical and proforma financial information (collectively referred to as the "financial statements"):

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Celamin Holdings NL ('company' or 'parent entity') as at 31 December 2011 and the results of all subsidiaries for the year then ended. Celamin Holdings NL and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

#### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Investments in joint ventures are accounted for in the parent entity financial statements using the cost method, less any impairment, and in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Income earned from joint venture entities is recognised as revenue in the parent entity's profit or loss, whilst in the consolidated financial statements they reduce the carrying amount of the investment.

## Foreign currency translation

The financial report is presented in Australian dollars, which is Celamin Holdings NL's functional and presentation currency.

### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

## Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

### *Interest*

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

### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

### **Cash and cash equivalents**

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

### **Trade and other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

### **Investments and other financial assets**

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

### **Property, plant and equipment**

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-8 years
------------------------	-----------

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

### **Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

### **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Contributed equity**

Ordinary shares are classified as equity.

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

### **Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Celamin Holdings NL, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **Goods and Services Tax ('GST') and other similar taxes**

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

#### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **2. ASSUMPTIONS USED IN PREPARING THE PROFORMA STATEMENT OF COMPREHENSIVE INCOME AND THE STATEMENT OF FINANCIAL POSITION**

The proforma statement of financial position for Celamin Holdings NL as at 31 December 2011 has been prepared as if the following transactions have taken place at that date:

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.

- Placement of 4,666,669 fully paid ordinary shares to raise \$700,000.
- Conversion of 200,000 partly paid shares raising \$200,000.
- 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.
- The minimum issue of 25,000,000 fully paid shares at a price of \$0.20 to raise \$5,000,000. The maximum issue of 50,000,000 fully paid shares at a price of \$0.20 to raise \$10,000,000.
- The minimum issue of 75,766,766 Loyalty Options. The maximum issue of 88,266,766 Loyalty Options. No funds are raised via the issue of the options.
- The payment and recognition directly in equity, as a reduction of the share proceeds received, the total cost expected to be incurred in connection with the Prospectus of approximately \$470,000 for the minimum raise and \$780,000 for the maximum raise.
- The inclusion of the reviewed Celamin Limited Statement of Financial Position as at 31 December 2011.

	Reviewed Historical 31/12/11	Reviewed Proforma Minimum 31/12/11	Reviewed Proforma Maximum 31/12/11
<b>3. CASH AND CASH EQUIVALENTS</b>			
Cash at bank and on hand	446,427	446,427	446,427
Adjustments arising in the preparation of the pro forma cash balance are summarised as follows:			
Proceeds from placement and conversion of partly paid	-	900,000	900,000
Proceeds from shares issued pursuant to capital raising	-	5,000,000	10,000,000
Payment of costs of capital raising	-	(470,000)	(780,000)
Celamin Limited cash balance at 31 Dec 2011	-	414,172	414,172
	<b>446,427</b>	<b>6,290,599</b>	<b>10,980,599</b>
<b>4. ISSUED CAPITAL</b>			
<i>Issued Capital</i>	11,493,980	11,493,980	11,493,980
Adjustments arising in the preparation of the pro forma issued capital balance are summarised as follows:			
Placement and conversion of partly paid	-	900,000	900,000
Issue of consideration shares	-	14,500,000	14,500,000
Issue of new shares pursuant to the capital raising	-	5,000,000	10,000,000
Costs of issue of new shares	-	(353,109)	(672,503)
	<b>11,493,980</b>	<b>31,540,871</b>	<b>36,221,477</b>
<i>Shares on Issue</i>			
	<b>No. of shares</b>	<b>No. of shares</b>	<b>No. of shares</b>
Issued Capital as at 31 December 2011	47,289,508	47,289,508	47,289,508
Adjustments arising in the preparation of the pro forma issued capital balance are summarised as follows:			
Placement and conversion of partly paid	-	6,666,669	6,666,669
Issue of consideration shares	-	72,500,000	72,500,000
Issue of shares pursuant to the capital raising	-	25,000,000	50,000,000
	<b>47,289,508</b>	<b>151,456,177</b>	<b>176,456,177</b>

	<b>Reviewed Historical 31/12/11</b>	<b>Reviewed Proforma Minimum 31/12/11</b>	<b>Reviewed Proforma Maximum 31/12/11</b>
<i>Options on Issue</i>			
	<b>No. of options</b>	<b>No. of options</b>	<b>No. of options</b>
Options on issue as at 31 December 2011	25,367,001	25,367,001	25,367,001
Issue of Loyalty Options	-	75,766,766	88,266,766
	<b>25,367,001</b>	<b>101,133,767</b>	<b>113,633,767</b>

*Partly Paid Shares (PPS) on Issue*

	<b>No. of PPS</b>	<b>No. of PPS</b>	<b>No. of PPS</b>
PPS on issue as at 31 December 2011	17,471,296	17,471,296	17,471,296
Conversion of Partly Paid		(2,000,000)	(2,000,000)
	<b>17,471,296</b>	<b>15,471,296</b>	<b>15,471,296</b>

## 5. DIRECTORS REMUNERATION

For details on director's remuneration refer to section 4.4 of the Prospectus.

## 6. COMMITMENTS

	<b>31/12/11</b>
	<b>\$</b>
<b>Exploration Commitments</b>	
No longer than 1 year	517,896
Longer than 1 year and not longer than 5 years	1,035,792
Longer than 5 years	-
	<b>1,553,688</b>

## 7. RELATED PARTIES

For details of related party transactions refer to section 10.11 of the prospectus.

## 8. SUBSEQUENT EVENTS

Other than the above, no matter or circumstance has arisen since the date of this report which has significantly affected, or may significantly affect, the operations of the entity, the results of those operations or the state of affairs of the entity in future financial years.

## Independent Expert's Report on Eight North African Exploration Projects

**Report Prepared for**

Celamin Holdings NL  
Suite 304, 22 St Kilda Rd  
St Kilda VIC 3182

**by**

SRK Consulting (Australasia) Pty Ltd  
10 Richardson Street  
West Perth WA 6005

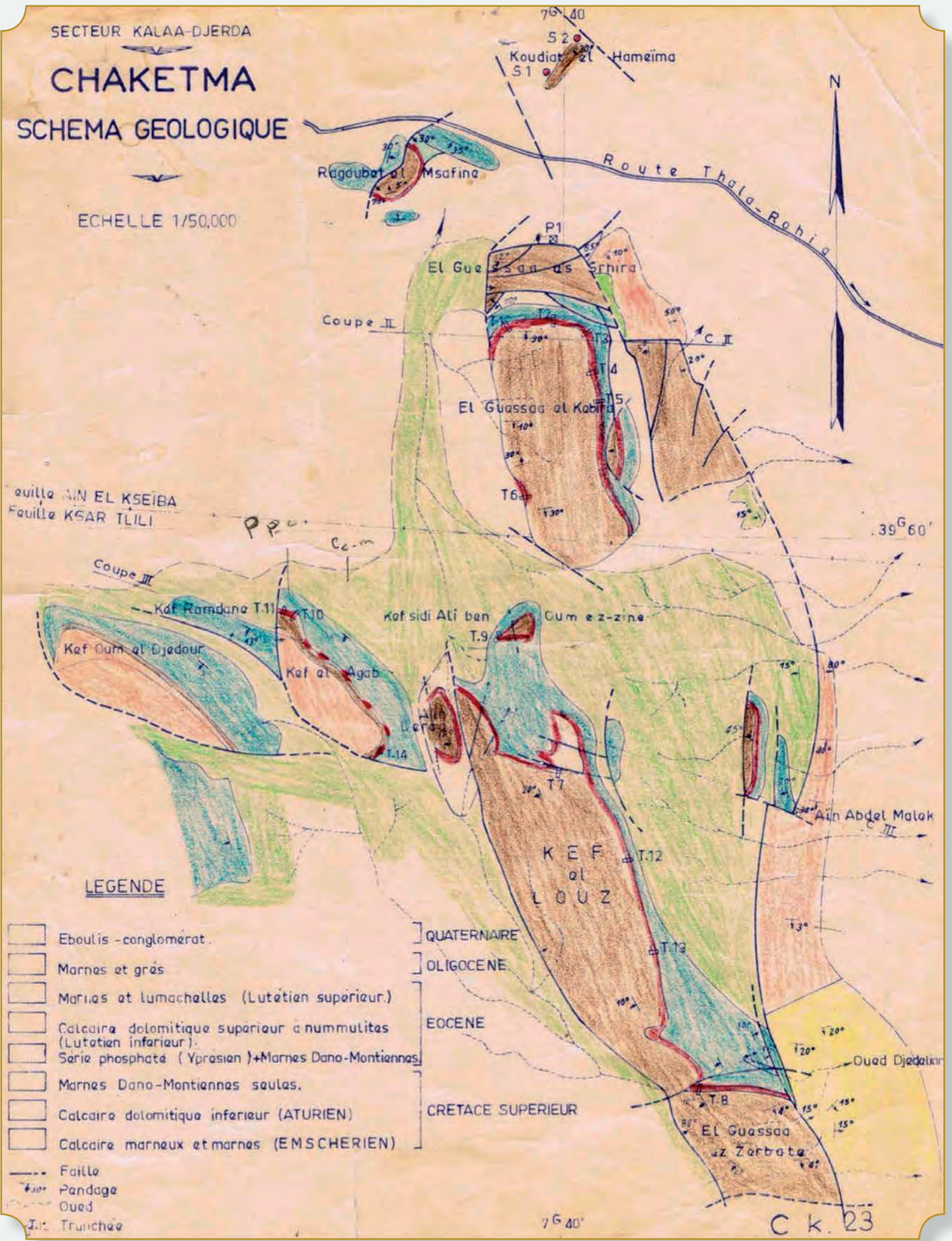
March 2012

SECTEUR KALAA-DJERDA

# CHAKETMA

## SCHEMA GEOLOGIQUE

ECHELLE 1/50,000



Historic Geological map Chaketma Project

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## Appendices

## Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Celamin Holdings Limited (Celamin). The opinions in this Report are provided in response to a specific request from Celamin to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

The Directors

Celamin Holdings NL  
Suite 304, 22 St Kilda Rd  
St Kilda Vic 3182

Dear Directors

SRK Consulting (Australasia) Pty Ltd (“SRK”) has been commissioned by Celamin Holdings Limited (“Celamin”) to provide an Independent Technical Assessment Report (“Report”) on Celamin’s mineral exploration tenements located in Tunisia and Algeria. This Report is to be included in a prospectus to be issued in support of a listing on the Australian Securities Exchange (“ASX”). This prospectus will offer 50.0 million shares at an issue price of \$0.20 per share, to raise a total of \$10,000,000 before the cost of the issue (“Prospectus”) with a minimum raising of \$5,000,000. Oversubscriptions to raise up to an additional \$5,000,000 by issuing up to a further 25.0 million shares at \$0.20 per share may be accepted.

With the additional fund raising Celamin has advised SRK that it intends spending approximately \$19,850,000 on exploration of the granted projects during the first two years following the listing, assuming full subscription. Celamin proposes to lodge the Prospectus with the Australian Securities and Investment Commission (“ASIC”) on or about 13 April 2012.

## Standard of the Report

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment Report under the guidelines of the VALMIN Code.

The VALMIN Code is the code adopted by the Australasian Institute of Mining and Metallurgy (“AusIMM”) and the Australian Institute of Geoscientists (“AIG”), and the standard is binding upon all AusIMM and AIG members. The VALMIN Code incorporates the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (the JORC Code) for the reporting of Mineral Resources and Ore Reserves.

This Report is not a Valuation Report and does not express an opinion as to the value of mineral assets or tenements involved, nor to the ‘fairness and reasonableness’ of any transactions between Celamin and any other party.

In this Report, identified Mineral Resources and Ore Reserves are quoted using categorisation in accordance with the JORC Code (2004). However, it should not be assumed that these Mineral Resource and Ore Reserve Estimates have necessarily been carried out in accordance with the guidelines and recommendations laid out in the JORC Code (2004), at least until further documentation can be obtained on the estimates and they have been formally endorsed by a ‘Competent Person’ in accordance with the JORC Code (2004).

The information in this Report that relates to Exploration Results is based on information compiled by Lars Weiershäuser. Lars Weiershäuser is a Professional Geoscientist (P.Geo.) of the Association of Professional Geoscientists of Ontario in Canada. Lars Weiershäuser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code. Lars Weiershäuser consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears. The information has been reviewed by Trivindren Naidoo and Deborah Lord, who are members of AIG and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the JORC Code. Trivindren Naidoo and Deborah Lord

consent to the inclusion in the Report of the matters based on this information in the form and context in which it appears.

## **SRK Independence**

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Technical Assessment, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no prior association with Celamin in regard to the mineral assets that are the subject of this Report. SRK has no beneficial interest in the outcome of the Technical Assessment being capable of affecting its independence.

SRK's fee for completing this Technical Assessment is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

## **Information Basis of this Report**

SRK has derived the technical information which forms the basis of its Report on information provided by the Directors of Celamin. SRK has supplemented this information where necessary with information from its own extensive regional geological database. However, where discrepancies arise and no alternative comments are provided, data and interpretations provided by Celamin prevail in this Report. The past exploration history for these tenements has been derived from previous exploration reports, as provided by Celamin, and Government records of exploration activities within the Project areas. SRK has not conducted its own independent searches.

The principal sources of information are included in a bibliography at the end of the Report. The Report has been prepared to include information available up to the date of the Report. Celamin has stated that all information provided by it may be presented in the Report and that none of the information is regarded as confidential.

Andre Vorster of SRK Consulting (South Africa) Pty. Ltd. ("ZA") undertook site visits between 11 and 18 September 2011 and 6 and 12 January 2012. The visits were designed to give SRK ZA a general impression of the extent and nature of the tenements, as well as assess available historical data and interview project geologists. SRK did not undertake a site visit but relied on information collected by Andre Vorster of SRK ZA.

## **Note on Tenements Status and Material Contracts**

SRK has not independently verified ownership and the current standing of the tenements, and is not qualified to make legal representations in this regard. Instead it has relied on independent solicitor's tenement reports provided by Celamin. These are shown in Appendix A and Appendix B. SRK has prepared this Report on the understanding that all Celamin tenements are currently in good standing and that there is no cause to doubt the eventual granting of any outstanding tenement applications. SRK has not attempted to establish the legal status of tenements with respect to potential environmental and access restrictions.

## **SRK and Authors**

The SRK Group comprises over 1000 staff, offering expertise in a wide range of resource engineering disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project. This fact permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgement issues. The SRK Group has a demonstrated track record in undertaking independent assessments of exploration assets, resources and reserves, project evaluations and audits, and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide.

This Report was compiled by Lars Weiershäuser, Senior Consultant (Geology) with input by Andre Vorster, Principal Consultant (Geology). The report was peer reviewed by Deborah Lord, Principal Consultant (Geology) and Trivindren Naidoo, Senior Consultant (Geology). Dr Weiershäuser, Mrs. Lord and Mr. Naidoo are permanent employees of SRK Australasia; Mr Vorster was at the time of report preparation a permanent employee of SRK South Africa.

### **Lars Weiershäuser (PhD, P. Geo.) Senior Consultant**

Lars has worked in the mineral exploration industry for more than seven years and has consulted with SRK for five years based in Canada and Australia. His expertise is in geological modelling and independent technical reporting for the Toronto Stock Exchange and the ASX. Lars completed the review of exploration assets for the Report.

### **Trivindren Naidoo**

Trivindren Naidoo is an exploration geologist with over 12 years' experience in the minerals industry, including 6 years as a consultant. Trivindren has extensive experience in the field of mineral exploration, having worked on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation. He has had exposure to various commodities, including diamonds, precious metals, base metals and coal, and a number of mineralisation styles ranging from Copperbelt-related and IOCG-type base metals in Zambia and Botswana to kimberlite and Noril'sk-type Ni-PGE exploration in the Canadian high Arctic.

Trivindren is an experienced project manager, and has extensive experience in consulting and the technical management of projects, including desktop studies ranging from initial area and project assessments to early-stage orebody modelling, volume calculation and global grade estimates, as well as the preparation of code-compliant Independent Technical Reports for listed entities. He is proficient in the synthesising, integrating, evaluating and interpreting of various data sets, including geological, geochemical, geophysical and spectral data.

### **Deborah Lord (BSc Hons, MAIG, MSEG) Principal Consultant**

Deborah has worked in the mineral exploration industry for more than 20 years and has consulted with SRK for more than a decade based in Australia and South America. Her expertise is in the development of concepts of risk and value in mineral exploration and the application of these principles in due diligence, independent technical reporting for the ASX and project valuations.

## Warranties and Indemnities

Celamin has warranted in writing that all material information in its possession has been made available and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

As recommended by the VALMIN Code, Celamin has provided SRK with an indemnity under which SRK is to be compensated for any liability and / or any additional work or expenditure resulting from any additional work required which:

- results from SRK's reliance on information provided by Celamin or to Celamin not providing material information; or
- relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

## Consents

SRK consents to this Report being included, in full, in the Celamin Prospectus, in the form and context in which the technical assessment is provided, and not for any other purpose, and that such consent has not been withdrawn before lodgement of the Prospectus with ASIC.

SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.



Lars Weiershäuser Ph.D., P. Geo.  
Senior Consultant



Trivindren Naidoo  
Senior Consultant



Deborah Lord  
Principal Consultant

# 1 Projects Review

## 1.1 General

Celamin Limited (“Celamin”) is a junior exploration company that focuses on early and advanced stage industrial minerals, base and precious metal projects in North Africa. Celamin strategically targets properties that have existing exploration data and that may have been mined on small and medium scale in the past. Commodities targeted are phosphate and base metals.

In Tunisia, Celamin currently holds two permits targeting phosphate mineralisation, three permits targeting lead-zinc mineralisation, and further permits targeting two lead-zinc tailings projects. In Algeria, Celamin holds one tenement targeting lead-zinc-silver mineralisation. Table 1-1 summarises the tenements and Figure 1-1 shows the location of the projects.

**Table 1-1: Summary of Celamin’s tenements**

	Permit	JORT reference/ Ministry Letter	Mineral	Celamin interest	Tenement size (km <sup>2</sup> )	Required expenditure (TD# Mio.)
Tunisia	Bir El Afou	16 February 2010	Phosphate	80%	84	1.100 / 3 a
	Chaketma	16 February 2010	Phosphate	80%	56	1.610 / 3 a
	Sidi Driss	16 September 2011	Pb/Zn	50%	16	0.310 / 3 a
	Oued El Maden	16 September 2011	Pb/Zn	50%	28	0.295 / 3 a
	El Haouaria <sup>†</sup>	16 September 2011	Pb/Zn	50%	24	0.285 / 3 a
	* Garn Haljaya and Trozza	Letter Dated 16 May 2011	Pb/Zn	50%	NA	Nil
Alg.	Oued El Kebir	Mining Permit issued September 12, 2006	Pb/Zn	50%	1.53	Nil



**Figure 1-1: Location of Celamin’s projects in Algeria and Tunisia**

Note: Map provided by Celamin

In mid-2011 SRK Consulting (South Africa) (Proprietary) Limited (“SRK ZA”) was requested by Celamin Holdings NL (“CNL”) to carry out an independent review of its exploration assets in Tunisia and Algeria. The resulting report was to be used as part of an independent valuation. CNL was to appoint the Independent Expert responsible for the valuation. The SRK ZA review relied on two site visits to Tunisia and Algeria from 11 to 18 of September 2011 and from 6 to 12 of January 2012 (Vorster, 2012). SRK ZA spent five days in the field visiting the Tunisian properties and one day at the Celamin representative office in Algiers conducting data review and interviews to gain a better understanding of the geology, history and status of Celamin’s projects. As part of the review process, SRK ZA reviewed the mining section of the pre-feasibility study on the Bir El Afou Phosphate Project in Tunisia (Vorster, 2012).

The pre-feasibility study was entitled “*Bir El Afou Phosphate Project, Pre-feasibility Study Report*”, dated 21 October 2011, and was compiled by RDV Australia Pty Ltd. The mining section of the pre-feasibility study, including the mine design and schedule, was prepared by Deswik Mining Consultants.

SRK Consulting (Australasia) Pty Ltd (“SRK”) was contacted by CNL in December 2011 to carry out a review of the SRK ZA report in order to ensure it meets ASIC’s requirements.

## 1.2 Underlying agreements

This section includes a summary of the underlying agreements between Celamin and any third party for the exploration and possible exploitation of the assets discussed in this report. SRK was advised by Celamin that the exact details of the agreements remain confidential for strategic reasons. SRK has no reason to doubt that the summaries reflect the content of the full agreements with sufficient accuracy.

### 1.2.1 Bir El Afou and Chaketma (Tunisian Phosphates)

Celamin and Tunisian Mining Services (“TMS”) hold two Exploration Permits (EP) over the Bir El Afou (“BEA”) and Chaketma phosphate project areas. Celamin currently holds an 80% interest in the EPs. These exploration permits are the first phosphate permits granted to a private consortium in Tunisia since independence, and are the only privately held ones in North Africa. Phosphate is seen as part of the national wealth and in order to respect this view, Celamin stated in its application for the licenses that it would at the time of development agree to a 50/50 ownership split with Tunisian interests. Based on this statement, Celamin and TMS signed a Joint Venture Agreement with TMS in which it differentiated between the first and second project. The Joint Venture Agreement is dated 3 February 2011. The first project was Bir El Afou, for which the funding was set out as follows (which effectively provided for a carry of TMS interests):

#### Bir El Afou

- i. Permit to stay in Celamin (80%) and TMS (20%) names until a Pre-Feasibility Study (PFS) has been completed; the interests are then to be transferred to Numidia Phosphate, a Tunisian-registered Company which will be the Operating Company;
- ii. Numidia Phosphate shares will be held in the following shareholdings: Celamin 50%, TMS 50%;
- iii. Funding Interests: The Parties agree that the Funding Interests will be:
  - Pre-Feasibility Study
    - Celamin: 95%
    - TMS: 5%

- Feasibility Study
  - Celamin: 70%
  - TMS: 30%
- Development & Operating Stages
  - Celamin: 50%
  - TMS: 50%

### **Chaketma**

Exploration and Development of this project will be on a 50/50 basis, with no carry between Celamin and Numidia Phosphate.

### **1.2.2 El Haouaria, Sidi Driss and Oued El Maden (Tunisian base metals)**

The three permits are held in equal parts between Celamin and TMS; however, due to their recent awarding, a formal agreement has not been entered into for these permits. Nevertheless, all costs are being shared on a 50/50 basis between Celamin and TMS. Therefore, it will initially be an unincorporated Joint Venture. If the parties decide to progress the project after the Study phases have been completed, it will be a 50/50 Tunisian Incorporated Joint Venture Company, with the permits and licences transferred to the Joint Venture Company.

### **1.2.3 Garn Halfaya and Trozza (Tunisian base metal tailings)**

Celamin has entered into an agreement with TMS to study the possible exploitation of base metal-rich tailings. The agreement is dated 1 July 2009. The agreement specifies an unincorporated Joint Venture; should both parties agree to progress the projects after the study phase, a Tunisian Incorporated Joint Venture will be formed between Celamin and TMS, with both parties holding equal equity share. Under the agreement, Celamin must solely finance an initial study up to a maximum of USD500,000. Should this study require more funding, TMS is to contribute 50% of the additional funds to complete this study. A second study phase is to be funded equally by Celamin and TMS.

### **1.2.4 Oued El Kebir (Algerian VMS)**

In April 2011, Celamin, as well as Celamin Algeria WLL, a 100% subsidiary of Celamin, entered into an agreement with Faïenceries Algeriennes ("FA"), a limited liability company governed and registered under Algerian laws, for the exploration and exploitation of the Oued El Kebir Project. Under the agreement, Celamin's financing limits for the Exploration Program are defined as follows:

- If the reserves defined by a Feasibility Study are equal to or greater than 11.5 million tons (Mt), Celamin shall solely finance the Exploration Program up to a limit of USD5 million; or
- If the reserves defined by a Feasibility Study are less than 11.5 Mt, Celamin shall solely finance the Exploration Program up to a limit of USD2.5 million;
- Beyond such financing limits, any additional financing shall be borne equally by the two Parties to this Agreement.

The agreement also provides for joint application for an exploration permit on the surrounding area. However, as a result of amendments to legislation, Celamin will hold only 49% equity and 1% equity will be held by an Algerian party nominated by Celamin. Control will be split equally between the two main parties, as will the risk provisions.

Shareholdings after Due Diligence and decision to proceed:

- FA: 50 or 51%
- Other Algerian Company: 0-1%
- Celamin: 49%

Note: The above Shareholdings reflect current Algerian Law restricting foreigners to 49%, if the law changes, then Celamin will revert to 50% ownership.

### 1.3 Mining Law in Tunisia

Tunisia introduced a new Mining Code in 2003 to replace that of 1953. Under the new code, all mineral rights are considered state property. The government grants exploration rights to suitably qualified entities to carry out exploration. In particular, these entities need to be technically and financially competent.

Exploration rights are granted for three years and can be renewed for two successive three-year periods. However, if a deposit is discovered, further renewals can be applied for if needed. Exploration rights give absolute entitlement to the holders to apply for mining rights, subject to a Feasibility Study and Environmental Assessment being carried out. Extracted minerals are classified as personal property.

The mining tax rate is 25% and companies enjoy an exemption from taxation in the first five years from commencement of effective exploitation. There is also exemption from VAT and customs due for foreign mining companies. A royalty of 1% of gross revenue on extracted mineralisation is payable.

The government covers the social security payments of Tunisian employees for the first five years. Foreigners can be employed and they are subject to a favourable tax regime. There is no tax on shareholder dividends, and dividends can be repatriated.

### 1.4 Mining Law in Algeria

Algeria introduced a new Mining Law in 2001, of which private sector investments, especially in exploration, and sound environmental practices are important parts. Under the new law, all investors are treated equally. Recent investments from Australian, Canadian, Chinese, French and other international companies point towards a positive reception of the law by international investors. By 2008, more than 80 projects with international partners targeted base and precious metals in more than 2000 licensed areas. In order to attract international investments, various incentives apply, for example for the import of equipment as well as exemptions from VAT for certain expenses.

A provision of the law was the establishment of a Geological Survey, which in turn was tasked to act as a geoscientific data repository and establish a national mapping programme. In support of the mining industry, the Ministry of Energy and Mines has established training programmes for skilled labour and engineers.

The licensing system regulates mining activities. Mining titles have legal values and are transferable and assignable. Disputes can be subjected to international arbitration. Prospecting licences and exploration permits are needed for research.

Royalties range from 1.5% for ferrous minerals and 2% for non-ferrous minerals. The tax rate is 33%. Under Algerian law, there must be a minimum of 51% Algerian holding (one or several Algerian in trust-private and/or state owned companies) in mining projects.

## 1.5 Regional Geology

This section has been summarised from Schlüter (2008) and references therein.

The majority of the African continent is underlain by Archean nuclei that have yielded ages of up to 3.8 Ga. Northern Africa contains, from west to east, the West African Craton, the East Sahara Craton, and the Uweinat-Chad Craton. Southern Africa is composed of the Kasai/ Congo Craton that is in contact with the Tanzania Craton, the southernmost Kaapvaal Craton, and the small Lurio Craton on the coast juxtaposed to Madagascar.

Because younger sediments cover large parts of the cratons of western and northern Africa, their exact extents are poorly known (Figure 1-2). The cratons consist primarily of low grade greenstone belts with extensive areas of high grade gneisses, granitic series, including migmatites, and late minor intrusions. The Archean cratons are separated by large Proterozoic orogenic provinces, often referred to as mobile belts.

North Africa formed the southern coast of the Iapetus Ocean during much of the Paleozoic until, in the mid-Devonian, the Ocean closed and the northern continental blocks collided with Africa to form Pangea during the Hercynian orogeny during the Late Carboniferous.

Much of Africa is covered by sedimentary basins, as are the coastal and inland areas of Algeria and Tunisia, where east-west trending subduction-related basins are located north of regional basins.

Orogenic activity in northern Africa during the Phanerozoic was confined to the extreme northwest. Elsewhere, large Phanerozoic basins form important parts of the cover sequence. In the extreme north, extensional faults and rift-related magmatism during the Triassic and Jurassic predate the Alpine orogeny that resulted from the collision between Africa and Eurasia.

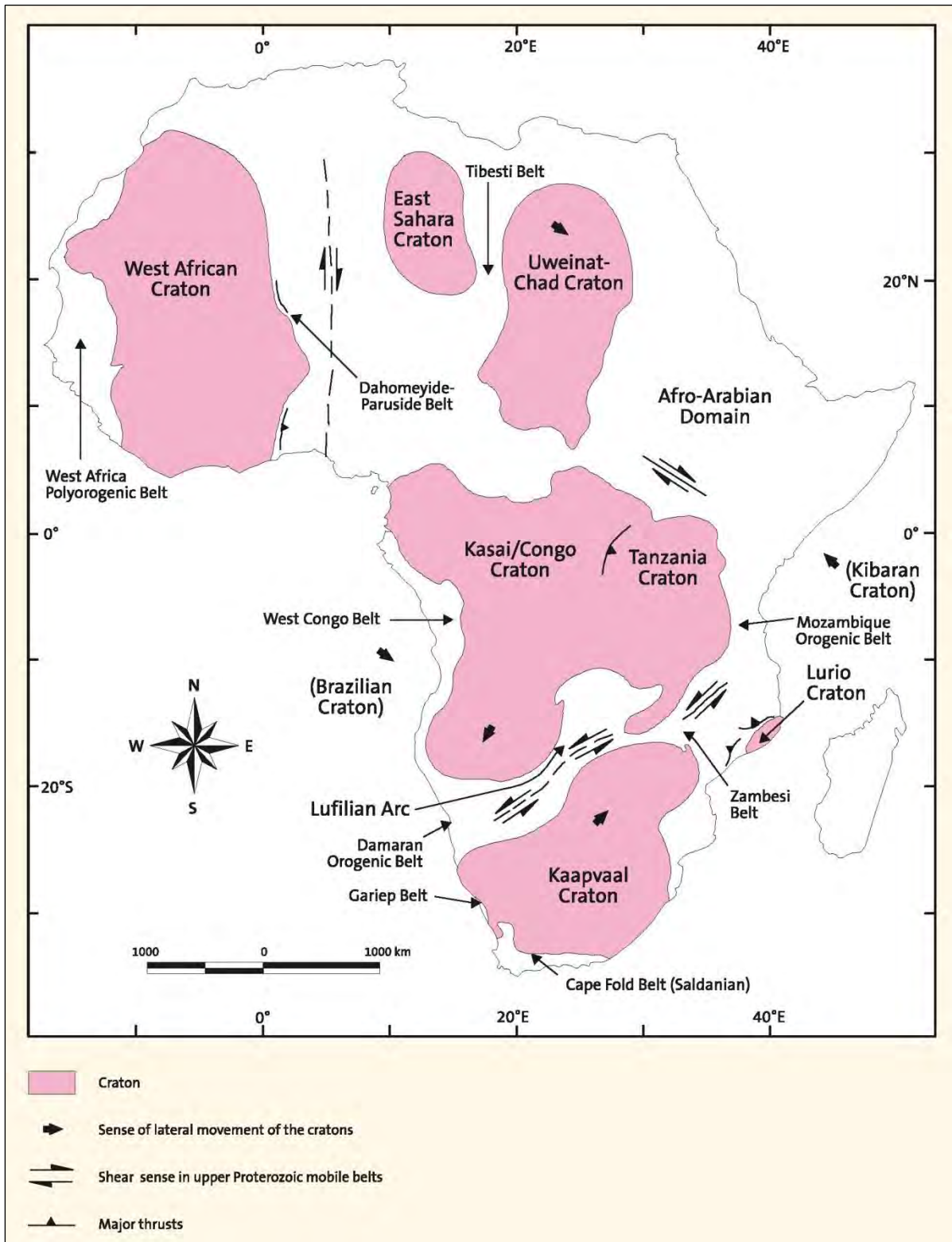


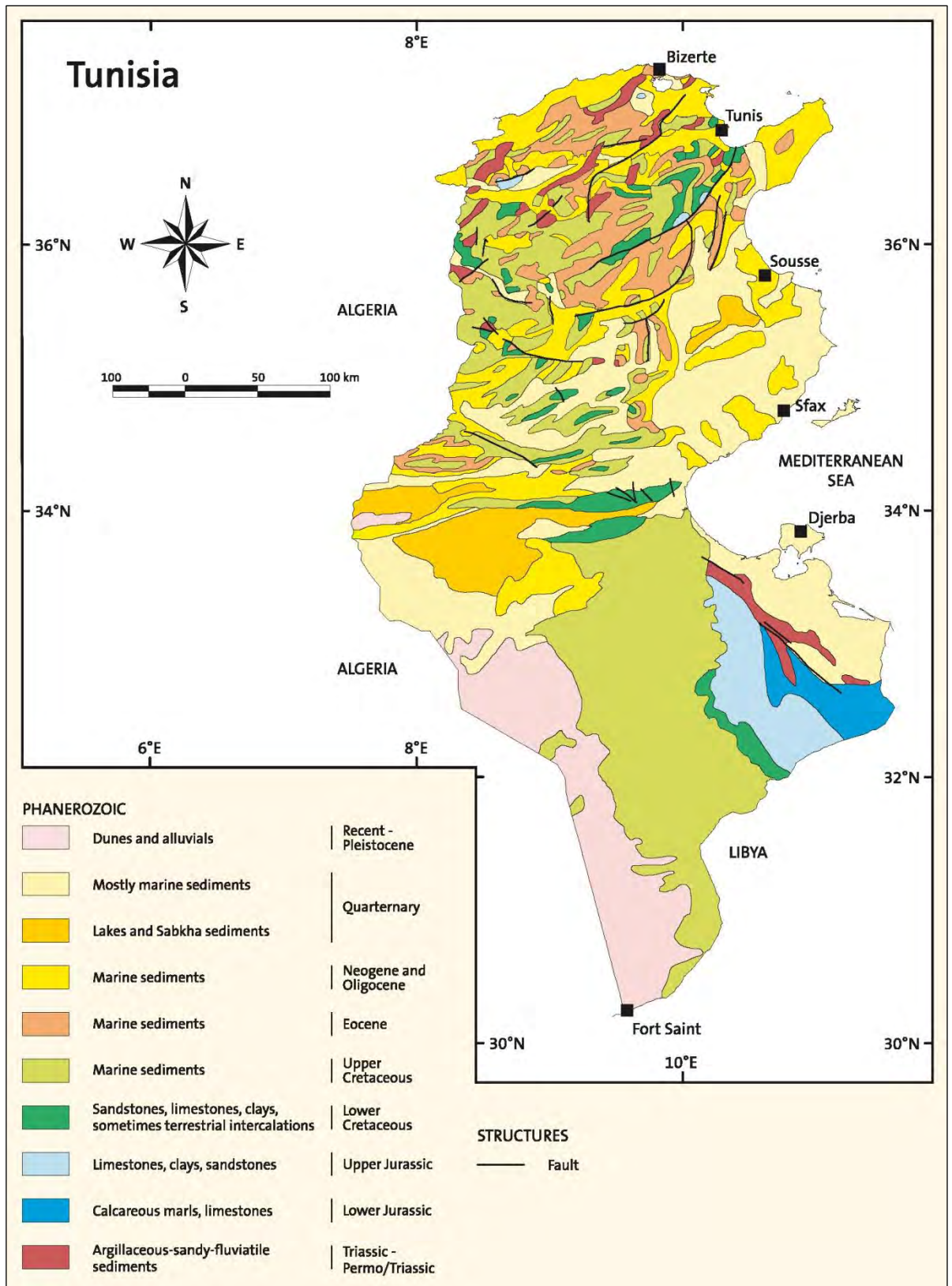
Figure 1-2: Assumed extent of the African Archean cratonic nuclei

Source: Schlüter, 2008

### 1.5.1 Tunisia

Most of northern and central Tunisia comprises the Atlas domain which is underlain mainly by Permian to recent sedimentary rocks (Figure 1-3). North western Tunisia is part of the Tellian structural domain, which is part of the Alpine orogeny. Central and southern Tunisia are characterised by well-developed Mesozoic and Cenozoic sediments that overlay the Saharan platform.

Northern Tunisia is characterised by the alpine Atlas Mountain system that formed as a result of the collision between Africa and Eurasia starting in the upper Cretaceous with the main event Middle to Late Miocene. Affected rocks date from the Permian to the Quaternary, but most outcropping rocks are of Mesozoic to Cenozoic age. The orogeny is a result of NW-SE directed compression resulting in thrust faulting and folding. Volcanic and intrusive rocks have been observed only in northern Tunisia near Oued Belif and Jalta; they are Late Miocene in age and are related to major regional compression. Late Miocene to Pleistocene sediments comprise continental molasses, which were deposited during the orogeny.



**Figure 1-3: Generalised geology of Tunisia**

Source: Schlüter, 2008

Tunisia can be divided into a number of structural domains, which are, from north to south:

- Tellian Atlas (also known as “Nappe Zone”): consisting of Numidian (Oligocene to Miocene age) flysch nappes that were structurally emplaced over deformed Permian to Eocene sediments;
- Zone des domes: consisting of a NE-SW trending zone marked by widespread diapiric Triassic inliers that are composed of evaporitic dolostone and gypsum, marl and fine sandstone. The diapirs disrupt Cretaceous-dominated carbonate and marl units;
- Intermediate Atlas (also known as Central Trough zone): It is a fold and trough zone and includes a limited number of Triassic diapirs;
- Tunisian Atlas: a folded domain that is bound along its southern border by the Negrine-Tozeur-Kebil Fault;
- Eastern Platform: separated from the Intermediate Atlas by a N-S trending axis which consists of weakly deformed and thinner Mesozoic–Tertiary sequences that were deposited on Palaeozoic and Proterozoic basement rocks; and
- Saharan Platform (Southern Tunisia): separated from the Atlas by the Atlas thrust front. Platform rocks consist of weakly deformed Mesozoic to Tertiary sequences that were deposited on Palaeozoic and Proterozoic basement rocks.

During the closure of the Tethys, shallow shelf carbonate seas developed all along the northern margin of the African plate and beyond into Jordan, Iraq and Saudi Arabia. In the Upper Cretaceous and Early Tertiary, conditions favourable to phosphatic rock sedimentation developed frequently. Compressional and tensional tectonics during the orogeny resulted in a significant degree of faulting, which had a strong influence on basin anatomy and the subsequent juxtapositions of tectonic blocks.

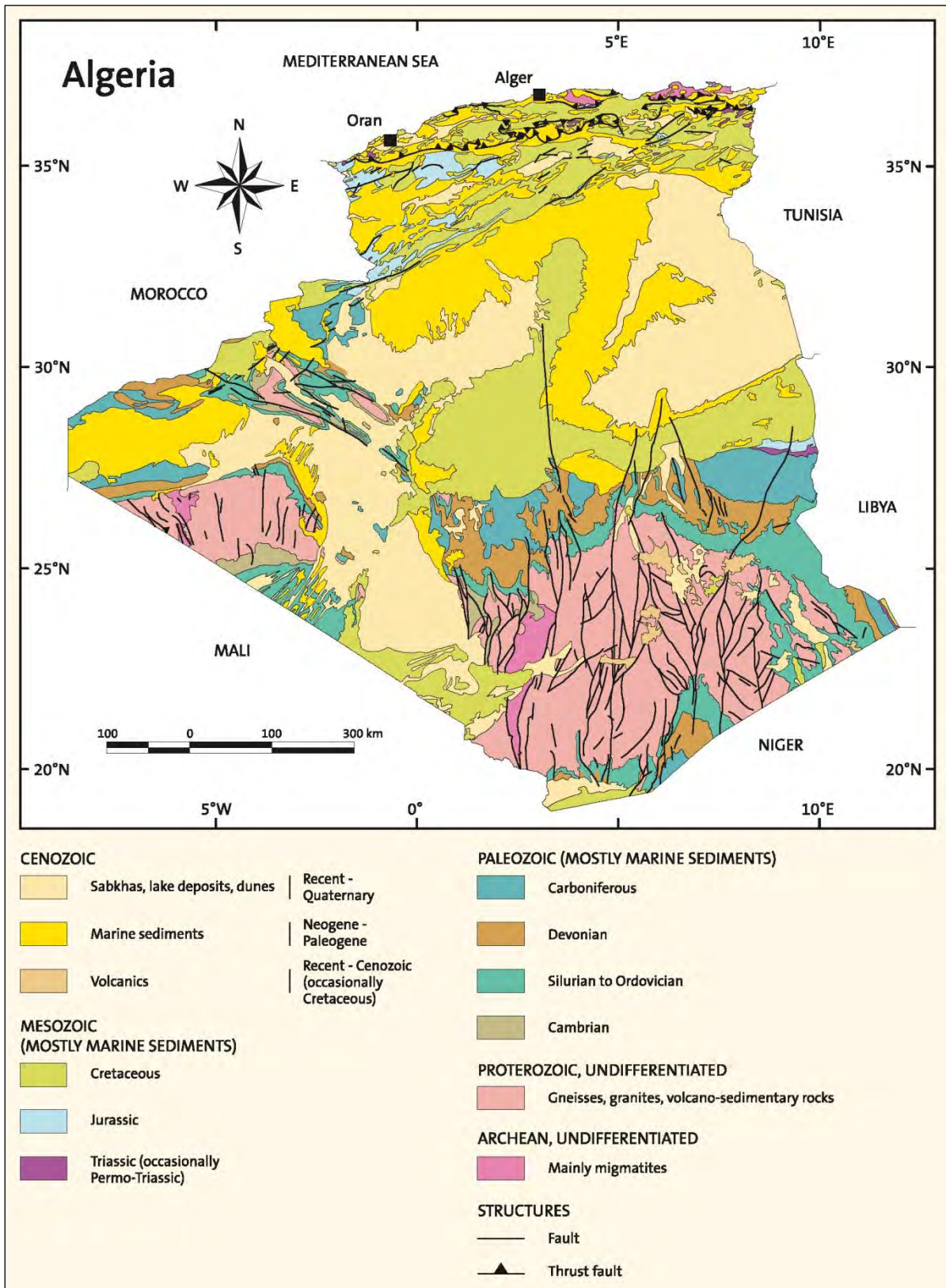
## 1.5.2 Algeria

The geology of Algeria has been summarised from information provided by the Algerian Ministry of Energy and Mining (AMEM, 2012).

Similar to Tunisia, Algeria is divided into a number of geological regions (Figure 1-4).

From north to south these are:

- The Tellian Atlas, which comprises a northern flank with steep relief, flanked by rich coastal plains such as the Mitidja in the centre, the Chelif to the west and the Seybouse plains in the east. This area is characterised by a complex succession of nappes that were emplaced during the Lower Miocene due to the northward compression. Late Neogene basins such as the Chelif Basin or the Hodna Basin were deposited over these nappe structures;
- The High Plateaus such as the Oran Meseta to the west and Ain Regada highs to the east;
- The Saharan Atlas is a succession of NE-SW oriented reliefs spreading from the Moroccan border to Tunisia; and
- The Sahara desert south of the Saharan Atlas. The desert is composed of large sand dunes (East and West Erg) and gravel plains (regs) with dispersed oases such as El-Oued, Ghardaia and Djanet throughout.



**Figure 1-4: Generalised geology of Algeria**

Source: Schlüter, 2008

The first three regions are part of a northern tectonic domain that has been affected by alpine tectonics; hence, they are referred to as Alpine Algeria. In the south, the Sahara desert covers the Saharan platform that experienced little tectonic activity.

Alpine Algeria consists of five principal structural-sedimentary units that generally trend east-west. The offshore coast of Algeria is characterised by a reduced continental shelf with sediments ranging in age from Tertiary to Quaternary. These sediments overlie a metamorphic basement. The coastal area is composed of the Tellian Atlas comprising Jurassic to Miocene sedimentary rocks. These sediments form tectonic north-directed nappes and inter-nappe basins. The foreland of the High Plateaus is formed by the Hodna Basin with a fill of Eocene and Oligocene continental and Miocene marine sediments. The High Plateaus form the foreland of the Saharan Atlas and are characterised by a thin sedimentary cover and intra-mountain basins that were formed as a result of local extension tectonics. The Saharan Atlas is the result of Tertiary compression and orogeny of up to 9,000 m thick Mesozoic sedimentary rock package. The Chott Melrhir basin south of the Atlas Mountains marks the boundary to the Saharan Platform. The basin is filled with up to 5,000 m of Cretaceous sedimentary rocks.

The Saharan Platform can be subdivided into five principal areas or provinces which are characterised by distinct basin formation. The Western Province contains a number of individual basins with sediment fill of up to approximately 8,000 m thick. The Triassic Province is a large E-W oriented synclinal structure that contains internal structural highs and depressions. The Eastern Province contains two basins separated by the Ahara ridge; the basin fill overlies Precambrian basement unconformably and represents the most complete Phanerozoic sediment pile in Algeria. The Illizi and Berkine Basins contain Phanerozoic sediments with a thickness of up to 6,000 m. The north and northeastern part of the Berkine Basin contains a thick succession of Mesozoic salts and anhydrites.

## 1.6 Infrastructure in Tunisia and Algeria

### 1.6.1 Tunisia

Tunisia is located in northern Africa and shares borders with Algeria in the west and Libya in the east. Tunisia's northern border is marked by the Mediterranean Sea, and its climate is characterised by hot, dry summers and mild, rainy winters. Arable land is located in the north and along the central coast. The south and southwest is mainly semiarid or desert. Tunisia is home to approximately 10.5 million people, including a workforce of approximately 3.8 million.

Tunisia has a well-developed infrastructure that includes six commercial seaports plus an additional deep water port located approximately 150 km south of Tunis that is in the early planning stage, seven international airports as well as approximately 20,000 km of good quality roads that link all parts of the country. Approximately 60% of the roads are paved. A total of 165 km of rail line exists, of which approximately 1,700 km is narrow gauge, while the remainder is standard gauge.

The Majority of Tunisia's electricity is being provided by the state-owned Société Tunisienne de L'Electricité et du Gaz (STEG) that provides approximately 14.4 kilowatt hours at full power.

Telecommunication is above the African average with approximately 100 telephones for every 100 persons. The Tunisian telephone system is entirely digital, and cellular and internet connectivity is available throughout the country's populated areas.

#### Processing and shipping facilities

A decommissioned plant at Bougrine, although not owned by Celamin, is likely available to Celamin for the treatment and production of concentrate of either Pb/Zn- or, alternatively, phosphate mineralisation. Bougrine is located approximately 160 km south west of Tunis (Figure 1-5).

SRK was given a short tour of the facilities by Dr Ammar Henchiri, a metallurgist who has 39 years of experience and spent 12 years in Bougrine during the operational years from 1994 to 2006.



**Figure 1-5: Location of Bougrine processing plant in relation to the Bir El Afou and Chaketma Project sites**

Source: Image provided by Celamin

The plant in its current configuration is designed to process Pb/Zn mineralisation using a floatation circuit; numerous spare parts have been reported to be available on site. Anecdotal evidence given to SRK suggests that the plant was 96% operational. It was designed to process 55 tonnes per hour (tph). According to Dr Ammar, the costs associated to upgrade the plant into full Pb/Zn operational capacity is estimated at 5 to 6 million USD and may take about 12 to 18 months. This estimate is preliminary in nature and based on the previous experience of Dr Ammar and comparisons to the refurbishment of similar plants in the recent past. Final figures will only be available after a detailed study has been completed.

Similarly, Dr Ammar estimated that the cost and timing to upgrade and modify the plant to treat phosphates is in the order of USD10 million; the conversion would take an estimated 18 months to complete. The plant would be able to accept phosphate mineralisation at a rate of 1 million tonnes per year. The financial estimate is based on Dr Ammar's experience. A pilot plant exists at the Office of Mines in Tunis, which is a scaled-down version of the Bougrine plant. The pilot plant is capable of processing 5 tph. This plant is used to treat both base metals and phosphate confirming that the conversion is simple and economic.

There is electricity connection to the site, and two water wells; one about 2 km away and the other about 4 km away.



**Figure 1-6: Plant at Bougrine, a) and b): views from the outside; c) view on the inside; and d) view of the loading bay**

Celamin has conducted a preliminary study into the transportation and shipping options for exploited phosphates from mine sites 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 (Tunis) and determined the optimal locomotive/ wagon configuration and above rail requirements, as well as reviewing the current below rail infrastructure. Based on market conditions, financial risks and capacity, an optimum of 1.5 Mt of phosphate product has been determined. The study further explored the upgrades that would be necessary to achieve this required capacity 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; and
- New siding at the Port of Rades to facilitate shunting activity and the unloading of the trains.

The Office de la Marine Marchande et des Ports (OMMC) operates the commercial port facilities throughout Tunisia. Preliminary talks between Celamin and the OMMC suggest that the port terminal facility in the Port of Rades would be available for shipment. At this point no formal agreement has been reached between Celamin/TMS and the OMMC regarding the usage of port facilities. It is close to Tunis and accessible by existing operational rail network.

The Port of Rades bulk storage and export port location has direct access to a 30,000 deadweight tonnage (DWT) ship berth 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 would likely allow a fast-track and low-cost port terminal development.

The port facility includes shared access to a 30,000 DWT ship berth, and the capacity to build a dedicated additional 30,000 DWT if and when required. The port terminal will include the development of a storage facility of capacity to 50,000 tonnes (t).

## 1.6.2 Algeria

Algeria is the largest country in Africa. It is located in northern Africa and shares borders with Tunisia in the east and Morocco in the west. The northern border is defined by the Mediterranean Sea, while in the south the country shares borders with Mauritania, Mali, and Niger. Algeria's climate is similar to that of Tunisia and is characterised by hot, dry summers and mild winters, which are rainy in coastal areas. Approximately 90% of Algeria's area is covered by the Sahara Desert which stretches from the east-west trending Saharan Atlas mountain range south. An estimated 35 million people live in Algeria; the labour force is estimated at approximately 11 million.

Recent government programs aim to upgrade Algeria's aging infrastructure. These efforts extend towards roads, rail, and sea installations, as well as fresh and waste water facilities. Plans to construct a new port between Algiers and Ténès were announced in late 2011 and will alleviate bottlenecks at other ports including Ténès, Bejaia, and Oran. Algeria possesses 13 international airports and a host of smaller, regional airports and airstrips. The road network comprises approximately 111,000 km of which approximately 82,000 km are paved. However, the state of repair of roads is notoriously bad. Algeria's rail network consists of approximately 2,900 km of standard gauge and 1,000 km of narrow gauge rails.

Algeria's power grid serves almost the entire population; however, plans exist to expand the service even more to reach remote communities. The majority of electrical power is generated by natural gas, owing to the country's vast resources and reserves of hydrocarbons. In July 2011, the Algerian government launched its 150 MW Hassi R'mel gas-solar hybrid power plant, which will generate 30 MW of power through solar energy. The first-of-its-kind plant was constructed by Solar Power Plant One, a joint venture between New Energy Algeria (NEAL) and Spanish company, Abener.

Rapid increases in cellular coverage in the last decade started to fill the demand for widespread phone coverage. Construction of an extensive fixed-line network began in the mid-2000s with the aim of providing basic residential broadband and telephone services.

## 2 Mineralisation Models

### 2.1 Sedimentary phosphate deposits

Sedimentary phosphate deposits occur worldwide and throughout geological time and are currently forming off the coast of Peru, Mexico, and Southern Africa. The deposits form between 40° northern and southern (paleo-) latitude along continental shelves where cold upwelling currents mix with warm surface water along shallow, warm and sunny shelf environments. Economic deposits typically contain a minimum of 15% P<sub>2</sub>O<sub>5</sub>.

Cold water can dissolve more carbon dioxide and apatite [Ca<sub>5</sub>(PO<sub>4</sub>)<sub>3</sub>F] than warm water; deep cold sea water contains an average of 0.3 ppm PO<sub>4</sub>, while warm surface water can dissolve only between 0.003 and 0.01 ppm PO<sub>4</sub>. As deep, cold, apatite-saturated, and slightly acidic seawater rises towards continental shelves, CO<sub>2</sub> is degassed, due to an increase of temperature and a decrease in pressure, through chemical reactions involving components of slightly disassociated carbonic acid. While the CO<sub>2</sub> escapes, free hydrogen ions are consumed, increasing the alkalinity of the water. As apatite's solubility decreases with increasing alkalinity of the solution, calcium phosphates are precipitated. This abundance promotes a thriving marine community of algae through shellfish to vertebrates.

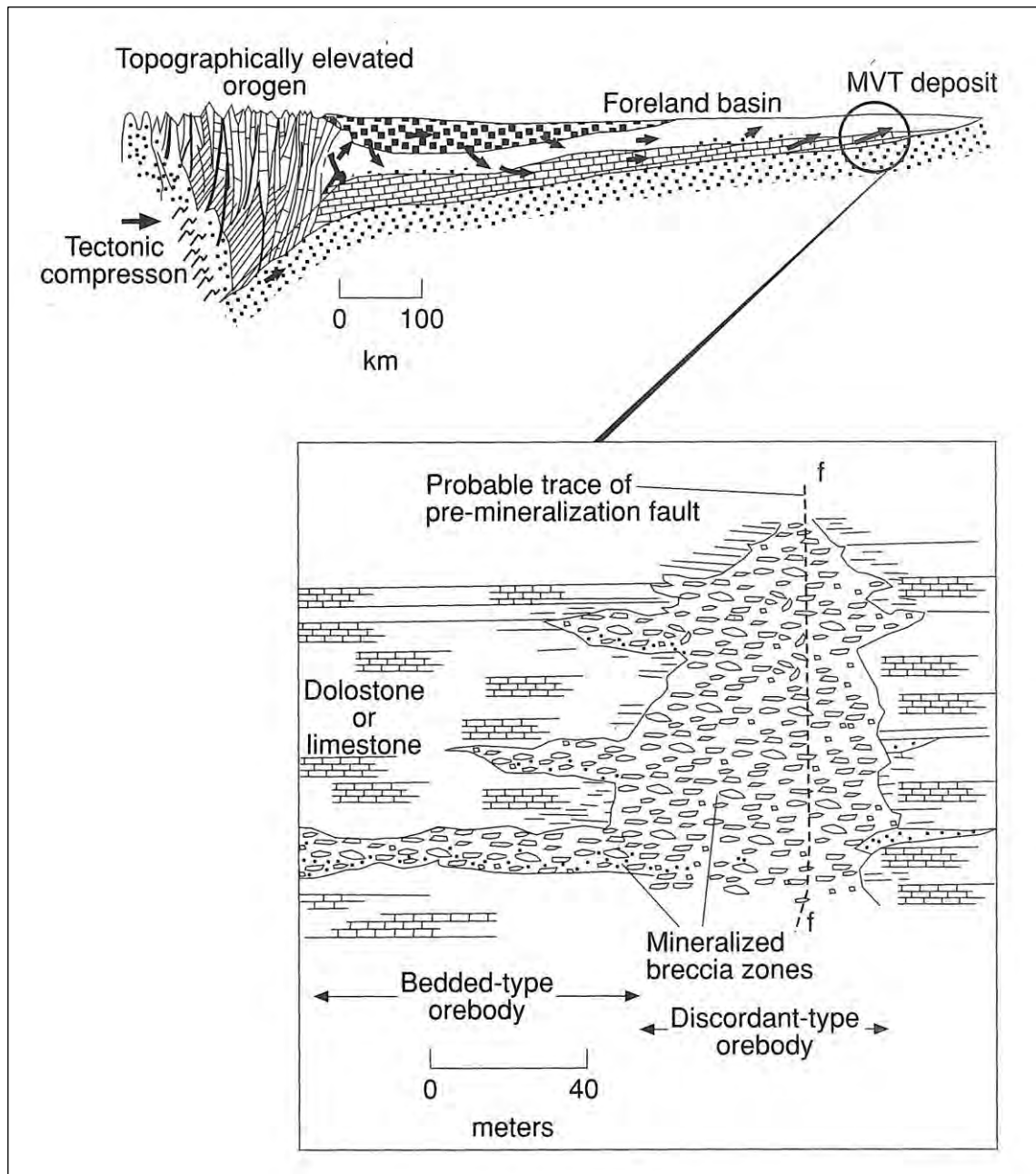
Accumulations of biomass debris from marine biota and direct inorganic apatite precipitation can reach considerable thickness over large lateral extents. The resulting microphosphorites consist of fossiliferous, oolitic, pelletal, nodular, or micritic phosphate sediments with impurities of calcite, quartz, and clay. Phosphatic units typically show extensive reworking and resedimentation textures due to extensive wave and biological activity.

### 2.2 Mississippi Valley-type Pb/Zn deposits

The information in this section has been extracted from Leach et al. (2010). Mississippi Valley-type (MVT) deposits are an important source of lead and zinc. The deposit type is named after an extensive and well-studied deposit district in the drainage basin of the Mississippi River in North America. MVT deposits are epigenetic and occur worldwide but are restricted primarily to the Phanerozoic. They form a somewhat continuous series of deposit types that includes sedimentary exhalative (SEDEX) deposits, sandstone-hosted lead deposits, fracture controlled lead-zinc and fluorite-barite deposits and distal lead-zinc skarn as well as igneous related lead-zinc manto deposits.

The most favourable host rocks for the formation of MVT deposits are Phanerozoic dolomitized carbonate platform sequences, especially those that were deposited in arid belts. Mineralising fluids are mainly sedimentary brines that resulted from seawater evaporation, with a salinity of approximately 10 to 30% NaCl equivalent. This evaporation may have occurred coevally with mineralising fluid migration in coastal evaporative areas, or within closed marine basins. Other possible sources are residual brines that were stored in the sedimentary sequences or the crystalline basement. Fluid temperatures during mineral deposition are typically between approximately 75 and 200°C. Metal deposition may have been influenced strongly by mixing of the brines with other fluids, which are likely meteoric fluids, or diagenetic and metamorphic fluids. The most likely mechanisms to circulate metal-laden fluids through thick carbonate sequences are related to topography; fluids are pumped through faults and joints as well as irregularly formed open spaces due to dissolution collapse during a time of orogenesis of adjacent foreland margins and intracratonic margins (Figure 2-1). This model explains why MVT deposits commonly occur at the flanks of basins or foreland thrust belts. Other fluid-driving mechanisms have been proposed in the past and include sediment compaction, orogenic squeezing, overpressured gas reservoirs and thermal and density reflux drives. Igneous activity, as a fluid source or to explain the circulation of hydrothermal fluids, did

not occur. Metal deposition is mainly due to fluid mixing, resulting in a change in pH, temperature, or redox state, or a combination of the above. The most common place for mineralisation to occur is in dissolution collapse breccias as they provide a very high permeability. Metal deposition occurs primarily due to carbonate replacement and to a lesser extent as open space fill. Multi-phase breccia textures suggest that at least part of the dissolution occurred prior to metal deposition, possibly during karst formation. Other common loci for metal deposition include dilational zones along faults; the fault surfaces are typically not mineralised. The most common minerals in a MVT system include sphalerite, galena, pyrite, marcasite, dolomite, and calcite.



**Figure 2-1: Conceptual model of MVT deposits illustrating the concept of hydrological continuity between a compressional orogenic belt and a foreland sedimentary basin through with orogenically and topographically driven fluids flow, and within which MVT-style mineralisation can form**

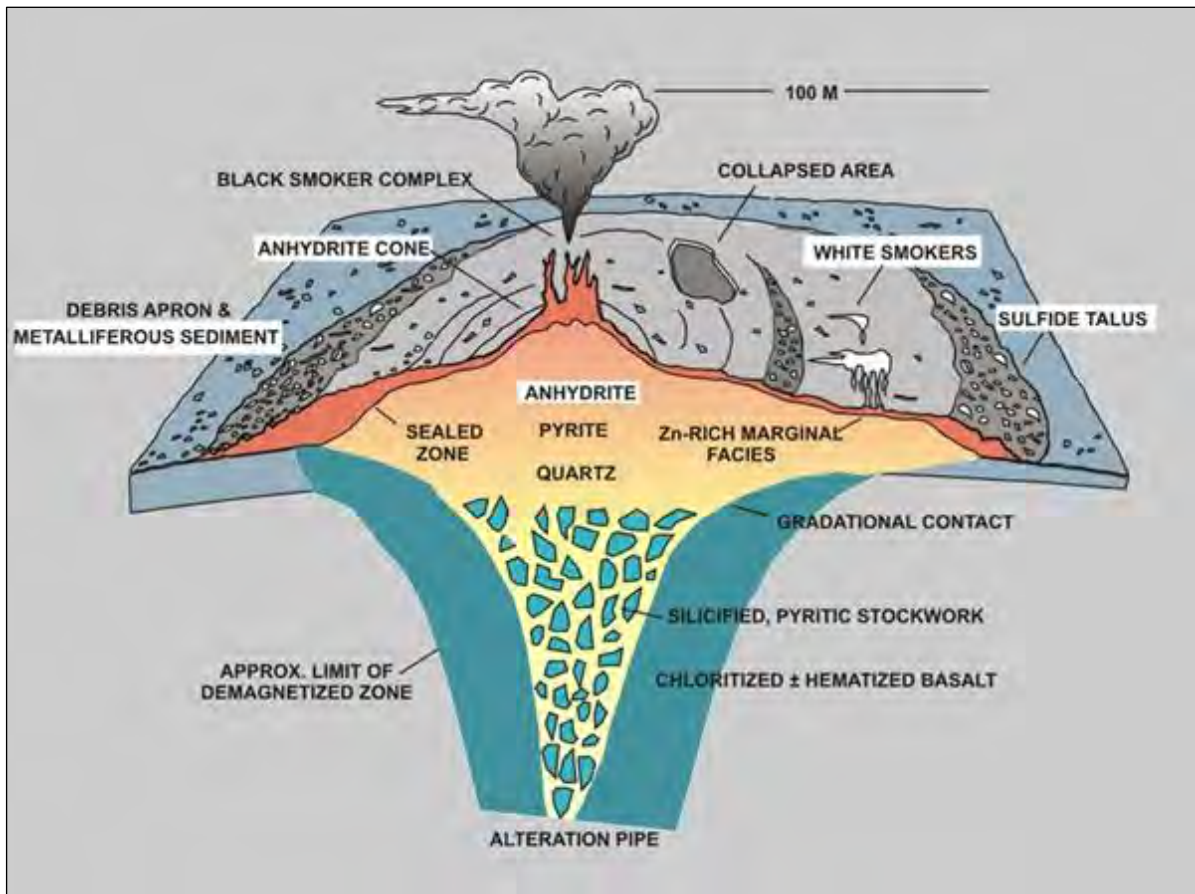
Note: Inset shows characteristics of bedded and discordant mineralisation at a deposit scale (after Garven et al., 1993)

## 2.3 Pb-Zn tailings

Tailings are the waste product of mining operations after the target mineralisation has been extracted. Extraction of metals from hard rock typically involves grinding the host rock to a powder and further addition of chemicals to extract the metals. The grain size of the tailings is determined by the grain size of the mineralisation, because coarse-grained mineralisation does not require the milling to a fine powder. The tailings at Trozza and Garn Halfaya are typically coarse-grained, only locally fine-grained material has been observed. Residual chemicals used during mineral extraction may still be present. In modern operations, tailings are confined to well-defined and sealed storage areas; however, historical operations typically disposed of tailings by unregulated discharge downhill or into natural depressions.

## 2.4 Kuroko-style volcanogenic massive sulphide deposit

The processes by which volcanogenic massive sulphide (VMS) mineralisation forms are well-understood and have been studied extensively since the discovery of active hydrothermal vent fields on the seafloor in the 1970s. Regardless of the exact geological setting (mid-ocean ridge, back-arc, fore-arc) and host rock package, mineralisation forms due to the circulation and eventual heating of sea water through the surrounding rock volume from which it leaches metals (copper, zinc, lead, gold and others). This hydrothermal circulation is driven by magma chambers that underlie the system. Spreading sea floor cools as it moves away from the spreading centre; the thermal contraction and seismic activity associated with seafloor spreading leads to extensive fracturing and faulting of the seafloor. Cold seawater enters the rock column on a path of a hydrothermal cell, which is driven by a hot magma chamber underneath the spreading centre. On its hydrothermal path, the cold seawater becomes heated to approximately 370°C by the hot rocks, leaches metals from the rock volume and rises as hot, metal-laden hydrothermal fluid through focused hydrothermal vents on the sea floor. The metal is typically transported as chlorine complexes; upon interaction with cold ambient seawater at or near the ocean floor, metals precipitate from solution due to a change in pH and Eh resulting in abundant rock replacement of host rocks near the ocean floor and the build-up of large sulphide edifices on the ocean floor. Abundant brecciation and edifice collapse paired with ongoing sulphide deposition form typical mound-shaped sulphide deposits (Figure 2-2).

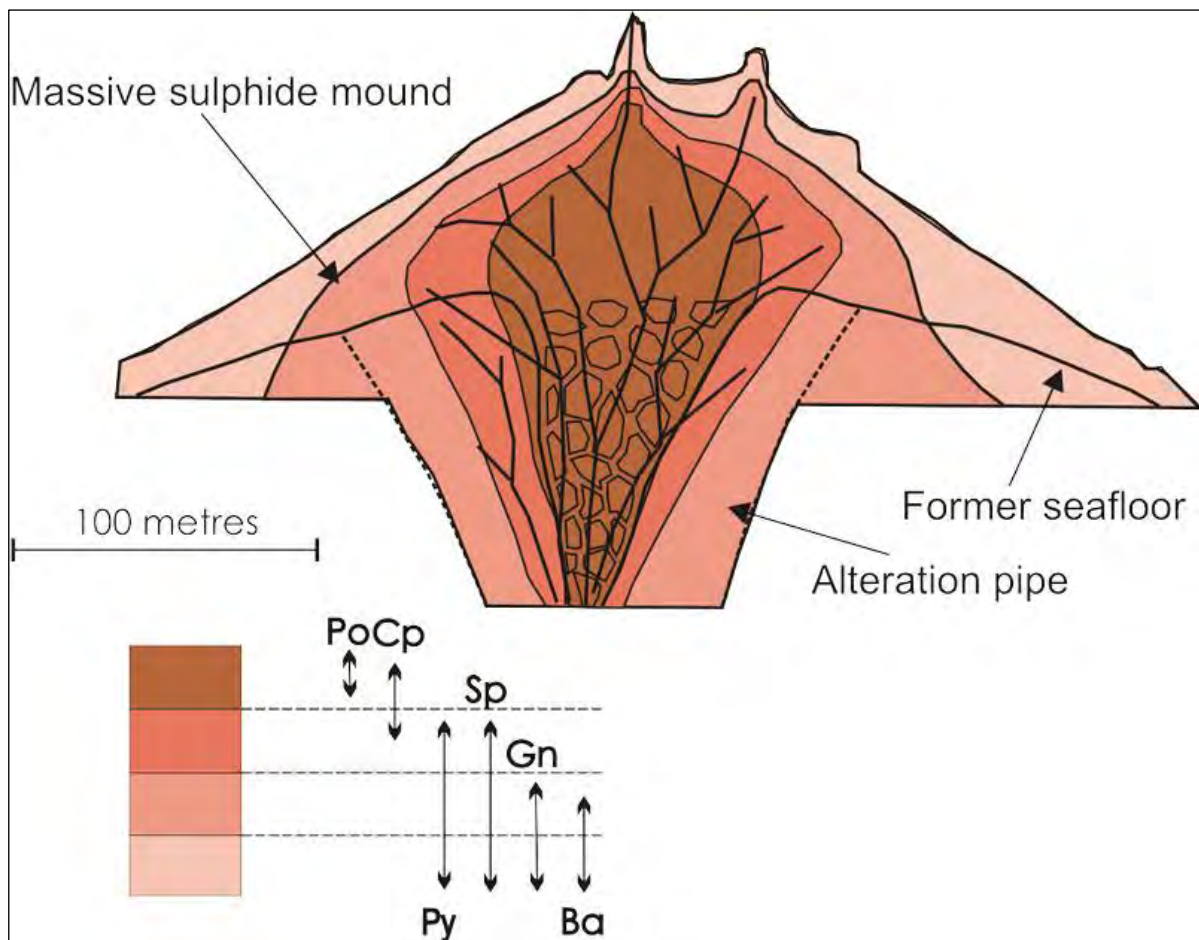


**Figure 2-2: Schematic cross-section through a VMS system**

Source: After Hannington et al., 1998

Massive sulphide deposits are typically zoned with a copper and gold-rich core and a zinc and lead-rich shell. However, abundant remobilisation and changes in the plumbing system of a mineralised system can mask and complicate the simple theoretical zoning considerably (Figure 2-2).

VMS deposits have been classified in the past by metal source, type example, geodynamic setting and others (e.g. Franklin et al., 1981; Lydon, 1984). However, the most recent classification of VMS deposits has been based on their setting and host rock association (Barrie and Hannington, 1999; Franklin et al., 2005). This classification distinguishes between five subclasses, which are: mafic associated, bimodal-mafic, mafic-siliciclastic, felsic-siliciclastic, and bimodal-felsic. The latter subclass is characterised by an abundance of felsic rock with minor mafic and sedimentary rocks in the host sequence. The Japanese Kuroko deposit falls into this category, which is also known as Kuroko-style VMS deposit.



**Figure 2-3: Schematic mineral zonation in a VMS deposit**

Notes: Po=Pyrrhotine, Cp=Chalcopyrite, Py=Pyrite, Sp=Sphalerite, Gn=Galena, Ba=Barite

Source: from Lydon, 1984

## 3 Bir El Afou Phosphate Project

### 3.1 Tenement, location and access

The Bir El Afou (BEA) Project area is located approximately 160 km south west of Tunis, close to the Algerian border approximately halfway between Le Kef to the north and Kasserine in the south. The Bir El Afou (s.l.) exploration licence (*permis d'exploration*) was granted to Celamin in association with TMS in 2009 for an initial period of three years and is renewable for another three years. The area covered by the licence area is 84 km<sup>2</sup> and is shown in Figure 3-1.

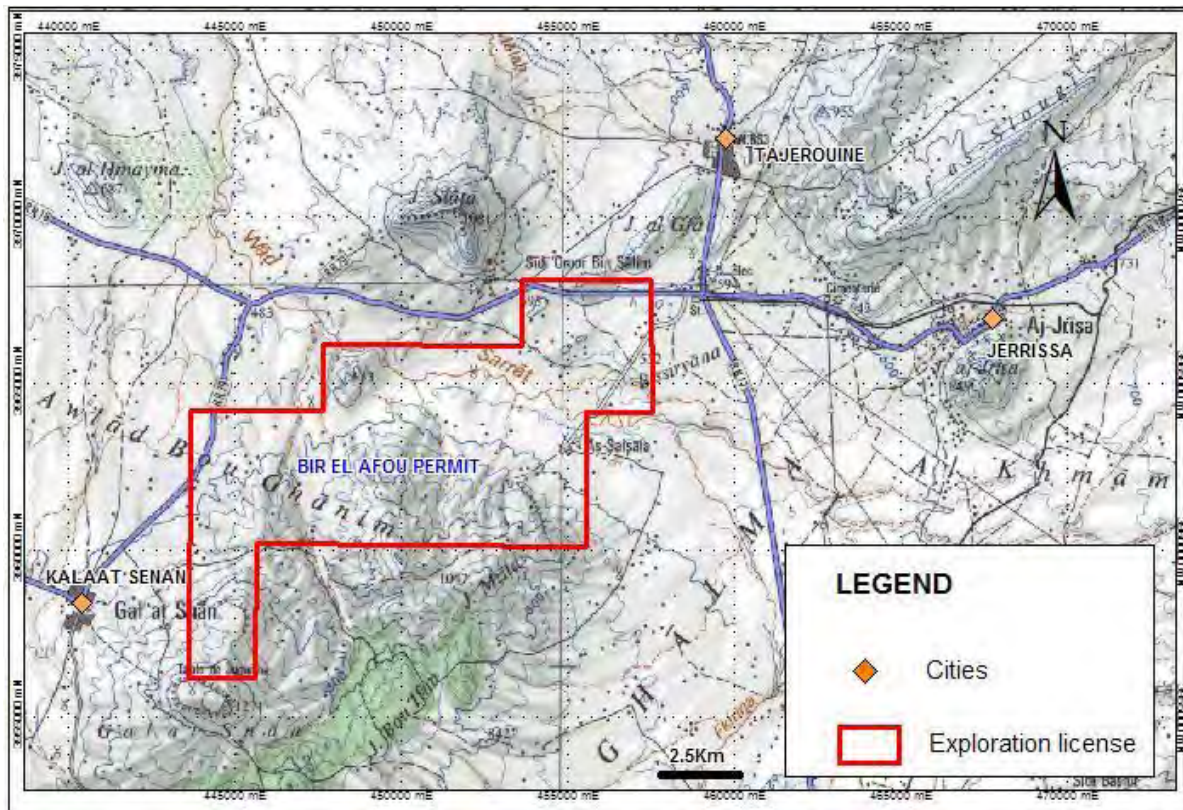


Figure 3-1: Extent of BEA tenement area

The BEA Project contains the following prospects:

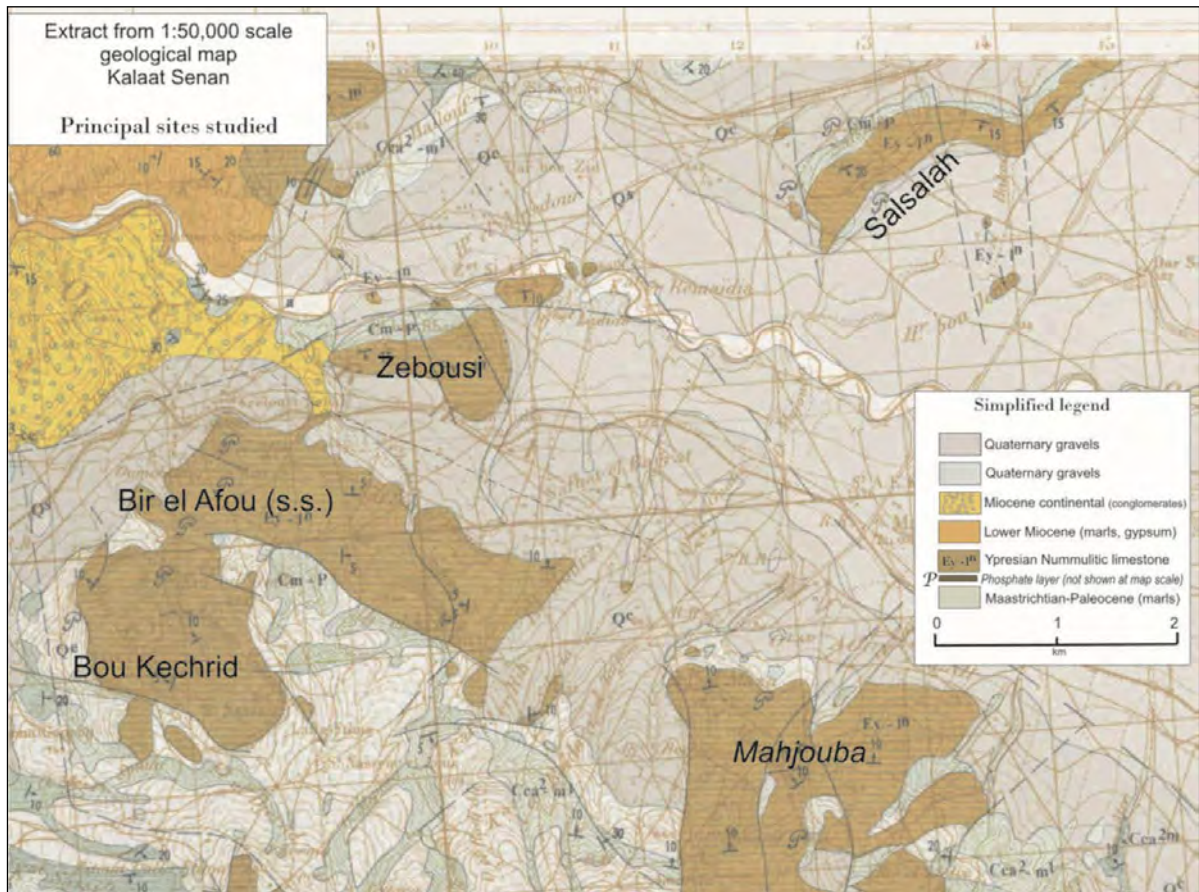
- **Kef Rebiba:** This prospect targets mineralisation in the area of an old underground mine which exploited the top approximately 2.5 m of a 6 to 8 m-thick phosphate layer. The overburden consists of up to 60 m of limestone. Historical, unconfirmed information suggests that the raw phosphate grades are in the range 23 to 24% P<sub>2</sub>O<sub>5</sub>.
- **Bir El Afou–Boukehrid:** This prospect targets two adjacent areas of phosphate mineralisation. Bir El Afou was an old underground mine exploiting the top 2 to 3 m of an 8 to 10 m thick phosphate-bearing strata. The overburden is between 30 and 40 m thick and consists of a marly-type limestone. Known strike extent of the phosphate-bearing horizon is approximately 8 km; the phosphate-bearing horizon follows an open NW-SE trending syncline. This project area is located on an existing historical rail line that is currently unused.
- **Salsala:** This prospect also occurs near to an existing historical but currently unused rail line. The phosphate mineralisation is 6 to 7 m thick and dips shallowly (about 15°) to the south east. Mineralisation is known over a strike length of approximately 6 km. The overburden varies in thickness from 0 to more than 60 m. An adit into the phosphate-bearing horizon provides a potential source for a bulk sample.

- **Majouba:** The Majouba prospect forms a partial mesa across the valley from Salsala. The phosphate layer outcrops below limestone cliffs. The mineralisation is 6 to 7 m thick and averages 21% P<sub>2</sub>O<sub>5</sub> in the upper 2 m of the target strata (Baaziz and Chaoui, 1978).

### 3.2 Local Geological setting and mineralisation

The greater part of the Bir El Afou (s.l.) deposits occur on the 1:50,000 scale Kalaat es Senan Geological Map Number 59. This map shows a central plain approximately 10 km in width from west to east and 20 km north to south, with very gentle relief. The plain is the surface expression of a regional NE-SW-trending graben, called the Kalaâ Jardah. The youngest sediments are of Quaternary age. The graben is bordered to the east and to the west by massifs of mainly Cretaceous and Tertiary sediments.

The Bir El Afou deposits occur on the western side of the Kalaâ Jardah graben where they form a succession of ridgeback and synclinal structures along an NE-SW axis approximately 11 km in length from the extreme east of the Salsalah ridgeback, which extends southwest towards Zebouzi, to the western flank of Boukehrid part of the Bir El Afou (s.s.) syncline (Figure 3-2).



**Figure 3-2: Extract from the 1: 50,000 geological map showing location of principal phosphate-bearing massifs**

The typical lithological succession from base to top is summarised below and provided as a section in Figure 3-3.

### **Upper Maastrichtian to Paleocene (Cm-P)**

Black, plastic bedded marls; commonly occurring in areas of lower relief, if not masked by Quaternary sands, gravels, or vegetation cover. They are composed of black Upper Maastrichtian to Paleocene marls of the El Haria Formation. These rocks can be considered as the basement. Drilling has penetrated up to 5 m into these strata.

### **Lower Eocene**

This phosphate unit, which consists of three sub-units (phosphatic marl, phospharenite and phospharudite), is not shown on the 1: 50,000 scale geologic map, but occurs beneath the nummulitic limestone cover.

#### **Phospharenite**

The black marls gradually pass upwards through a transition zone into brown to beige phosphatic marls, which are fine-grained marly to clayey locally phosphatic arenites to argillites, a few metres thick, locally attaining more than 6 to 8 m in thickness.

#### **Phospharudite**

The phospharenites are overlain by phospharudites. The contact is usually sharp. The latter comprise relatively coarse-grained phosphatic rocks rich in coprolithic material and occasional sharks' teeth. The phospharudite seldom exceeds 3 m in thickness. This bed is commonly a single unit but outcrop and drillhole data indicate that limestone intercalations of over 1 m can occur. (Figure 3-4a).

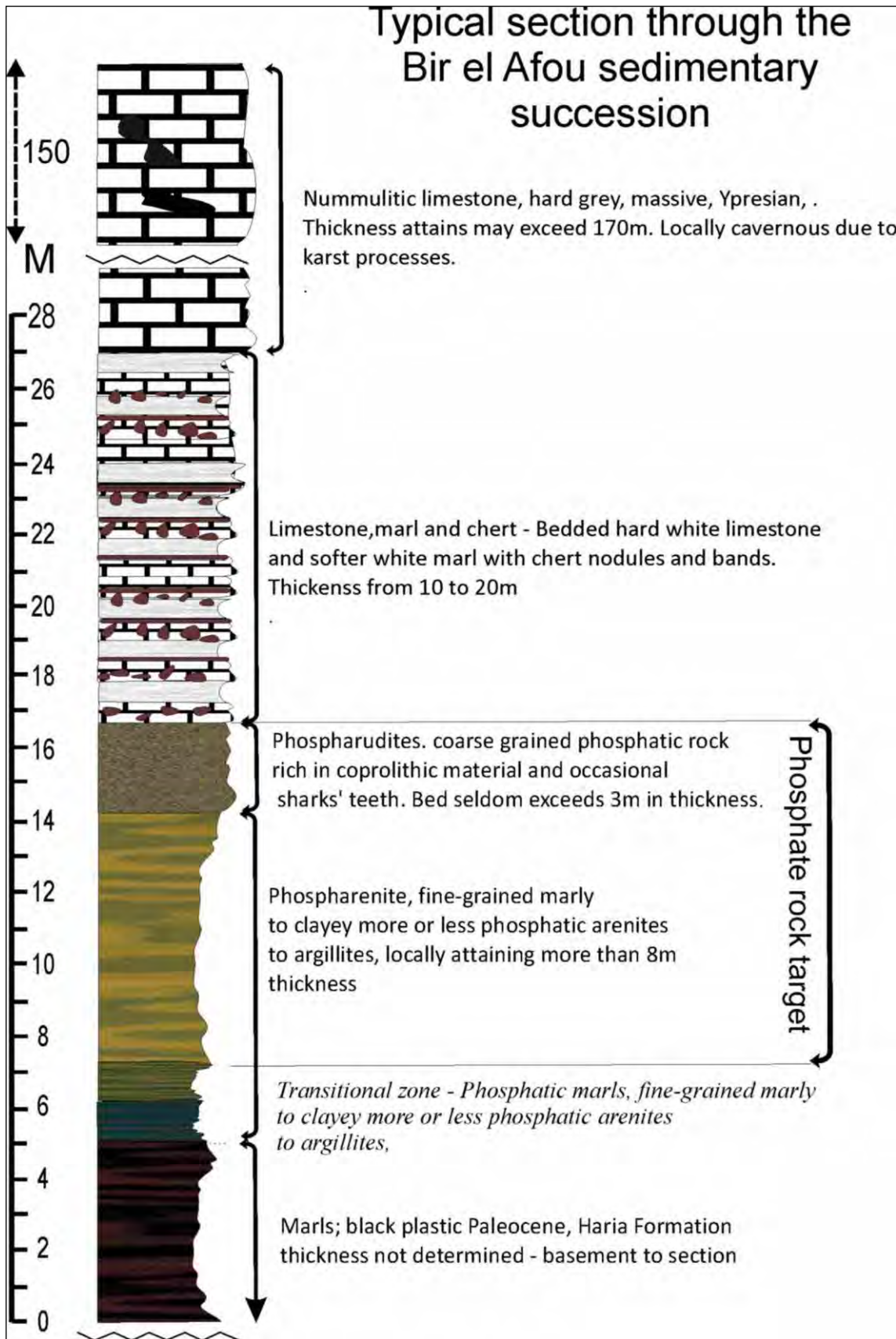
### **Bedded soft and hard white limestone and marls with chert bands and nodules**

The phospharudite passes upwards, usually abruptly, into layered alternating soft and hard white limestone and marls with relatively abundant chert nodules. This layer is typically 10 to 20 m thick (Figure 3-4b).

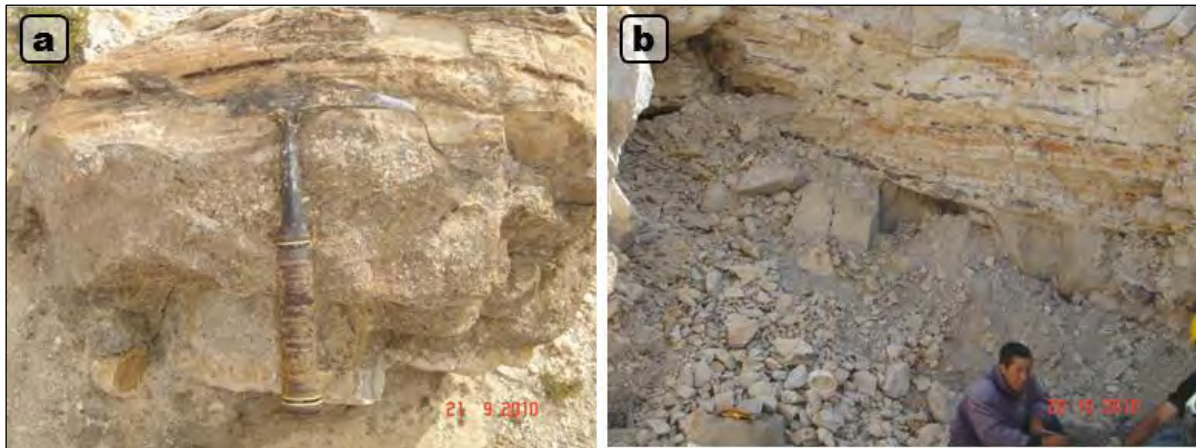
### **Nummulitic Limestone**

The Ypresian age nummulitic limestone consists of white, cream to pale-beige massive beds of limestone that in the prospect area can exceed 170 m in thickness. The rock is a micritic to microsparitic wackestone containing assemblages of coin-sized nummulites that are more visible on weathered surfaces than on fresh rock. The majority of relief-forming topography is due to this unit's resistance to erosion.

A significant degree of karstification has taken place in the nummulitic limestone, creating cavities that are locally in-filled with rubble.



**Figure 3-3: Typical section through the rock succession including the phosphate rock target**



**Figure 3-4: a) Outcrop of phospharudite showing pale sub-spherulitic coproliths; b) bedded soft and hard white limestone and marls with chert bands and nodules overlying the phospharudite (pit /trench TOO4)**

Each prospect forms a separate structurally distinct area, which is typically characterised by a syncline. Previous geological investigations confirm the existence of a single phosphate-bearing horizon in which the particle size and the concentration of phosphate decreases from top to bottom. The top 2 to 4 m contains particles of coarse coprolithic phosphate, which is relatively high grade. The basal part of the phosphate-bearing horizon comprises finer carbonaceous glauconitic clay and yields the poorest quality of phosphate.

A structural study was commissioned by Celamin to understand better the distribution of the phosphate-bearing horizons. The study was carried out by structural geologists from the Geology Department, University of Tunis. This section summarises salient findings from that report. A structural map showing major faults is shown in Figure 3-5.

The majority of faulting that affected the project area occurred in the Miocene, during which time this area was subject to a tensional stress regime due to regional strike slip movement. During the Upper Miocene and Early Quaternary, the stress regime changed to compression. The Bir el Afou (s.l.) deposits occur on the edge of a series of *en echelon* basins called Ouled Boughanem–Kalaat Jarda–Rouhia. The basins form a series of pull-apart structures with bounding faults striking NW-SE and E-W. The Bir el Afou (s.l.) deposit area is limited to the north by an E-W branch of the Manzil Salem–Majouba Basin and to the east by the NW-SE branch of the Kalaat Jarda Basin. A third, less significant set of faults strike N-S and NE-SW.

The Salsala prospect is a monocline that rises approximately 30 to 40 m above the plain. The monocline has a length of approximately 3.5 km and strikes ENE-WSW. Lithology dips broadly SSE at 15 to 30°. The ridge line is formed by the hard nummulitic limestone. Faulting has off-set the ridgeline into eastern and western parts (Figure 3-5).

The Zabouzi prospect is a western continuation of the Salsala monocline but is much shorter with a length of 1.5 km. Lithology dips south; drilling intersections suggest that the dip is 20 to 30° and hence slightly steeper than at Salsala. A ridge line consisting of nummulitic limestone crests approximately 50 to 70 m above the surrounding. A north-facing scarp is covered by a thick accumulation of colluvium.

The structure of the Bir El Afou prospect is regarded to be more complex than Zebouzi and Salsala. The stratigraphy is the same, but the prospect area is highly faulted with significant offsets.

BEA forms a massif that forms a highly dissected rectangular plateau which is mainly composed of nummulitic limestone. The plateau is around 50 to 60 m above the surrounding plain.

The current structural interpretation includes three major fault networks (NW-SE, E-W and NE-SW). Tensional stress regimes during faulting created horst and graben tectonics resulting in the formation of distinct blocks. Subsidiary faulting is strongest along the edge of each block.

Boukehrid forms a topographic high; the area is the highest and most rugged of the studied zone with rounded peaks at 880 m, while the surrounding plain has an elevation of approximately 600 m. The Boukehrid massif is cut in two by a wadi (creek) that trends NNW-SSE. The creek deeply dissects the massif into a western part (roughly  $\frac{2}{3}$  of the surface area) and an eastern part which forms a pronounced cliff in the eastern side of wadi. Geological mapping indicates that the stratigraphic succession is broadly identical to the others prospects but the thickness of the nummulitic limestone overburden is significant with a maximum thickness of 174 m. Karstic cavities up to 3 m deep were encountered during drilling. Structurally, the western part of the massif is interpreted to have undergone less faulting than the eastern part.

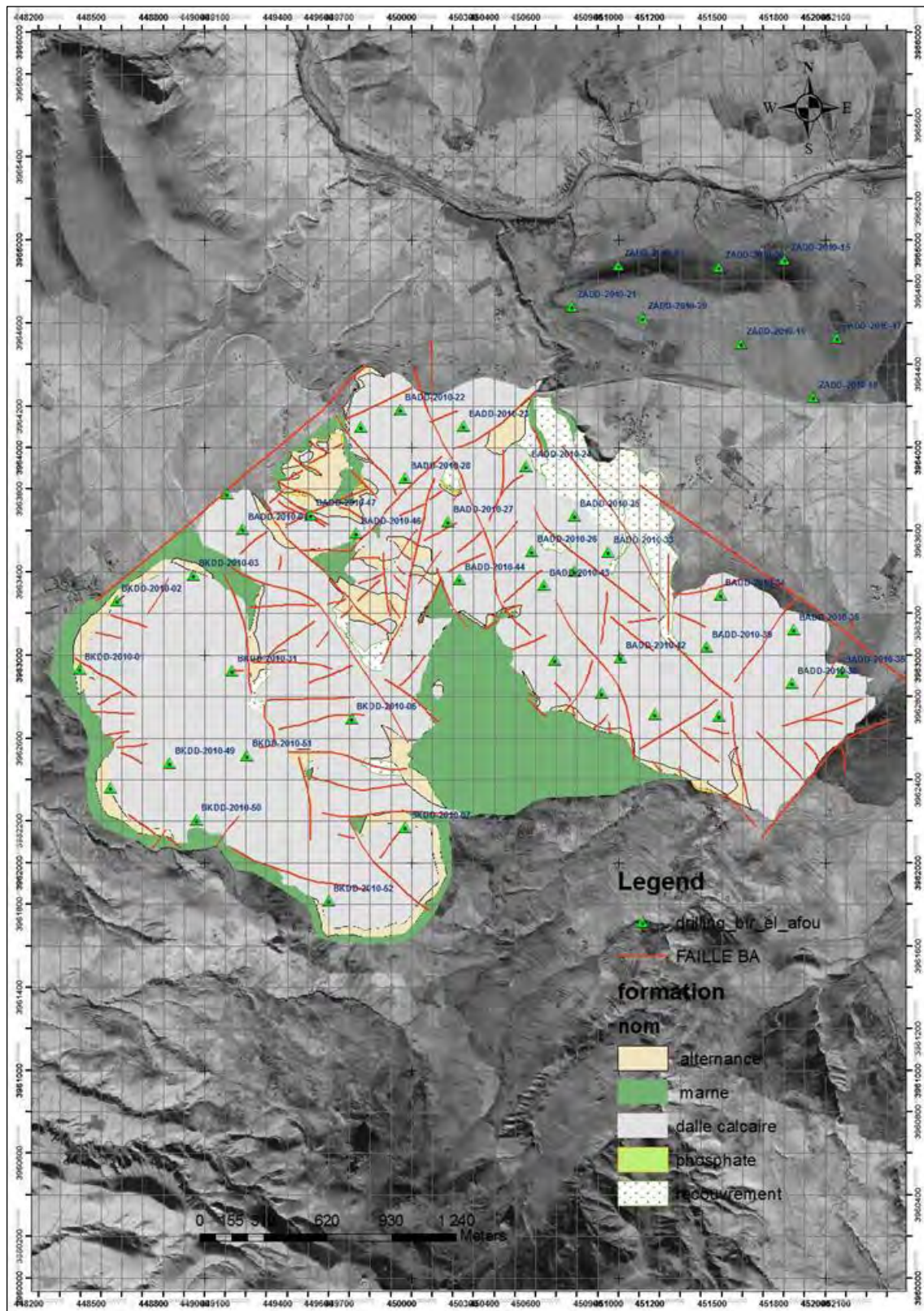


Figure 3-5: Geological map of the Bir el Afou (ss.) and Boukehrid prospects

### 3.3 Previous exploration

#### 3.3.1 Historical exploration

The north-western flank of the BEA (s.s.) was superficially exploited during the beginning of the last century (before 1929). There are remnants of galleries that were dug by the miners of the early 20<sup>th</sup> century. No more details are known about the extent or duration of these early artisanal activities.

The BEA prospect has been explored in the mid-1980s by the Tunisian Compagnie des Phosphates de Gafsa ("CPG"). During this time, extensive geological mapping and trenching was carried out. Celamin is currently compiling available historical data; at this time, SRK is not able to determine the full extent of historical data, nor is SRK able to validate any of the results. Some trench data appear to exist; however, the data are not available at this time. Two test pits were also dug from which a total of 72 samples were extracted. Table 3-1 shows the results of the sampling. From the limited amount of sampling, an average thickness of 11 to 13.5 m was deduced. Phosphate values are available from only one pit, which yielded an average phosphate value of 14.5% P<sub>2</sub>O<sub>5</sub>.

**Table 3-1: Sample results from historical test pit sampling**

Hole ID	Old name	Date	Depth	No of samples	Av. thickness	Av. P <sub>2</sub> O <sub>5</sub> (%)
P36	Puit 36	04/12/1982	13.18	28	10.97	No value*
P35	Puits 35	04/12/1982	13.62	44	13.62	14.63

\* As most of the historic information is copied from ammonia prints of maps, it is unclear at this stage whether the sample results for the remainders are not plotted up, or if the samples were not submitted for assay.

In March 1985, CPG compiled a "Tableau des Reserves" i.e. a tonnage and grade estimate. This resource does not meet JORC or National Instrument 43-101 guidelines, and hence, should not be relied upon. SRK was unable to determine the geographical extent or the data that were used to estimate the resource.

#### 3.3.2 Exploration by Celamin/TMS

Fieldwork started in September 2010 using a pre-existing TMS logistical base in Tajerouine, which is the closest town to the permit area. TMS was the sole operator for the exploration.

During 2010 and 2011, Celamin/TMS undertook the following exploration program:

- A detailed literature review of the many reports on this project was completed. The reports were sourced from the phosphate state company ("CPG");
- Compilation of all available trench geological and geochemical data;
- Creation of a digital database;
- Creation a 1/5000 scale topographic map - this work was contracted to Geomatix International Ltd. ("Geomatix");
- Re-positioning of all coordinates to NUTM32-WGS84;
- Survey of historical trenches done by CPG with handheld GPS;
- 1: 5000 detailed geological mapping;
- Structural study for all prospect areas - carried out by Professor Lassâad Chihi, University of Tunis;
- A total of 19 trenches and/ or pits, totalling 229 m, were dug either by hand or with an excavator. Sample results at Kef Rebiba returned 16.8 and 13.1% P<sub>2</sub>O<sub>5</sub> over 9.4 and 8.5 m, respectively;

- A total of 63 diamond drillholes (HQ diameter) and 3 diamond drillholes (PQ diameter) were drilled in the whole project area for a total of 5360 m. The drill program was divided into two phases – an early program targeted the four initial prospects (Salsala, Zabouzi, Bir El Afou (s.s) and Boukehrid) with drillholes spaced 400 m apart, and infill drilling reducing drillhole spacing to 200 m targeted Bir El Afou (s.s.) and Boukehrid. All drilling was cored using normal circulation and liquid lubrication, mainly water and locally manufactured bentonite. The core diameter was typically HQ, for depth greater than 100 m core size was reduced to NQ.
- 3 PQ diameter cored drillholes were drilled at Bir el Afou (s.s.) in December 2010 to provide material for metallurgical tests; the samples were sent to ALS AMMTEC laboratories in Perth, Australia.

Celamin/TMS consulted CPG in order to have access to their archives. This request was only partially successful. A total of 62 geological sketch maps, simple sections and pit logs were obtained, but coordinates were non-existent and chemical data on the graphic document are incomplete. It was not possible to obtain the original chemical data and no quality control samples have been preserved to enable assays to be cross-checked. As a consequence, the data from this previous exploration program have not been incorporated into Celamin's database.

In late 2011, Celamin commissioned RSV Australia Pty Ltd ("RSV") to complete a Pre-feasibility Study (PFS) of the BEA Project. The final report of this study is titled "*Bir El Afou Phosphate Project, Pre-feasibility Study Report*" and is dated 21 October 2011. SRK ZA reviewed the Mining section of this PFS; it is SRK ZA's opinion that the Mining Study as reported in the PFS is not sufficiently detailed to fulfil the requirements of a PFS. Furthermore, the conversion of a Mineral Resource to a Mineral Reserve requires that the Mineral Resource classification must, at a minimum, be in the Indicated category. The Mineral Resources for the Bir El Afou Project are classified as Inferred, and therefore cannot be converted to a Mineral Reserve.

In order to fulfil the requirements of a PFS, SRK ZA recommended the following:

- Investigation of the requirements to take the classification of the Mineral Resource, or a significant portion thereof, from an Inferred to an Indicated category; and
- Full Mining Study that includes appropriate trade-off studies or investigations, including but not limited to:
  - Production rates for each of the pits;
  - Pit optimisation, using Whittle or a similar software package;
  - Mining method and mine layout, position of rock dump and tailings etc.;
  - Mining equipment selection;
  - Rock transport and haulage routes;
  - Sequencing options of the pits to determine the optimal production rates and grade;
  - Alternative rock/ tailings disposal;
  - Alternative processing routes;
  - Detailing of the modifying factors for the conversion of the Mineral Resources to Mineral Reserves; and
  - Development of the production schedule.

Once complete, the report can be updated as a compliant PFS, and in conjunction with the mining costs, capital and schedule, a techno-economic model can be developed and the economic feasibility determined.

## Topographic base map

The production of a very accurate topographic base map of the licence was entrusted to the Tunisian company, Geomatix. The map was compiled from stereoscopic aerial photographs to produce a DTM; the positions were rectified with a differential GPS in the field to ensure an accuracy of 2 cm. A variety of digital files were produced, notably the DTM, the contours map with 2 m intervals and anaglyph images. The DTM is fixed in UTM32-WGS84 coordinates.

## Details of the Exploration Program

### Salsala

At Salsala, Celamin completed eight trenches and collected 65 samples. The trenching was done with a mechanical shovel over lengths of 15 to 30 m and a width of 2 m. Channel chip samples were collected perpendicular to the bedding (Figure 3-6). The drillhole and the trench positions are shown in Figure 3-7. A total of nine diamond drillholes totalling 568 m were completed. The phosphate-bearing unit was intersected at depths varying from 30 to 69.9 m. A total of 166 samples were collected from drill core.



Figure 3-6: a) Drilling at Salsala, SADD-009; b) Chip-sampling in trenches, T006

### Zabouzi

At Zabouzi, 8 diamond drillholes totalling 744 m were completed (Figure 3-8). A total of 218 samples were collected from the drill core. The phosphate-bearing horizon was intersected in five drillholes at depths between 45 and 111 m, suggesting a steeper dip angle than at Salsala. The variations in depth of the phosphate unit suggest significant block faulting with collapse along the NW-SE faults that are easily recognisable in the field and on the topographic maps.

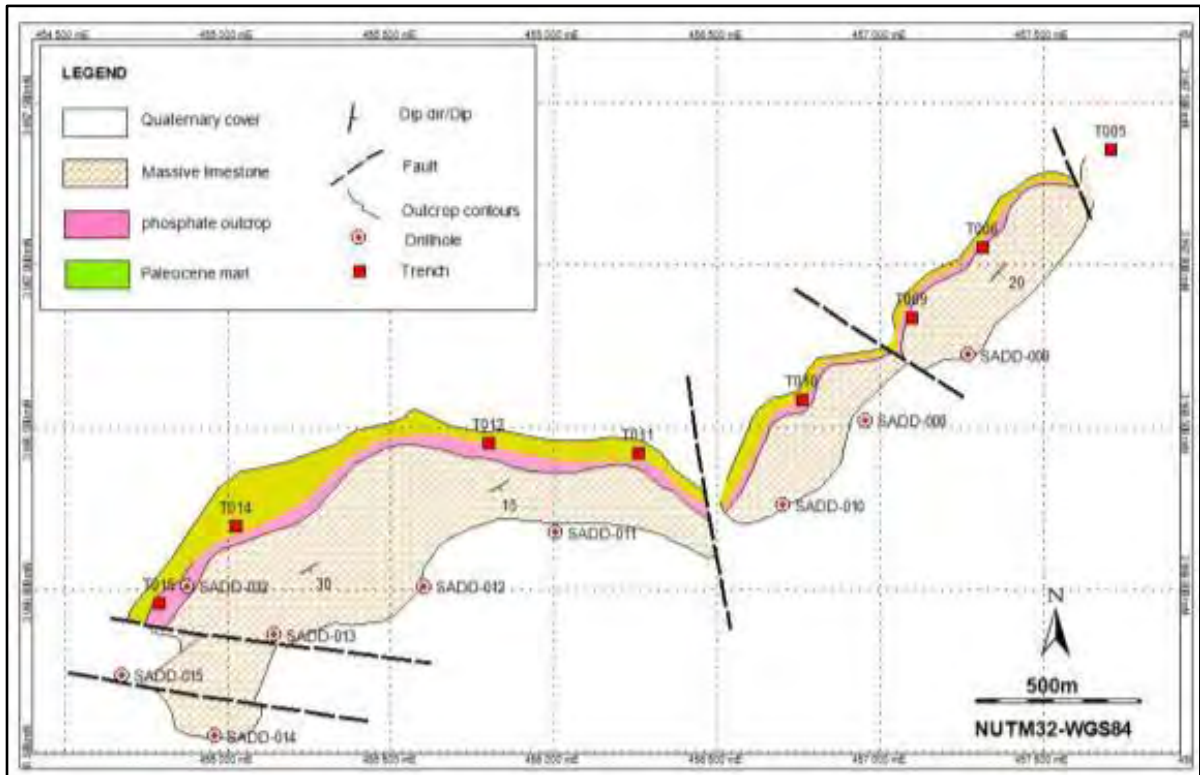


Figure 3-7: Salsala geological map compiled from detailed field work showing drillholes and trenches

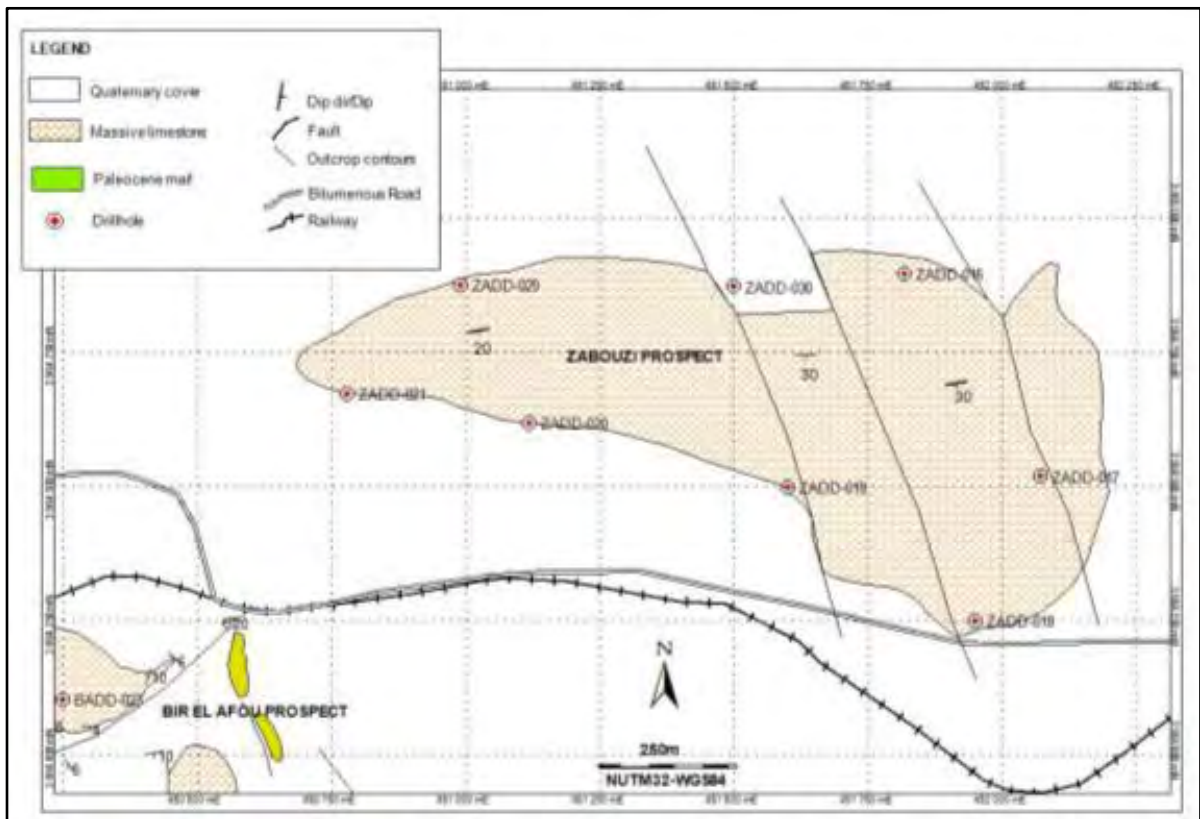
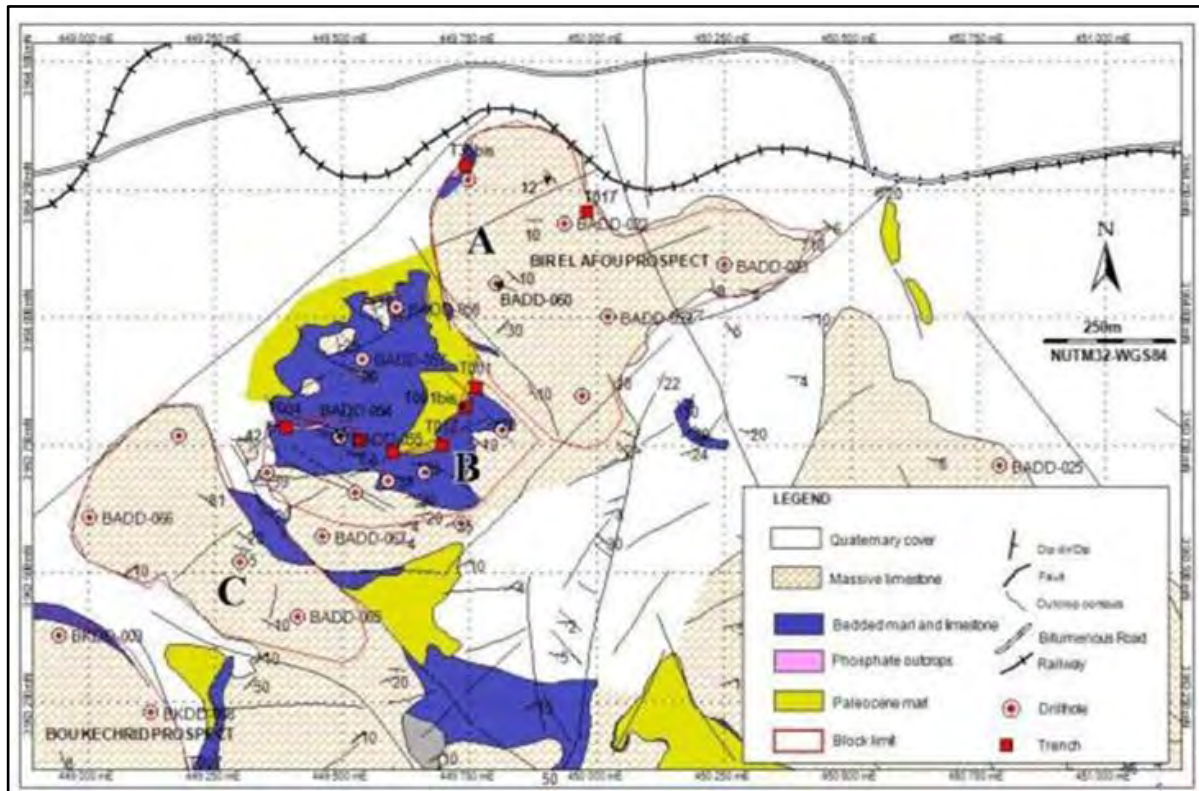


Figure 3-8: Zabouzi geological map and drillhole locations

### Bir El Afou (s.s.)

Based on structural interpretations of the Bir El Afou prospect, the north-west part of the massif was divided into three blocks denominated A, B and C (Figure 3-9). A total of 23 diamond drillholes were completed in the BEA (s.s) prospect. 22 drillholes were drilled within the above mentioned blocks.



**Figure 3-9: Bir El Afou Geological map showing trench and drillhole positions and location of structural blocks**

In Block A, two trenches, 5 HQ-sized drillholes and 1 PQ-sized drillhole totalling 411 m (PQ and HQ combined) were completed (Figure 3-10a). Block B is located along the NW flank in the Bir El Afou massif and is characterised by a relatively thin nummulitic limestone overburden. Virtually all historical mining activities were focused in this area. Celamin/TMS completed five trenches and one pit in this block (Figure 3-10b). The trenches varied in length from 10 to 30 m, while the pit exposed 5 m of vertical thickness of the phosphate-bearing unit. A total of five HQ-sized drillholes and one PQ-sized drillhole totalling 297 m (PQ and HQ combined) were completed. In Block C, four HQ-sized drillholes totalling 337 m were completed. The phosphate-bearing unit was intersected by the drillholes at depths between 41.5 and 83.8 m.

A total of 37 samples were collected from three trenches and 201 samples were collected from 22 drillholes.



**Figure 3-10: BEA (s.s.) Prospect, a) Trench T035 in Block A; b) Pitting in Block B**

### **Boukehrid**

As part of the exploration work in the Boukehrid prospect, the zone was geologically mapped at 1:5000 scale (Figure 3-11). Trenching proved to be very difficult because of thick colluvium, only one pit (T007) was dug in the central wadi; in this pit, a faulted contact between the Paleocene Black marl and the phosphate unit was encountered (Figure 3-12). The prospect has been drilled intensively. A total of 26 diamond drillholes with a spacing of 200 m were completed. The phosphate-bearing horizons occur at surface in the central wadi and at a maximum depth of 178 m in drillhole BKDD-080. Trench sampling yielded 10 samples, while 350 samples were collected from drill core. Drilling results suggest that rocks in this area form an open syncline with a NW-SE axis.

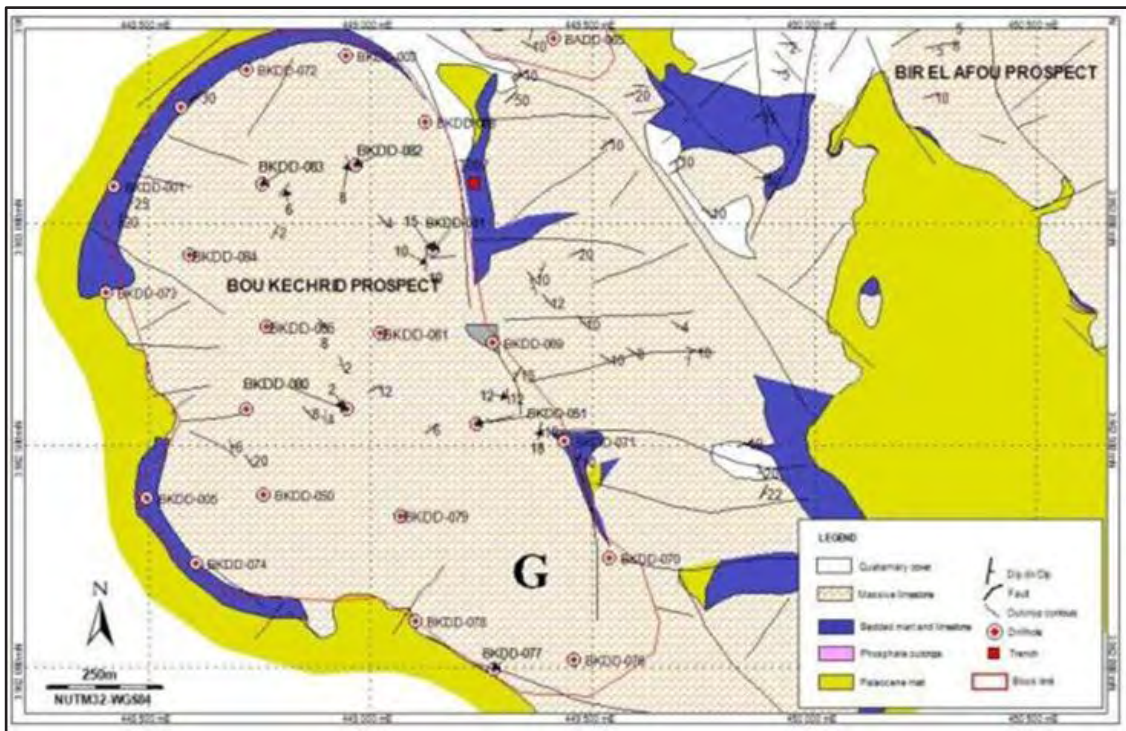


Figure 3-11: Boukehrd Block G – Geological map

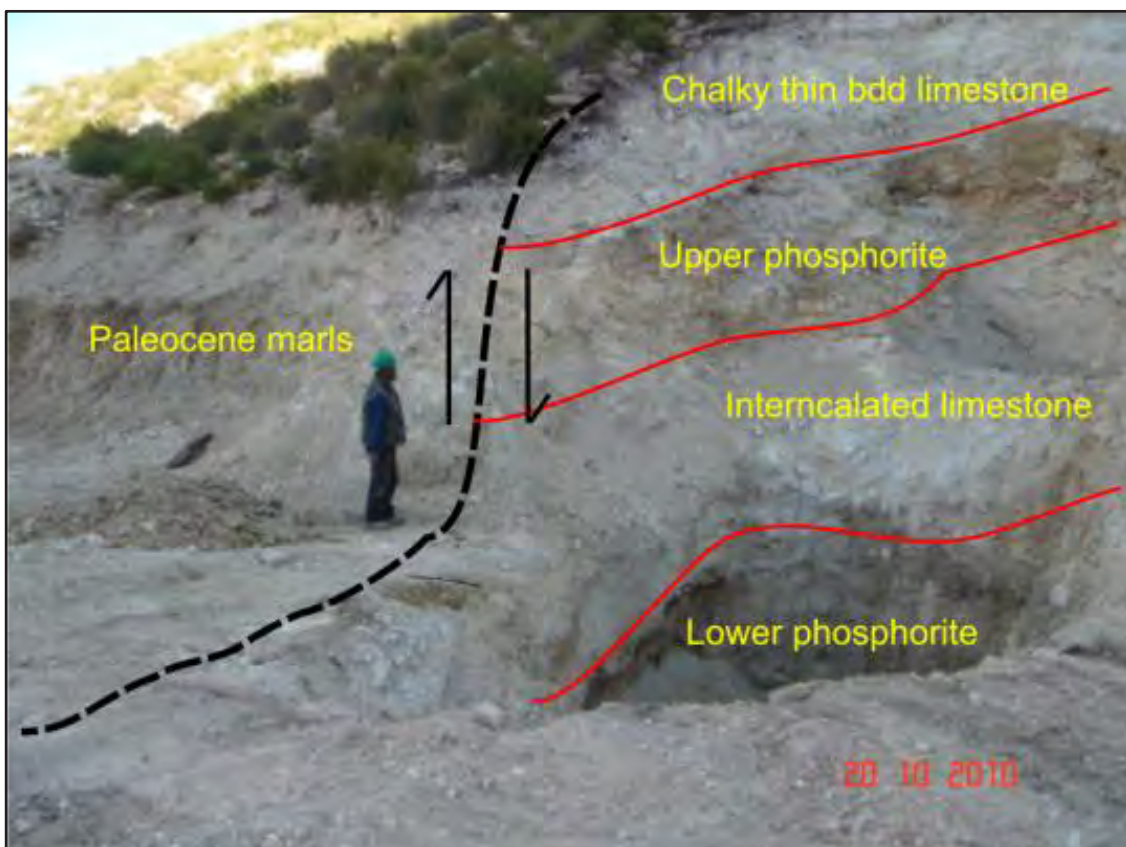


Figure 3-12: Faulting in the central wadi showing a faulted contact - Pit T007, Boukehrd

**Kef Rebiba and Majouba**

Two trenches were completed at Kef Rebiba from which 25 samples were collected. Two rock samples were taken at Majouba.

## 4 Chaketma Phosphate Project

### 4.1 Tenement, location and access

The Chaketma project is 4 km west of the village of Rohia (Ar Rouhiyya), located 210 km SW of 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 plateau is divided into distinct domains or prospects by a series of normal faults.

Within the Celamin/TMS concession, these are (from north to south):

- **Gassaa El Kebira** – a basin-like feature with an outer rim at 1,100 to 1,170 m dipping to the west at 5 to 20°;
- **Douar Ouled Hamouda** – 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** – a prominent pinnacle rising to 1,307 m;
- **Kef El Louz** – a fault-bound monocline which dips to the west at 10 to 15°;
- **Gassaa Ez Zerbat** – the southernmost phosphate occurrence in the Chaketma Group.

### 4.2 Local Geological setting and mineralisation

The Chaketma area has been mapped in detail by the Tunisian Geological Survey and CPG geologists. The area has been strongly faulted by sub-vertical faults resulting in an abundance of high cliffs. The stratigraphy consists of a package of marls and locally dolomitic limestones (Table 4-1). The Ypresien phosphate unit has been identified at all the prospects and is continuous under a limestone overburden. The limestone cap ranges in thickness from less than 10 m to 153 m as suggested by vertical drillholes. The phosphate unit ranges in thickness from 9 to 39 m with an average of 15 m. The strata are relatively flat lying, but have been folded into a series of broad, open, E-W orientated anticlines and synclines, which were then block-faulted (Figure 4-1).

**Table 4-1: Generalised stratigraphy of the Chaketma area**

Age of formation	Description of lithology	Estimated thickness (m)
Oligocene	Marble and sandstone	
Lower Eutetien	Dolomitic limestone with nummulites	
Ypresien-Thanétién	Hard phosphate, thick and dark	2 to 39
Dano-Montien	Gypsum and glauconitic marl	10 to 20
Aturien (upper Senonien)	Dolomitic limestone with Inocerame	30 to 40
Emscherien (lower Senonien)	Marly limestone	20 to 30
	Marl	Approx. 200

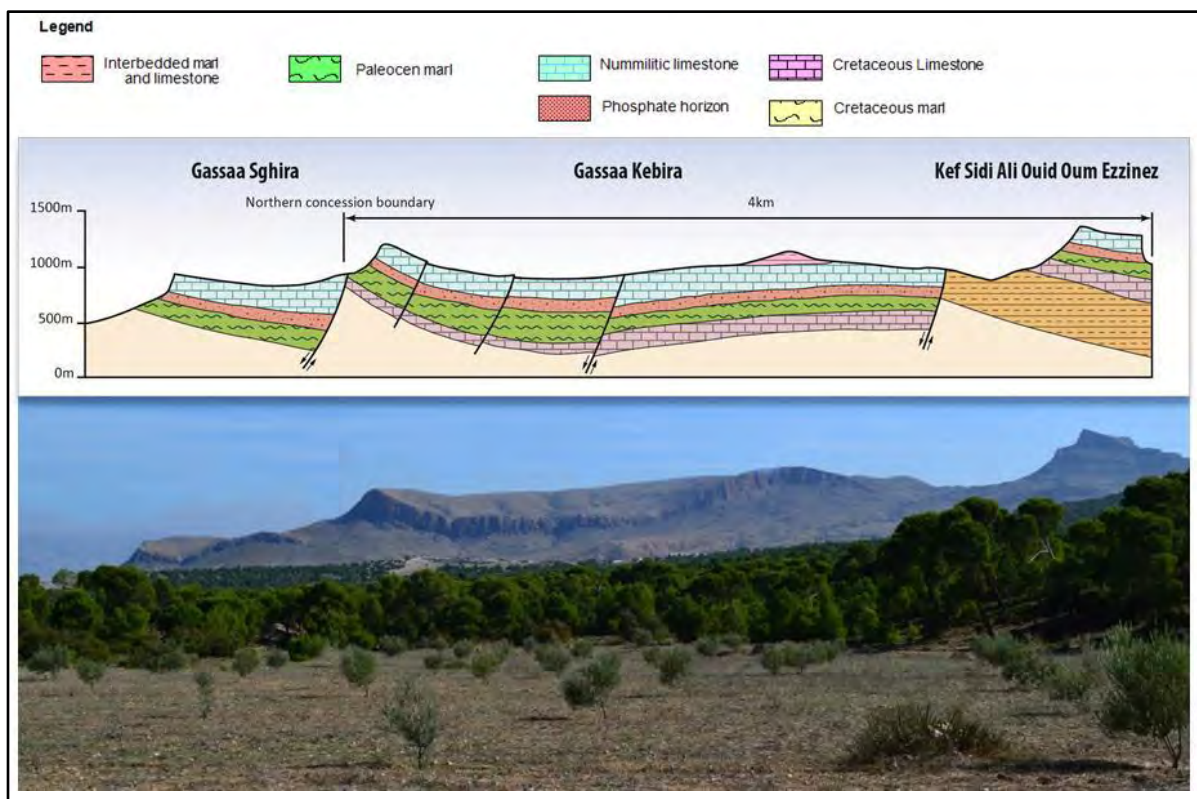
At Gassaa El Kebira, the phosphorite rocks are continuous under a 50 m hard dolomitic limestone cap. The phosphorite unit is 15 to 20 m thick, very hard, calcareous and coarse-grained to the top. There is a more friable black phospharenite in the middle. Towards the base, the phospharenite becomes marlier in contact with the Paleocene black marl.

In the Sidi Ali Ould Oum Ezzine prospect, the phosphate unit exceeds 20 m thickness; the unit is very continuous and the limestone cover is very thin. The phosphorites outcrop at some localities. The phosphorites are grey and coprolitic, hard and include rare shark's teeth. Close to the lower contact, they are more coprolite-rich, deep black, very rich in glauconite and smell very phosphatic. The phosphorites are also friable and become marlier close to the Paleocene marly basement.

At Kef El Louz, the thickness of the hard limestone overburden is estimated at 30 to 40 m; however, access is difficult and hence, no firmer information is available. The phosphate unit commences from the top with hard black calcareous slightly coprolitic phosphorites apparently P<sub>2</sub>O<sub>5</sub>-rich. Below that is a layer rich in big coprolite (1 to 3 cm), which is black in colour, and at the contact with the Eocene marl, it is more glauconitic but still a rich phospharenite.

At Gassâat Ez Zerbate, the phosphorites are very black and rich in big coprolites (more than 2 cm). The phosphate unit has a thickness of approximately 15 m and is overlain by 40 to 50 m dolomitic limestone and Lumachellic limestone in the south. The phosphorite unit is hard and very calcareous near the hanging wall contact, but becomes darker and more friable near its middle. Towards the base, it is a marly phospharenite.

The geology of the Douar Ouled Hamouda prospect has not been studied in detail, but consists of a down-faulted block to the east of Gassâa El Kebira; hence the geology is likely similar to that of Gassâa El Kebira.



**Figure 4-1: Generalised longitudinal section through Gassaa Kebira and Kef Sidi Ali Ben Oum Ezzine area showing the Eocene phosphate under massive limestone**

## 4.3 Previous exploration

### 4.3.1 Historical exploration

Aside from regional mapping by the Service Geologique de Tunisie/Geological Survey of Tunisia (Office National des Mines 1998) at 1: 50,000 scale, there have been three periods of exploration of the Chaketma deposit. The first phase was in 1914, the second in 1962 by Cerphos and the last in 1968 by Compagnie des Phosphates de Gafsa (CPG). There is no information about the earlier two exploration periods and access to data from CPG is limited.

To the best of Celamin's knowledge, CPG's work included:

- Geological mapping at 1: 5,000 scale;
- Completion of two tunnels for bulk samples with a total length of approximately 250 m and six trenches of 10 to 39 m in length for a total of approximately 110 m (one trench incomplete) at Gassaa El Kebira;
- One trench with a length of 27.5 m at Kef Sidi Ali Ben Oum Ezzine;
- Three trenches with lengths of 12.0, 2.5 and 12.0 m at Kef El Louz;
- One trench at Gassaaat Ezzerbat (details not available);
- Total of 163 to 170 m of trenching;
- Metallurgical studies on bulk samples by the Yugoslav government.

### 4.3.2 Exploration by Celamin/TMS

Celamin and TMS started exploration work on the Chaketma Project in February 2011, producing geological maps as well as acquiring and compiling base data. A first drill program was carried out in 2011; this program consisted of 12 diamond holes, totalling 1,200 m (Figure 4-2). In addition, Celamin completed five trenches at the same location as historic trenches in order to verify historical data. Table 2 shows a comparison between Celamin and historical results.

**Table 2: Comparison between Celamin's results and historic results from the 1960s**

Celamin/TMS			Historical	
Trench	Length (m)	P <sub>2</sub> O <sub>5</sub> (%)	Length (m)	P <sub>2</sub> O <sub>5</sub> (%)
CHT001	39.6	22.1%	39	22.4
CHT002	20.3	19.5%	18	20.8
CHT003	18.9	17.9%	17	19.7
CHT004	18.2	19.5%	18	18.9
CHT005	11.6	20.4%	9	20.4

The samples from six holes, CHDD2011-003 to CHDD2011-008, (145 in samples in total) were sent to both ALS Global in Seville in Spain and Al Amri Laboratory in Jeddah, Saudi Arabia, for analysis for major oxides using XRF on fused "buttons". The samples from two holes (CHDD2011-003 and CHDD2011-008) were also sent to CPG's laboratory in Gafsa for analysis. The results from CPG were generally 2-5% lower than the XRF analyses. Table 4-3 shows a summary of drill intersects with P<sub>2</sub>O<sub>5</sub> grades above 10%.

Samples from the remaining six holes, CHDD2011-001, CHDD2011-002 and CHDD2011-009 and CHDD2011-012, were only analysed at Al Amri Laboratory in Jeddah.

At the time of writing, Celamin had received major element oxide analyses for all 12 holes. All samples within the phosphatic horizon will also be analysed for a comprehensive suite of 34 trace elements in the future.

In summary, Celamin/TMS have completed the following exploration work on the Chaketma Project:

- Two months of sedimentological study and geological mapping at 1: 5000 scale;
- Photogrammetry and DEM (1: 5000 scale with 1 m contours) by Geomatix;
- Building a number of access tracks;
- Gassaa Kebira - 313 m of trenching;
- Diamond drilling – 12 HQ core holes totalling 1,199.75 m;
- Gassaa Kebira = 7 HQ core holes for 12,610 m;
- Sidi Ali Ben Oum Ezzine = 5 HQ core holes for 207.9 m;
- Assaying – 527 samples
  - core – 368 samples
  - trench – 102 samples
  - channel sampling – 57 samples

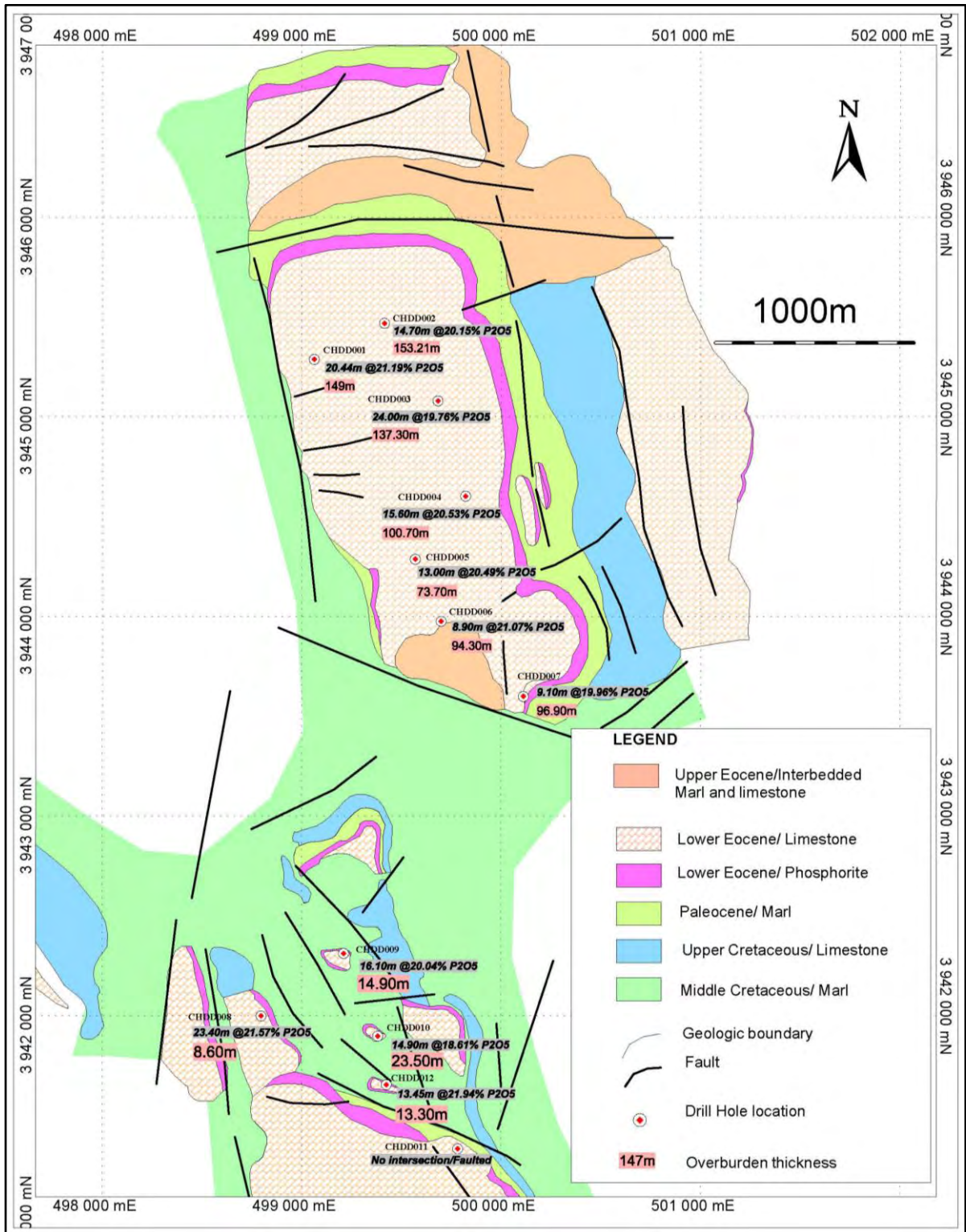


Figure 4-2: Location of Celamin/TMS holes drilled at Chaketma in 2011

**Table 4-3: Summary of intercepts above 10% cut-off grade for Celamin/TMS HQ core drilling at Chaketma**

Hole ID	From (m)	To (m)	Intercept length (m)	Average grade P <sub>2</sub> O <sub>5</sub> %	CaO%
CHDD-2011-001	149.00	163.70	14.70	20.15	40.98
CHDD-2011-002	153.21	173.65	20.44	21.19	44.75
CHDD-2011-003	137.30	161.30	24.00	19.76	45.13
CHDD-2011-004	100.70	116.30	15.60	20.53	44.74
CHDD-2011-005	73.70	86.70	13.00	20.49	41.12
CHDD-2011-006	94.30	103.20	8.90	21.07	41.34
CHDD-2011-007	96.90	106.00	9.10	19.96	41.22
CHDD-2011-008	8.60	32.00	23.40	21.57	41.52
CHDD-2011-009	14.90	31.00	16.10	20.04	40.99
CHDD-2011-010	23.50	38.40	14.90	18.61	40.23
CHDD-2011-011			0.00	NSI	
CHDD-2011-012	13.30	26.75	13.45	21.94	42.40

## 5 El Haouaria Base Metal Project

Information in this section has been sourced from a Valuation report and sources therein, prepared by BBP Consulting and dated 22 November 2011. The information is being reproduced here. SRK did not validate the information but has no reason to doubt the validity of the statements made by BBP Consulting.

### 5.1 Tenement, location and access

The El Haouaria permit covers an area of 24 km<sup>2</sup> and is located 5 km south of the city of Beja and approximately 80 km west of Tunis, in northern Tunisia. Access to the railway between Jendouba and Bizerte Port is located several hundred metres from the property. Water and energy supply is reportedly available at site.

### 5.2 Local Geological setting and mineralisation

Known VMS-style sulphide mineralisation occurs in four stratabound zones in Miocene sandstone, fossiliferous sandstone, lacustrine limestone and conglomerate. In the historical mine area, the mineralised zones have a known lateral extent of 50 x 50 m to 100 x 200 m. The thickness varies between 1 and 12 m. Elsewhere, known mineralised zones have a maximum extent of approximately 100 by 150 m, with a maximum thickness of 5 m.

### 5.3 Previous exploration

#### 5.3.1 Historical exploration

The El Haouaria Mine was in production between 1906 and 1940 when it closed due to water ingress in a gallery. During this time 7,500 t Pb was produced.

A 1973 report of work undertaken by Bulgarian company ONM/Techno-exportstroy-Proremi (TES) has been summarised.

In total, 40 diamond drillholes for a total of 6,495.8 m were completed; the collars were located on a regular grid with 100 m centres; 36 holes were in the old mine area and 4 holes in Oued Barche sector.

A target mineralisation of 1.0 to 1.5 Mt hosting 29,000 to 31,000 t Pb and 48,000 to 50,000 t Zn was estimated from this work. SRK cautions that this "resource" is not JORC or National Instrument 43-101 compliant and should not be relied upon; the numbers have been stated in this context for historical purposes only.

#### 5.3.2 Exploration by Celamin/TMS

Celamin and TMS have not carried out exploration work at El Haouaria.

## 6 Sidi Driss Base Metal Project

Information in this section has been sourced from a Valuation report and sources therein, prepared by BBP Consulting and dated 22 November 2011. The information is being reproduced here. SRK did not validate the information but has no reason to doubt the validity of the statements made by BBP Consulting.

### 6.1 Tenement, location and access

The Sidi Driss prospect covers 16 km<sup>2</sup> and is located 30 km north east of the city of Tabarka and approximately 80 km west of Tunis, in northern Tunisia. The railway between Tamara and Bizerte port is located about 100 m from the Sidi Driss deposit. Water and energy supply is reportedly available at site.

### 6.2 Local Geological setting and mineralisation

Mineralisation occurs in six stratabound replacement bodies that are hosted in Miocene marl and conglomerate. Sulphide veins occur in Eocene limestone. Individual bodies have a thickness of up to 12 m. Stockwork mineralisation occurs in Eocene limestone. The mineralised system crops out and has a known depth extent of approximately 100 m.

### 6.3 Previous exploration

#### 6.3.1 Historical exploration

A 1972 report of work undertaken by ONM/Technoexportstroy-Proremi (TES) has been summarised.

Production figures are available for the periods 1911 to 1923, and 1972 to 1981. No production data are available for the period between 1923 and 1965. During the first period listed, 48,292 t of 19.1% Pb concentrate, 11,000 t of 47.5% Pb concentrate, and 22,729 t of a mixed Pb-Zn concentrate was produced. Between 1972 and 1981, 13,465 t Pb and 4,710 t Zn were produced by SOTEMI.

Exploration consisted of 81 diamond drillholes totalling 6,794.4 m; 51 of these holes were drilled on a 200 x 200 m grid, while the remaining 30 holes were drilled on a tighter 100 x 100 m grid. In all, 11 holes were drilled by the Australian company, Albidon Ltd.

Chemical analyses of 1,104 samples (spectrophotometer) and 856 samples (Pb+Zn) were carried out.

A feasibility study by Alusuisse, completed in 1983, based on these drilling data reported a target resource in the range of 1.5 to 3.0 Mt. SRK cautions that this "resource" is not JORC or National Instrument 43-101 compliant and should not be relied upon; the numbers have been stated in this context for historical purposes only.

#### 6.3.2 Exploration by Celamin/TMS

Celamin and TMS have not carried out exploration work at Sidi Driss.

## 7 Oued El Maden Base Metal Project

Information in this section has been sourced from a Valuation report and sources therein, prepared by BBP Consulting and dated 22 November 2011. The information is being reproduced here. SRK did not validate the information but has no reason to doubt the validity of the statements made by BBP Consulting.

### 7.1 Tenement, location and access

The Oued El Maden prospect covers an area of 24 km<sup>2</sup> and is located 35 km north west of the City of Jendouba in northern Tunisia, close to the Algerian border. The railway from Ghardimaou to Bizerte is located approximately 15 km to the south of Oued El Maden deposit. Water and energy supply is reportedly available at the site.

### 7.2 Local Geological setting and mineralisation

Mineralisation at Oued El Maden is associated with the regional Ghardimaou-Cap Serrat fault zone. Parts of this fault zone are the north-easterly striking Groua and Ferza faults. In the deposit area, polymetallic (Pb, Zn, Sb, Hg, Ag, As, Cu, Ba, Sr) mineralisation is hosted in Triassic limestone and Senonian dolomite. A gossan zone extends for approximately 2.5 km along the Groua Fault, marking underlying sulphide mineralisation.

### 7.3 Previous exploration

#### 7.3.1 Historical exploration

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

The Oued El Maden deposit is composed of five mining sectors – Thuburnic, Oued Maden, Fejjet El Maden, Mjer Hanech and Jebel Arkou. Mining took place from 1900 to 1955; during this time 11,500 t Pb and 89 t Cu concentrate was produced. The Cu concentrate contained 350 g/t Ag. Production came from open pit and underground operations.

A total of 18 diamond drillholes totalling 2,420.3 m with an average depth of 120 m have been drilled along the Groua Fault. Drillholes were spaced between 100 and 200 m apart, testing a total strike extent of 1,700 m.

TES drillholes intersected two mineralised zones consisting of a stockwork and a veinlet zone. The stockwork zone with 1.91% Pb, 0.65% Zn and 0.89% Sb, was intersected by four holes underneath the old open pit. The estimated dimensions of the stockwork zone were 200 x 100 m with a thickness of 25 m. The veinlet zone was intersected 30 m from surface by two drillholes 230 m SW of the old open pit. Assays yielded 10.8 m at 2.88% Pb, 0.79% Zn and 0.73% Sb. Mineralisation is open to depth and the east and west.

A target resource in the range of 800,000 to 900,000 t grading 2.31% Pb, 0.08% Zn, and 1.03% Sb was estimated.

SRK cautions that this “resource” is not JORC or National Instrument 43-101 compliant and should not be relied upon; the numbers have been stated in this context for historical purposes only.

#### 7.3.2 Exploration by Celamin/TMS

Celamin and TMS have not carried out exploration work at Oued El Maden.

## 8 Garn Halfaya Base Metal Tailings Project

### 8.1 Tenement, location and access

The reprocessing of tailings material is regarded as an industrial venture in Tunisia; hence, no exploration and mining licencing rules apply. Instead, a company can seek an annual permit to study the tailings; once feasibility to extract metals has been demonstrated, a permit for industrial activity can be issued by the state.

Garn Halfaya is an historic Pb-Zn mine in the Governorate of Kef; the site is located approximately 30 km west, south-west of the town of El Kef or approximately 150 km south-west of Tunis in western Tunisia, in proximity to the Algerian border. Access from Tunis is via sealed road along the A3 highway to the area of Majaz Al Bab and then the via the P5 secondary, sealed road to El Kef. Access from El Kef is via sealed road.

### 8.2 Local Geological setting and mineralisation

The tailings material forming part of this project occurs in the Tunisian Atlas Fold Belt. In this zone, a “zone de domes” (“diapirs”) occurs, which is characterised 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 very similar structural and petrographic characteristics to the well-known Mississippi-Valley-type deposits in the USA. The Tunisian deposits tend to be smaller 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 perched syncline of Eocene age; this structure and Triassic diapirs make Jebel Garn Halfaya structurally complicated. Galena is the dominant mineral within the oxide zone and there is a high Ag content.

A mineralogical study on the tailings mineralisation was carried out by Professor S. Bouhla from the University of Tunis. The study concluded that galena, cerusite, and hemimorphite occur as value minerals. The most common zinc-bearing mineral is hemimorphite; only minor sphalerite occurs. Approximately 50% of galena has been altered to cerusite. Gangue is composed primarily of limestone and calcite. The study estimated a liberation size of 80 microns to be optimal.

### 8.3 Previous exploration

#### 8.3.1 Historical exploration

Garn Halfaya was a Pb-Zn mine that was active during the first half of the 20<sup>th</sup> century. The production during its life is estimated to be about 36,000 t Pb and 6,000 t Zn. Mineralised material was processed using milling with gravity separation only.

There is no further information about historical exploration; exploration for historical tailing material has not been carried out previously.

### 8.3.2 Exploration by Celamin/TMS

Exploration activity was carried out by TMS. During January 2010, a total of 13 grab samples were collected, 13 trenches and 13 pits were completed (Figure 8-1). Trench sampling yielded 94 samples, while pit sampling yielded 53 samples. Trench and pit sampling aimed at obtaining continuous sample representation through the tailings pile; as such, each single sample represented 1 m apparent thickness. Sample preparation was carried out the Bourgrine Laboratory in Tunisia; pulps were then shipped for analysis to ALS Laboratories in Seville, Spain. Results for grab, pit and trench samples are given in Appendix C.

In order to gain a better understanding of the available tailings volume, TMS conducted a GPS-based survey of the tailings pile. Survey points were used to construct a 3D model for which a volume of 347,385 m<sup>3</sup> was calculated (Figure 8-2).

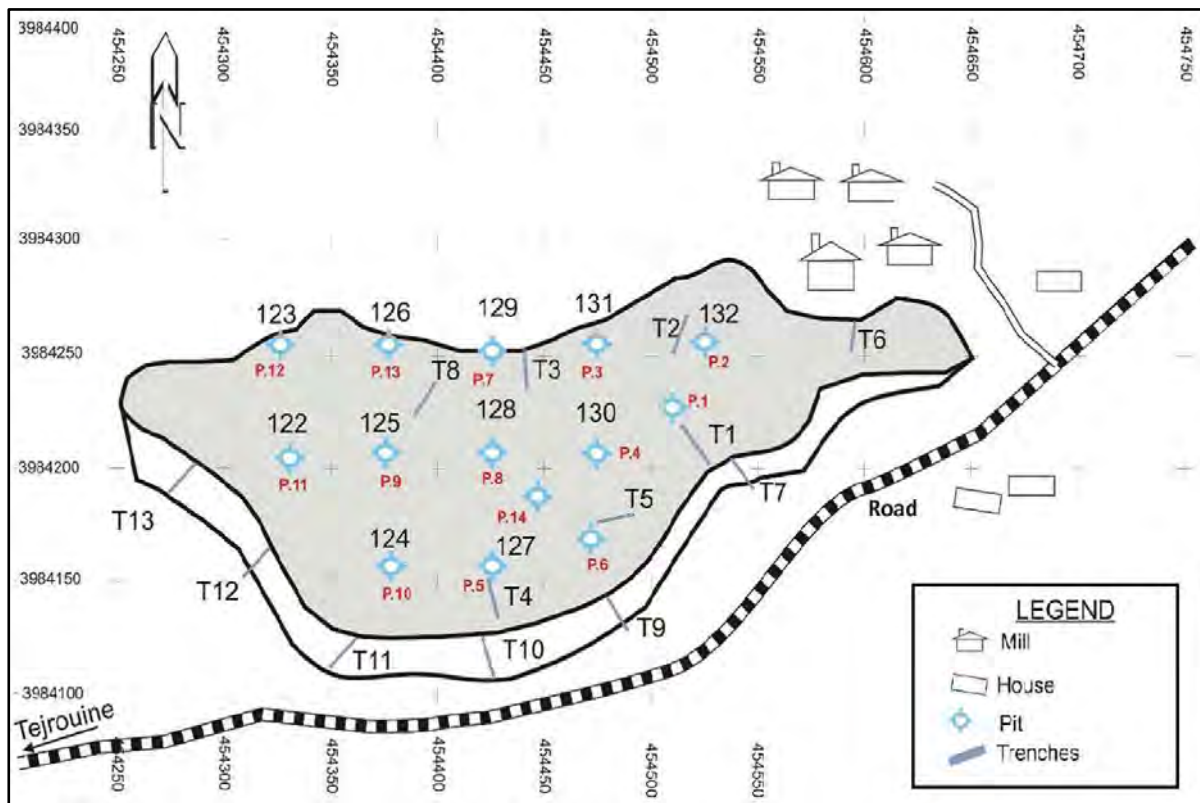
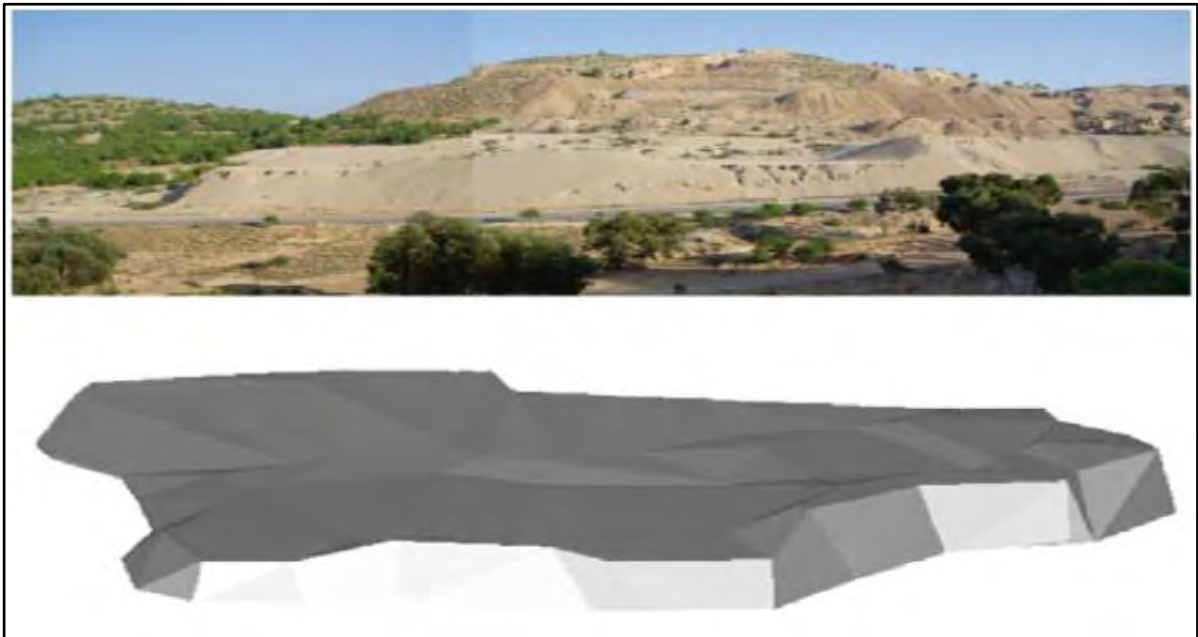


Figure 8-1: Location of current trenches and pits and outline of tailings pile



**Figure 8-2: View of the Garn Halfaya Tailings pile and 3D model; view to north west**

## 9 Trozza Base Metal Tailings Project

### 9.1 Tenement, location and access

The reprocessing of tailings material is regarded as an industrial venture in Tunisia; hence, no exploration and mining licencing rules apply. Instead, a company can seek an annual permit to study the tailings; once feasibility to extract metals has been demonstrated, a permit for industrial activity can be issued by the state.

The Trozza tailings are a result of mining activity at the Trozza mine between 1907 and 1937. The mine is located approximately 18 km north of the city of Hajeb El Ayoun in central northern Tunisia, approximately 150 km south south-west of Tunis.

Access is via 13 km of gravel road from the sealed national road connecting Sbeitla to Kairouan.

### 9.2 Local Geological setting and mineralisation

The Trozza permit area lies along the trend of the Sbiba Fault, a major NE-SW-striking thrust structure approximately coincident with the northern margin of the central Tunisian uplift, also known as the Serdj-Ressas line, which forms part of the Atlas thrust front. The project area is covered by sedimentary rocks of Triassic, Barremian, Aptian, Albian, Vraconian, Oligocene, Eocene, Miocene and Pliocene to Quaternary age. The Trozza deposit is located along the northern margin of Hajeb El Ayoun Basin.

The mineralisation occurred mainly as vein fill, as well as breccia and cavity fill in dolostone of Vraconian age. Supergene zinc oxides have been reported in the northern part of the deposit. The main lead and zinc-bearing minerals are galena, sphalerite, and smithonite/ hemimorphite (calamine). Pyrite is ubiquitous; ferroan dolomitisation is common in Vraconian dolostone.

The main mineralised structure was known as the Vein of Trozza or Vein of Portelli. The vein fill consisted mainly of cerussite; information about accessory minerals is not available. The structure strikes north-easterly with a dip of approximately 45° to the south east. The structure is known over a strike length of approximately 900 m between and elevation of 630 and 890 m. The width of the vein varies between 0.6 and 2.0 m.

A mineralogical study on the tailings mineralisation was carried out by Professor S. Bouhlal from the University of Tunis. The study concluded that galena, cerussite, and hemimorphite occur as valuable minerals. The only zinc-bearing mineral is hemimorphite; no primary sphalerite remains. Approximately 80% of galena has been altered to cerussite. Gangue is composed of quartz, calcite, dolomite, limonite, goethite, and other clay minerals. The study estimated a liberation size of 80 microns to be optimal.

### 9.3 Previous exploration

#### 9.3.1 Historical exploration

The Trozza mine was in active production between 1907 and 1939. Production totalled 91,476 t Pb concentrate and 5,398 t Zn concentrate. The Pb concentrate had a grade of 55%, while the Zn concentrate had a grade of 30%. The latter was produced exclusively from zinc oxide mineralisation, no zinc sulphide production has been reported from this mine, and tailings contain substantial zinc occurrences, estimated at over 10%.

No previous exploration activity for historical tailing material exists.

### 9.3.2 Exploration by Celamin/TMS

Exploration activity was carried out by TMS. During January, 2010 a total of 8 grab samples were collected, and 12 trenches and 19 pits were completed (Figure 9-1). Trench sampling yielded 127 samples, while pit sampling yielded 54 samples. Trench and pit sampling aimed at obtaining continuous sample representation through the tailings pile; as such, each single sample represented 1 m apparent thickness. Sample preparation was carried out the Bourgrine Laboratory in Tunisia; pulps were then shipped for analysis to ALS Laboratories in Seville, Spain. Results for grab, pit, and trench samples are given in Appendix C.

In order to gain a better understanding of the available tailings volume, TMS conducted a GPS-based survey of the tailings piles. Survey points were used to construct a 3D model for which a combined volume of 247,505 m<sup>3</sup> was calculated (Figure 8-2).

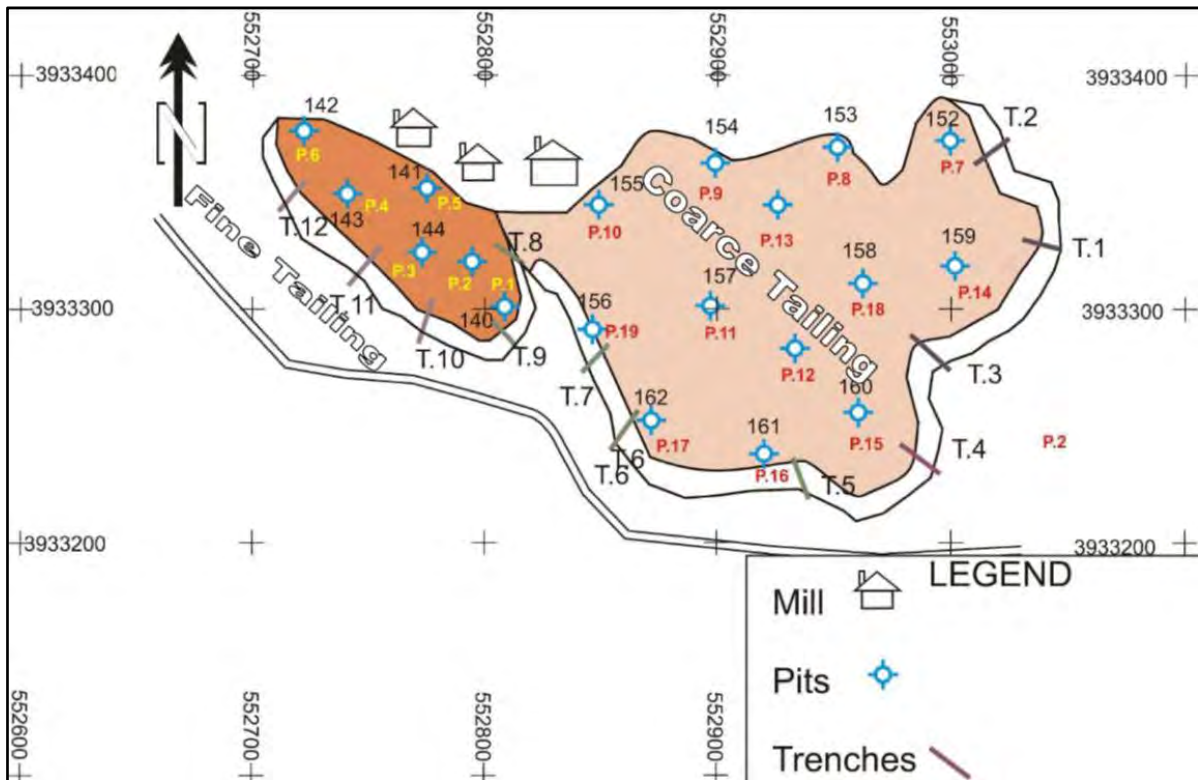


Figure 9-1: Location of current trenches and pits and outline of tailings pile

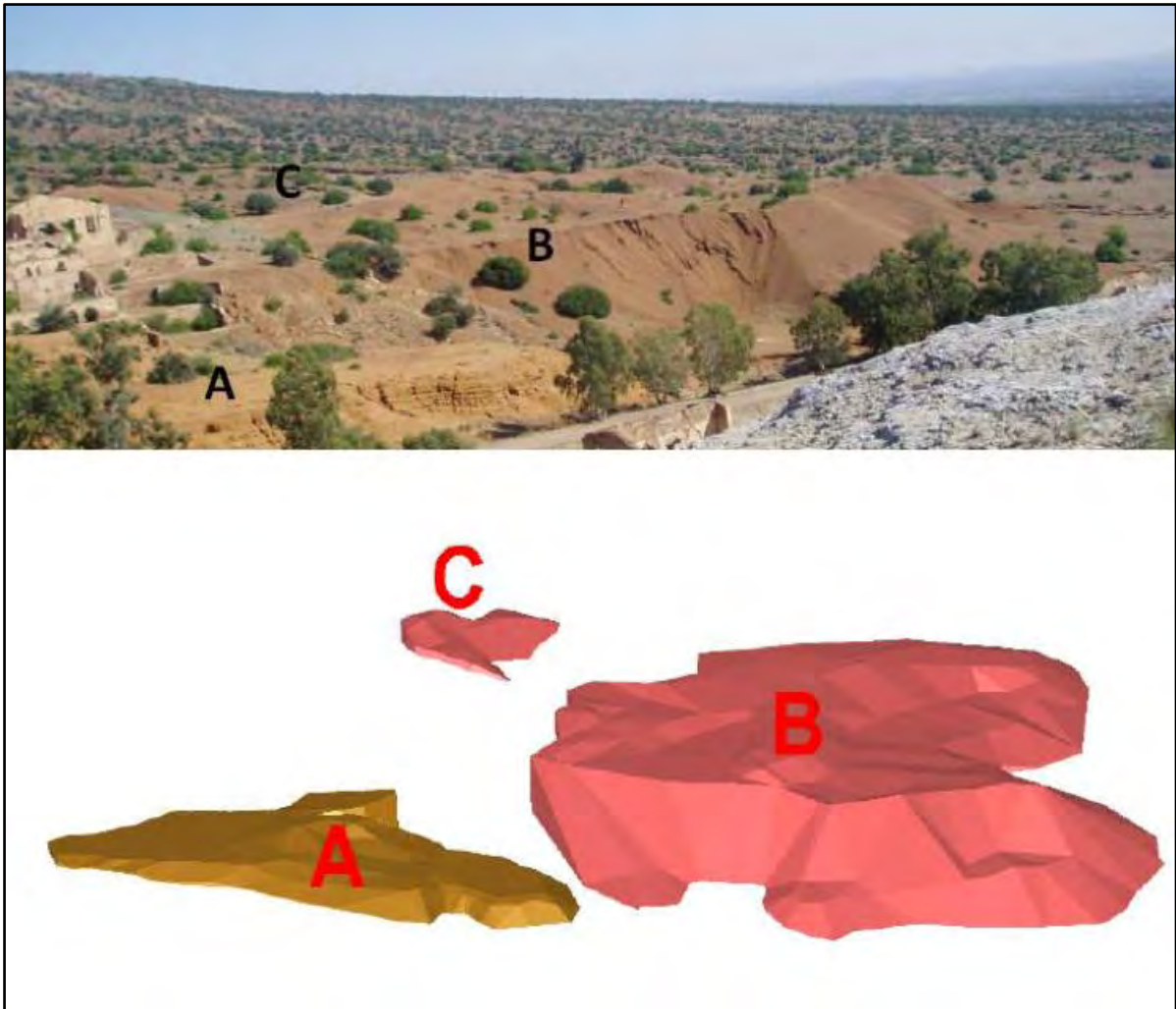


Figure 9-2: View of the Trozza tailings piles and 3D model; view to east

## 10 Oued El Kebir Base Metal Project

### 10.1 Tenement, location and access

Oued El Kebir (OEK) is located in northern Algeria, approximately 300 km east of Algiers close to the coast between Jijel and Bejaia, approximately 20 km west of Jijel. Access from Algiers is via highway N12 that stretches due west from Algiers. The licence for “small and average mining of zinc, lead, copper and silver” comprises 153 hectares.

### 10.2 Local Geological setting and mineralisation

The geological and mineralogical description in this section has been summarised from Samoilenko and Tcherniaiev (1980) and Mikhine (1986).

The Oued El Kebir Project is located in the El-Aouana Massif of northern Algeria. The massif is a volcano-tectonic unit of Neogene age that forms an oval-shaped caldera. The caldera has an east-west extent of approximately 8 km and a north-south axis approximately 6 km in length. The Oued El Kebir deposit is located in the centre of the massif, on the southern side of a north-westerly trending anticline. The main units comprising the massif are a volcanic and pyroclastic series of Bou-Soufa and Port Maria, an undifferentiated volcanosedimentary horizon, and undifferentiated subvolcanic rocks.

The stratigraphic series of the mineralised region includes Mesozoic terrigenous carbonate deposits and volcanic rocks and sedimentary rocks of Cenozoic age.

The andesitic volcanic rocks are subdivided into two series which form the complex of Bou-Soufa and the complex of Port Maria. The two complexes are separated by a volcanosedimentary horizon.

Bou-Soufa rocks outcrop only in the north-east part of the deposit area and comprise andesitic lava flows with thicknesses ranging from 10 to 50 m and less abundant andesitic breccia and tuffs. The total thickness of the Bou-Soufa sequence is approximately 500 m; its age is estimated to be post-Burdigalien (Miocene). The central part of the complex is composed of massive andesite while the periphery is made of breccia with a thickness of approximately 40 m. Intercalations of tuffs, breccia-tuff as well as argillite and sandstone mark hiatuses in the lava flow deposition.

The volcanosedimentary horizon forms the major part of the host rock to the mineralisation and is composed of argillite and tuffite alternating with andesite and dacite lava flows. The thickness is irregular and varies from a few tens of centimetres to several tens of metres.

The Port Maria complex is characterised by a thick sequence of andesitic and basaltic lava flows.

The subvolcanic rocks are andesite-dacites and dacites.

The dip of the mineralisation is generally gentle at 10 to 15°.

Between 1978 and 1980, Russian investigators carried out definition drilling, generally on a 100 x 100 m drill grid. All holes were drilled vertically. Based on this drilling, mineralisation has been characterised as galena, sphalerite, and chalcopyrite-rich. Other abundant minerals are melincovite, arsenopyrite, pyrite, and marcasite. Minor constituents include gold, cadmium, and barite. The latter is most common in the hydrothermally altered tuffite horizons. The average metal content of the deposit has been estimated as follows: 2.59% Pb, 2.13% Zn, 0.62% Cu, 82.6 g/t Ag, 0.45 g/t Au, 11.99% BaSO<sub>4</sub> and 6.38% pyrite sulphur (Samoilenko and Tcherniaiev, 1980(a)). SRK notes that these numbers do not conform to JORC or National Instrument 43-101 guidelines and hence are given for historic purposes only. No JORC compliant resource has been estimated for the OEK deposit.

The deposit is composed of six individual mineralised bodies (N1, N2, N3, N4, N5 and N6) which are located at different depths. Mineralisation forms irregular lenticular, elongated shaped. Bodies N1 to N3 contain most of the mineralisation (Table 10-1), while bodies N4 to N6 are considered economically insignificant.

**Table 10-1: Characteristics of the major ore bodies (Report OEK)**

Sulphide body	Surface (km <sup>2</sup> )	Thickness (m)	Pb (%)	Zn (%)	Cu (%)	Ag (g/t)
N1	0.156	1.2 – 8.3	2.86	2.63	0.73	87.0
N2	0.140	5.3 – 11.5	2.87	1.26	1.08	109.0
N3	0.027	20.2	2.45	3.04	0.85	102.0

Sulphide body N1 has been regarded as the most important and contains the majority of sulphide minerals. N1 is a stratiform body that dips gently to the south west at 5 to 10°. It crops out in the north east and dips to a depth of 250 to 300 m in the north east. The known strike extent of N1 is 1,500 m; the dip extent ranges from 400 to 750 m from east to west (Report OEK, A).

Mineralisation in the deposit displays a vertical zonation of the mineralisation happens in the lower part of the ore bodies, starting with Cu, then Cu-Pb-Zn, and then at the top, barite-polymetal. From a horizontal point of view, the zonation is less important but still noticeable. Pb predominates in the eastern part of the ore body, Cu is found in important quantity in the centre of the ore body and Zn predominates in the southern and northern part of the ore body.

## 10.3 Previous exploration

### 10.3.1 Historical exploration

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 of these holes and found that the data are of relatively poor quality.

Drilling is spaced regularly at approximately 100 m over most of the deposit; closer spacing occurs near the outcrop. Core recovery was poor in places and the investigators did not carry out downhole surveying; however, most holes were vertical.

Typical of Russian exploration, limited underground development took place and was used, amongst general mapping and sampling, to remove bulk samples. Information about current access is unavailable.

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 notes that this “resource” does not comply with JORC or National Instrument 43-101 guidelines and is of historical interest only. The numbers should not be relied upon to judge potential economic feasibility of this deposit.

### 10.3.2 Exploration by Celamin/TMS

Arethuse Geology, a France-based exploration consultancy engaged by Celamin, compiled all available historical data and information.

# 11 Proposed Exploration Programs and Budgets

## 11.1 Summary

An exploration budget has been provided by Celamin covering the first two-year period following listing (2012–2014). Estimates of expenditure to be incurred to carry out Celamin's proposed exploration program are detailed in Table 11-1, in the event that Celamin's initial public offer raises \$10 million (full subscription) or \$15 million (full oversubscription). In the event of over- or under-subscription, exploration programs will be expanded scaled down on a pro-rata basis.

Celamin plans to concentrate exploration efforts on the Chaketma Project, which, according to Celamin, shows early promise of hosting economic deposits of phosphate that exceed the minimum grade, tonnage and mineralisation to waste ratios identified during the Bir El Afou (BEA) PFS. The intention is to switch the emphasis to Chaketma, where the BEA PFS can be adapted and built on with the aim of delivering a Definitive Feasibility Study (DFS) by mid-2013.

**Table 11-1: Capital Raising and Use of Funds**

	<b>Minimum (Millions)</b>	<b>Preferred* (Millions)</b>
Chaketma Delineation Program	\$2.0	\$3.0
Chaketma Scoping Study	\$1.0	
DFS		\$4.0
Corporate	\$1.2	\$1.2
Other	\$0.8	\$1.8
<b>Total of Capital Raising</b>	<b>\$5M</b>	<b>\$10M</b>

\* Over subscriptions will be accepted at the discretion of Celamin board.

## 11.2 Bir El Afou and Chaketma Projects

The objective of the exploration programs at Chaketma and Bir El Afou is to delineate Mineral Resources sufficiently large to support a profitable mining operation with first production within three years. In order to reach this goal, Celamin proposed the following exploration program:

- 10,000 m of drilling and assaying by end 2012;
- Shallow seismic survey, initially at BEA and potentially at Chaketma, to map stratigraphy and structures;
- Pilot metallurgical test work;
- Scoping study on Chaketma as supplement to the existing BEA PFS; and
- DFS, in the event that the Chaketma Scoping study demonstrate a positive financial model.

A DFS will entail:

- Resource modelling;
- Metallurgical, geotechnical, engineering and infrastructure studies;
- Environmental, hydrological, community and social impact studies; and
- Financial modelling.

Celamin proposes an exploration budget of \$5 million for the Chaketma and BEA Projects. In addition, a provisional budget of \$7 million has been proposed for the completion of a DFS (Table 11-2). The stated budget does not include contributions by TMS, which will increase the total proposed spending for Bir El Afou and Chaketma from \$12.65 million to approximately \$18.35 million.

### 11.3 El Haouaria, Sidi Driss and Oued El Maden projects

Exploration planning for the El Haouaria, Sidi Driss, and Oued El Maden has been combined under a “Northern Tunisian Base Metals” Program. The objective of exploration at the three project sites is to identify, outline, and quantify known and remaining MVT-style Pb-Zn mineralisation large enough to justify the refurbishment of the Bougrine plant, which is currently on care-and-maintenance.

In order to reach this goal, Celamin proposes to complete an exploration program that includes:

- Compilation of historical data, including digitizing of maps, plans and sections;
- Creation of relational (MS Access) database containing historic exploration and mining assays where available;
- Diamond drill testing of best targets;
- Pilot metallurgical test work; and
- Process design and study of Capex and Opex costs associated with establishing a boutique mining and milling operation.

Celamin’s share of exploration costs associated with the above program is \$450,000 over two years. The remaining cost will be carried by TMS (Table 11-2).

### 11.4 Garn Halfaya and Trozza projects

The objective of exploration work at Garn Halfaya and Trozza, Celamin’s tailings projects, is to demonstrate process techniques for the retreatment of the historic Pb and Zn tailings dumps, as well as to establish Capex and Opex costs associated with tailings retreatment.

In order to achieve this goal, Celamin proposes to:

- Carry out metallurgical test work to establish selective floatation pathways for lead and zinc ; and
- Complete a process design and study of Capex and Opex costs.

Celamin’s share of exploration costs associated with this program is estimated at \$650,000 over two years (Table 11-2). The remaining costs associated with this program will be covered by TMS.

### 11.5 Oued El Kebir Project

Exploration work at Qued El Kebir is aimed at the completion of a Due Diligence Study by mid-2012. If the results of this study support further work, Celamin plans to commence a scoping study in mid-to late-2012. An initial exploration phase will aim to establish metal distribution and zoning within the mineralised body. This work will also provide material to studies into selective flotation.

In order to reach these exploration goals, Celamin proposed the following program:

- Drilling of three diamond drillholes for due diligence (purchase of man-portable rig included in budget for this purpose);
- Selective floatation tests on the different styles of mineralisation (Ag, Cu, Zn);
- Process design; and
- Study of Capex and Opex costs associated with OEK Kuroko-style mineralisation as a guide to cut-off grade and resource base required to support a profitable mining and milling operation in Algeria.

Celamin’s estimate of exploration costs associated with this program are \$600,000 in Year 1 and \$500,000 in Year 2 (Table 11-2).

**Table 11-2: Two-year expenditure forecast (Celamin contribution only)**

<b>Cost Centre</b>	<b>2012</b>	<b>2013</b>	<b>2 Years</b>
(Celamin Share)	100%	100%	(Total)
Head Office	\$1,200	\$1,500	\$2,700
Field Office Management & Overhead	\$1,100	\$1,200	\$2,300
Development Bir El Afou & Chaketma (50%)		\$2,550	\$2,550
Exploration Bir El Afou & Chaketma (95%)	\$2,600	\$500	\$3,100
Chaketma DFS (70%)	\$2,000	\$5,000	\$7,000
OEK (100%)	\$600	\$500	\$1,100
Tunisia Base Metals (50%)	\$200	\$250	\$450
Tailings (50%)	\$150	\$500	\$650
Total Budget For Projects	\$6,650	\$10,500	\$17,150
<b>Total</b>	<b>\$7,850</b>	<b>\$12,000</b>	<b>\$19,850</b>

## 12 Conclusions and SRK Comments

Celamin has assembled an impressive portfolio of advanced-stage exploration properties in Tunisia and Algeria. Following company strategy, the projects mainly target past producers of phosphate and base metals. SRK is of the opinion that estimated overhead, office, and management costs are reasonable for a company of Celamin's size and scope.

### 12.1 Bir El Afou and Chaketma phosphate projects

Based on SRK ZA's assessment, Celamin has significantly increased its understanding of the geological model, the structural complexity and depositional setting of the BEA deposit. SRK ZA 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. The current theory that the phosphate layers are relatively uniform in thickness due to the depositional environment and structural setting of the deposit is of greatest significance.

Following early exploration results at Chaketma, Celamin plans to put most of their resources on this project with the aim of production within three years. Although no resource estimate has been completed, the well-understood geology as well as the continuity and the amount of exposure of the phosphate unit mean that exploration at this project is expected to be very predictable. Overburden thicknesses can be estimated from outcrop to a level of confidence not often encountered in exploration. Due to the large tabular nature of the mineralisation, estimates of potential target size can also be made to a degree typically not found in other styles of mineral deposits.

Celamin has proposed an aggressive exploration and development plan that includes drilling, geophysical surveys, and the completion of a resource estimate and scoping and feasibility studies.

While the overall timing of the programs is currently ill-defined, SRK is of the opinion that Celamin is overly ambitious in the sequencing of exploration and study activities. SRK estimates that the current drilling database is insufficient to support a resource estimate that could be converted easily to reserves, which would be required for a DFS. Hence, SRK is of the opinion that Celamin will have to carry out significant drilling to support a resource estimate with sufficient Indicated and Measured resources to justify scoping, pre-feasibility and feasibility studies.

In order to reach the stated goal of first production within three years, Celamin will have to advance the project at an aggressive pace, starting with an extensive drilling and sampling program, followed by studies at the scoping and feasibility levels. While Celamin has budgeted a total of \$3.1 million over two years for the exploration at BEA and Chaketma, SRK is of the opinion that this budget may be too small to cover the required drilling and sampling required to build a database that is sufficiently large to support resources in the Indicated and Measured categories. Hence, SRK suggests using available funds for the completion of the required drilling; additional funding would be required for further studies at scoping and feasibility level.

### 12.2 Northern Tunisian base metals projects

Celamin's share of exploration expenditures for the three projects comprising the Northern Tunisian Base Metals Project is 50%. No JORC or National Instrument 43-101 compliant resources exist at any of the three sites. In order to reach its stated goal of outlining sufficient resources to justify a refurbishment of the Bourgrine plant, Celamin will have to carry out significant drilling, assaying, and modelling to complete a resource estimate. SRK is of the opinion that an exploration budget of approximately \$1,000,000 (carried at equal parts between Celamin and TMS) is not sufficient to reach the stated goal.

## 12.3 Garn Halfaya and Trozza base metal tailings project

Celamin has carried out extensive trenching and pitting on the tailings areas; SRK is of the opinion that the pit and trench density is likely sufficient to yield enough data to support initial resource estimates for both tailings projects. However, SRK is not aware of the extent, if any, of a quality control program.

SRK is of the opinion that the proposed budget of approximately \$2.5 million over two years, split between Celamin and TMS, is sufficient to reach the stated goals of process design and Opex/Capex studies. However, SRK is of the opinion that resource estimates need to be completed in order to serve as basis during the financial studies. It is questionable whether the exploration budget is sufficiently large to support a minimum of two resource estimates (Garn Halfaya and Trozza) in addition to the metallurgical and financial studies.

## 12.4 Oued El Kebir base metal project

SRK is not in a position to review all the data available for this deposit as the data are housed in Algeria. SRK estimates that it would take about 2 to 4 weeks to conduct a thorough review of the data.

After reviewing Arethuse's document and spot-checking data within the timeframe available, SRK ZA found that Arethuse's conclusions are plausible; they are summarised as follows:

The finally collected drillhole database for Oued El Kebir is relatively complete for an historical database and consists of 210 drillholes.

The following issues were found:

- There are no coordinates for eight holes;
- Collar deviation data is missing for three holes;
- There is approximate collar location for the remaining 84 acceptable holes; and
- RL for three holes is questionable.
- Analytical data are unfortunately more scattered and 58 drillholes have no assay data at all; there is no information on analytical choices, sampling procedures, and QA/QC data are believed to be non-existent;
- Geological logs and recoveries, as well as much other information are missing; and
- All data seemed to have been collected by professional standards, and geological reports are well detailed. The main area has been drilled on a 25-50 m pattern, and first-pass drilling on the whole deposit has been conducted with 100-200 m spacing.

The drillhole database has been collected from an incomplete report set and cannot be considered comprehensive as compared to the original dataset that was used for the historical non-JORC compliant resources estimation. Although important for exploration purposes, the database remains flawed in terms of modern international reporting standards.

SRK is of the opinion that the stated exploration program for Oued El Kebir is overly ambitious in its time frame and lacks important steps. SRK considers that a minimum of 10% of the historical drillholes should be twinned in order to validate the historical database (approximately 30 drillholes). This program should involve a rigorous quality control program; i.e. should historical pulps, coarse rejects, or drill core be available, then these should be included in the quality control process. In addition to confirmation drilling, SRK suggests carrying out a ground-based geophysical program, possibly involving downhole surveys to include in the exploration process.

Judging by the required drilling, SRK is of the opinion that the exploration budget of \$1.1 million is not sufficient and should be adjusted accordingly.

SRK is of the opinion that a JORC or National Instrument 43-101 compliant resource estimate should be completed prior to Process design and financial studies including Capex and Opex.

### Prepared by

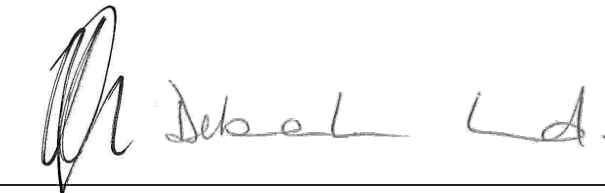


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Lars Weiershäuser

Senior Consultant (Geology)

### Reviewed by



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Project Reviewer

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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## 14 Glossary

Aeromagnetic Survey	Traverses carried out along equally spaced lines that measure the strength of the earth's magnetic field.
Aircore (AC)	Rotary drilling technique in which samples are returned to surface inside the rod string by compressed air.
Alkalic	Containing mentionable amounts of alkali elements (lithium, sodium, potassium, rubidium, caesium, or francium).
Alluvium	A general term for unconsolidated material deposited during comparatively recent geologic time by a stream or other form of running water.
Amphibole Facies	A degree of metamorphism at moderate to high pressure and temperature from approximately 450°C to 700°C.
Anomaly	A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm (background).
Anticline	Fold, generally of U-shape which unless overturned contains older rocks towards the centre of the curvature.
Archean	A geological period of time before 2,500 Ma.
Au	Symbol for the chemical element gold.
Basalt	Volcanic rock (or lava) that characteristically is dark in colour contain 45% to 54% silica and is generally rich in iron and magnesium.
Chert	A hard, extremely dense or compact, dull to semi-vitreous, microcrystalline or cryptocrystalline rock consisting of interlocking crystals of quartz less than approximately 30 µm in diameter.
Craton	A craton is an old and stable part of the continental crust that has survived the merging and splitting of continents for at least 500 million years.
Deformation	The alteration such as faulting, folding, shearing compression and extension of rock formations by tectonic forces.
Diamond (core) drilling	The most expensive method of drilling. It is designed for resource exploration drilling, its main benefit being that it provides core of the strata for accurate assessments and gives the most accurate indication of depth from which a sample is derived.
Electromagnetic Survey	Traverses carried out along equally spaced lines that input an electrical field into the ground and measures the changes in the earth's magnetic field at different times after the application of the electrical field.
Fault	A crack or fracture in the earth's surface. Movement along the fault can cause earthquakes or, in the process of mountain-building, can release underlying magma and permit it to rise to the surface. Fluids often travel along faults as they provide focused pathways for them.
Fe	Symbol for the chemical element iron.
Felsic volcanics	A generally finely crystalline or glassy igneous rock having abundant light-coloured minerals such as quartz, feldspar or muscovite, resulting from volcanic action at or near the surface of the earth.
Gabbro	A group of dark-coloured, basic intrusive igneous rocks composed principally of basic plagioclase and clinopyroxene with or without olivine and orthopyroxene.
GIS	Geographic Information System is a system to capture, manage, analyse, query, and present all types of geographically referenced data.
Granite	A plutonic rock in which quartz constitutes 10% to 50% of the felsic components and in which the alkaline feldspar/total feldspar ration is generally restricted to the range of 65 to 90%.
Hydrothermal	Of or pertaining to heated water, to its actions, or products related to its actions.
Intermediate	A descriptive term applied to igneous rocks that are transitional between basic and acidic/felsic and with a silica content between 54% and 65%.
Isoclinal	Describes a folded unit where the two adjacent limbs of the fold are parallel.
Lithology	Characteristic rock unit as seen in hand specimen and outcrop on basis of colour, grain size and composition.
Lode	Mineral deposit consisting of an entire zone of dissemination.
Ma	A symbol for millions of years before the present time.
Mafic	General term to describe igneous rocks consisting mainly of ferro-magnesian minerals.
Metamorphism	The mineralogical, chemical and structural adjustment of solid rocks to physical and chemical conditions which have generally been imposed at depth below the surface zones of weathering and which differ from the conditions under which the rock in question originated.

MTC	Medium Terrain Clearance; average flight height above the surface during airborne surveys.
MVT	Mississippi Valley Type; a type of lead zinc deposit, typically hosted in limestone or dolomite; the type locality are deposits in the Mississippi Valley of North America
Orogenic	Relating to thrusting, folding, and faulting within fold belts systems.
PGE	Platinum Group Elements, a group of six metallic elements that include ruthenium, rhodium, palladium, osmium, iridium, and platinum.
Rare Earths	Chemical elements belonging to the Lanthanides as well as scandium and yttrium.
Rotary Air Blast (RAB)	Rotary air blast drilling is a method employed when a quick representative sample of strata is required, usually used when probing for bedrock and geochemical samples. RAB drilling is the lowest cost drilling method.
Regolith	All the material of the earth's surface that lies above fresh, unweathered rocks.
Reverse Circulation (RC)	Reverse circulation drilling is achieved by blowing air down the drill rods, the differential pressure pushing the water and cuttings up an inner tube inside each rod. When water and cutting reach the top of the hole, they are passed through a sample hose which is attached to the top of a cyclone. The drill cutting travel around the inside of the cyclone until they fall through an opening at the bottom and are collected in sample bags. RC drilling is slower and costlier but achieves better penetration than RAB or AC drilling and is cheaper than diamond drilling.
Schist	A strongly foliated crystalline rock, formed by dynamic metamorphism, that can be readily split into thin flakes or slabs due the well-developed parallelism of more than 50% of the minerals present, particularly those of lamellar or elongate prismatic habit (e.g. micas).
Shear zone	A tabular zone of rock that has been crushed and brecciated by many parallel fractured to the shear strain.
Syntectonic	A term used to describe something that occurred at the same time as deformation occurred.
Tholeiitic	A type of basal that is poor in alkalis and contains basic plagioclase and pyroxene.
Ultramafic Rock	Igneous rock with no free quartz and generally very little feldspar.
Unconformity	A substantial break or gap in the geologic record where a rock unit is overlain by another that is not next in stratigraphic succession, such as an interruption in the continuity of a depositional sequence of sedimentary rocks or a break between eroded igneous rocks and younger sedimentary strata.
VMS	Volcanogenic Massive Sulphide Deposit, Also known as VHMS, Volcanic Hosted Massive Sulphide Deposit. A type of base metal deposit found along recent or ancient submarine spreading centres.
Weathering	The process of alteration of fresh rock at the earth's surface.

# Appendices

## **Appendix A: Tunisian Title Opinion**

December 2011

**CABINET MAITRE  
DONIA HEDDA – ELLOUZE**

**DUE DILIGENCE REPORT-CELAMIN**

**I. PERMITS**

<b>Permit</b>	<b>Holder</b>	<b>Location Area</b>	<b>Term</b>	<b>Investment (TND)</b>
Bir El Afou (Research permit of mineral of 5 <sup>th</sup> category) Autorisation from forestry administration dated February 22 <sup>nd</sup> 2010.	Celamins 80% TMS 20%	Governorate of Kef (21 basic perimeters - 84 Sq kms)	3 years from February 16 <sup>th</sup> , 2010	1 million one hundred thousand (1.100.000)
Chaketma (Research permit of mineral of 5 <sup>th</sup> category) Autorisation from forestry administration dated March 1 <sup>st</sup> 2010.	Celamins 80% TMS 20%	Governorate of Kasserine (14 basic perimeters - 56 Sq kms)	3 years from February 16 <sup>th</sup> , 2010	1 million six hundred ten thousand (1.610.000)
Oued El Maden (Research permit of mineral of 3 <sup>rd</sup> category)	Celamins 50% TMS 50%	Governorate of Jendouba (7 basic perimeters - 28 Sq kms)	3 years from September 16 <sup>th</sup> , 2011	Two hundred ninety five thousand (295.000)
Sidi Driss (Research permit of mineral of 3 <sup>rd</sup> category)	Celamin 50% TMS 50%	Governorate of Bizerte (4 basic perimeters - 16 Sq kms)	3 years from September 16 <sup>th</sup> , 2011	Three hundred ten thousand (310.000)
El Hawaria (Research permit of mineral of 3 <sup>rd</sup> category)	Celamin 50% TMS 50%	Governorate of Beja (6 basic perimeters - 24 Sq kms)	3 years from September 16 <sup>th</sup> , 2011	Two hundred eighty five thousand (285.000)

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The exploration permits are granted by Order of the Minister of Mines after the agreement of the Advisory Committee of Mines and published in the Official Gazette of the Tunisian Republic.

The permits have been validly issued.

## II. MINES CODE

### A. OVERVIEW

#### **Law n° 2003-30 dated April 28<sup>th</sup> 2003**

The Mines Code rules the activities of prospection, research and exploitation of mines.

The right to prospecting, exploration or exploitation of a deposit containing minerals (Mine) can be acquired by virtue of a mining title issued by the Minister of Mines.

The categories of mining titles are:

\* **Prospecting permit:** It allows the holder to perform the necessary investigations to prepare application file for research permit.

\* **Research permit:** It allows the performance of the business of mining research to identify or recognize mineral deposits classified as Mines.

\* **Exploitation concession:** It allows the exploitation of a Mine, under a research permit.

#### **1/ THE PROSPECTION PERMIT**

The prospecting permit allows the identification of sites, areas that can contain mines. It is not a necessary step to obtain the research permit.

#### **2/ THE RESEARCH PERMIT**

The research permit consists of studies and work (geological, geochemical, geophysical, drilling ...) to identify or recognize mineral deposits classified "mines "and to determine the form, reserves, quality and the potential for exploitation and use.

Permission is granted by Order of Minister of Mines, made in pursuance of the agreement of the Mines Advisory Committee and published in Official Gazette of the Tunisian Republic.

The research permit is granted for an initial period of three years from the Publication of the Decree in the Tunisian Official Gazette.

It is renewable twice for a maximum period of three years each.

#### **2.1 Rights conferred by the research permit**

- The holder of the research permit has the exclusive right to undertake within the scope defined by the Order all research activities, excavations, surveys and reconnaissance to discover mineral deposits.
- The holder has the right to make installations, but cannot under any circumstances engage in exploitation.

Exception: The Minister of Mines may, in exceptional circumstances, authorize the holder of an exploration permit, to have the products of its research to ensure quality and to conduct treatment trials and of flow;

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- The holder of the exploration permit has the exclusive right to obtain during the term of the permit and in the extent of its perimeter, exploitation concessions.

## **2.2 Cancellation of the research permit**

The research permit be cancelled in the following cases:

- In case the holder decides to waive the permit in whole or in part, at the condition that he has completed the minimum work commitments and expenditures for the period of validity ;
- If the holder does not meet the requirements of technical and financial capacity required for the permit;
- If it appears that the holder has given false information in order to obtain the exploration license;
- If the holder fails to fulfil the commitments he has taken in the permit application, or has not complied with the commitments on deadlines or on environmental or health commitments;
- If the holder refuses to take over the rights and obligations of one of the co-holder or co-license holders, in case they withdraw without giving such rights and obligations under Article 38 of the Mines Code;
- If the holder refuses to submit to the Ministry of Mines information and documents required under Article 76 of the Mines Code;
- If the holder refuses to comply with measures ordering an immediate stop of work in case of serious offense on environment, security staff

## **3/ EXPLOITATION CONCESSION**

The exploitation concession automatically cancels the related research permit.

The license application must be filed at least two months prior to the expiry of the research permit.

### **3.1 Conditions for granting the concession**

The concession can be granted only if the following conditions are met:

- If researches have demonstrated the existence of an economically exploitable deposit;
- If the applicant accepted the terms and conditions of the specifications on the production and the amount of research and equipment;
- If the applicant has justified the technical and financial capacity to fulfil its commitments;
- If the applicant has submitted a development plan with a geological survey and an estimate of reserves, a business plan and a study of impact on the environment.

### **3.2 Duration of the concession**

The duration of the concession depends on the exploitable reserves.

The period may be extended as many times as necessary and according to additional reserves discovered.

### **3.3 Rights of the holder of the concession**

The holder of a concession has the exclusive right to undertake operations through the perimeter of the concession.

The holder of a concession has the right to dispose of mineral products extracted from its concession.

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### **3.4 Obligations of the holder of the concession**

The development work must start within two years from the date the concession is granted. Otherwise, the Minister of Mines, may, after hearing the holder, cancel the concession without any compensation.

### **3.5 Cancellation of the operating concession**

Cancellation is pronounced in the following cases:

- If the holder has no longer the technical and financial capabilities to meet its commitments;
- If the holder has not paid the fee proportional to the production under section 96 of the Mines Code;
- If the holder refuses to take over the rights and obligations of one of the co-license holders;
- If the holder refuses to disclose the information and documents required by section 76 of the Mines Code;
- If the holder refuses to comply with the measures prescribed by the Minister of Mines under the conditions defined by the Mines Code.

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## **4. TAX INCENTIVES**

The Mines Code provides for a specific tax regime for holders of Permits.

Tax incentives:

- Exemption from payment of companies tax (25%) for the first five years from the effective start of operations;
- Suspension from value added tax (VAT) on operations made in Tunisia.

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## **5. MINIMUM EXPENDITURE REQUIRED FOR EACH PERMIT AND TIME FOR THIS EXPENDITURE**

The permits are granted for three years. The holder of a research permit is entitled for renewal of the permit for two successive periods for a maximum period of three years each, provided that the holder fulfilled the obligations required:

- Achievement of the minimum research program full cost;
- Application for renewal at least two months prior the expiration date;
- Commitment to carry out during the renewal period a minimum program of research which estimated cost is a minimum commitment of expenditure;
- Prove that the holder has sufficient technical and financial capacity to undertake the research in the best conditions;
- The prove that the holder did not commit offenses that resulted in serious injury to the environment.

At the end of the second renewal period, and in case of discovery of a deposit that may be eligible for an exploitation concession, the holder of research permit will be entitled to an exceptional renewal.

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## **6. LAND OWNER RIGHTS**

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### **6.1 Land owned by private individual holding property titles**

The occupation of a land within the framework of a mining title requires written approval from the owner of the land.

In case an amicable agreement is not concluded between the titleholder and the owner, the holder can be authorized by a Decree of the Minister of Mine to occupy the land; except for the part of land where there are constructions and walled areas, in this case the written authorization of the owner is required.

The occupation of the land gives right to an indemnity payable in advance to the owner.

If the occupation of the land leads to prevent the owner from disposing of the land during a period exceeding 3 years, this latter can force the holder of the exploration permit or the exploitation concession to acquire the aforesaid land in accordance with the legislation in force.

The approval of the owner is necessary for survey, drilling or extraction (on the surface or underground) works, in case the aforementioned works are carried out in a zone, which its distance is less than 50 meters from constructions, walled areas.

### **6.2 Land owned by private individual holding non-registered related acts**

A private individual who acquired the land by a contract, succession or any other act transferring the right of property of the land, but who did not accomplish the registration procedure (which is mandatory) shall be urged by the mining title holder to proceed to this formality in order to be able to regularize the situation.

### **6.3 Land occupied by private individual not holding property titles**

A private person who occupy the land for more than 15 years (and 30 years between heirs) in a continuous way without any contestation or interruption is considered under Tunisian law as owner of the land and has the same rights as an owner as stated under article 45 (and the following) of the Real Estate Code.

Consequently the use of the land by the mining titleholder shall be under the same conditions detailed above (under the 1st assumption).

If the private individual did not occupy the land for 15 years (30 years between heirs) or did not present any proof establishing such occupation for such period, the occupation of the land is considered illegal, then he have no right related to the land and shall leave the said land.

In the event such private occupier refuses to leave the land, the mining titleholder shall start a legal case requesting him to leave the land for lack of any legal quality allowing to occupy the land.

### **6.4 Land owned by the State or local communities**

No activity of prospection, exploration or exploitation, can be undertaken on the public or military domains without a prior authorization granted by the Minister in charge of National Defence.

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The approval of the Ministry in charge of the management of the concerned public domain, is necessary for survey, drilling or extraction (on the surface or underground) works, in the event the aforementioned works are carried out in a zone which distance is less than 50 meters from a walled area, village or construction.

The approval of the Ministry in charge of the hydraulic public domain is necessary for mining works, which could cause damage to the hydraulic works in zones of protection of the hydraulic works of surface and in wells zones.

The preliminary authorization of the owner or manager of the public or private domain of the State, or the local communities, is necessary for any occupation of land belonging to these domains, and for any installation set up on these lands.

The Tunisian State reserves the right to use, for its public services, all the ways or paths established by the holder of the exploration permit or the exploitation concession.

### III. MINING IN STATE'S FOREST

Article 45 of the Forestry Code provides that: "No mining activity can be performed into the State's forests without permission of the of forests administration (Direction Générale des Forêts).

The permit must mention in particular the volume of mining to be removed, the duration of the planned operation and the obligation to re-state the site of the quarry in accordance with a tender specifications (cahier des charges). The law also provides for the deliver of a bond for an amount set by the "cahier des charges".

Any violation of these provisions will stop the excavation and will lead to the seizure of equipment used in the work of this project.

The sale of products extracted can be done by adjudication, announced at least fifteen days in advance through the press. Mutual consent transfer (cession de gré à gré) may be authorized for duly justified reasons or in case of emergency or inability to proceed with the sale by adjudication.

**Two permits hare delivered in forest domain (Bir El Afou and Cheketma). These two permits obtained the approval from forestry administration subject to the protection of the forest products, the prevention from fire and the information of the administration of the start of research.**

### IV. TAX CONCESSIONS FOR TAILINGS

It has been confirmed during our meeting with Mr Regan and Mr Mansouri that the activity of tailing will be located in Zones of regional development (priority development zone)

Investments made in priority development zones are entitled to the following incentives:

#### Fiscal incentives

- The subscription to the initial capital of those companies or to its increase gives rise to:
  - o The deduction of the invested incomes or profits from the net incomes or profits subject to income tax on natural persons or corporate tax;
  - o The deduction of the invested profits within the same enterprise from the net profits subject to corporate tax.

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- The deduction of incomes or profits deriving from the investments from the income taxes basis on natural persons or corporate tax basis for the first ten years from the effective date for starting production and the deduction of 50% of those incomes or profits during the following ten years;
- The exemption from the contribution payable to the Fund for Promotion of Housing for Employees during the first five years of effective operation.

#### **Premium**

- An investment premium representing 25 % of the total investment (exclusive of work capital), including study cost, with a maximum of 1.500.000 Tunisian Dinars;
- A State premium representing 85% of the infrastructure expenses necessary for carrying out industrial projects.

#### **Social security**

The State takes over by the State of the employer's contribution to the legal regime of social security on wages paid to Tunisian employees for five years and a quote the five next years as follows:

<b>Year</b>	<b>Quote taken over by the State</b>
Sixth year	80%
Seventh year	65%
Eighth year	50%
Ninth year	35%
Tenth year	20%

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## Appendix B: Algerian Title Opinion

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## ALGERIAN PERMIT

### Legal Opinion

The Mining Law n°01-10 of 3 July 2001 ( hereinafter referred to as the Law), the Law and its implementing regulations apply to geological, exploration and exploitation activities of minerals or fossil substances. In what follows, we will outline the key provisions which apply to a mining lease for small and medium mining, which is the type mining lease granted to The Faienceries Algeriennes LLC, on September 12, 2006. (Mining Codification n°3072 pm).

1. The Law subjects the exercise of these activities to the obtaining of a Mining Title. The Company Faienceries Algeriennes LLC, duly constituted under Algerian law (Article 78 of the Law), was awarded the exploitation permit for a small to medium mining for zinc, lead, copper and silver, in the locality of Oued El Kebir, municipality El Aouana, province of Jijel in Algeria. As stipulated in Article 85 of the Law, Faienceries Algeriennes LLC signed specification file prior to the delivery of the mining lease.
2. The mining lease is issued for a period of 10 years from the date of its signature. It is currently valid. The renewal of the mining lease is provided for by the Law on the condition that a request to renew is made at least six months before the end of the initial term.
3. The exercise of mining activity is available to all operators, regardless of their status or nationality, in accordance with the Law and its implementing regulations.
4. A mining lease relating to exploitation activities creates real property rights of limited duration, distinct from the ownership of land and they are subject to mortgage, privileges on properties situated on them.
5. Within the meaning of the Law (Article 19) small and medium exploitation means any permanent exploitation, with a minimum of fixed facilities, using industrial or semi-industrial processes in the rules of art, and whose extraction capacity is less than 3000 tonnes per day.
6. In accordance with the provisions of articles 35 and 36 of the Law, Faienceries Algeriennes LLC must fulfil its obligations to communicate information and preservation of documents for their release to the relevant legal authority.
7. The Law established two autonomous administrative authorities which are the Agence Nationale du Patrimoine Minier (ANPM) and the Agence Nationale de la Géologie et du Contrôle Minier (ANGCM).

ANPM implements the mining cadastre, delivers mining permits and authorisations, manages and follows their execution, oversees and coordinates the mining activities.

ANGCM implements the national geological service, monitors the technical and administrative aspects of mining, watches over the preservation of environment, and has mining inspector to find any breaches.

8. Mining leases, including that for exploitation of small and medium-sized mining are issued after notice from the relevant territorial Governor. The assignment or transfer of rights and obligations arising from the mining lease are subject to the prior approval of ANPM.
9. The farm in of a mining lease requires the prior agreement of ANPM. It is the same for the Registration of a mortgage. The farm in and the mortgage, if any, are established by notarised deed.
10. The renewal of a mining lease is granted to the holder under conditions established by the Law, if it carried out the commitments it made during the validity of the mining lease. The renewal of mining lease can include the change in the area initially granted.
11. ANPM can remove or withdraw a mining lease if the holder:
  - does not pay its taxes and royalties during two consecutive years;
  - does not meet the commitments undertaken;
  - ceases to fulfil the conditions and resulting obligations of Law and texts taken for its implementation;

The issuance of any permit or authorization other than the mining concession (large scale mining lease) is subject to the signing of specifications file, in accordance with the legislation in force.

12. The small and medium mining lease is issued to the holder of an exploration permit, which discovered a deposit and who wishes to undertake exploitation under this status.
13. The small and medium mining lease is issued by ANPM to a legal entity after payment of duty on the deed drawing up, for a maximum period of ten years with possibility of renewal as many times as allowed by reserves.
14. The holder of a mining title may, in the conditions defined by the Law and texts taken for its application, can benefit from legal easements of way and water necessary for its facilities and exploitation of the mining.
15. The authorization to exercise easements is granted by order of the relevant territorial Governor after declaration of public utility issued following an investigation during which all the owners, holders of real rights, recipients and other interested parties or persons concerned have been heard.
16. Any applicant of mining lease should attach to his application a study of impact of projected mining on the environment. This study is subject to the approval of the competent services concerned (Article 149).
17. The holder of a mining title must begin work no later than one year after obtaining title, perform work according to the best practice, make annual capital expenditures, provide all information to the relevant legal authority and provide to competent mining services information and evidence as requested under the provisions of the Law and texts taken for its implementation.
18. The holder of a small and medium mining mining lease is required to pay:

- a. the duty on the notarised deed at the establishment, amendment or renewal of mining permit (annex n°1 of the Law);
- b. the surface tax (annex n°2 of the Law), payable at the time of the issuance or renewal of the permit, and then, at the beginning of each calendar year;
- c. the royalty for extraction of mineral substances (annex n°3 of the Law);

It should be noted that a small and medium-sized mining lease holders enjoy a discount of 30% of the said royalty.

- d. tax on mining profits of mining companies set at 33% distributed: 30% for the benefit of the State budget and 3% for the benefit of local communities.

It should be noted that a small and medium mining lease holders benefit from many total or partial tax exemptions. Thus they are exempt from the TAP (professional activity tax), TVA (tax on added value) on specific goods acquired or imported, of rights, of customs taxes and royalties for equipment, materials and products used for mining research, and of all taxes on the results of the mining operation, apart from the tax on mining profits, of the amortization of the cost of prospecting, mining etc.

Done at Algiers on December 17, 2011.

M. G. LOMRI

## Appendix C: Celamin Assay Results

### Grab Sample Results for Garn Halfaya

Sample ID	Pb (%)	Pb oxide (%)	Zn (%)	Zn oxide (%)	Fe (%)
122	1.83	1.50	2.71	0.95	1.64
123	1.12	0.97	1.80	0.60	1.15
124	2.05	1.72	3.47	1.12	1.38
125	1.04	0.89	1.98	0.68	1.21
126	1.00	0.87	2.14	0.76	1.33
127	1.79	1.41	2.25	0.93	1.27
128	2.07	1.45	2.85	0.98	1.16
129	0.93	0.70	1.93	0.68	1.27
130	1.61	1.18	3.47	1.06	1.41
131	1.85	1.33	4.37	1.41	1.06
132	1.36	0.99	2.17	0.80	1.39
133	0.96	0.81	0.41	0.16	2.51
134	1.37	1.12	0.34	0.13	2.34
AVE	1.46	1.15	2.30	0.79	

**Pit Sample Results for Garn Halfaya**

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Pit 1	406	12.0	1.52	4.32	142.0	37	<0.01	0.99
Pit 1	407	14.6	1.51	5.02	184.0	34	<0.01	0.93
Pit 1	408	13.2	1.52	4.90	179.0	38	<0.01	0.92
Pit 1	409	15.3	1.66	4.41	160.5	33	<0.01	0.90
Pit 1	410	14.3	1.58	4.46	169.5	36	<0.01	0.87
Pit 2	411	12.2	1.42	4.16	159.5	36	<0.01	0.88
Pit 2	412	11.9	1.40	4.91	189.0	35	<0.01	1.20
Pit 2	413	15.1	1.30	5.06	206.0	31	<0.01	0.98
Pit 2	414	13.2	1.71	3.81	150.5	32	<0.01	0.90
Pit 2	415	13.0	1.41	4.79	196.0	36	<0.01	0.95
Pit 2	416	13.6	1.52	4.18	164.0	31	<0.01	0.87
Pit 2	417	11.4	1.31	3.99	160.0	35	<0.01	0.89
Pit 3	418	16.5	1.89	5.05	212.0	42	<0.01	0.89
Pit 3	419	15.6	1.80	4.90	169.0	43	<0.01	1.03
Pit 4	420	15.4	1.81	4.33	155.5	41	<0.01	1.01
Pit 4	421	11.9	1.46	3.32	155.5	38	<0.01	1.17
Pit 4	422	16.3	1.94	3.47	151.5	43	<0.01	1.03
Pit 5	437	9.6	1.71	2.13	77.1	32	<0.01	1.24
Pit 5	438	13.5	2.11	2.53	99.1	36	<0.01	1.38
Pit 5	439	12.9	2.15	2.26	82.6	32	<0.01	1.25
Pit 5	440	15.5	2.37	2.34	85.9	44	<0.01	1.28
Pit 5	441	16.0	2.46	2.36	77.7	41	0.50	1.22
Pit 6	451	14.4	1.82	3.25	126.5	38	<0.01	1.02
Pit 6	452	12.0	1.53	2.76	116.0	31	<0.01	1.00
Pit 6	453	12.7	1.37	2.91	105.0	32	<0.01	0.95
Pit 6	454	12.6	1.27	3.02	134.0	36	<0.01	0.94
Pit 7	477	10.3	1.46	2.19	82.6	35	<0.01	1.13
Pit 7	478	9.8	1.46	1.98	68.1	36	<0.01	1.15
Pit 8	479	14.3	1.63	3.19	115.0	36	<0.01	1.01
Pit 8	480	13.3	1.68	3.47	125.0	37	<0.01	1.11
Pit 8	481	15.7	1.76	3.95	149.5	40	<0.01	1.01
Pit 9	482	15.8	2.33	2.29	77.8	34	<0.01	1.31
Pit 9	483	16.3	2.20	2.51	91.8	40	<0.01	1.29
Pit 10	484	10.9	1.53	1.36	50.1	27	<0.01	1.15
Pit 10	485	12.1	1.80	1.75	65.9	37	<0.01	1.21
Pit 10	486	13.6	1.93	2.05	72.4	34	<0.01	1.23
Pit 10	487	12.1	1.75	2.24	82.6	31	<0.01	1.14
Pit 10	488	11.3	1.76	2.19	80.2	36	<0.01	1.15
Pit 10	489	11.4	1.73	2.33	83.5	35	<0.01	1.18
Pit 11	215	7.8	1.57	2.31	70.8	68	0.60	1.28

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Pit 11	216	7.8	1.84	2.21	71.9	92	0.90	1.54
Pit 12	240	6.7	0.90	2.73	94.3	31	<0.01	1.06
Pit 12	241	7.0	0.96	2.31	76.5	36	<0.01	1.18
Pit 12	242	6.4	0.97	2.33	79.4	34	<0.01	1.15
Pit 12	243	6.3	0.99	2.29	78.9	36	<0.01	1.16
Pit 13	244	8.0	1.19	2.22	75.7	27	<0.01	1.18
Pit 13	245	8.5	1.30	1.92	68.9	32	<0.01	1.16
Pit 14	246	11.7	1.41	3.30	102.5	36	<0.01	1.15
Pit 14	247	11.6	1.66	2.73	111.5	35	<0.01	1.09
Pit 14	248	10.5	1.54	2.27	82.3	35	<0.01	1.07
Pit 14	249	12.7	1.82	2.71	89.9	34	<0.01	1.09
Pit 14	250	11.7	1.49	3.11	111.0	35	<0.01	1.08
AVE			1.62	3.13				

#### Trench Sample Results for Garn Halfaya

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Trench 1	401	14.2	1.46	5.56	204.0	39	<0.01	1.04
Trench 1	402	15.9	1.92	3.78	148.5	38	<0.01	1.04
Trench 1	403	14.7	1.65	4.26	154.0	38	<0.01	1.07
Trench 1	404	12.4	1.36	3.88	146.5	35	<0.01	0.97
Trench 1	405	12.0	1.41	4.35	158.0	39	<0.01	0.97
Trench 2	423	9.9	1.10	3.49	127.5	35	<0.01	0.91
Trench 2	424	9.3	1.08	3.70	138.5	32	<0.01	0.90
Trench 2	425	7.4	1.07	2.50	84.6	32	<0.01	1.05
Trench 2	426	7.2	1.09	2.43	81.6	34	<0.01	1.15
Trench 3	427	11.5	1.57	2.22	78.6	33	<0.01	1.13
Trench 3	428	11.6	1.54	2.71	103.0	36	<0.01	1.15
Trench 3	429	16.0	1.89	4.31	183.5	44	<0.01	1.06
Trench 3	430	12.2	1.63	3.49	132.5	33	<0.01	0.98
Trench 3	431	10.0	1.39	2.95	128.5	31	<0.01	1.08
Trench 4	432	10.2	1.80	1.77	61.6	30	<0.01	1.25
Trench 4	433	11.7	2.07	2.49	92.0	32	<0.01	1.43
Trench 4	434	13.0	2.24	1.72	62.2	35	<0.01	1.32
Trench 4	435	9.9	1.36	2.25	77.9	33	<0.01	1.11
Trench 4	436	11.3	1.86	2.22	79.4	36	<0.01	1.27
Trench 5	442	13.8	1.66	3.16	127.5	38	<0.01	1.02
Trench 5	443	10.6	1.31	3.02	133.5	36	<0.01	1.03
Trench 5	444	12.7	1.44	3.55	150.0	38	<0.01	1.02
Trench 5	445	10.6	1.28	3.28	134.5	32	<0.01	1.02
Trench 5	446	10.9	1.39	2.98	122.5	31	<0.01	1.01

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Trench 5	447	14.4	1.86	3.26	120.5	39	<0.01	0.99
Trench 5	448	12.7	1.40	3.19	138.0	37	<0.01	0.98
Trench 5	449	13.0	1.61	3.01	130.0	36	<0.01	1.05
Trench 5	450	11.7	1.56	3.45	128.0	32	<0.01	1.03
Trench 6	462	9.4	1.24	2.16	80.7	34	<0.01	1.09
Trench 6	461	9.0	1.35	2.19	78.4	35	<0.01	1.07
Trench 6	460	8.7	1.28	2.17	76.7	36	<0.01	1.03
Trench 6	459	11.1	1.83	1.81	69.3	32	<0.01	1.30
Trench 6	458	8.8	1.27	2.10	73.0	32	<0.01	1.06
Trench 6	457	9.7	1.37	2.16	73.4	35	<0.01	1.06
Trench 6	456	9.6	1.31	2.14	79.0	34	<0.01	1.09
Trench 6	455	10.2	1.35	2.17	77.8	31	<0.01	1.03
Trench 7	473	12.2	1.79	3.98	143.5	35	<0.01	0.95
Trench 7	472	15.6	1.67	4.42	166.0	39	<0.01	1.00
Trench 7	471	13.0	1.50	4.22	162.5	39	<0.01	0.91
Trench 7	470	13.7	1.49	3.87	164.0	36	<0.01	0.96
Trench 7	469	15.0	1.65	4.18	157.0	36	<0.01	0.93
Trench 7	468	14.2	1.49	4.12	157.5	35	<0.01	0.94
Trench 7	467	14.4	1.70	3.98	151.5	37	<0.01	0.95
Trench 7	466	14.7	1.50	4.47	171.0	36	<0.01	0.97
Trench 7	465	14.5	1.50	4.18	155.5	36	<0.01	0.99
Trench 7	464	14.2	1.57	3.84	153.0	39	<0.01	1.09
Trench 7	463	14.5	1.59	3.81	146.5	39	<0.01	1.12
Trench 8	474	13.9	1.87	3.31	125.5	39	<0.01	1.17
Trench 8	475	17.1	2.07	3.31	133.0	42	<0.01	1.14
Trench 8	476	13.7	1.60	3.44	126.5	33	<0.01	1.03
Trench 9	500	17.7	2.45	2.53	115.5	43	<0.01	1.26
Trench 9	499	14.0	1.95	2.34	85.4	39	<0.01	1.04
Trench 9	498	13.4	2.03	2.43	102.5	36	<0.01	1.17
Trench 9	497	12.4	1.80	2.32	86.9	34	<0.01	0.98
Trench 9	496	13.5	1.53	2.29	93.5	37	<0.01	1.09
Trench 9	495	15.8	1.85	2.09	84.1	38	<0.01	0.96
Trench 9	494	13.0	1.58	2.06	80.4	38	<0.01	0.96
Trench 9	493	12.6	1.70	2.45	100.5	38	<0.01	1.11
Trench 9	492	10.8	1.41	2.04	77.5	33	<0.01	1.00
Trench 9	491	14.1	1.68	1.99	82.2	35	<0.01	0.97
Trench 9	490	12.6	1.82	1.99	91.6	34	<0.01	1.02
Trench 10	214	9.0	1.60	1.93	65.7	30	<0.01	1.38
Trench 10	213	10.8	1.74	1.84	62.7	32	<0.01	1.24
Trench 10	212	10.7	1.78	1.87	63.4	32	<0.01	1.32
Trench 10	211	9.7	1.51	1.97	68.8	29	<0.01	1.29

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Trench 10	210	10.6	1.77	1.75	60.2	30	<0.01	1.19
Trench 10	209	10.5	1.60	1.75	65.9	27	<0.01	1.20
Trench 10	208	9.9	1.61	1.61	61.0	29	<0.01	1.26
Trench 10	207	11.8	1.95	1.52	51.5	30	<0.01	1.20
Trench 10	206	11.1	1.75	1.90	57.4	29	<0.01	1.21
Trench 10	205	11.7	1.91	1.68	55.3	26	<0.01	1.21
Trench 11	228	10.5	1.58	2.36	64.2	38	0.50	1.55
Trench 11	227	11.8	1.65	2.36	73.5	42	0.50	1.57
Trench 11	226	10.7	1.71	2.83	91.3	57	0.50	1.67
Trench 11	225	10.9	1.63	3.13	105.0	57	0.50	1.65
Trench 11	224	9.7	1.55	2.62	86.0	50	<0.01	1.64
Trench 11	223	10.0	1.60	2.75	88.6	39	<0.01	1.43
Trench 11	222	11.2	1.66	2.75	85.2	41	<0.01	1.49
Trench 11	221	11.2	1.88	2.57	72.6	52	0.50	1.72
Trench 11	220	11.6	1.76	2.36	72.6	50	0.50	1.75
Trench 11	219	10.3	1.68	2.39	67.8	47	<0.01	1.65
Trench 11	218	9.6	1.52	2.19	62.9	45	<0.01	1.73
Trench 11	217	11.6	1.73	2.14	66.8	55	<0.01	1.70
Trench 12	233	7.4	1.22	2.71	88.4	32	<0.01	1.46
Trench 12	232	9.6	1.36	2.72	88.2	30	<0.01	1.20
Trench 12	231	9.4	1.46	2.81	88.3	32	<0.01	1.21
Trench 12	230	8.5	1.43	2.62	78.0	32	<0.01	1.26
Trench 12	229	8.7	1.51	2.59	81.2	35	<0.01	1.34
Trench 13	239	7.2	0.92	2.62	92.9	30	<0.01	1.00
Trench 13	238	7.4	0.88	2.59	89.2	32	<0.01	1.00
Trench 13	237	8.1	0.93	2.86	102.0	30	<0.01	0.98
Trench 13	236	8.6	1.02	2.77	102.0	33	<0.01	1.05
Trench 13	235	8.2	0.94	2.76	95.7	31	<0.01	1.02
Trench 13	234	7.5	0.95	2.77	92.4	33	<0.01	1.08
AVE			1.56	2.80				

**Grab Sample Results for Trozza**

Sample ID	Pb (%)	Pb oxide (%)	Zn (%)	Zn oxide (%)	Fe (%)
1	6.58	4.50	8.52	3.81	17.71
2	5.70	4.04	6.15	2.85	19.50
3	4.42	2.62	6.77	2.43	22.00
4	5.27	3.59	7.14	3.32	18.97
5	5.75	3.77	6.29	2.73	20.74
6	1.86	1.30	4.00	3.25	5.78
7	0.63	0.48	4.67	3.63	5.38
8	1.26	1.00	5.77	4.52	7.69
AVE	3.93	2.66	6.16	3.32	

**Pit Sample Results for Trozza**

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Pit 1	1020	2.9	4.89	6.78	101.0	259	0.42	23.0
Pit 1	1021	4.8	4.85	6.44	91.1	282	0.54	23.6
Pit 1	1022	2.8	5.53	7.07	94.8	242	0.47	22.4
Pit 1	1023	3.4	5.69	7.71	122.0	246	0.42	21.3
Pit 2	1024	2.0	5.94	8.00	75.2	225	0.46	20.3
Pit 2	1025	3.1	4.23	7.39	83.7	235	0.47	21.7
Pit 2	1026	3.5	4.70	7.01	87.3	276	0.58	22.8
Pit 2	1027	2.6	5.00	6.58	86.8	263	0.60	20.7
Pit 2	1028	2.7	6.97	6.12	96.6	264	0.78	19.3
Pit 3	1029	1.4	4.42	8.96	82.3	226	0.31	18.0
Pit 3	1030	1.6	3.54	7.81	66.8	176	0.21	16.4
Pit 3	1031	1.2	2.95	7.86	65.0	166	0.21	15.6
Pit 4	1032	3.7	5.36	6.79	89.5	242	0.44	20.3
Pit 4	1033	2.4	7.71	5.90	91.5	359	0.97	22.1
Pit 4	1034	3.0	4.05	5.59	89.1	259	0.60	20.1
Pit 4	1035	4.0	4.07	5.55	90.9	261	0.64	19.7
Pit 5	1036	2.5	5.17	5.54	78.9	379	1.18	23.6
Pit 6	1037	3.9	4.87	6.39	90.4	351	0.80	24.9
Pit 6	1038	2.8	4.19	6.14	88.3	242	0.59	19.6
Pit 6	1039	2.7	4.43	6.20	88.9	254	0.73	20.0
Pit 7	1040	1.0	2.42	7.16	71.1	164	0.25	12.6
Pit 7	1041	1.1	2.25	7.58	75.5	128	0.24	11.5
Pit 7	1042	0.8	1.88	6.09	86.0	102	0.29	9.9
Pit 8	1043	0.4	1.24	3.77	80.0	29	0.17	6.0
Pit 8	1044	0.5	0.19	2.20	40.1	40	0.06	6.0
Pit 8	1045	0.5	1.61	4.73	146.0	36	0.20	5.5

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Pit 9	1046	0.6	0.90	4.08	64.7	47	0.13	6.8
Pit 9	1047	0.9	0.90	4.90	78.7	65	0.14	8.3
Pit 9	1048	0.7	1.62	5.65	118.0	64	0.23	7.2
Pit 10	1049	1.4	2.00	7.32	115.5	88	0.24	9.1
Pit 10	1050	0.2	0.91	5.32	98.7	68	0.19	7.1
Pit 10	1051	1.9	1.69	7.66	117.0	84	0.23	9.1
Pit 11	1052	0.6	0.97	5.11	66.6	78	0.10	10.4
Pit 11	1053	1.1	2.14	5.09	78.7	100	0.19	10.3
Pit 11	1054	1.8	1.19	6.32	119.0	93	0.14	10.9
Pit 12	1055	2.0	4.27	9.25	102.0	157	0.28	15.9
Pit 12	1056	1.9	3.28	8.77	92.6	157	0.29	15.4
Pit 12	1057	1.8	2.67	8.10	111.5	159	0.27	14.9
Pit 13	1058	0.7	0.68	3.69	44.7	50	0.12	7.5
Pit 13	1059	0.5	0.31	2.96	62.6	32	0.09	6.2
Pit 13	1060	1.0	0.89	3.82	71.4	62	0.12	8.6
Pit 14	1061	1.4	1.70	8.27	82.4	143	0.20	14.6
Pit 14	1062	1.8	1.73	8.21	77.0	161	0.22	15.8
Pit 14	1063	1.7	2.00	7.14	81.0	148	0.22	15.0
Pit 15	1064	0.7	0.86	4.10	69.4	69	0.14	8.0
Pit 15	1065	1.2	0.56	3.48	82.8	69	0.12	8.9
Pit 15	1066	1.2	1.00	4.76	88.5	93	0.16	9.9
Pit 16	1067	1.2	0.95	4.81	82.4	75	0.20	9.1
Pit 16	1068	0.7	0.60	3.65	72.8	54	0.12	7.1
Pit 17	1069	2.6	0.91	5.11	114.5	61	0.13	8.7
Pit 17	1070	5.1	1.02	5.22	128.5	69	0.15	9.1
Pit 18	1071	11.7	0.92	4.77	96.6	72	0.13	8.7
Pit 19	1072	9.9	1.00	5.66	88.5	90	0.22	10.0
Pit 19	1073	8.8	0.97	4.52	61.6	67	0.23	8.8
AVE			2.71	6.02				

#### Trench Sample Results for Trozza

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Trench 1	901	4.0	2.61	6.15	63.7	87	0.15	10.00
Trench 1	902	3.7	2.55	6.25	81.6	89	0.16	9.51
Trench 1	903	4.8	3.94	8.71	105.5	97	0.18	10.00
Trench 1	904	4.0	2.76	6.92	87.9	95	0.14	10.45
Trench 1	905	2.9	2.14	6.78	86.2	68	0.09	8.50
Trench 1	906	3.1	2.62	6.97	85.8	84	0.13	9.69
Trench 1	907	1.9	2.14	5.38	51.8	74	0.10	8.67
Trench 1	908	2.8	2.91	5.76	61.5	70	0.15	8.05

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Trench 1	909	3.6	3.44	6.61	66.7	91	0.22	9.86
Trench 2	910	5.1	3.29	10.15	128.5	152	0.20	17.60
Trench 2	911	7.5	3.51	10.35	157.5	143	0.16	17.70
Trench 2	912	6.4	4.08	9.94	143.5	156	0.24	17.80
Trench 2	913	6.8	2.61	9.80	110.5	177	0.16	18.90
Trench 2	914	6.6	2.28	9.22	90.2	187	0.17	19.20
Trench 2	915	6.9	2.30	9.02	89.1	194	0.18	19.20
Trench 2	916	3.5	1.74	6.96	65.5	211	0.23	16.50
Trench 3	917	6.3	4.17	7.22	70.8	140	0.25	11.85
Trench 3	918	9.0	2.93	8.82	76.0	171	0.21	16.50
Trench 3	919	9.8	2.24	8.02	83.3	163	0.20	16.40
Trench 3	920	5.3	2.28	6.65	63.6	100	0.19	10.55
Trench 3	921	4.5	1.70	5.45	63.2	100	0.19	10.30
Trench 3	922	5.8	3.18	6.21	154.0	114	0.32	11.60
Trench 3	923	3.4	1.62	6.17	80.4	82	0.15	9.50
Trench 4	924	19.0	1.78	8.11	85.3	161	0.30	17.10
Trench 4	925	21.6	1.99	8.19	89.5	169	0.35	16.90
Trench 4	926	18.9	1.98	8.24	83.6	169	0.34	17.10
Trench 4	927	22.0	1.97	8.38	84.7	163	0.37	14.45
Trench 4	928	24.3	1.75	8.51	90.4	173	0.37	17.20
Trench 4	929	19.9	1.76	7.75	75.9	154	0.34	13.75
Trench 4	930	12.1	2.33	8.98	86.6	158	0.28	16.30
Trench 4	931	10.8	1.99	8.44	91.9	150	0.25	13.70
Trench 4	932	7.1	2.09	8.60	106.0	144	0.21	13.80
Trench 4	933	6.7	2.01	8.38	109.5	148	0.21	13.65
Trench 4	934	4.1	2.10	8.92	88.3	140	0.19	15.40
Trench 4	935	3.9	2.52	9.52	97.1	147	0.19	15.40
Trench 4	936	4.8	2.85	8.89	93.2	145	0.19	15.60
Trench 4	937	5.2	2.79	9.63	101.0	163	0.23	16.50
Trench 4	938	5.7	2.32	8.59	95.4	128	0.23	13.45
Trench 4	939	5.3	1.48	6.74	90.8	117	0.21	11.15
Trench 4	940	8.7	1.59	7.05	114.5	110	0.25	12.40
Trench 4	941	6.8	1.44	6.85	96.7	108	0.24	12.05
Trench 4	942	8.5	1.79	6.60	116.5	92	0.28	11.10
Trench 4	943	1.2	2.35	6.80	130.0	104	0.42	11.60
Trench 4	944	1.0	1.97	6.78	115.5	92	0.31	11.20
Trench 4	945	1.4	1.93	6.36	114.5	104	0.32	10.65
Trench 4	946	0.8	1.53	5.82	151.5	136	0.28	11.85
Trench 4	947	<0.2	1.55	6.28	96.0	88	0.30	9.83
Trench 4	948	0.6	1.30	5.05	79.4	94	0.32	9.50
Trench 4	949	0.7	1.43	6.17	85.4	86	0.34	9.41

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Trench 5	950	1.3	0.76	5.49	68.5	97	0.14	10.55
Trench 5	951	1.0	0.93	5.24	77.0	107	0.15	10.80
Trench 5	952	1.2	1.18	6.21	83.4	123	0.17	12.15
Trench 5	953	1.0	1.20	8.06	97.8	114	0.17	11.35
Trench 5	954	1.2	0.94	5.81	78.9	112	0.16	11.10
Trench 5	955	1.2	0.84	5.26	66.7	99	0.12	10.30
Trench 5	956	1.2	1.06	5.03	73.2	103	0.15	10.65
Trench 5	957	1.1	0.84	5.00	76.1	99	0.13	10.15
Trench 5	958	0.9	1.33	5.97	71.0	122	0.16	11.70
Trench 5	959	1.1	0.86	5.32	65.3	96	0.14	10.40
Trench 5	960	0.8	0.74	4.10	69.4	73	0.14	8.76
Trench 5	961	0.7	0.57	3.59	67.6	61	0.12	7.69
Trench 5	962	0.7	0.56	3.38	54.8	52	0.11	6.90
Trench 5	963	1.1	0.66	4.00	60.3	68	0.11	7.89
Trench 5	964	1.1	0.80	4.55	74.3	81	0.14	9.96
Trench 5	965	0.6	0.60	4.73	88.3	69	0.12	8.17
Trench 6	966	0.8	2.14	5.72	87.2	122	0.22	10.90
Trench 6	967	1.5	3.72	8.94	105.5	205	0.25	17.50
Trench 6	968	2.6	3.64	9.08	116.0	207	0.27	18.30
Trench 6	969	1.5	3.68	8.96	94.4	215	0.27	18.00
Trench 6	970	1.3	2.69	6.87	107.5	114	0.29	11.20
Trench 6	971	0.9	1.26	5.06	95.7	96	0.17	8.72
Trench 6	972	1.0	1.98	6.46	98.7	123	0.18	10.50
Trench 6	973	0.5	0.85	3.32	83.1	39	0.08	6.14
Trench 6	974	0.9	0.87	4.35	111.5	79	0.14	8.65
Trench 6	975	1.2	2.09	8.42	129.0	151	0.19	11.35
Trench 6	976	1.3	1.53	6.73	94.1	126	0.19	11.30
Trench 6	977	1.5	2.12	7.28	110.0	146	0.20	12.10
Trench 6	978	1.2	1.55	7.22	133.0	97	0.17	9.74
Trench 6	979	0.7	1.34	5.45	95.2	94	0.17	9.23
Trench 6	980	<0.2	1.90	4.69	102.0	100	0.22	9.22
Trench 7	981	0.8	1.98	5.87	85.9	116	0.30	11.35
Trench 7	982	<0.2	1.46	6.83	81.7	126	0.28	11.35
Trench 7	983	<0.2	2.28	7.19	80.5	146	0.35	12.00
Trench 7	984	<0.2	1.70	7.30	86.5	127	0.33	11.40
Trench 7	985	<0.2	1.67	6.41	81.7	120	0.35	10.85
Trench 7	986	<0.2	0.97	5.96	72.9	109	0.22	9.41
Trench 7	987	<0.2	2.40	6.46	137.0	117	0.40	10.10
Trench 7	988	<0.2	1.59	6.83	77.9	117	0.34	10.75
Trench 7	989	<0.2	1.88	7.39	101.5	118	0.29	10.65
Trench 7	990	<0.2	1.65	6.84	89.2	130	0.31	11.60

Pits	Sample No	Ag ppm	Pb (%)	Zn (%)	Cd (ppm)	As (ppm)	S (%)	Fe (%)
Trench 7	991	<0.2	2.07	7.06	96.3	123	0.31	10.90
Trench 7	992	<0.2	1.39	6.36	126.5	93	0.26	9.12
Trench 7	993	<0.2	1.29	5.61	76.8	94	0.25	9.88
Trench 7	994	<0.2	1.53	6.48	65.3	116	0.31	10.40
Trench 7	995	<0.2	1.46	6.50	85.9	111	0.37	10.70
Trench 7	996	<0.2	1.52	7.25	99.4	95	0.38	9.27
Trench 7	997	<0.2	1.44	6.66	87.8	112	0.38	9.53
Trench 8	998	2.5	4.38	6.40	82.5	251	0.46	18.70
Trench 8	999	2.0	4.28	5.81	58.5	371	0.69	18.20
Trench 8	1000	2.3	5.87	6.39	67.0	342	0.77	21.20
Trench 8	1001	3.3	4.60	6.18	91.9	234	0.36	20.00
Trench 8	1002	3.5	4.82	6.84	77.3	271	0.62	22.40
Trench 8	1003	2.7	4.97	5.19	54.8	511	1.06	23.10
Trench 9	1004	2.0	5.66	6.28	95.7	267	0.72	18.00
Trench 9	1005	2.9	4.19	5.97	98.7	254	0.61	19.50
Trench 9	1006	2.2	4.98	5.88	79.2	331	0.92	20.70
Trench 9	1007	2.3	5.12	6.18	83.7	324	0.83	20.50
Trench 9	1008	2.3	6.54	7.93	82.0	236	0.53	20.00
Trench 9	1009	2.6	6.00	7.42	109.5	315	0.66	21.60
Trench 9	1010	3.9	4.84	6.38	87.5	279	0.56	21.90
Trench 9	1011	5.1	4.87	6.50	75.2	267	0.62	22.60
Trench 9	1012	3.9	4.74	6.19	81.4	267	0.61	21.50
Trench 10	1013	3.4	6.60	6.19	115.5	286	0.77	18.50
Trench 10	1014	2.9	6.49	5.72	99.1	264	0.76	18.60
Trench 10	1015	2.9	6.96	6.01	105.5	278	0.91	19.10
Trench 10	1016	2.9	5.98	5.94	104.5	296	0.95	20.30
Trench 10	1017	2.8	5.52	6.33	97.7	245	0.68	19.00
Trench 10	1018	2.6	4.31	5.97	90.8	285	0.80	20.40
Trench 10	1019	3.7	4.46	6.10	101.5	285	0.73	22.00
Trench 11	1074	8.4	5.07	5.85	95.5	318	0.99	22.70
Trench 11	1075	10.3	4.70	5.99	103.5	283	0.95	21.70
Trench 11	1076	16.7	4.45	6.21	94.8	261	0.84	20.30
Trench 11	1077	7.5	3.40	6.58	96.0	181	0.44	14.85
Trench 11	1078	10.9	2.73	9.70	78.0	219	0.32	18.60
Trench 12	1079	9.3	4.52	6.57	99.4	266	0.75	21.30
Trench 12	1080	7.1	4.25	6.31	100.0	258	0.66	21.30
AVE			2.64	6.76				

## SRK Report Client Distribution Record

Project Number: CHL002

Date Issued: 20 March 2012

<b>Name/Title</b>	<b>Company</b>
Donald Thomson	Celamin Holdings Limited

<b>Rev No.</b>	<b>Date</b>	<b>Revised By</b>	<b>Revision Details</b>
0	17/02/2012	Lars Weiershäuser	Draft report
1	20/03/2012	Lars Weiershäuser	Final report

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## 7. SOLICITOR'S REPORT

SYDNEY | MELBOURNE | BRISBANE



13 April, 2012

The Directors

Celamin Holdings NL

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 Law Courts PO  
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Dear Sirs and Madam,

This report has been prepared for inclusion in a prospectus to be dated on or about 13 April, 2012 for the offer by Celamin Holdings NL (ACN 139 255 771) (**Celamin**) of a Minimum Subscription of 25,000,000 ordinary shares in Celamin at \$0.20 per share to raise \$5,000,000 and a Maximum Subscription of 50,000,000 ordinary shares in Celamin at \$0.20 per share to raise \$10,000,000.

This report relates to various exploration permits and Authorisations in Algeria and Tunisia (**Tenements**) that Celamin Limited has an interest in. A schedule of the Tenements is annexed to this report.

### I. Algerian and Tunisian Solicitors' Reports

We have received and reviewed Reports from the following legal advisors in Algeria and Tunisia:

- (a) M. Mahmoud-Ghazi Lomri of Algeria; and
- (b) Cabinet Maitre Donia Hedda – Ellouze of Tunisia.

These Reports each set out the status of Tenements that Celamin Limited has as an interest in together with an overview of the legislation that governs those Tenements.

### 2. Algeria

#### 2.1. The Mining Law No 01-10 of 3 July 2001

The Mining Law No 01-10 of 3 July 2001 (**the Mining Law**) and its implementing regulations governs the exploration for, and exploitation of, mineral resources and fossil substances in Algeria.

The following categories of mining titles may be awarded under the Mining Law in Algeria:

- (a) Mining Survey, a mining survey can be in the form of:
  - (i) a survey Authorisation; or
  - (ii) an exploration Permit.
- (b) Mining Exploitation, a mining exploitation can be in the form of:

- (i) a mining concession;
- (ii) an exploitation permit for small or medium mining exploitation; or
- (iii) an authorisation for traditional mining exploitation.

The Company has an interest in an exploitation permit for small or medium mining exploitation that is currently held by Fianceres Algerieenes LLC (**FA**)

The Mining Law indicates that the exercise of mining activities is open to any operator irrespective of their nationality.

#### ***Exploitation Permit Conditions***

The following conditions that are generally applied to Algerian exploitation permits require the permit holder to:

- (a) begin work no later than one year after obtaining the title;
- (b) perform work according to best practice;
- (c) make annual capital expenditures;
- (d) provide all information to the relevant legal authority; and
- (e) provide competent mining services information and evidence as required under the provisions of the Mining Law.

In addition to the conditions set out above, holders of exploitation permits are also required to pay:

- (a) the duty payable on the notarised deed of establishment, or payable on the amendment or renewal of the exploitation permit;
- (b) the surface tax payable at the time of the issuance and renewal of the permit;
- (c) an annual surface tax that is payable at the beginning of each calendar year;
- (d) a royalty for the extraction of mineral substances (small to medium sized mining lease holders are granted a 30% discount on this royalty); and
- (e) 33% tax on mining profits (30% of this tax is paid to the Government and the remaining 3% is for the benefit of local communities).

Small and medium exploitation permit holders are exempt from the requirement to pay the following taxes:

- (a) TAP (Professional Activity Tax);
- (b) TVA (Tax on added value) on:
  - (i) specific goods that are acquired or imported;
  - (ii) rights;
  - (iii) customs taxes and royalties for equipment; and
  - (iv) materials and products used for mining research; and
  - (v) with the exception the mining profits tax and the amortisation of the cost of prospecting and mining, all taxes that are applicable to the results of the mining operation.

The holder of small and medium exploitation permits are also entitled to carry out permanent exploitation with a minimum of fixed facilities using industrial or semi-industrial processes. Small and

medium exploitation lease holders should only have an extraction capacity of less than 3,000 tonnes per day.

### ***Renewal of Exploitation Permits***

Exploitation Permits for small or medium mining are granted for a maximum period of ten (10) years with possible extensions as many times as may be allowed by the reserves that are to be exploited.

The Mining Law states that a renewal of a mining claim will be granted to a permit holder, if the holder has fulfilled the conditions imposed on it when the mining claim was granted. A renewal of a mining claim may result in a modification of the area initially granted under the claim.

### ***Algerian Regulatory Bodies***

The Agence Nationale du Patrimoine Minier (**ANPM**) and the Agence Nationale de la Geologie et du Controle Minier (**ANGCM**) are the Algerian agencies that are responsible for overseeing the Mining Law.

#### ANPM

ANPM implements the Mining Cadastre office, approves mining permits and permissions and oversees and co-ordinates mining activities.

The assignment or transfer of rights, or the farm-in of any exploitation permit requires the prior approval of the ANPM.

The ANPM can remove or withdraw a mining lease if the holder:

- (a) does not pay its taxes and royalties during two consecutive years;
- (b) does not meet the commitments undertaken; and
- (c) ceases to fulfil the conditions and resulting obligations of the Mining Law and terms taken for its implementation.

#### ANGCM

ANGCM is responsible for the establishment of the National Geological Service and monitoring mining activities.

### ***Real Property Rights***

A mining lease relating to exploitation activities creates real property rights of limited duration. These rights are distinct from ownership of land and are subject to mortgages, privileges and properties that are situated on the land. However, the holder of an exploitation permit may, in the conditions defined by the Mining Law and texts taken from its application, also benefit from legal easements of way and water as are necessary for the holder's facilities and the exploitation of mining.

The authorisation to make use of easements is granted by an order of the relevant territorial Governor after a declaration of public utility has been issued and an investigation in which property owners, holders of real rights, recipients and other parties or persons concerned have been heard are completed.

## **2.2. OEK Permit**

FA, a limited liability company governed and registered under Algerian laws, was granted an exploitation permit for a small to medium mining exploitation for zinc, lead, copper and silver in the locality of Oued El Kebir, municipality El Aouana, province of Jijel in Algeria on 12 September 2006.

The exploitation permit was issued for a period of 10 years from the date of its signature and is

currently valid. The exploitation permit is currently valid.

Pursuant to a Joint Venture Agreement entered into by FA, Celamin Algeria WLL and Celamin Limited (**the Celamin Entities**) on or about 24 April 2011. The Celamin Entities have the opportunity to acquire a 49% interest in the exploitation permit by performing and financing all studies required to be undertaken to confirm the basic geology and other assumptions of the OEK Permit (Due Diligence Study) and to perform and finance the completion of a feasibility study on the permit (Feasibility Study).

Upon the satisfaction completion of the Due Diligence Study and the Feasibility Study the parties have agreed to establish an Algerian operating company through which both FA and the Celamin Entities can conduct joint mining activities. The issued capital of the operating company shall be divided as follows:

- (a) FA – 50%;
- (b) Celamin Algeria WLL – 48.9%;
- (c) Celamin Limited – 0.1%; and
- (d) An independent Algerian shareholder – 1%.

Upon completion of the Due Diligence Study and the Feasibility Study. FA has agreed to assign the OEK Permit to the operating company. Upon the operating company being incorporated, FA and the Celamin Entities intend to apply for additional mining titles in the extension area of the OEK Permit and other areas of mutual interest.

The approval of ANPM is required before the transfer of the OEK Permit from FA to the operating company can take effect.

After completion of the Feasibility Study and subject to FA and Celamin Limited agreeing to commence development of the OEK Permit in accordance with the Feasibility Study, the parties shall carry out an exploration program outside of the permit which shall be carried out by the project company.

If the reserves defined by a feasibility study conducted by Celamin Limited are less than 11.5 million tonnes, Celamin Limited will finance expenditure under an exploration program outside of the permit up to \$US2.5million. If the reserves defined by the feasibility study conducted by Celamin Limited are less than 11.5million tonnes, Celamin will finance expenditure under an exploration program outside of the permit of up to \$US5million.

### **3. Tunisia**

#### **3.1. Tunisian Mines Code – 28 April 2003**

The Tunisian Mines Code dated 28 April 2003 governs mining activities in Tunisia. There are three categories of mining titles in Tunisia:

- (a) Prospecting Permits;
- (b) Exploration Permits; and
- (c) Exploitation Concessions.

Prospecting, exploration and exploitation rights can only be acquired by the grant of a mining title from the Minister Responsible for Mines. Separate exploration permits and exploitation concessions can be granted to different applicants in the same area for different groups of mineral substances.

The mining titles that Celamin Limited has an interest in are exploration permits.

### ***Application and Renewal***

An exploration permit application or its renewal must be accompanied by a commitment which specifies the exploration work that the applicant agrees to conduct within the limits of the exploration area that is the subject of the permit.

The commitment must specify:

- (a) the nature and plan of the anticipated exploration work;
- (b) the minimum expenditure required to effect the proposed work; and
- (c) a description of the management group and those responsible for supervision of the work.

A permit holder must provide the Minister Responsible for Mines with an annual report describing the work that has been carried out on the permit.

Exploration permits are valid for an initial period of 3 years from the publication of decree in the Tunisian Official Gazette and may be renewed for two additional terms with each term having a maximum period of 3 years.

The holder of an exploration permit has the exclusive right to undertake, within the scope granted by an order of the Minister of Mines, all exploration activities, excavations, surveys and reconnaissance necessary to discover mineral deposits. The holder of an exploration permit is entitled to make installations but cannot engage in any exploitation. However, separate exploration permits and exploitation concessions can be granted to different applicants in the same area for different groups of mineral substances.

The holder of an exploration permit also has the exclusive right during the term of the permit to apply for an exploitation concession on the permit area.

The holder of an exploration permit is entitled to renew the permit for two successive periods for a maximum period of three years each, provided that the holder has fulfilled the following requirements:

- (a) it has met the full cost of the of the minimum research/exploration program;
- (b) an application for renewal at least two months prior the expiration date of the permit;
- (c) it has given a commitment to carry out during the renewal period, a research/ exploration program that has a minimum expenditure requirement;
- (d) it has demonstrated that it has sufficient technical and financial capacity to undertake the research/exploration program in the best possible manner; and
- (e) it has demonstrated that it did not commit offences that resulted in serious injury to the environment.

If, at the end of the second renewal period, a discovery of a deposit that may be eligible for an exploitation concession has been made, the holder of an exploration permit will be entitled to an exceptional renewal.

### ***Cancellation of Exploration Permits***

Exploration permits may be cancelled in the following circumstances:

- (a) if the holder decides to waive the permit in whole or in part, provided that the holder has completed the minimum work commitments and expenditures for the period of the validity;
- (b) if the holder does not meet the requirements of technical and financial capacity required of the permit;

- (c) if it is determined that the holder has given false information to obtain the permit;
- (d) if the holder fails to fulfil the commitments specified in the permit application or has not complied with the commitment deadlines or environmental and health commitments;
- (e) if the holder refuses to take over the rights and obligations of one of the co-licence holders and the co-licence holder withdraws without complying with the rights and obligations under Article 38 of the Mine Code; or
- (f) if the holder refuses to comply with measures ordering an immediate stop of work sued as a result of a serious offence being committed to the environment or to the security of staff.

If compliance is not obtained within two months of formal notice being given to the permit holder, the permit will be cancelled.

#### ***Tax Incentives***

The following tax incentives are afforded to the holder of permits by the Mines Code:

- (a) exemption from payment of companies tax (25%) for the first five years from the effective start of operations; and
- (b) suspension from value added tax (VAT) on operations made in Tunisia.

#### ***Landowner Rights***

The occupation by the permit holder of land within the framework of a mining title requires the written approval of the owner of the land. If an agreement cannot be concluded between the permit holder and the land owner, the permit holder can be authorised by a Decree of the Minister of Mines to occupy the land. This decree will not apply to the parts of the land where there are constructions and walled areas, in this case the written authorization of the owner is required.

The occupation of the land gives right to an indemnity payable in advance to the land owner. The indemnity is required to be for an amount that is twice the annual rental value of the occupied land and is fixed for the period of occupation. The holder of a permit is also required to repair pay compensation any damage that its activities may cause to the land. The compensation may not exceed twice the market value of the land at the time of the occupation.

If the occupation of the land by the permit holder prevents the land owner from disposing of the land for more than 3 years, the landowner can oblige the permit holder to acquire the land in accordance with the Mining Code. In this instance, the purchase price for the land will be fixed at twice the market value of the land at the time of the occupation.

The approval of the owner is necessary for survey, drilling or extraction (on the surface or underground) works.

#### ***Activities on Military and Public Areas***

No activity of prospection, exploration or exploitation, can be undertaken on Tunisian public or military domains without the prior authorisation of the Minister in charge of National Defence.

The approval of the Ministry in charge of the management of the concerned public domain, is necessary for survey, drilling or extraction (on the surface or underground) works, in the event the works are carried out in a zone which is less than 50 meters from a walled area, village or construction.

The Tunisian State reserves the right to use, for its public services, all the ways or paths established by the holder of the exploration permit or the exploitation concession.

### **3.2. Tax Concessions for Authorisation**

On the basis that the tailing activities on the Authorisation area that are to be carried out by Celamin Limited will be located in zones of regional development (priority development zone), the permit

holders will be entitled to a number of taxation incentives which include tax deductions and investment premiums.

### 3.3. Exploration Permits and Authorisation

All of the exploration permits have been validly issued. We are informed that the Authorisation is currently being renewed for another year.

#### Bir El Afou Phosphate Exploration Permit

The Bir El Afou permit is an exploration permit of mineral of 5th category. Authorisation from the Forestry Administration was granted on 22 February 2010. The permit has a term of 3 years from 16 February 2010.

Pursuant to a joint venture agreement entered into between the Company and TMS, Celamin Limited has an 80% interest in the permit and TMS, a privately owned Tunisian company specialising in mining services and mining has a 20% interest in the permit. Further details regarding the joint venture are set out in Section 9.5 of this Prospectus.

#### Chaketma Exploration Permit

The Chaketma permit is an exploration permit of mineral of 5th category. The permit was authorised by the Forestry Administration on 1 March 2010. The permit has been issued for a term of 3 years commencing on 16 February 2010.

Celamin Limited has an 80% interest in the permit and TMS has a 20% interest in the permit. We are advised that Celamin Limited is currently negotiating a Joint Venture Agreement in respect of the Chaketma permit.

#### Oued El Maden Exploration Permit

The Oued El Maden permit is an exploration permit of mineral of 3rd category and has been granted for a term of 3 years from 16 September 2011.

Celamin Limited has a 50% interest in the permit and TMS has a 50% interest in the permit. We are instructed that Celamin Limited proposes to negotiate a Joint Venture Agreement with TMS in respect of this permit.

#### Sidi Driss Exploration Permit

The Sidi Driss permit is an exploration permit of mineral of 3rd category and has been granted for a term of 3 years from 16 September 2011.

Celamin Limited has a 50% interest in the permit and TMS has a 50% interest in the permit. We are instructed that Celamin Limited proposes to negotiate a Joint Venture Agreement with TMS in respect of this permit.

#### El Haouaria Exploration Permit

The El Haouaria permit is an exploration permit of mineral of 3rd category and has been granted for a term of 3 years from 16 September 2011.

Celamin Limited has a 50% interest in the permit and TMS has a 50% interest in the permit. We are instructed that Celamin Limited proposes to negotiate a Joint Venture Agreement with TMS in respect of this permit.

#### Trozza and Garn Halfaya Authorisation

TMS holds concessions over a number of tailings storages. We are advised that the Tunisian government has granted TMS and Celamin Limited the right to undertake studies into the potential for reprocessing the tailings at other sites.

Celamin Limited and TMS have entered into an Agreement dated 1 July 2009 whereby TMS

have granted Celamin Limited the right to earn a 50% interest in the tailings project by financing the first US\$500,000 of study of sites and processes suitable for the reprocessing project. Thereafter all funding will be on a 50/50 basis.

The authorisation granted to treat tailings are issued by the Office National des Mines and are for a maximum period of (1) year.

#### **4. Assumptions**

For the purposes of reviewing the Tenements, we have assumed that:

- (a) the Tenements have been validly granted, that is, that the correct statutory, administrative and other procedures were complied with in the grant of the Tenements (other than the applications); and
- (b) the information provided by My Lomri and Ms Hedda in relation to the status the Tenements and the legislation and regulation governing mining and exploration in Tunisia and Algeria is accurate.

#### **5. Consent**

TressCox has consented to the inclusion of this report in the Prospectus in the form and context in which it appears and have not withdrawn that consent before lodgement of the Prospectus with the ASIC.

Yours faithfully



**TressCox**

## Annexure Of Tenements

### Permits :

Project	Permit Name	Holder	Location Area	Term	Investment
Tunisian Phosphate	Bir El Afou (Exploration permit of mineral of 5 <sup>th</sup> category)	Celamin Limited: 80% TMS: 20% (Tunisian Mining Services)	Governorate of Kef (21 basic perimeters - 84 Sq kms)	3 years from 16 February 2010	1 million one hundred thousand (1.100.000) Tunisian Dinar
Tunisian Phosphate	Chaketma (Exploration permit of mineral of 5 <sup>th</sup> category)	Celamin Limited: 80% TMS: 20%	Governorate of Kasserine (14 basic perimeters - 56 Sq kms)	3 years from 16 February 2010	1 million six hundred ten thousand (1.610.000) Tunisian Dinar
Tunisian Base and Precious Metals	Oued El Maden (Exploration permit of mineral of 3 <sup>rd</sup> category)	Celamin Limited: 80% TMS: 20%	Governorate of Jendouba (7 basic perimeters - 28 Sq kms)	3 years from 16 September 2011	Two hundred ninety five thousand (295.000) Tunisian Dinar
Tunisian Base and Precious Metals	Sidi Driss (Exploration permit of mineral of 3 <sup>rd</sup> category)	Celamin Limited: 80% TMS: 20%	Governorate of Bizerte (4 basic perimeters - 16 Sq kms)	3 years from 16 September 2011	Three hundred ten thousand (310.000) Tunisian Dinar
Tunisian Base and Precious Metals	El Haouaria (Exploration permit of mineral of 3 <sup>rd</sup> category)	Celamin Limited: 80% TMS: 20%	Governorate of Beja (6 basic perimeters - 24 Sq kms)	3 years from 16 September 2011	Two hundred eighty five thousand (285.000) Tunisian Dinar
Algeria Base and Precious Metals	Oued El Kebir	Fianceres Algerieenes LLC.  (The Celamin Entities have the right to farmin a 49% interest).	153 hectares	10 years from 12 September 2006	nil

### Tunisian Authorisation :

Project	Authorisation Name	Holder	Location Area	Term
Tunisian Authorisation	Trozza	Celamin Limited: 50% TMS: 50%	18 km north of the city of Hajeb El Ayoun	1 year renewal is currently being reviewed by the Tunisian Director General of Mines
Tunisian Authorisation	Garn Halfaya	Celamin Limited: 50% TMS: 50%	30 km west south-west of the town of El Kef	1 year renewal is currently being reviewed by the Tunisian Director General of Mines

## 8. INVESTOR INFORMATION AND RISK FACTORS

### 8.1. Risk Factors

An investment in the Company should be considered to be a speculative investment because of the nature of the Company's business and activities.

Investors should recognise there are a number of general and specific risks that the Company faces, which may materially and adversely impact the future operating and financial performance of the Company and the value of the Shares. As many of these risks are outside the control of the Company and/or its Directors, there can be no guarantee that the Company can achieve its objectives.

Prospective investors should read this Prospectus in its entirety and carefully consider the risk factors impacting on the Company as well as their own investment objectives and their financial position prior to making a decision to invest in New Shares. Any Applicant should realise that his/her investment may become subject to those risks in due course. As a consequence of those risks any company's Share price may rise or fall. If prospective investors are uncertain of matters detailed in this Prospectus and/or their financial circumstances in respect of investing in the Company, they should take appropriate advice from their stockbrokers, solicitors, accountants or other professional advisers.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 8.2. 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.

### 8.3. Tenure and Access

The Tenements including any projects the Company will, or may, the future acquire are subject to applicable local laws and regulations and there is no guarantee that any Tenement applications or conversions will be granted.

The Tenements 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 Tenements will be subject to renewal from time to time. Renewal of the term of each Tenement is subject to the applicable legislation. If a Tenement is not renewed for any reason, the Company may lose the opportunity to develop and discover any mineral resources on that Tenement.

### 8.4. Change in Nature and Scale of Activities

At a General Meeting to be held on 27 April 2012, the Company is seeking shareholder approval (among other things) to a change in the nature and scale of its activities the issue of shares to the Celamin Limited Vendors and the issue of New Shares under this Prospectus. In order to give effect to the Company's change in the nature and scale of its activities if Shareholder approval is obtained, the ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to satisfy these requirements.

The Company's Shares will be suspended from Official Quotation from the time of the General Meeting and will not be reinstated until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares to the Official List. In the event the conditions to the Offer are not satisfied or the Company does not

receive conditional approval for re-quotations on ASX, then the Company will not proceed with the Offer and will repay all application monies received.

### 8.5. 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 Australia or elsewhere.

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

### 8.6. Government

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

### 8.7. Geopolitical

Politics on a global, regional or local scale could impact the Company's operations, its access to certain countries and its right to continue operating in a particular country. Acts of terrorism or outbreak of war may disrupt or prevent the Company from operating its business programs.

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.

### **8.8. Sovereign Risks**

The Tenements are located in Tunisia and Algeria. Both Tunisia and Algeria may be subject to social and economic uncertainty. Any civil or political unrest and outbreaks of hostilities in Tunisia or Algeria could affect the Company's access to the Tenements and subsequent exploration and development. Adverse changes in government policies or legislation in Tunisia or Algeria affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations and mining exploration activities may affect the operations of the company.

### **8.9. 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.

### **8.10. 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

### **8.11. 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 Celamin Limited (upon it becoming a wholly owned subsidiary) 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.

### **8.12. 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.

#### **8.13. Tax Issues**

There may be tax implications arising from the acquisition of Shares, any possible receipt of dividends (both franked and un-franked) and the disposal of Shares. All prospective investors should carefully consider these tax implications and if uncertain as to the relevant taxation issues, obtain further advice from a qualified professional adviser. Tax liabilities are the responsibility of each individual investor and the Company will not be responsible for any tax or related penalties incurred by investors.

#### **8.14. Stock Market Fluctuations**

There are risks associated with any investment in a company listed on the ASX. The value of the Company's Shares may rise above or below the current price depending on the financial and operating performance of the Company and external factors over which the Company's Directors have no control. These external factors include:

- economic conditions in Australia and overseas, which may have a negative impact on equity capital markets;
- changing investor sentiment in the local and international stock markets;
- changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- developments and general conditions in the markets in which the company proposes to operate and which may impact on the future value and pricing of shares.

Investors should recognise that once the Shares are listed on ASX, the price of the Shares may fall as well as rise. Many factors will affect the price of the Shares including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally.

#### **8.15. Directors and Management**

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

#### **8.16. 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 Tenements 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 Prospectus, 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.

#### **8.17. 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 in these projects.

#### **8.18. Unforeseen Risks**

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

Each of the documents described below is a contract that is material to the operations and affairs of the Company and which prospective investors and their advisers would reasonably expect to be disclosed in this Prospectus to enable an informed decision to be made regarding the Offer. The information supplied below is a summary only.

### 9.1. Acquisition Agreement

The Company entered into the Acquisition Agreement on 7 September 2007. The Acquisition Agreement was subsequently amended by a Deed of Amendment dated 16 December 2012 and a Second Deed of Amendment dated 18 November 2011.

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 Project, 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. As announced on 3 November 2011, the pre-feasibility study has been delivered to the Company;
- (b) the Company obtaining all necessary shareholder approvals for completion of the Celamin Limited Acquisition. These approvals are being sought from Shareholders at a General Meeting of the Company on Friday 27 April 2012;
- (c) the issue by the Company of 72,500,000 fully paid ordinary shares to the Celamin Limited Vendors Approval for the issue of these shares is being sought at a General Meeting of the Company on Friday 27 April 2012; 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) to be applied towards completing pre-feasibility and feasibility studies on the Celamin Tunisia Phosphate Projects and for progressing Other Projects.

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

### 9.2. Lead Manager Mandate Agreement

The Company has engaged Petra Capital Pty Ltd (**Petra**) to act as exclusive Lead Manager to the Offer.

Under the Lead Manager Mandate, Petra will act as Lead Manager to the Offer and provide marketing and promotional services in relation to the Offer.

In consideration for performing this role, Petra will receive a fee of 5% of the capital that it raises (plus GST). If funds are raised by third party, Petra will receive a 1% management fee of this amount.

The Lead Manager Mandate contains an indemnity by the Company in favour of Petra, its affiliates, directors, officers, employees and advisors against any and all liabilities they incur arising out of, or in respect of, the performance of the Lead Manager.

The Lead Manager Mandate also includes:

- a range of representations and warranties on the part of the Company; and
- a variety of termination rights in favour of both parties, typical for an agreement of this nature.

### **9.3. Executive Service Agreements**

#### ***Employment Agreement with David Regan***

The Company has entered into an employment agreement with Mr David Regan, the Company's Managing Director.

The agreement provides for an initial 3 year term which commenced on 12 October 2010.

The agreement is on normal commercial terms and provides for the payment of a total remuneration package which is commensurate with the remuneration packages offered to managing directors of public companies of a similar size and industry grouping as the Company. Pursuant to the terms of the agreement, Mr Regan will receive remuneration at the rate of \$180,000 per annum including statutory superannuation.

#### ***Letter of Appointment as Non-Executive Chairman – The Honourable Andrew P Thomson***

The Company has appointed Mr Andrew Thomson as a Non-Executive Chairman of the Company pursuant to a Letter of Appointment.

Mr Thomson's appointment commenced on 4 January 2012 and his ongoing appointment is subject to the Shareholders approving Mr Thomson's appointment at the General Meeting.

The terms of Mr Thomson's appointment are on normal commercial terms and provides for the payment of a total remuneration package which is commensurate with the remuneration packages offered to Non-Executive Chairmen of public companies of a similar size and industry grouping as the Company. Pursuant to the terms of appointment, Mr Thomson will receive a gross consultancy remuneration of \$120,000 per annum.

### **9.4. Loan Agreements**

The Acquisition Agreement required the Company to advance a loan of \$250,000 to Celamin Limited. The terms of the loan were as follows:

- the loan is interest free;
- the funds advanced pursuant to the loan may be applied as Celamin Limited thinks fit;
- the loan is repayable on the earlier of:
  - the completion date of the Acquisition; or
  - 18 months after termination of the Acquisition Agreement for any reason.

If the loan becomes repayable due to the termination of the Acquisition Agreement, Celamin Limited may choose to repay the loan in cash or by issuing the Company 1,250,000 shares in Celamin Limited (adjusted if necessary to ensure that on the date of issue the shares represent 0.9% of the fully diluted share capital of Celamin Limited). The first loan was advanced on 30 August, 2011.

Subsequent to this loan, the Company has advanced two additional loans to Celamin Limited. The loan

terms are substantially the same as those that are contained in the Acquisition Agreement.

The second loan was for a sum of \$1,000,000. Celamin Limited was required to apply the funds in the following order of priority:

- for a further delineation of a JORC resources at the Bir El Afou Project;
- the completion of a pre-feasibility study on the Bir El Afou Project; and
- further development work on the Bir El Afou Project and the Chaketma Project.

The loan is repayable on the earlier of the completion date of the Acquisition or 9 months after termination of the Acquisition Agreement. If the loan is repayable due to the termination of the Acquisition Agreement, the Company may require the loan to be repaid in cash or by requiring Celamin Limited to issue it 5,000,000 shares in Celamin Limited or such number of shares that will result in the Company holding a 3.6% interest in the issued share capital of Celamin Limited. The second loan was advanced on 30 August, 2011.

The third loan was for a sum of \$600,000. Celamin Limited was required to apply the funds towards further development work on the Bir El Afou and Chaketma Projects.

The loan is repayable on the earlier of the completion date of the Acquisition or 9 months after termination of the Acquisition Agreement. If the loan is repayable due to the termination of the Acquisition Agreement, the Company may require the loan to be repaid in cash or by requiring Celamin Limited to issue it 3,000,000 shares in Celamin Limited or such number of shares that is equal to 2.16% of the issued share capital of Celamin Limited. The third loan was advanced on 16 February, 2012.

#### **9.5. Tunisian Joint Venture**

Celamin Limited has entered into a Joint Venture Agreement with TMS in respect of the Bir El Afou and Chaketma Projects on or about 3 December 2009.

The agreement provides that upon the Chaketma and Bir El Afou tenements being granted by the relevant authorities, the parties will incorporate a company to manage the projects on behalf of the parties. Celamin Limited will have an 80% interest in the company and TMS will hold a 20% interest in the company. TMS holds a 15% free carry interest in respect of all costs associated with a pre-feasibility study until a feasibility study is commenced. Celamin Limited will be responsible for 95% of the costs associated with a pre-feasibility study and 70% of the costs associated with a feasibility study.

Upon completion of the feasibility study, the parties shall be responsible for costs associated with the projects in accordance with their participating interests.

Pursuant to the terms of the agreement, Celamin Limited is responsible for the technical management of the project in accordance with approved programs and budgets and TMS shall be responsible for developing and maintaining good relations and communications with local and national government agencies and for obtaining all administrative authorisations required for the projects.

Upon completion of a feasibility study and the adoption of a financial plan, the parties agree that they will continue the project to a development and production phase. If one party does not approve the decision to continue with the development and production, that party will be required to withdraw from the joint venture and pay the other party compensation. The compensation payable will be equal to the costs incurred by the other party in conducting the pre-feasibility study and the feasibility study and preparing the financial plan. If after withdrawal, the production does not commence within 30 months, the party that continued with the development and production plan will be required to compensate the withdrawing party and amount determined by an independent valuer.

The parties have also agreed that upon completion of a feasibility study, they will transfer the residual exploration permits outside the feasibility area to a company in which Celamin Limited and TMS will each have a 50% interest.

#### **9.6. Algerian Joint Venture**

Celamin Limited, Celamin Algeria WLL and Faienceries Algeriennes (FA) entered into a Joint Venture Agreement on or about 24 April 2011 in respect of the OEK Permit. In accordance with the terms of the Joint Venture Agreement, Celamin Limited has the right to farm in a precious and base metals project.

FA is the sole and beneficial owner of the OEK Permit and in accordance with the terms of the agreement, has granted Celamin Limited the right to farm-in a 49% interest in the permit. The agreement provides that the joint exploitation of the permit is conditional upon Celamin Limited completing, at its sole cost, a due diligence and feasibility study. Upon the satisfactory completion of the due diligence and feasibility studies, the agreement requires the parties to establish an operating company to which FA will transfer the permit. The transfer of the permit must be approved by the Agence Nationale du Patrimoine Minier. The parties shall hold the following interests in the operating company:

- (a) FA – 50%;
- (b) Celamin Algeria WLL – 48.9%;
- (c) Celamin Ltd – 0.1%; and
- (d) An independent Algerian shareholder – 1%.

Algerian law prevents a foreign company from holding more than a 49% interest in an Algerian company.

The agreement requires the parties to ensure that the operating party commences development on the permit within 6 months of the completion of the feasibility study. Once a development decision is made, Celamin Limited will be required to complete an exploration program outside the OEK permit that will be financed by Celamin Limited for a period of 5 years as follows:

- if the reserves defined by the feasibility study are equal to or greater than 11.5 million tonnes, Celamin Limited shall be required to solely finance the exploration program up to a limit of \$US5million; or
- if the reserves defined by the feasibility study are less than 11.5million tonnes, then Celamin Limited shall solely finance the exploration program up to a limit of \$US2.5million.

All additional financing shall be borne equally by FA and Celamin Limited.

Each party has a pre-emptive right for the purchase of the other parties' interests in the operating company,

#### **9.7. Tailings Agreement**

Celamin Limited and TMS have entered into an Agreement dated 1 July 2009 whereby TMS have granted Celamin Limited the right to earn a 50% interest in the tailings project by financing the first US\$500,000 of study of sites and processes suitable for the reprocessing project. Thereafter all funding will be on a 50/50 basis. If upon, completion of the studies, the parties decide to pursue processing of the tailings, the parties will incorporate a company to hold all of the licenses, sites, concessions and study results relating to the tailings. Each party will hold a 50% interest in the company.

**10.1. Corporate**

The Company was incorporated in Queensland on 3 September 2009 under the Corporations Act as a public company.

Celamin Limited was incorporated in Queensland on 13 May 2009 under the Corporations Act as a public company.

**10.2. Tax Status**

The Company will be taxed as an Australian resident at the prevailing corporate tax rate which is currently 30%.

**10.3. Balance Date**

The Company has a balance date of 30 June.

**10.4. Top 20 Holders of Ordinary Shares**

As at the date of this Prospectus, the following are the top 20 shareholders of the Company:

Rank	Name	Shares	% of Units
1	African Lion 3 Limited	8,552,589	15.85
2	Commonwealth Bank of Australia	4,703,619	8.72
3	RMB Resources Limited	3,711,134	6.88
4	David Gerard Michael Regan & Marie Misaki Regan <Regan Superannuation Fund>	3,362,806	6.23
5	Dawesville Nominees Pty Ltd <Peter Avery Superannuation Fund A/C>	3,000,001	5.56
6	Mr Douglas Wakley Cahill	2,749,631	5.10
7	J & WT Dekker Pty Ltd <J & WT Dekker Family A/C>	2,372,013	4.40
8	Kevin Nichol	1,800,001	3.34
9	Beny Manuru	1,450,000	2.69
10	JP Morgan Nominees Australia Limited <Cash Income>	1,382,982	2.56
11	Yilgarn Infrastructure Limited	1,080,000	2.00
12	ABN Amro Clearing Sydney Nominees Pty Ltd	982,744	1.82
13	Baru Resources Limited	875,001	1.62
14	RNAJ Pty Ltd <RNAJ Stagg Super Fund>	732,844	1.34
15	Frengky Manuru	460,000	0.85
16	Ringsford Pty Ltd <DG & GL Walker S/F A/C>	400,000	0.74
17	Megatop Nominees Pty Ltd <Morris Super Fund A/C>	400,000	0.74
18	Hawera Pty Ltd <The Bailey Family>	400,000	0.74
19	Mr Frengky Manuru	355,000	0.66
20	Mr Peter Robert Long	350,000	0.65

## **10.5. Shares: Rights and Liabilities**

The following is a summary of the provisions of the Constitution governing the rights and liabilities that attach to Shares. This summary is not exhaustive nor does it constitute a definite statement of the rights and liabilities of the Company's members. To obtain such a statement, Applicants should seek independent legal advice.

The Shares are presently listed on ASX trading under the ASX Code CNL. The Shares are fully paid ordinary shares which will rank equally with all other shares on issue from the date of issue and are the same class of the Shares as those listed on ASX.

### **10.5.1 Fully Paid Shares**

#### *Ranking*

The New Shares are fully paid ordinary shares and will rank equally in all respects with the existing Shares in the Company.

#### *Reports and Notices*

Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the constitution of the Company, the Corporations Act and the Listing Rules.

#### *General Meetings*

Members are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Corporations Act and the constitution of the Company.

#### *Voting*

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at the present time there are none) at a general meeting of the Company every ordinary member present in person, or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

A member who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the share.

#### *Dividends*

The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to members according to their rights and interests.

#### *Winding Up*

Subject to any special or preferential rights attaching to any class or classes of shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them respectively, irrespective of the amounts paid up on Shares.

#### *Transfer of Shares*

Subject to the constitution of the Company, the Corporations Act and the Listing Rules, the Shares will be freely transferable.

#### *Future Increases in Capital*

The allotment and issue of Shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of Shares to Directors or their associates contained in the Listing Rules, the constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

### Variation or Cancellation of Rights

- (a) Subject to the Listing Rules, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to shares in any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or cancelled by special resolution of the Company and:
  - (i) by special resolution passed at a meeting of the class of members holding shares in that class; or
  - (ii) with the written consent of members with at least 75% of the votes in the class.
- (b) The rights conferred on the holders of shares in any class are not altered or abrogated by the creation or issue of further shares of the same class ranking equally with or in priority to the shares already issued, unless expressly provided in the terms of issue of the shares issued.

### 10.5.2 Partly Paid Shares and Liability for Calls

Partly Paid Shares (PPS) were issued on the following terms:

- (a) each PPS:
  - (i) is paid to \$0.001 (one tenth of one cent);
  - (ii) has an amount unpaid of 10 cents; and
  - (iii) has the right to participate in new issues of securities in the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited);
- (b) the Company shall not make a call in respect of any amount unpaid on a PPS unless the day on which the call will be payable is on or after 3 years from the date on which the Company was admitted to the official list of ASX (i.e. 17 December 2012) and shall call not more than 2 cents in any 6 month period thereafter;
- (c) holders of PPS have an entitlement to receive notice of meetings of Shareholders of the Company and will have a voting entitlement in proportion to the amount paid up on each PPS;
- (d) holders of PPS have no obligation to meet a call made by the Company, however, non payment of a call will result in the forfeiture of the relevant PPS, the Company will not be required to offer the forfeited PPS for sale by public auction and the Company may at its discretion, seek the cancellation of the forfeited shares by a resolution passed at a general meeting;
- (e) holders of PPS are permitted to pay up the full amount remaining unpaid at any time (without the Company first being required to make a call), in which case the PPS will become a (fully paid) Share and will rank *pari passu* with all Shares on issue;
- (f) if a holder of a PPS tenders part of the amount remaining unpaid (but not the full amount) on the PPS other than in satisfaction of a call:
  - (i) the rights attached to the PPS will not change (including the amounts paid and unpaid); and
  - (ii) the amount tendered will be returned; and
- (g) if there is reorganisation of the issued capital of the Company (including, and not limited to, a consolidation, subdivision, cancellation, reduction or return of capital):
  - (i) the number of PPS must be reorganised in the same proportion as all other cases of shares on issue; and
  - (ii) the reorganisation must not involve a cancellation or reduction of the total amount payable and unpaid by holders of the PPS. The amount payable will be reflected proportionately given the type of reorganisation.

### 10.6. Existing Options

The Existing Option terms are as follows:

- (a) The Options are options to subscribe for 1 ordinary share in the capital of the Company for every Option.
- (b) The exercise price (Exercise Price) of the Options is \$0.20 per Option.

- (c) Ordinary shares issued on exercise of the Options will rank *pari passu* with all existing ordinary shares of the Company from the date of issue.
- (d) Subject to the Company's Constitution, the Corporations Act 2001 (Cth), the Listing Rules, the ASTC Settlement Rules and any voluntary escrow agreements preventing transfer of the Options for any period, the Options will be freely transferable. The Directors may decline to register any transfer of Options when permitted to do so under the Company's Constitution, the Corporations Act 2001, the Listing Rules, the ASTC Settlement Rules and/or any voluntary escrow agreement.
- (e) The Options may be exercised wholly or in part by notice in writing to the Company at any time on or before 31 March 2014.
- (f) The Options are quoted on the ASX.
- (g) Upon exercise of the Options, the Company will allot the number of ordinary shares the subject of any exercise notice and apply at its cost for listing on the ASX of the ordinary shares allotted.
- (h) The Company shall allot the resultant ordinary shares and deliver a statement of shareholding with a holders' identification number within five Business Days of exercise of the Options.
- (i) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
- (i) the number of Options, the exercise price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
  - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- (j) If there is a pro rata issue (except a bonus issue); the Exercise Price of any Option may be reduced according to the following formula:
- $$O_2 = O - E [P - (S + D)] N + I$$
- Where:
- $O_2$  = the new exercise price of the Option;
- $O$  = the old exercise price of the Option;
- $E$  = the number of underlying securities into which 1 Option is exercisable;
- $P$  = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- $S$  = the subscription price for a security under the pro rata issue;
- $D$  = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and
- $N$  = the number of securities with rights or entitlements that must be held to receive a right to 1 new security.
- (k) If there is a bonus issue to the holders of ordinary shares in the Company, the number of ordinary shares over which the Option is exercisable may be increased by the number of ordinary shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- (l) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the exercise price, increase the number of Options or change any period for exercise of the Options.

## 10.7. Loyalty Option Terms

It is proposed that the Loyalty Options will have the following terms:

- (a) The Options are options to subscribe for 1 ordinary share in the capital of the Company for every Option.
- (b) The exercise price (Exercise Price) of the Options is \$0.35 per Option.
- (c) Ordinary shares issued on exercise of the Options will rank pari passu with all existing ordinary shares of the Company from the date of issue.
- (d) Subject to the Company's Constitution, the Corporations Act 2001 (Cth), the Listing Rules, the ASTC Settlement Rules and any voluntary escrow agreements preventing transfer of the Options for any period, the Options will be freely transferable. The Directors may decline to register any transfer of Options when permitted to do so under the Company's Constitution, the Corporations Act 2001, the Listing Rules, the ASTC Settlement Rules and/or any voluntary escrow agreement.
- (e) The Options may be exercised wholly or in part by notice in writing to the Company at any time on or before 28 June 2013.
- (f) The Options will be quoted on the ASX.
- (g) Upon exercise of the Options, the Company will allot the number of ordinary shares the subject of any exercise notice and apply at its cost for listing on the ASX of the ordinary shares allotted.
- (h) The Company shall allot the resultant ordinary shares and deliver a statement of shareholding with a holders' identification number within five Business Days of exercise of the Options.
- (i) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - (i) the number of Options, the exercise price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on shareholders; and
  - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- (j) If there is a pro rata issue (except a bonus issue); the Exercise Price of any Option may be reduced according to the following formula:
 
$$O_2 = O - E [P - (S + D)] N + 1$$

Where:

$O_2$  = the new exercise price of the Option;

$O$  = the old exercise price of the Option;

$E$  = the number of underlying securities into which 1 Option is exercisable;

$P$  = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;

$S$  = the subscription price for a security under the pro rata issue;

$D$  = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

$N$  = the number of securities with rights or entitlements that must be held to receive a right to 1 new security.
- (k) If there is a bonus issue to the holders of ordinary shares in the Company, the number of ordinary shares over which the Option is exercisable may be increased by the number of ordinary shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

- (l) The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the exercise price, increase the number of Options or change any period for exercise of the Options.

## **10.8. Share Option Plan**

The Company has established an Employee Share Option Plan to assist in the attraction, retention and motivation of employees of the Company. No Options have been granted under the Plan as at the date of this Prospectus.

A summary of the Rules of the Plan is set out below:

### ***Eligibility***

An Employee or 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 and acquire securities under 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.

### ***No payment for Options***

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

### ***Options transferable***

An Option issued 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 Shares***

The number of Shares that may 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 issued 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:

- (a) 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;

- (b) any other event occurs which causes a change of control of the Company; or
- (c) 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 any Shares allotted and issued upon the exercise of any Options issued under the Plan as soon as practicable after the allotment and issue of those Shares (provided the Company's 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:

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

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.

### 10.9. Litigation

The Directors are not aware of any current or threatened litigation, arbitration proceeding, administrative appeal or criminal or governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or the financial position of the Company.

### 10.10. Expenses of the Offer

The total expenses estimated to be incurred by the Company in relation to this Prospectus (assuming the Minimum Subscription is raised) are approximately \$470,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription \$	Maximum Subscription \$
Legal Expenses	130,000	130,000
Commission	250,000	500,000
ASX & ASIC fees	25,000	50,000
Independent Geologists Report	30,000	30,000
Investigating Accountants Report	10,000	10,000
Printing and associated costs	25,000	40,000
Miscellaneous expenses	-	20,000
<b>Total</b>	<b>470,000</b>	<b>780,000</b>

### 10.11. Interests of Directors

#### (a) Interests in Securities

The Directors are not required to hold any Shares in the Company under the Company's Constitution. The table below sets out details of direct and indirect interests of Directors in the securities of the Company at the date of this Prospectus.

Name	Shares	Partly Paid Shares	Options
Mr Andrew Thomson	383,334	Nil	Nil
Mr David Regan*	3,362,806	2,088,421	2,725,613
Mr Martin Broome	Nil	Nil	Nil
Ms Melanie Leydin	Nil	Nil	Nil

\*The Company has sought Shareholder approval to the issue of an additional 39,521,398 Shares to an entity associated with Mr Regan in consideration for the acquisition by the Company of Celamin Limited Shares. If Shareholders approve the issue of these Shares, Mr Regan will have an indirect interest in 42,884,205 Shares.

**(b) Other Interests of Directors**

Mr David Regan, a director of both the Company and Celamin Limited is also a shareholder of Celamin Limited. In accordance with the terms of the Acquisition Agreement, an entity associated with Mr Regan is entitled to acquire securities in the Company in consideration for the Company acquiring an interest in Celamin Limited. On or about 29 October, 2010, David Regan and Marie Regan as trustees for the Regan Superannuation Fund received 1,362,806 fully paid ordinary shares, 4,088,421 partly paid shares (some of these partly paid Shares have been subsequently converted to fully paid Shares) and 2,725,613 Options, in part consideration for the Company's acquisition of a 10% interest in Celamin Limited. At the General Meeting, the Company is seeking Shareholder approval to the issue of 39,521,398 Shares to an entity associated with Mr Regan in part consideration for the Company's acquisition of the remaining 90% of Celamin Limited. The issue of these shares is also subject to the completion of the Celamin Limited Acquisition.

In accordance with its terms of engagement, Ms Leydin's Director's fees are paid to Leydin Freyer Corporate Pty Ltd, a company associated with Ms Leydin. Leydin Freyer Corporate Pty Ltd also receives a monthly fee of \$6,500 plus GST for accounting and company secretarial services. For the period between 1 December 2011 and 31 March 2012, Leydin Freyer Corporate Pty Ltd also received an additional monthly fee of \$5,500 in relation to its role in assisting with completion of the Celamin Limited Acquisition and the Company seeking re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer of the New Shares.

## 10.12. Directors fees

The Constitution of the Company provides that non-executive Directors, other than a Managing Director or an Executive Director, are entitled to remuneration as determined by the Directors but not exceeding in aggregate for any financial year the maximum sum that is from time to time approved by the Company in General Meeting. At the date of this Prospectus this maximum sum is \$350,0000.

The Company aims to reward executives with a level and mix remuneration based on their position and responsibility which is both fixed and variable.

The executives remunerations and reward framework has the following components:

- base pay and non-monetary benefits; and
- other remuneration such as superannuation and long service leave.

That remuneration may consist of salary, bonuses or any other elements but must not be a commission on or percentage of profits or operating revenue.

Directors of the Company may be entitled to acquire securities in the Company under the Company's Employee Share Option Plan. Further details about the Plan are set out in Section 10.8 of this Prospectus.

The fees that the Directors of the Company have been paid to the date of this Prospectus are set out in

Section 4.4 of this Prospectus.

In addition to any remuneration, the Company must pay a Director all reasonable expenses (including travelling and accommodation expenses) incurred by the Director in attending meetings of the Company, the Board, or a committee of the Board on the business of the Company or in carrying out duties as a Director.

### **10.13. Interests of Advisors and Experts**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company with which any of those persons is or was associated, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
- the Offer under this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

- (a) In accordance with the terms of their engagement, Tress Cox will be paid for work performed in accordance with their usual time-based charge-out rate and estimate their fees at the date of this Prospectus at \$130,000 (plus applicable GST).
- (b) In accordance with the terms of their engagement, as the Independent Accountant AFS and Associates have been paid an amount \$10,000 (plus applicable GST) in relation to provision of the Independent Accountants' Report set out in Section 5 of this Prospectus.
- (c) In accordance with the terms of their engagement, Petra Capital Pty Ltd, will be paid between \$250,000 and \$500,000 (plus applicable GST) by the Company in relation to the provision of their services as Lead Manager to the issue.
- (d) In accordance with their engagement, SKR Consulting will be paid a total of \$30,000 (including applicable GST) in relation to the provision of the Independent Geologist's Report set out in Section 6 of this Prospectus.

### **10.14. Consents**

AFS and Associates have given and not withdrawn their written consent to be named herein as Auditor, in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the dispatch of this Prospectus with reference to their report in relation to the Financial Statements of the Company as at 31 December 2011. AFS and Associates have had no involvement in the preparation of this Prospectus other than the inclusion of such report and such references and have not given any professional or other advice in respect of any other part of this Prospectus. AFS and Associates do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

AFS and Associates have given and not withdrawn their written consent to be named herein as Investigating Accountant, in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the dispatch of this Prospectus with reference to their report in relation to the Financial

Statements of the Company as at 31 December 2011. AFS and Associates have had no involvement in the preparation of this Prospectus other than the inclusion of such report and such references and have not given any professional or other advice in respect of any other part of this Prospectus. AFS and Associates do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

SRK Consulting have given and not withdrawn their written consent to be named herein as the Independent Geologist to the Company in the form and context in which they are so named. SRK Consulting has given and not withdrawn its written consent to the dispatch of this Prospectus with all references to it in such capacity being included in this Prospectus in the form and context in which they are so included. SRK Lawyers do not accept any liability to any person for any false or misleading statement in, or omission from any part of this Prospectus.

Advanced Share Registry Services have given and not withdrawn their written consent to be named herein as the share registry to the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the dispatch of this Prospectus. Advanced Share Registry Services has had no involvement in the preparation of this Prospectus and has not given any professional or other advice in respect of any other part of this Prospectus. Advanced Share Registry Services do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

TressCox Lawyers have given and not withdrawn their written consent to be named herein as the Solicitor to the Company in the form and context in which they are so named. TressCox Lawyers have given and not withdrawn its written consent to the dispatch of this Prospectus with all references to it in such capacity being included in this Prospectus in the form and context in which they are so included. TressCox Lawyers do not accept any liability to any person for any false or misleading statement in, or omission from any part of this Prospectus.

Petra Capital Pty Ltd have given and not withdrawn their written consent to be named herein as the Lead Manager to the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the dispatch of this Prospectus. Lead Manager have had no involvement in the preparation of this Prospectus and have not given any professional or other advice in respect of any other part of this Prospectus. Lead Manager do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

#### **10.15. Documents available for Inspection**

Copies of the following documents are available for inspection during normal office hours, free of charge, at the registered office of the Company, for 12 months after the date of this Prospectus:

- the Constitution of the Company;
- the rules of the Employee Share Option Plan set out in Section 10.8 of this Prospectus; and
- the Consents referred to in Section 10.14 of this Prospectus.

## 11. DIRECTORS' RESPONSIBILITY AND CONSENT STATEMENT

The Directors of the Company report that for the purposes of Section 731 of the Corporations Act, they state that they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by Section 716(2) of the Corporations Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each Director of the Company consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

**Signed on behalf of the Company by**



**Melanie Leydin**

Director

These definitions are provided to assist investors in understanding some of the expressions used in this Prospectus:

<i>Acquisition Agreement</i>	The acquisition agreement entered into between the Company, Celamin Limited and each of the shareholders of Celamin Limited dated 7 September 2010 and varied by Deeds of Amendment dated 16 December 2010 and 18 November 2011.
<i>AEST</i>	Australian Eastern Standard Time.
<i>Applicant</i>	A person who submits an Application.
<i>Application</i>	A valid application to subscribe for New Shares using either the Priority Offer Application Form or the Public Offer Application Form.
<i>Application Form</i>	Means a Priority Application Form or a Public Offer Application Form as the case determines attached to or accompanying this Prospectus.
<i>Application Monies</i>	Monies received from Applicants in respect of their Applications.
<i>ASIC</i>	Australian Securities & Investments Commission.
<i>ASX</i>	ASX Limited (ACN 008 624 691).
<i>ASX Listing Rules</i>	The official listing rules of the ASX Listing Rules has the same meaning.
<i>Authorisation</i>	Means the Garn Halfaya and Trozza tailings authorisation.
<i>Board</i>	The Board of Directors of the Company.
<i>Celamin Limited</i>	Celamin Limited (ACN 137 080 463).
<i>Celamin Limited Acquisition</i>	Means the proposed acquisition of Celamin Limited as described in the Acquisition Agreement.
<i>Celamin Limited Tunisia Phosphate Projects</i>	Means the Bir El Afou and Chaketma projects.
<i>Celamin Limited Vendors</i>	Means: <ul style="list-style-type: none"> <li>• David Regan and Marie Regan as trustees for the Regan Superannuation Fund;</li> <li>• RNAJ Pty Ltd as trustee for the RNAJ Stagg Superannuation Fund;</li> <li>• IBDC SARL;</li> <li>• Sharon Rae Sievert;</li> <li>• Bizzell Capital Partners Pty Ltd;</li> <li>• Michelle Brevost and Jean Pierre Brevost; and</li> <li>• Compagnie Bancaire Helvetica.</li> </ul>
<i>CHESS</i>	Clearing House Electronic Sub Register System.
<i>Company</i>	Celamin Holdings NL (ACN 139 255 771).
<i>Constitution</i>	The constitution of the Company.

## 12. GLOSSARY continued

<i>Corporations Act</i>	Means the Corporations Act 2001 (Cth).
<i>Directors</i>	Each of the Directors of the Company from time to time.
<i>Eligible Shareholder</i>	Means a Shareholder registered on the Company's register on the Loyalty Option Record Date.
<i>Exposure Period</i>	The seven-day period beginning on the day when this Prospectus is lodged with ASIC, as extended by ASIC under Section 727 (3) of the Corporations law, and ending no later than fourteen days after lodgement of this Prospectus.
<i>Existing Options</i>	Existing options means Options described in Section 10.6 of this Prospectus.
<i>FA</i>	Means Faienceries Algeriennes a company incorporated in accordance with the laws of Algeria.
<i>General Meeting</i>	Means a general meeting of the Company to be held on Friday 27 April 2012.
<i>HIN</i>	Holder Identification Number.
<i>Issue Price</i>	\$0.20 per New Share.
<i>Lead Manager</i>	Means Petra Capital Pty Ltd of Suite 108, Level 1, 343 George Street, Sydney, NSW 2000.
<i>Lead Manager Mandate</i>	Means the engagement letter executed by the Company and the Lead Manager on or about 4 April 2012.
<i>Loyalty Option</i>	Means an option issued to Eligible Shareholders that has an exercise price of \$0.35 and an expiry date of 28 June 2013.
<i>Loyalty Option Record Date</i>	Means 29 June 2012 or such other date as is determined by the Board.
<i>Maximum Subscription</i>	The issue of 50,000,000 New Shares to raise up to \$10,000,000.
<i>Minimum Subscription</i>	The issue of 25,000,000 New Shares to raise \$5,000,000.
<i>New Share</i>	A Share offered under this Prospectus.
<i>Offer</i>	The offer of New Shares under this Prospectus, as set out in Section 2 of this Prospectus, which incorporates the Public Offer and the Priority Offer.
<i>Official List</i>	The official list of the ASX.
<i>Option</i>	An option to acquire a Share.
<i>Other Projects</i>	Means the El Haouaria, Sidi Driss, Oued El Maden and Oued El Kebir Projects and the Authorisation.
<i>Plan</i>	The employee share option plan described in Section 10.8 of this Prospectus.
<i>Priority Offer</i>	Means the offer of up to 5,000,000 New Shares to Shareholders of the Company on the Priority Offer Record Date, on the terms set out in this Prospectus.

<i>Priority Offer Application Form</i>	Means a Priority Offer Application Form attached to or accompanying this Prospectus relating to the Priority Offer.
<i>Priority Offer Closing Date</i>	Means 27 April 2012 or such other date as is determined by the Board in consultation with the Lead Manager.
<i>Priority Offer Eligible Shareholder</i>	Means a Shareholder registered on the Company's register on the Priority Offer Record Date.
<i>Priority Offer Record Date</i>	Means 13 April 2012.
<i>Prospectus</i>	This prospectus dated 13 April 2012.
<i>Public Offer</i>	Means the offer of 45,000,000 New Shares including any Shares remaining after the allocation of the Priority Offer on the terms set out in Section 2 of this Prospectus.
<i>Public Offer Application Form</i>	Means a Public Offer Application Form attached to or accompanying this Prospectus relating to the Public Offer.
<i>Public Offer Closing Date</i>	Means 11 May 2012 or such other date as determined by the Board in consultation with the Lead Manager.
<i>Restricted Securities</i>	Has the meaning given to that term in the Listing Rules.
<i>Share</i>	A fully paid ordinary share in the Company.
<i>Share Registry</i>	Advanced Share Registry.
<i>Shareholder</i>	A holder of Shares.
<i>Tenements</i>	Means the exploration permits and Authorisation that Celamin Limited has an interest in.
<i>TMS</i>	Means Tunisia Mining Services SA

## 13. APPLICATION FORM

# CELAMIN HOLDINGS NL

## ACN 139 255 771

### APPLICATION FORM

Please read all instructions on reverse of this form

Share Registrars use only
Broker/Dealer stamp only

**A** Number of Shares applied for      **B** Total amount payable  
cheque(s) to equal this amount

	at \$ 0.20 each =	A\$
--	-------------------	-----

**Minimum application AU\$2,000, thereafter in lots of \$1000**

you may be allocated all of the Shares above or a lesser number

**C Full name details** title, given name(s) (no initials) and surname or company name

Name of applicant 1
Name of joint applicant 2 or <account name>
Name of joint applicant 3 or <account name>

**D Tax file number(s)**  
Or exemption category

Applicant 1 / Company
Joint applicant 2 / Trust
Joint applicant 3 / Exemption

**E Full postal address**

Number/street


Suburb/town

--

State/postcode

--

**G CHESS HIN** (if applicable)

**F Contact Details**

Contact email address

--

Contact Name

--

Contact daytime telephone number

--

**H Cheque payment details**

Drawer	Cheque number	BSB number	Account number	Total amount of cheque

Cheques should not be marked "**Not Negotiable**" and made payable to "**Celamin Holdings NL Offer A/C**".

**DECLARATION AND STATEMENTS:**

By lodging this application form:

- I/We declare that all details and statements made by me/us are complete and accurate.
- I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company.
- I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/We request so during the currency of the Prospectus.
- I/We authorise the Company to complete and execute any documentation necessary to effect the issue of shares to me/us; and
- I/We acknowledge that returning the application form with the application monies will constitute my/our offer to subscribe for Shares in Celamin Holdings NL and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 13/04/2012.

## Guide to completing the Application Form

This Application Form relates to the Offer of 45,000,000 New Shares (plus any New Shares that are not taken up under the Priority Offer) in Celamin Holdings NL at \$0.20 per Share pursuant to the Prospectus dated 13/04/2012. The expiry date of the Prospectus is the date, which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it must be read in its entirety before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable titles to use on the Application Form are contained below.

- A** Insert the number of Shares you wish to apply for.  
**B** Insert the relevant amount of Application monies. To calculate your Application monies, multiply the number of Shares applied for by the sum of \$0.20.  
**C** Write the full name you wish to appear on the statement of holdings. This must be either your own name or the name of the company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that are presently registered in the CHES system.  
**D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFN(s) is authorised by taxation laws. Official Quotation of your TFN is not compulsory and will not affect your Application.  
**E** Please enter your postal address for all correspondence. All communications to you from the share registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.  
**F** Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.  
**G** The Company will apply to ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited.

If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertificated form on the CHES subregister, complete Section G or forward your Offer Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to section 2.17 of the Prospectus.

- H** Please complete cheque details as follows:  
 Make your cheque payable to "**Celamin Holdings NL Offer A/C**" in Australian currency and cross it "Not Negotiable". Your cheque must be drawn on an Australian Bank. The amount should agree with the amount shown in Section B. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.  
**I** Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of this Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

**Privacy** – Please refer to the Prospectus for details about the collection, holding and use of your personal information. If you do not provide the information required on this Application Form, the Company may not be able to accept or process your Application.

### Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of investor	Correct form of Registrable Title	Incorrect form of Registrable Title
<b>Individual</b> Use names in full, no initials	Mr John Alfred Smith	JA Smith
<b>Minor</b> (a person under the age of 18) Use the name of a responsible adult; do not use the name of a minor.	John Alfred Smith <Peter Smith>	Peter Smith
<b>Company</b> Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
<b>Trusts</b> Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
<b>Deceased Estates</b> Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
<b>Partnerships</b> Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Return your completed Application Form to:

### By Post to

Celamin Holdings NL  
 Advanced Share Registry Limited  
 PO Box 1156  
 Nedlands WA 6909

### Or Delivered to

Celamin Holdings NL  
 Advanced Share Registry Limited  
 2/150 Stirling Highway  
 Nedlands WA 6009

**Application Forms must be received no later than 5.00 pm WST time on the 11 May 2012 (Closing Date).**





**CELAMIN**

**HOLDINGS NL**