

AIM Investing Policy

AIM Rule 15 states that where the effect of a proposed disposal is to divest an AIM company of all, or substantially all, of its trading business, activities or assets, that company will be treated as an investing company and must therefore provide shareholders with details of its investing policy and obtain shareholder consent for that policy.

The company's Investment Policy is set out below and was approved by Shareholders at the Annual General Meeting held on the 30th May 2014.

1. The Company is of the view that the urbanisation of 400 million people over the next decade will drive China's growing demand for minerals and that, increasingly, Chinese companies will wish to acquire and develop resource projects in their own right to meet this demand.
2. The Company proposes to draw on its ten years' experience in China and focus on acquiring and developing mineral projects in those commodities and located in those countries which it believes will be of interest to Chinese mining and other groups for either off-take, partnership or sale.
3. In the Company's view, based on its experience dealing with private and state owned resource groups, China's rapid growth in metal and mineral production has to a large extent been based on known discoveries. The Directors believe that the challenge is going to be to fill the demand pipeline with new projects, which does not appear to be taking place now that state funding has been redirected away from the provincial Bureau of Geology and Minerals Resources. As a result Chinese companies are seeking to acquire and develop known resources elsewhere in the world.
4. The Company's primary strategy is to pursue acquisition and investment opportunities in the minerals sector.
5. The initial focus will be those countries and regions which rank highly for Chinese minerals investment such as Africa, South America, Australia, Canada, China and those countries close to or bordering China.
6. The commodities and types of projects will be those which in the Company's view will be of strong interest to Chinese groups over the expected investment horizon and are typically expected to be high value minerals with good development potential.
7. A key part of the strategy will be to bring the Chinese group(s) into the project at the financing and development stage.
8. The Company will be looking to make one or two project investments at any one time with an expected investment horizon of 2 to 10 years.
9. The Directors are experienced in evaluating acquisition and investment opportunities and realizing value in the countries, commodities and types of projects targeted and are able to call on an extensive network of contacts and consultants with independent expertise in the sector.
10. The Company will be seeking corporate opportunities to merge or otherwise combine with other mineral companies if a value proposition is demonstrated.

11. The Company will continue to pursue opportunities to realise value from its existing Mt Leyshon Project in Australia. This could include, but is not limited to, further exploration, recovering gold from the mill scats and using the existing infrastructure to generate power.
12. As the Company has disposed of its main undertaking it will consider the application of ASX Listing Rule 11.1.2 (shareholder approval for a significant change to the nature and scale of its activities) and ASX Listing Rule 11.1.3 (application of chapter 1 and 2 of the ASX Listing Rules) at the time of any future acquisition. Depending on the size and the nature of any acquisition these Listing Rules may apply to the transaction.
13. The Company will be mindful at all times of minimising expenditure and preserving the Company's cash balance and evaluating investment opportunities against the alternative of returning cash to Shareholders.
14. Any major investment will be put to Shareholders for approval.
15. Pending the investment of the Company's available cash pursuant to the policy described above, the Company may embark on an on-market share buyback programme on AIM and ASX if the Company's shares trade at a discount to net tangible assets.
16. In the view of the Directors and the Company's advisers this will provide the liquidity necessary to enable those Shareholders who otherwise may not be able to do so, to sell their Shares at or around cash backing per share.