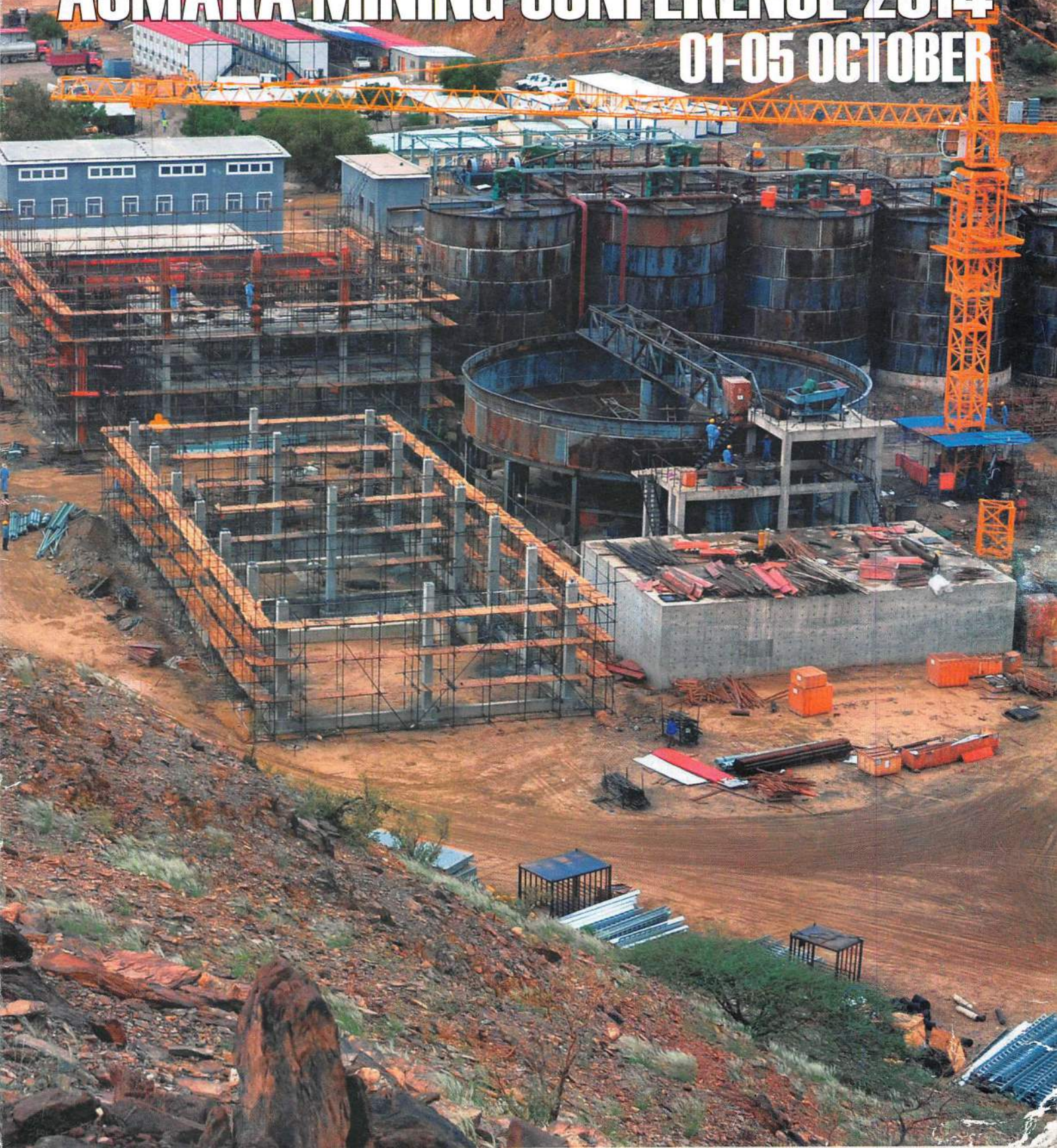


ERITREA

MINING Journal

ASMARA MINING CONFERENCE-2014

01-05 OCTOBER





The State Of Eritrea
Ministry Of Energy and Mines

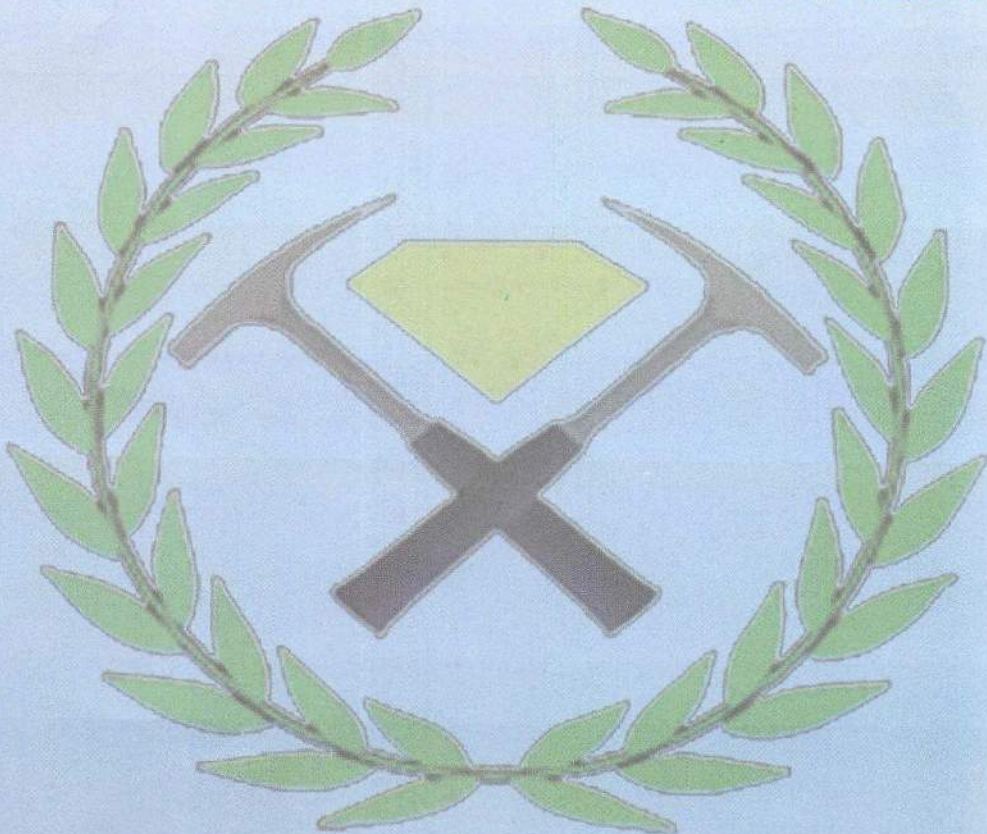
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**MINING EXCELLENCE
FOR DRIVING ECONOMIC GROWTH**

ERITREA MINING Journal 2014

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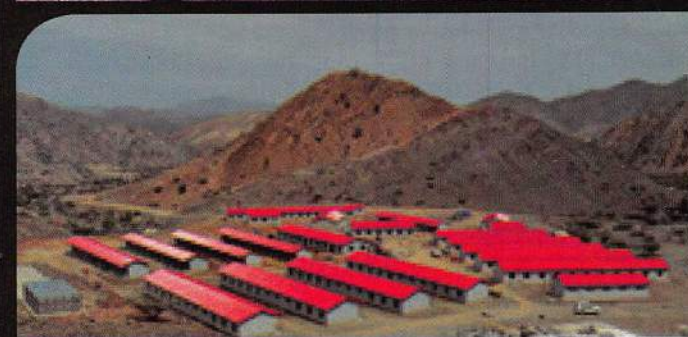
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// Message from the MINISTER

Honorable Invited Guests and Participants,

On behalf of my Ministry and the Government of Eritrea, it is indeed an honor and privilege to welcome you to the Asmara Mining Conference.

Though Eritrea is well known for its more than 30 years' war of Liberation in the late 20th century and another 20 years of war and quasi-war of survival since the dawn of the 21st century, nevertheless there is no doubt, that it is a land of enormous geological significance with volcanoes still ejecting millions of tons of molten, gaseous and solid materials; with hot springs on the surface and vast potential of geothermal flare from the interior of the earth; with majestic mountains as high as 3000 mts and with depressions of more than minus 100 mts, that embrace a huge reserve of potash, an area known for being one of the few hottest places on Earth. In addition the Red sea coastline of 1200 Kms, displays very good indication of Hydrocarbon potential, dotted and sprinkled with more than 300 small and medium islands, which embrace highly diverse coral reefs with at least 220 species documented and five of which are new for scientific description.

In a nutshell, given its natural endowment, Eritrea can be positioned as a natural geo-scientific laboratory. But to be able to contribute its humble share in research and scientific work in the field of Geo-Science, it has yet to build up its capacity with appropriate expertise, facilities and equipment's: which is a major challenge that has to be addressed in the near future.

Since its initiation in 2010, the Asmara Mining Conference has been playing its modest role in broadening the knowledge and understanding of the recent developments in the mineral industry of the Arabian-Nubian Shield in general and the Eritrean mining industry in particular. The Eritrean Government recognizes that the mining industry -

despite the volatility and uncertainty of the prevailing market - can be one of the fundamental building blocks in the construction of a 'sustainable national economy', provided that it's enshrined in an efficient, and effective mining law that promotes and safe guards the interest of the future generations. I believe that, though Eritrea is yet a beginner, so far it is in line with the above mentioned fundamental principles, which by the way are, a derivative of the Macro Policy of the State of Eritrea. It is also my sincere belief that, regarding the Mining Law and its implementation, the Ministry has gained the trust and collaboration of the exploration and mining companies operating in Eritrea.

Indeed the modest achievement outlined above has been the result of the synergy of the effort of the government and that of the mining companies. It is a good start and a solid benchmark for future partnerships! Equally it is a huge challenge if one is to accomplish this long-drawn-out engagement with excellence!

Like many African countries, Eritrea is an attractive venue for investment in the mineral sector. About 60% of the Eritrean landmass is covered by Greenstone volcano sedimentary rocks that tend to host metallic minerals. So far the concession granted to foreign mining companies is very small compared to the size of the already identified areas of prospecting. This opens a great opportunity for the participation of new mining companies in prospective exploration areas. Despite the current credit crunch, Eritrea has attracted close to 17 exploration companies of which two have already succeeded, three are on the advanced stage of exploration, while others are continuing limited work despite the looming financial constraints. Hence the Ministry, aware of the financial problems facing exploration companies, has on its part allowed the timely extension of tenure of license for the few financially hampered companies. So far the focus of most companies has been in base metals and gold; but it should not be forgotten that Eritrea also offers favourable geology for industrial

and construction minerals such as Potash, Cement and Silica deposits. In the future there is a need to diversify into other mineral commodities such as Chrome-Nickel, Uranium, Niobium-Tantalum as well as titanium. Eritrea enjoys an excellent strategic location with unique quality of peace and stability. It has a corrupt free Regional and local administrations, a fairly good infrastructure and has a healthy, disciplined and a keen to learn work force that can easily adapt to the need and dynamism of the mining industry. It is my belief that the upcoming Asmara Mining Conference will offer a unique opportunity to deepen our shared understanding, to put Eritrea's mineral potential in the right perspective and to attract new partners in the development of the mining sector for mutual benefit. Industry leaders will have an opportunity to share experiences and discuss strategies to scale up investments.

General Sebat Ephrem
Minister

In this Journal, the representation of political boundaries should not be taken as authoritative.



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//ERITREA in brief

Soon after independence in May 1993, the government of Eritrea has been engaged in rehabilitating the war-torn economy and improving the standard of living of the people. It created a conducive environment for the active participation of local and foreign private investors. However, since May 1998 the development of this young state has been severely curtailed by the border dispute with neighboring Ethiopia. Despite this, the Eritrean people and Government are as resolute as ever in their commitment and endeavor to work together to rebuild their country's economy, and to secure social and economic progress. The outcome of the hard work is now being realized by the emergence of a prospective country in the region. The main sectors and sub-sectors of the Eritrean economy that offer good investment opportunities and prospects for generating rapid and sustainable economic growth and development are (i) agriculture & agro-processing, (ii) fisheries and fish processing and marketing, (iii) tourism and related hospitality services, (iv) alternate energy resources (oil, gas, wind, geothermal, solar and biomass) development and conservation, (v) mining of precious, industrial and construction minerals, (vi) light fabrication and manufacturing, (vii) construction of housing and basic infrastructure, (viii) transport and communications services, (ix) domestic and foreign trade expansion and (x) deepening of banking and other financial services. These ten sectors and subsectors, in combination, could offer significant and attractive opportunities for

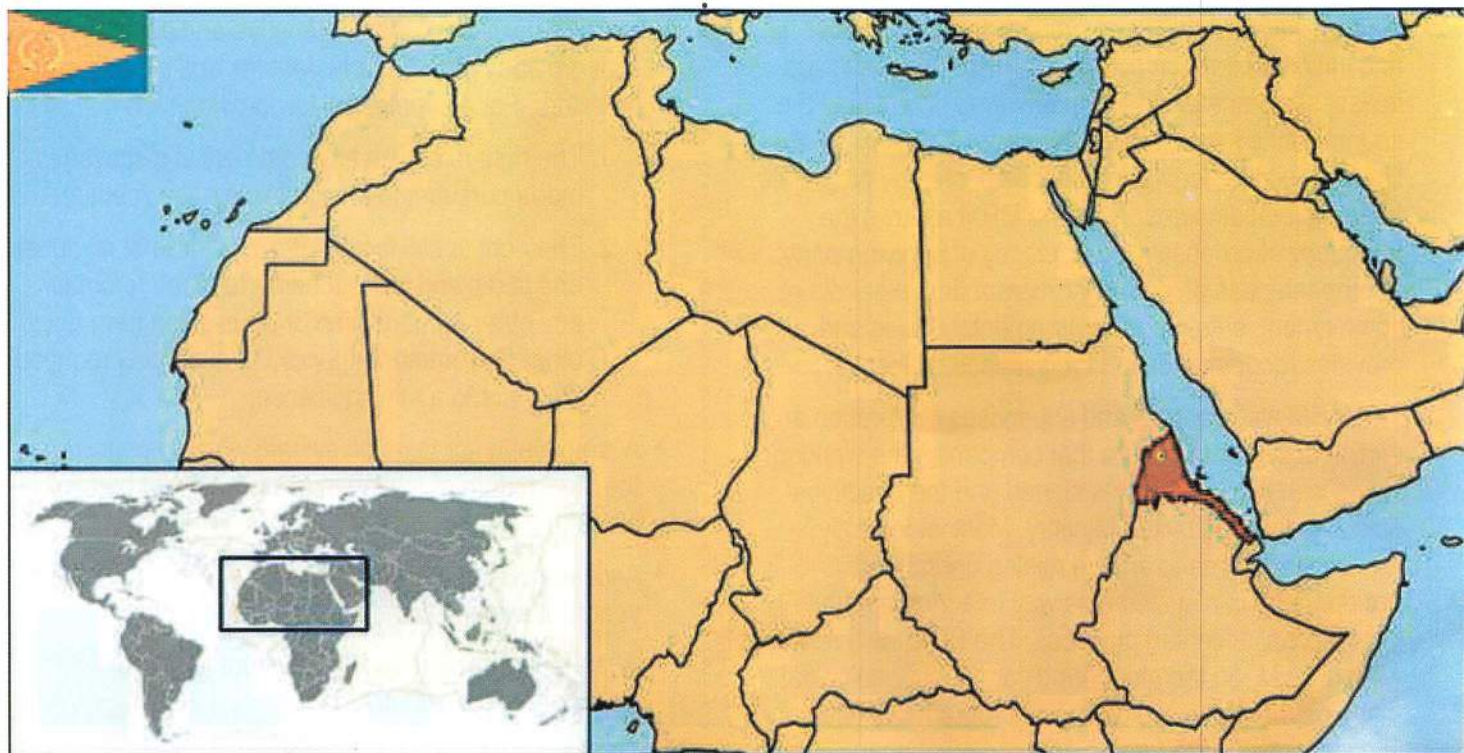
establishing viable public-private investment partnerships to generate rapid economic growth and development.

On the other hand a number of countries have attained economic growth making their mineral endowment as the primary driver of the economy. This primary driver serves as a stimulus to the growth of other sectors of the economy, leading to the overall growth of the National economy. Then at higher level the economy diversifies into secondary and tertiary sectors.

Whilst the actual contribution for each country varies, countries with well-developed mining sectors have derived enormous economic benefits.

The Eritrean Government recognizes that mineral resources can greatly contribute to a nation's economy. The economic benefits of mining are also reflected in the contribution to foreign exchange earnings.

Although recently there is downturn in the World economic climate nevertheless the international boom in metal prices has been a major incentive for new mining investments in Eritrea. As a result Eritrea is now an important destination for investment in mining and by 2016 it is expected that Eritrea will have four mining operations. The Bisha mine is well underway, which will be followed by Zara, Debarwa and Colluli potash mines.



The Ministry of Energy and Mines (MoEM, the Ministry) is the authorized Licensing Agency and is responsible for the administration, regulation and coordination of all types of activities in the energy and mining sectors of Eritrea. Within the Ministry the Department of Mines (DoM) is entrusted with managing the mineral sector and encompasses the Geological Survey (EGS), Mineral Resources Development (MRD) and the Mineral Resources Management (MRM) Divisions. A laboratory service is provided by a small unit in the DoM. Following the enactment of the Mining Law in 1995 and issuance of licenses in 1996 the Eritrean mining sector has shown rapid development. Pursuant to recently introduced policy large scale mining operations, exploration and mining, are administered by MRM representing MoEM, while small scale operations owned by local people for construction and industrial minerals are with the Regional Administrations under guidance from MoEM. The major tasks, among others, accomplished by the Ministry in the mineral sector through its subordinates are promotion of the sector, issuing of licenses and monitoring of compliance.

The Ministry has been developing a national minerals database. It has a responsibility to provide preliminary information to exploration companies interested in conducting detailed investigations in Eritrea, and to make contribution towards enriching the geological database of the country. In line with this there are now five 1:250,000 scale geologic maps some of which are not published. 1:1,000,000 scale geologic map covering the whole country, has recently been prepared. Several major and junior exploration companies have been involved in assessing and exploring the mineral potential of the country since the first round of licensing took in 1996. Upon receipt of applications accompanied by proposals, from exploration companies, the MRM reviews the adequacy of proposals, competency of applying party, appropriateness of the work program and expenditure commitment, safety and environmental issues and provides recommendation for issuance of license.

The MRM also controls and supervises exploration and mining activities to ensure that companies are working in line with the agreements signed and the directives/guidelines issued by the Ministry. Most importantly, monitoring is done to ensure mining operations are operated in a sustainable way in adherence to international accepted practices. The EGS, as a research wing of DoM, on the other hand carries out geological mapping and mineral exploration programs by itself and in collaboration with foreign governmental agencies and

international organizations.

MINING LAW

The legal framework governing the conduct of all mining and related operations within the territory of Eritrea is embodied in a Mining Law comprising of Minerals Proclamation No 68/1995, Mineral Proclamation 165/2011, Mining Income Tax Proclamation No. 69/1995 and Regulations on Mining Operations Legal Notice No. 19/1995.

Key Policy issues upon which the Mining Law is based include:

- All mineral resources in Eritrea are public property. The State has a duty to ensure the conservation and sustainable development of these resources for the benefit of the people;
- The intention is to create a favorable atmosphere for foreign investment in the mining sector. Due recognition is made of the significant role that foreign investment and skills can play in the development of this sector and the capital intensive, long term, and risky nature of mining investments;
- The necessity for formulating regulations which ensure protection of the natural environment, together with sustainable development of the country's mineral resources, in accordance with sound principles of resource management and land use; The Eritrean Mining Law is up-to-date, attractive and competitive, as it provides considerable benefits and incentives to investors. For example, the law provides for:
 1. The right to exploit any commercial discoveries made pursuant to a valid exploration license;
 2. The right to sell locally or export, free of all duties and taxes and without being required to obtain any other authorization or permission from any other Government agency, all minerals produced pursuant to a mining license;
- A simple and fair taxation system which recognises the risky nature of mining investments, and hence allows:
- Accelerated depreciation (straight line method over 4 years) of all capital and preproduction costs;
- Write-offs of exploration expenditure incurred anywhere in the country;
- The carrying forward of losses;

- A generous reinvestment deduction (5% of gross income);
- No dividend tax;
- A nominal rate of import duty (0.5%) on all inputs necessary for mining operations;
- Normal royalty rates as well as an option for the reduction, suspension or waiver of the royalty in appropriate circumstances;
- Equitable foreign exchange regulations permitting;
- Free and unrestricted repatriation of earnings;
- Retention of a portion of foreign currency earnings abroad in external accounts;
- Maintenance of foreign currency accounts in banks in Eritrea.
- A simple “one-stop” licensing system enabling all the formalities for all types of licenses for mining operations to be completed by a single Government agency, the Ministry of Energy and Mines.

The Mineral Licensing System

The Mining Law permits the following types of licenses as shown below:

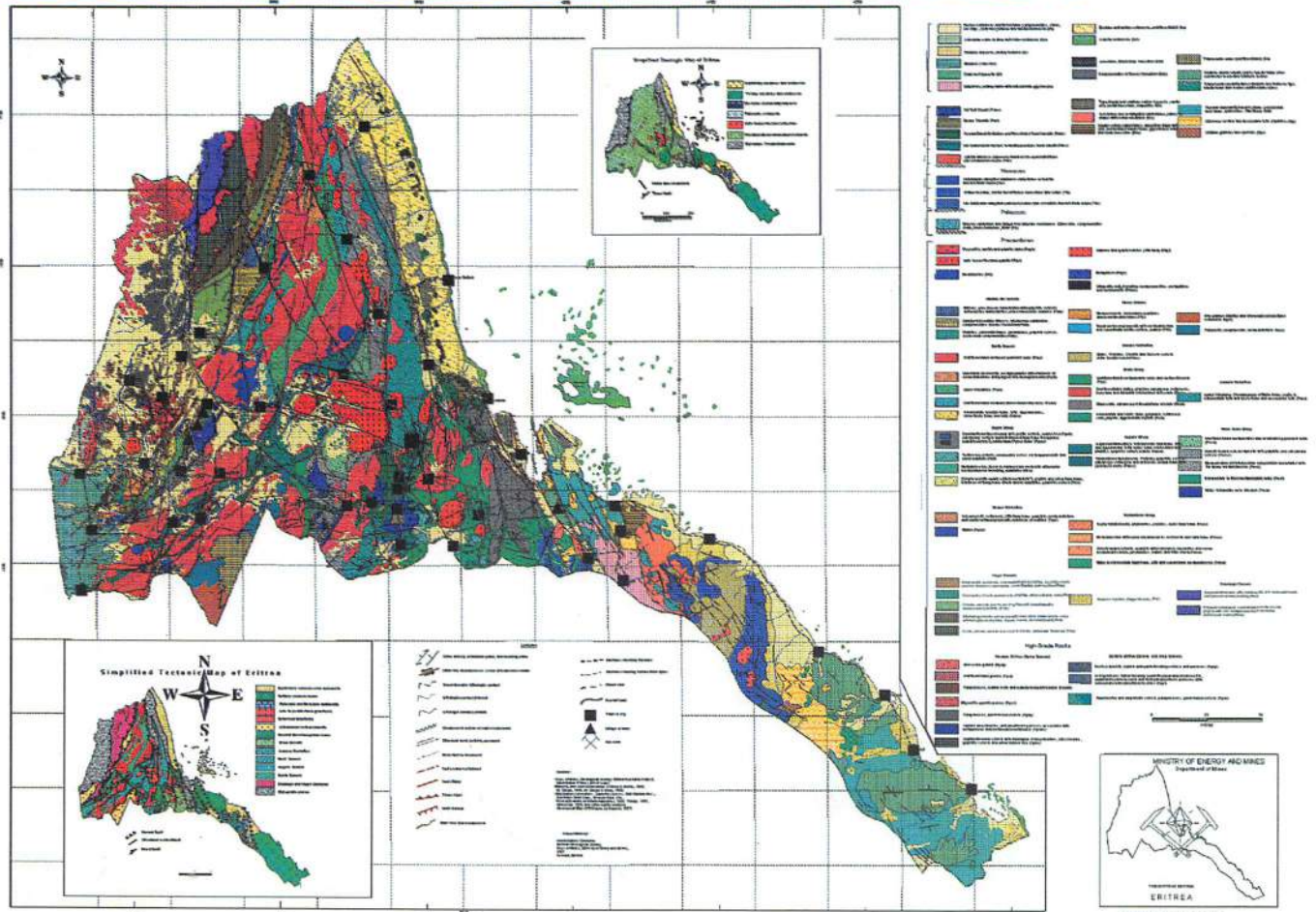
License Type	License Fee (Per Licence) US\$ (approx.)	Annual Rentals (Per Km2) US\$ (approx.)	Initial Period (Years)	Renewal	Max. Area (km2)
Prospecting	80	8	1	None	100
Exploration	240	32	3	2 (1+1)	50
Mining	960	96	20	10+10+10	10

All of these licenses are exclusive and grant their holders an automatic right to obtain an Exploration License from within a Prospecting License and a Mining License from an Exploration License, subject to the fulfillment of the obligations under the preceding license. In exploration a 25% reduction of the original area has to be made at each renewal year. If after the initial three years and the subsequent ordinary extension of two years there is a strong justification to continue exploration the MoEM has a discretionary power to give extraordinary extensions. While this can reasonably continue until the license is converted to mining the Ministry has the right to reject extensions based on performance evaluation. Although the maximum area that a single license can cover is

fixed (see Table above) the Ministry allows multiple contiguous licenses under one license agreement.

Applications for any of these licenses may be made by individuals or legal entities of any nationality. All applications are to be made on specified forms that can be obtained from the DoM and must be accompanied by a non refundable processing (registration) fee of US\$1 per page of each application and the supporting documentation presented. Successful applicants are also subject to a payment of license fees and the first year's rental upon the issue of a license. The rate of these fees is governed by Regulation (as shown in the Table above).

GEOLOGY OF ERITREA



The geological set up of Eritrea is made up of Precambrian basement rocks that are overlain unconformably by predominantly Mesozoic sedimentary rocks and Tertiary to Quaternary volcanic and sedimentary rocks.

Precambrian Basement Rocks

Basement rocks in Eritrea cover more than 60% of the surface of the country. The basement rocks of Eritrea are part of the Arabian Nubian Shield (ANS) which are exposed in north east Africa (Egypt, Sudan, Eritrea, and Ethiopia) and in Saudi Arabia, northern and northwestern parts of Yemen and part of the western Middle East. The shield is believed to represent a mega suture between East and West Gondwana. Archean and Paleoproterozoic continental crust rocks make the older components of the shield and occupy a very small part of the basement rocks and the major part of the shield consists of Neoproterozoic (c. 870- 670 Ma) continental-marginal and juvenile intraoceanic magmatic-arc rocks. In Eritrea, the basement rocks are not well studied despite their high mineral potential. The two geological maps so far completed cover the western part of the country (Geology of Gash River Area) and the southern part of the country (Geology of Mai Dima/Kohain Area). Compilation of geologic maps at 1:250,000 scale has recently been completed for four map sheets. Other study, based largely

on satellite image interpretation aided by limited ground controls, suggest that the rocks can be subdivided into four tectonic blocks or segments, separated by tectonic boundaries. Three of these blocks, the western, central and eastern segments, underlie northern and central Eritrea, whilst the fourth, the Danakil segment, occurs in the southeastern part of the country. The western segment, the Barka Terrain is exposed in the north-western part of the country and underlies the Barka lowlands. It is made up of amphibolite, amphibolitefacies pelitic schists containing kyanite and staurolite, quartzites and marble. The central segment, referred to as the Hagar Terrain, extends from the Barka River up to the Adobha Abi valley in the east, and comprises several large elliptical bodies of various tectonic units that are dominantly composed of oceanic and accretionary wedge materials. Occasionally, layered sequences of chloritic schists are seen, inter-layered with epidotic and chloritic metabasalts, occasional thin and discontinuous marbles, and manganiferous and ferruginous cherts.

The Hagar Terrain displays an east verging thrust contact with the adjacent segment to the east. The Hagar Terrain is known to be prospective for chromite, platinum group elements, nickel, gold and copper mineralization. The eastern segment, the Nakfa Terrain, is bounded by the Adobha Abi valley in the west and by the Red Sea escarpment to the east. It is made up of calc-alkaline volcanic and volcanoclastic rocks conformably overlain by a metasedimentary sequence of chlorite schists, grits and polymict conglomerates with occasional pelitic sericite schists and carbonates. The metavolcanic rocks are intruded by variably deformed plutonic to hypabyssal calc-alkaline bodies. The sequence is cut in places by post-kinematic granites and gabbros and is also transected by several narrow shear zones sub-parallel to the regional strike. The Nakfa Terrain is considered to represent a relict island arc assemblage. Several VMS (Volcanogenic Massive Sulphide) base metal occurrences and gold showings are associated with this tectonic unit. The southern segment, The Danakil Terrain, is composed of metamorphic rocks which may be grouped into three formations:- (1) migmatitic hornblende biotite gneisses; (2) a phyllitic formation consisting of schists, conglomeratic phyllites, crystalline limestones, and graphitic schists; and (3) post-tectonic granitoids. Recently compiled geologic map of the whole country at 1:1,000,000 scale has divided the Precambrian basement rocks into 7 domains, 5 groups and 3 formations. It is rather a more detailed presentation of the rock units of the country.

Mesozoic Sediments

The lower Mesozoic sediments are represented by the Merbet (Adigrat) Sandstone which outcrops in the southern part of the country and in the Danakil area, and is commonly intercalated with siltstones and haematitic layers. It lies unconformably over thin layers of con-glomeratic sandstones which, in places, appear to have the characteristics of a glacial deposit.

Overlying the sandstone is the Jurassic Adailo (Antalo) Limestone. This unit is exposed over a large area in the Danakil and is made up of limestones that are compact, partly shelly, fossiliferous and layered. Alternations of quartzitic layers are present in the lower part, whilst towards the upper part the sequence becomes mainly gypsiferous to dolomitic. The Upper Sandstone forms pockets of sandstones that have been preserved from erosion. Commonly this sandstone is medium to coarse grained, light coloured, and dominantly quartzitic but partly conglomeratic.

Tertiary Volcanics and Sediments

The Tertiary volcanics can be divided into three units: (1) the plateau-forming Tertiary basalts that are predominantly olivine basalts with intercalations of intermediate lavas and tuffs; (2) the lower Afar stratified basalts composed

of basaltic lava flows and tuffs that are usually found intercalated with sediments of the Danakil Formation; and (3) the Afar Basalts composed of recent lava flows and volcanic cones, with minor acid to intermediate volcanics, mainly trachytes, rhyolites and ignimbrites. The Tertiary basalts are currently actively exploited for aggregates.

The Tertiary Sediments

The Tertiary sediments lie along the Rift escarpment and in central Afar. Three sedimentary formations have been identified: the Danakil, Dogali and Desset Formations. The Danakil and Dogali Formations are of late Tertiary age and are composed mainly of limestones intercalated with conglomeratic sandstones and siltstones. They are overlain by calcareous sands with coral reefs, partly consisting of pebbles of volcanic origin, and gravels with sand, silt and clay horizons. The Desset Formation comprises sandstones, clays and fine beds of anhydrite and halite unconformably overlying the Dogali formation in the northern part of the coast, while the Red Series containing coarse clastic fresh water sediments occupies the southern part of the coast.

Quaternary Sediments

A thick evaporitic formation of bedded halite, gypsum, anhydrite, potassium and magnesium salts, with shell material fills the basin in the Danakil Depression. Deposits of sheetflood terraces, silt, sand and gravel are present in some locations occasionally covered by wind-blown sands. Basaltic flows and related spatter cones represent Quaternary volcanic activity in the Danakil region.

MINERAL POTENTIAL OF ERITREA

Eritrea has a long history of mining. Despite this modern mining began at the beginning of the 20th century following the Italian colonization of the country. After the Second World War, mining and related operations continued throughout the country, although intermittently. In the early seventies this resulted in the development of the shortlived modern mine at Debarwa, before the independence struggle forced its closure. Eritrea is now known to host significant VMS deposits as well as shear-hosted gold deposits. The first modern mine, Bisha VMS deposit, has started production. Koka project has completed feasibility work and there are other advanced projects and many exploration operations underway. Considering much of the country remains unexplored, these discoveries indicate the high mineral potential of the country. The potential for shear hosted gold deposits is also demonstrated from the recent, gold discovery in Zara, situated along a major shear zone that runs across the country. The country is not well explored. There are many prospective areas still to be discovered. Eritrea possesses a geological setting that is favourable for both precious metals and base metal

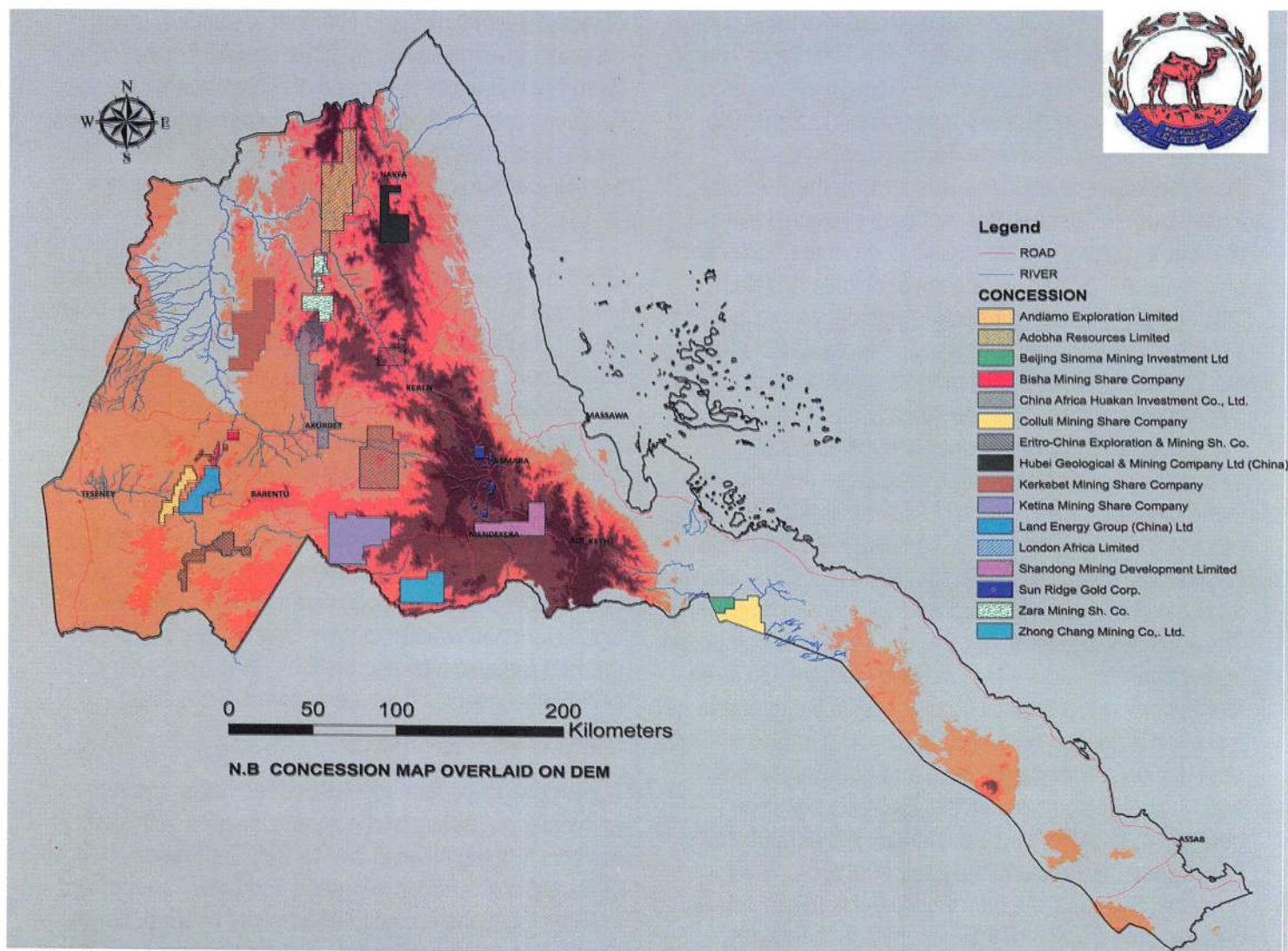


Fig. Concession map

mineralization, as well as for industrial minerals. The range of identified potential deposits covers gold and other precious metals, polymetallic massive sulphide types and quartz vein and quartz stockwork type of deposits. There is an indication for the occurrence of Nickel and chromite deposits associated to the ultrabasic rocks in the far north of the country.

Occurrences of minable potash and sulphur evaporates in the Danakil depression, has now become apparent, and a variety of construction materials, including marble, granite and others in several parts of the country is also well known.

Gold

Recent exploration activities have proved that gold occurrences are very widespread in many parts of Eritrea and the country has great potential for developing more gold deposits. In addition to the previously known areas of primary gold occurrence in the central highlands (which includes the so called Hamasien gold field), those of Shillalo (in southwestern lowlands) area, and those of southern Eritrea, exploration activity in the last decade has shown the presence of economic gold deposits in the western lowlands and also in the northern part of the

country. The average head grades in most of the historic vein gold mines that were active during the Italian colonial time up to the late 1950s, were reported to be as high as 25 - 45 g/t, with reasonably good recoveries. Eritrea's gold mineralization is usually hosted in quartz veins and stockworks, and in particular in shear zones associated with felsic volcanic rocks, dioritic intrusions and in various schists that are frequently sub-parallel to the strike of the pronounced cleavage of the host rocks. Occurrences of gold within exhalative VMS deposits, and in the weathered and supergene zones overlying them, are becoming more evident with recent additional discoveries of gold in Debarwa and Adi Nefas (in the central highlands), and at Bisha and Harena (in the western lowlands).

Potential for low grade bulk tonnage granite hosted gold mineralizations have been indicated in various parts of the country.

Base Metal Deposits

NNW to NNE-trending belt of gossans, exhalative cherts and altered felsic rocks that are indicators of massive sulphide mineralization are recorded in many parts of Eritrea. The ores of these massive sulphide deposits are predominantly chalcocite, pyrite with minor amounts

of sphalerite, chalcopyrite and bornite. A major belt of massive sulphide deposit with gold and base metal mineralization passes through Asmara and includes Debarwa, Adi Nefas, Embaderho and many other localities roughly within a 50 km wide belt over a strike length of 250 km, extending from, more than 50 km north of Asmara up to the Eritrean border to the south. The belt that includes the Bisha high-grade zinc-copper-gold VMS deposit and Harena VMS deposits in the Western Lowlands has already proved the presence of world class deposits and is also being explored for additional discoveries. There are indications of similar VMS base metal deposits farther north of Kerkebet, Harabsuit and possibly surrounding areas. There is a belt of copper mineralization in

Raba-Semait area, sulphide-rich gossanous rock in Mt Tullului (Bedeho) in Sahel, northern Eritrea and in Mt Seccar and Sheib areas in the Eastern Lowlands. At Bisha, a world class deposit of precious and base metal VMS deposit has been found. Exploration in Adi Nefas VMS shows 9.0 metres grading 11.91 g/t Au, 285 g/t Ag, 3.18% Cu and 11.05% Zn and in another test drill NG-043-D – 5.25 metres grading 10.81 g/t Au, 239.8 g/t Ag, 6.77 % Cu and 6.77% Zn has been obtained. Reserve estimation made recently has shown that minable zinc, copper and associated gold is present in Adi Nefas. Embaderho is now emerging as a large base metals (Cu-Zn) deposit with some associated gold. Resource estimation is still going on, however at this stage it is confirmed that it is a big base metal deposit. Overall in terms of mineral potential assessment and geological work, much of the country remains unexplored, despite the several discoveries that are being made.

Industrial Minerals

Potash, sylvite and gypsum-bearing evaporates occur at Colluli, south of Bada. South Boulder Mining Ltd, a company looking for Potash deposit in the southeastern margin of the evaporate deposits in Dankalia, have shown their hope to discover Potash deposit in billions of tones. Substantial deposits of gypsum occur at Desset area, north-west of Massawa. Large deposits of common salt also occur at several places along the Red Sea coast. Considerable quantities of high quality silica are found at Merbet, which has been exploited for glass manufacturing. In addition, deposits of silica sand with feldspar occur at various wadis of Eritrea. High purity feldspars occur in pegmatites at Lahazen, 35 kms south of Massawa. Sub economic deposits of mica, which was once exported by the Italians, are found south east of Lahazien. Large deposits of kaolin occur in the lateritic horizon in parts of Teraimni, at Adi Koteio close to Adi Kwala, Adi Keih, Zeghib, Adi Hawusha, Adi Ahderom and west and southwest areas of Himbirti. Extensive deposits of the raw materials for cement manufacture are found at Adailo, close to Tio with all the constituents including limestone,

marl, clay and gypsum close together. Barite occurrences have been identified around the Heneb, Meter and Gharsa wadis to the north west of Mersa Gulbub. Barite veins also occur associated with faults in the sediments of the Dogali and Desset Formations. Other barite deposits of economic significance, with reported grades of 95-97% are known to exist at Debarwa and Ketina.

Construction Materials

Large deposits of marble occur as belts running north-northeast from Adi Ibrhim south to Gerenfi t areas. However, there are few quarries of Marble in Gogne and Goranda area which are situated at the middle of the belt. Similar belt also occurs further west and runs from Alebu southwards to Guluj. Far, in northern Eritrea, a belt of marble occurs in Adobha Valley area. Other significant marble deposits occur at Afhimbol, Amberbeb, and Mt. Kuruku (in the upper valley of Barka).

The Kertse-Komte and Debri black and gray marble deposits occur south of Decamhare and have been exploited for a long time. Recrystallised limestone deposits with variegated colours occur at Dichinema area, in the southwest of Eritrea. Granites of various colours and textures are exposed over large areas. Granites of dimension stone quality, which are currently being exploited, occur at Geleb (pink granite), and in the Arato, Korbaria, and Tukul areas (grey granite). The Mai-mine granite and Elabered granite are also suitable candidates for dimension stone. A narrow outcrop of coral limestone extends along the coast from the headland of Ras Kassar to the coastline of Tio. Immense deposits of limestone occur in the Adailo-Aitosh area south-west of Tio.

Geothermal Potential

Economic exploitation of geothermal heat for power generation appears possible in rift-related volcanic rocks in the Red Sea Rift areas. Alid, Nabro, and Dubi areas are the main targets as geothermal activity in these areas is known to be intensive. Lower temperature activity also occurs at Mai Wuui, 30 kms west of Massawa. Geothermal activity, evidenced by fumaroles and hot springs with extensive alteration on the ground, are abundant in the Alid geothermal field. Studies carried out so far in this area indicate the presence of a possible subsurface high temperature reservoir. The geothermal manifestations at Nabro and Dubbi are also promising, but further study will be required to estimate the reservoir temperature.

Other Potential

The geology of Eritrea is favorable for other types of mineral deposits:

A Potential for a low-grade bulk-tonnage granite hosted gold mineralization have been indicated in various varieties of pre-syn tectonic granites and micro granites. Moreover, Cu, Cu+Ag, Cu+Ag+Au

skarn systems has also been indicated where granite-Gabbro-marble has been mapped as proximal geology in a volcano sedimentary terrain.

The Arabian–Nubian Shield (ANS) is presently emerging as a major tantalum mining province with economic deposits associated with 1) peralkaline arfvedsonite-alkalifeldspar granite (Ghurayyah,), 2) peraluminous muscovite–albite granite (Abu Dabbab,), and 3) peraluminous spodumene–albite pegmatite (Kenticha,). In addition, a number of subeconomic tantalum mineralizations occur in the ANS including members of each of the three deposit styles. In Eritrea, There is a good potential for Tantalum and REE along various types of pegmatites and associated pegmatitic granite belts. A portion of one of these belts has been looked at for a potential Ta+REE mineralization, a preliminary result indicates that the belt could be a prospective one. The discovery of zonal evolution of the melt from which the pegmatite bodies consolidated, affinity of pegmatites to beryl-columbite subtype as well as the discovery of economically promising types of pegmatites, the Albite-rich pegmatite-alpites, makes the whole belt worth prospecting.

Similarly, the regional geology hosts younger non sulfide Zn-Pb-Ag systems in Mesozoic limestone which has been affected by subsequent rifting, volcanism and associated geothermal activities. Eg. Jebali (Yemen) non sulfide zinc deposit contains an appreciable geological resource. There is a similar prospective geological setting in the southern red sea region which could have a potential for, well developed, similar non-sulfide systems.

Variety of rock types are found associated with Cenozoic volcanism in Eritrea. The geological setting is favourable for various types industrial minerals, rocks and natural aggregates. Eg. Zeolites and zeolitic tuffs, perlite, pumice, various colored scoria, etc

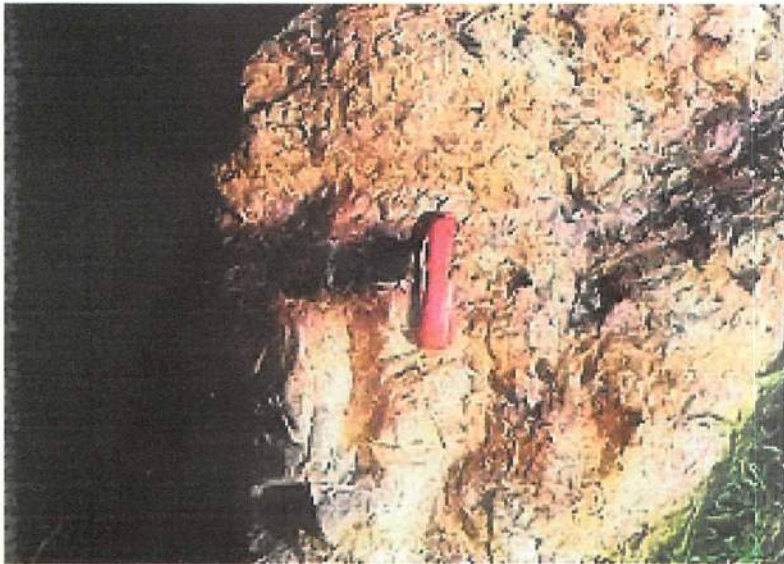


Photo. Pegmatites: Coarse grained black tourmaline developed within a whitish-pink feldspar (perthite) of pegmatite (top). Very coarse grained black tourmaline and red garnet dispersed on albitized perthite of pegmatite body (middle). Big blue crystals of tourmaline from k-feldspar-albite/Oligoclase-perthite-quartz-muscovite/pegmatite (bottom)

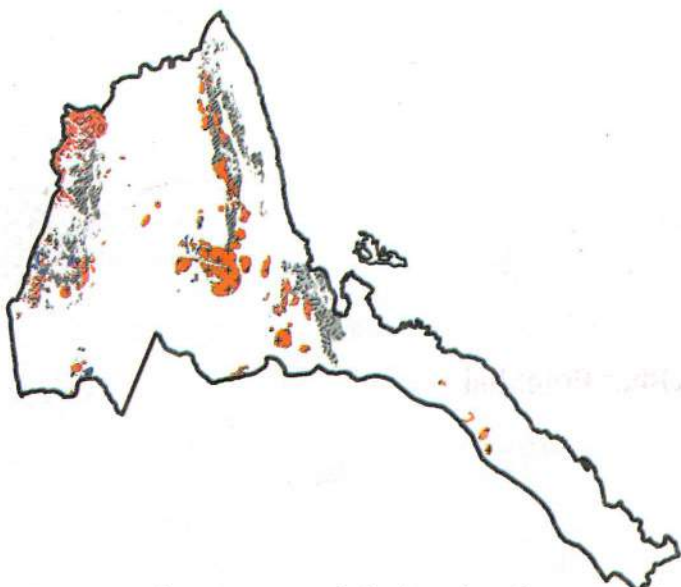


Fig. Map showing gneiss belts (grey) and associated granites (pink-orange) in Eritrea

BISHA

Mining Share Company BMSC

Bisha Mining Share Co (BMSC) is a mining company formed by a joint venture agreement between Eritrea's National Mining Corp. (ENAMCO) and Canada's Nevsun Resources Ltd. The Bisha Mine is one of the highest grade open pit copper mines in the world. The Bisha Main deposit is a high grade VMS deposit and contains three distinct layered zones: (top) a 35 meter thick surficial gold-silver zone which was depleted in mid-2013; (middle) a copper enriched supergene zone; (bottom) a primary sulphide zone containing both zinc and copper, which is open at depth.



CONTINUED OPERATIONAL EXCELLENCE IN COPPER PRODUCTION AND DISCIPLINED GROWTH

The Bisha Mine is a gold, copper and zinc deposit that is projected to have strong economic return over the remaining eleven year mine life. Mining of the Gold Oxide material from surface allowed an early payback of gold phase capital and allowed for funding of the copper phase expansion. Mining of the gold phase was completed by the end of Q2 2013. The copper flotation plant achieved commercial production in December 2013 with 2014 being the first full year of copper concentrate production. The development of the zinc flotation circuit, which is expected to be online mid-2016, is underway.

Results so far this year have been very positive and the second quarter highlights include:

- Produced 47.4 million pounds of copper in the quarter

- Sold 51.5 million pounds of copper, a 51% increase over Q1 2014
- Achieved C1 cash costs of US\$1.05 per pound with strong earnings and cash flows
- Working capital approaching US\$500 million
- Paid peer leading annualized dividend of US\$0.14 per share

EXPLORATION

BMSC's 2014 Regional Exploration program combines the key components used in massive sulphide exploration incorporating geology, geophysics and geochemistry to develop targets for drill testing in support of operations. This year's integrated activities include ~25,000m of diamond drilling, airborne VTEM surveys, ground and borehole Transient Electromagnetic ("TEM") geophysical surveys, systematic litho-geochemical sampling and, of course, geological mapping and logging over the company's Bisha Mining Agreement area, the Harena Mining License, and the Mogoraib River Exploration License.

To date, results have been encouraging with positive results from both the Aderat prospect located 12km south, and from the

Harena Mine area located 10km south of the Bisha Mine and processing plant. At Harena, BMSC geologists were attracted to the possibility of expansion due to the thick, highly altered felsic volcanic footwall unit that indicates a large, strong mineralizing system was present. Recent drilling has confirmed the presence of this previously un-tested system and continues to expand the sulphide zone with drilling guided by geophysical surveys and astute drill core observations focused on identify alteration assemblages. Exploration drilling is planned to continue at Harena and the other properties through to the remainder of 2014 and into 2015.



BMSC Regional Exploration Drilling – Aderat Prospect, Mogoraib River Exploration License (June, 2014)

ZARA

Mining Share Company ZMSC

Developing Eritrea's Next Gold Mine

The Koka gold deposit, located within the Zara Project area of northern Eritrea is being developed by the Zara Mining Share Company (ZMSC), a Joint Venture between ENAMCO and the SFECO Group (SFECO), a subsidiary of Shanghai Construction Group Co. Ltd.

SFECO purchased its 60% interest in the Zara Project from Chalice Gold Mines in November 2012 for a total of US\$80 million; inclusive of a deferred payment of US\$2 million on first gold pour at the Koka Gold Mine.

The Koka Gold Deposit hosts a JORC and NI 43-101 compliant Probable Mineral Reserve of 4.6 million tonnes grading 5.1 g/t gold, containing 760,000 ounces. This reserve is included within an Indicated Resource of 5.0 million tonnes grading 5.3 g/t gold, containing 840,000 ounces of gold.

KOKA GOLD PROJECT Progress to Date

Progress to Date

1. Finalisation of Purchase	Nov 2012
2. SFECO Design Approved	Feb 2013
3. Resettlement Koka Valley	Mar 2013
4. Commencement of Devt	Apr 2013
5. Site Prep Start – Segen	Apr 2013
6. Award EPC Contract	May 2013
7. Construction Camp	Jun 2013
8. Loan Approved (\$107m)	Jul 2013
9. Construction Preparation	Sep 2013
10. Procurement & Shipping	Aug 2014

Timeline to Commissioning

11. Civil Engineering Work Q4 - 2014
12. TSF Commissioning Q2 - 2015
13. Plant Commissioned Q3 - 2015



Fig 3 – Process Plant under construction

Health & Safety - ZMSC are committed to the Health and Safety of all workers at the Koka Gold Mine Site. A Safety Program has been established whereby all workers undergo a safety induction. Policies and Procedures have been established to ensure Safe Working Practice. Each and every incident is fully investigated with remedial action plans put in place to mitigate reoccurrence.

Environment - ZMSC is committed to minimal disturbance of the environment. In addition the communities surrounding the mine can only benefit from the presence of our company. The commitments outlined in the Social & Environmental Management Plan are being followed. Teams of expert environmental persons now have a permanent presence.

Production Planning - Planned mine production is planned to commence by the third Qtr. 2015. A seven-year mine life is planned, based on a design milling rate of 660,000 tonnes per annum. Capital costs for the mine development are forecast at US\$147 million. The Koka Gold Mine will employ 400 people when in production and will consist of the following infrastructure:

Open Pit - The Koka mineralised zone has a total strike length of more than 650 m. The mining rate will be 25,000 tonnes per day, and will be mined with a fleet of trucks and backhoe excavators in 10m & 5m bench configurations. Most of the fleet has been procured from China. Trucks are 40 tonne capacity manufactured by Sinotruck. The ancillary fleet is a mix of Shantui, XCMG and Sinotruck units. Excavators are supplied by Caterpillar and Production Drills are supplied by Atlas Copco.

The pit will be developed in stages to provide sufficient stockpiled ore to allow the process plant to commence commissioning as early as possible.



Fig 6 – 3D Image Open Pit & Ore-body

Process Plant - The plant design will have a nominal plant capacity of 2,000 tonnes per day. The plant process is a simple one, with a three stage one closed-circuit crushing & single stage grinding to produce a P80 grind

size of 106 µm; Gravity Concentration to remove coarse gold; Pre-Leach thickening prior to Carbon-in-Leach processing; with a final Elution circuit to produce gold doré. A final detox circuit will reduce cyanide release to the TSF to less than 50ppm



Fig 7 - Pre-Leach Thickener & Leach Tanks

Tailings Storage Facility - The TSF site is 2 km west of the plant; and will be formed by the construction of a cross-valley embankment at a maximum 57m high, using mine waste and borrow within the basin area. Tailings will be treated to reduce cyanide levels. A 1.5mm HDPE liner will be placed throughout the basin and side slopes. A system of monitoring boreholes will be drilled around the TSF to determine the amount of any seepage.



Fig 8 - TSF Basin Preparation

Waste Rock Stockpiles - Due to the steep topography limited waste dumping locations are available. In addition to the initial waste dump, a main waste rock pile will be located immediately west of the pit and adjacent to the process plant. The main waste rock pile will be over 100 m high and has sufficient storage for 80% of the pit waste.

Other Infrastructure

Upgrading the access road - The section of western access road between Kerkebet and Rikeb has been upgraded reducing the travel time from 4.5 to 2 hours.

Water Supply - Water will be supplied at a rate of 30 L/s, from a bore field at the Zara River. The bores are drilled; the pipeline is installed.

Electrical power supply - The power supply will be provided from an on-site diesel generation power station located within the process plant, comprising five 1,800 kW diesel generators, one for standby

Accommodation village - Constructed using pre-fab buildings assembled on site.

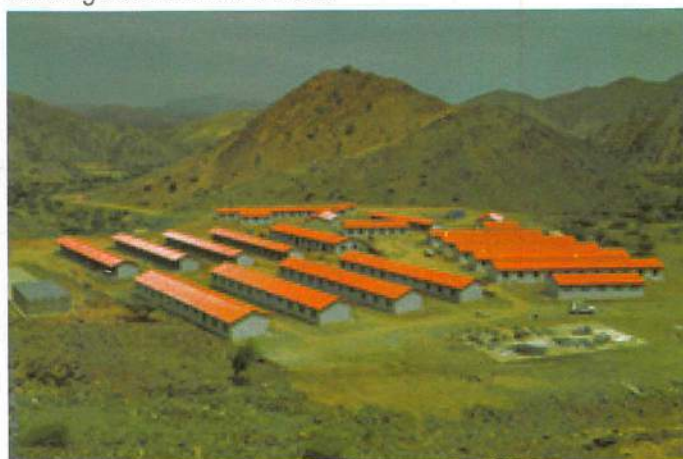


Fig 9- Accommodation Village

COMMUNITY & ENVIRONMENT

ZMSC considers its community relations & environmental responsibilities highly. This has been demonstrated with the continued good will between the company the community. Resettlement commitments of a permanent water supply and housing for the resettled community will be high on its list of priorities during the construction period as will its environmental commitments.

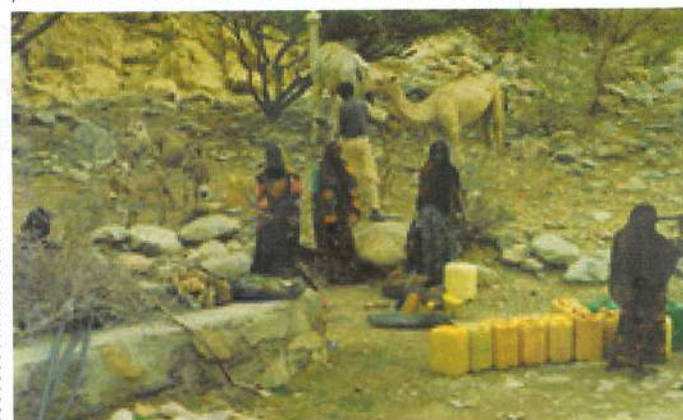


Fig 10- Water for Community.jpg

EXPLORATION

ZMSC have contracted Huaken for exploration drilling over the coming year. ZMSC expect to complete over 10,000 metres of drilling during the coming year.

The potential of the Zara Project Area to realise further mining potential is high with past drilling to the north and south of the Koka gold deposit, identifying interesting targets. The deposit continues at depth to the South. Focus initially in proving up the Koka South extension to the Koka Main ore body.

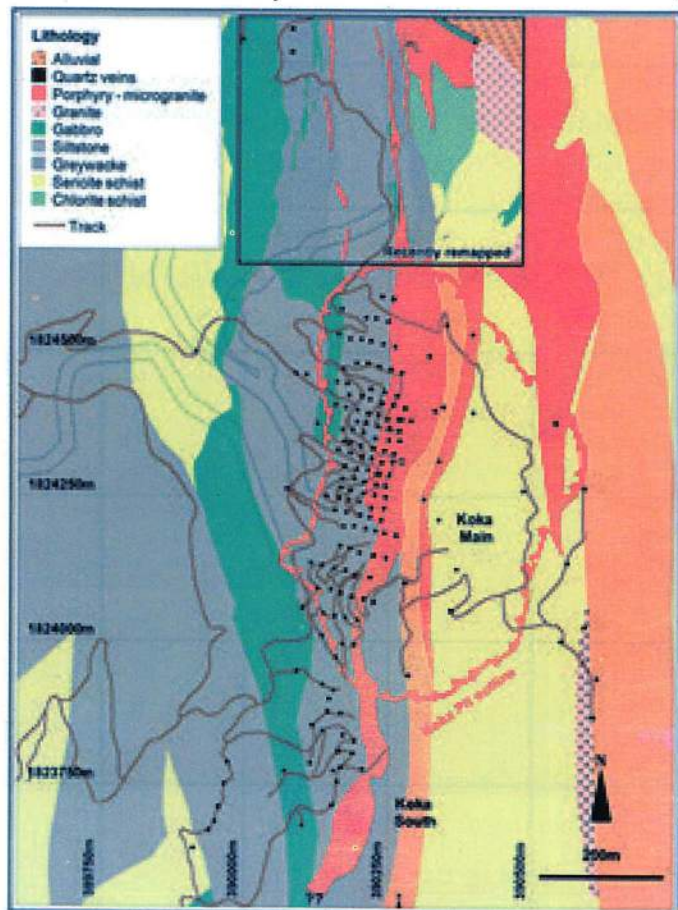


Fig 11-Koka Ore body with Koka South Extension

Drilling, geological mapping and rock chip sampling has defined another gold-bearing microgranite at the Debre Konate Prospect which is located immediately below the summit of Konate Mountain.

Tracks and drill pads have also been prepared to the Debre Tsaeda gold-bearing veins hosted by granite and located on top of a mountain to the south of the Konate Prospect. To the North Hamid Kier and Regaga North are other targets for the coming year.

CONTACT

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ENAMCO:
Mr. Berhane Habtamariam, General Manager
Tel: +291 1 15 22 05



SUNRIDGE Gold Corp

Sunridge Gold has been exploring for VMS base and precious metal deposits in Eritrea since 2003. The Company has successfully defined 4 deposits on the Asmara Project located outside of Asmara which contain significant amounts of copper, zinc, gold, and silver. Sunridge has now shifted to the development phase of the project with the completion of a Feasibility Study in May 2103. The permitting process to receive a mining license for operation of the Asmara Project was initiated last January with the submittal of the Social and Environmental Impact Assessment (SEIA) report and in April 2014 of the Social and Environmental Management Plans (SEMP) to the Ministry of Energy and Mines.

Sunridge and ENAMCO have recently executed a shareholders' agreement (the "Shareholders' Agreement") for Asmara Mining Share Co (AMSCo) the operating entity which will own and operate the Asmara Project. AMSCo will be owned 60% by Sunridge and 40% by ENAMCO (30% participating and 10% free carried interest) and will have a board of directors of five, comprising three from Sunridge and two from ENAMCO.



Signing of AMSC Shareholders' Agreement

The Feasibility Study demonstrates that the mining of all four advanced deposits that make up the Asmara Project (Emba Derho, Adi Nefas, Gupo Gold and Debarwa) and processing of the ore near the large Emba Derho deposit is economically robust with a Net Present Value ("NPV") of \$692 million with a 10% discount applied (1.791Billion NPV with zero discount) and the internal rate of return (IRR) is 34%.

The Study outlines a three-phase staged start-up mining plan, which would initiate production almost one year earlier than was envisaged in the previous prefeasibility

study and reduces the initial capital requirements to be financed by over \$130 million.

The Study concluded that the processing of gold and silver ores from Emba Derho, Gupo Gold and Debarwa by heap-leaching as well as the processing of copper and zinc ores from Emba Derho, Adi Nefas and Debarwa by milling and flotation at facilities near Emba Derho will provide the optimum economic scenario. The Emba Derho, Debarwa and Gupo deposits will be mined by open-pit methods and the Adi Nefas deposit by underground mining methods.

The mining plan consists of a 3 phase start up in order to reduce initial capital costs. In Phase I, the high-grade copper (Phase IA) (direct shipping ore "DSO") will be mined, crushed to less than 10 mm, loaded into containers and transported 120 km to the port facility at Massawa for shipping to a smelter.

In addition, (Phase IB) near surface gold and silver ore will be mined from the Debarwa, Emba Derho and Gupo deposits and trucked to the same crushing facility near Emba Derho and processed in the gold recovery heap-leach facility. The heap-leach facility is located inside the tailings storage facility and available until Year 5 of operations.

During Phase II, supergene copper ores will be mined from both Debarwa and Emba Derho and processed at a central flotation plant at Emba Derho at a nominal rate of 2 million tonnes per annum. Copper concentrate with gold and silver byproduct will be transported to the Port of Massawa and shipped to smelters.



Core drilling at Emba Derho

Full Production will be achieved in Phase III. Primary copper and zinc ores from Debarwa, Adi Nefas and Emba Derho deposits will be processed at a flotation plant at Emba Derho at a nominal rate of 4 million tonnes per annum. Metal production over the first 8 years of full production will average 65 million pounds of copper, 184 million pounds of zinc, 42 thousand ounces of gold, and 1.0 million ounces of silver per year. Copper concentrate with gold and silver byproduct and zinc concentrate will be

transported to the port facility at Massawa for shipping to smelters.



Debarwa adit

Power will be generated onsite using a combination of diesel and medium fuel oil generators. Water supply is sourced from the capture of rainfall in ponds and recycled within the plant.

As a result of the positive outcome of the Study, Sunridge continues to work towards bringing the Asmara project into production as soon as possible, by completing required environmental studies, applying for the mining license, arranging debt financing, commencing detailed engineering work and hiring new key employees. Management estimates that initial production of the Asmara Project will commence in late-2015.

Sunridge also continues to explore its "pipeline deposits" on the Asmara Project. During the last 12 months initial resources were established for both Adi Rassi, a large copper-gold deposit, and Kodadu, a surface gold oxide gossan.

Amanuel Arefaine

Country Manager

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SOUTH BOULDER

Mines Limited (ASX: STB, South Boulder)

POTENTIALLY THE MOST EXCITING POTASSIUM Overview

- Colluli is a large, multi-salt resource located in Eritrea, East Africa
- The resource is located 75km from the Red Sea Coast and 180km from the port of Massawa, the key import-export facility within Eritrea
- The salts within the resource are suitable for the production of potash fertiliser
- The Colluli Project is 100% owned by the Colluli Mining Share Company, a 50-50 joint venture between South Boulder Mines (STB) and the Eritrean National Mining Company (ENAMCO)
- Pre-feasibility work is well advanced and due for completion in early 2015
- Preliminary process design utilises proven technology
- South Boulder Mines board and management team have extensive experience in project and operational management, marketing and logistics and are focussed on the development of the Colluli project in partnership with ENAMCO

Unique composition suitable for low energy input, high yield conversion to potassium sulphate

Table 1: Colluli N43-101/JORC compliant mineral resource estimate.

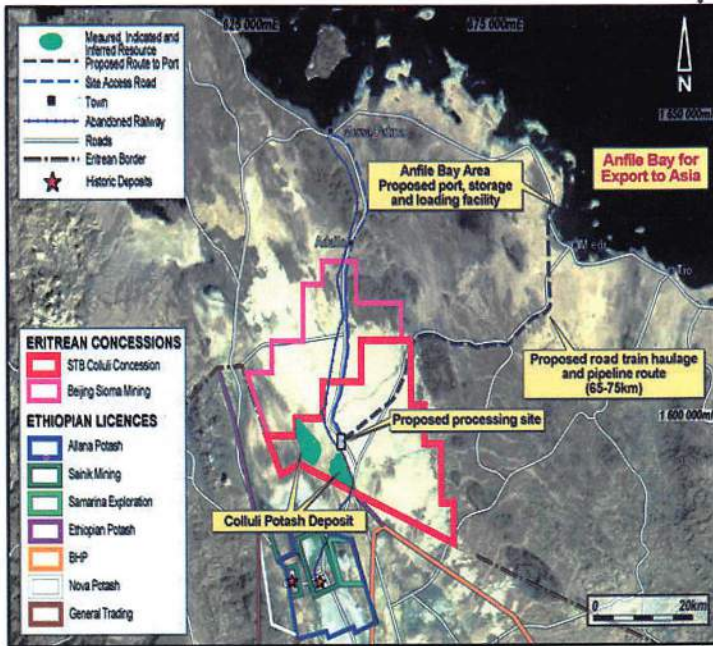
Occurrence	Tonnes (Mt)	Equivalent KCl	Contained KCl (Mt)	% of total resource
Sylvinite (KCl. NaCl)	110	28.40%	31	16
Polysulphate (K ₂ SO ₄ .NaCl. MgSO ₄ .H ₂ O)	65	10.80%	7	4
Camallite (KCl. MgCl ₂ . H ₂ O)	309	12.30%	38	19
Kainitite (KCl. MgSO ₄ . H ₂ O)	596	19.80%	118	61%
Total	1,080	18.00%	194	100%

Note: The information in Table 1 was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported by independent consultants ERCOSPLAN and announced on ASX by South Boulder on 16 April 2012.

BEST COASTAL ACCESS FROM AN EMERGING POTASH PROVINCE

The Dallol basin runs across the Eritrea-Ethiopia border and is the focus of multiple potash exploration and development projects.

Colluli is positioned only 75km from the Red Sea coast, giving it the most simple and favourable logistics from the basin. The identified location for Colluli's ship loading facility at Anfile Bay gives access to water depths suitable for loading up to Panamax size vessels.



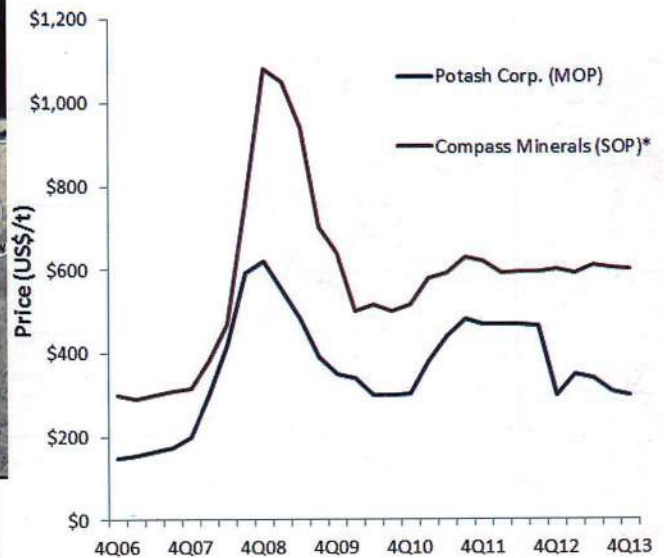
SIMPLE PROVEN PROCESS TO PRODUCE POTASSIUM SULPHATE (SULPHATE OF POTASH) FROM ALL POTASSIUM BEARING SALTS IN THE RESOURCE

The path to potassium sulphate from the Colluli resource utilises the simple and proven process of flotation to separate the potassium carrying salts from sodium chloride. The purified salts of potassium chloride and decomposed kainite are combined and a spontaneous reaction occurs under ambient conditions to form potassium sulphate.

This path is the lowest energy input, highest potassium yield conversion route to potassium sulphate production and is currently used in the key potassium sulphate production centres in China, United States and Chile.

Potassium sulphate is a premium potash fertiliser suitable for use on higher value crops such as fruits, vegetables, coffee and nuts. The chloride free composition also makes potassium sulphate suitable for use in arid regions.

Potassium sulphate carries at a substantial price premium over the more common potassium chloride. Production centres are limited due to lack of economic resources.



Source: Compass Minerals, FOB mine gates

Potash Corp. MOP Prices

*Compass Minerals average selling prices were converted from short tons to metric tonnes @ 1.1023 short tons=1 metric tonne.

PRE-FEASIBILITY WELL ADVANCED

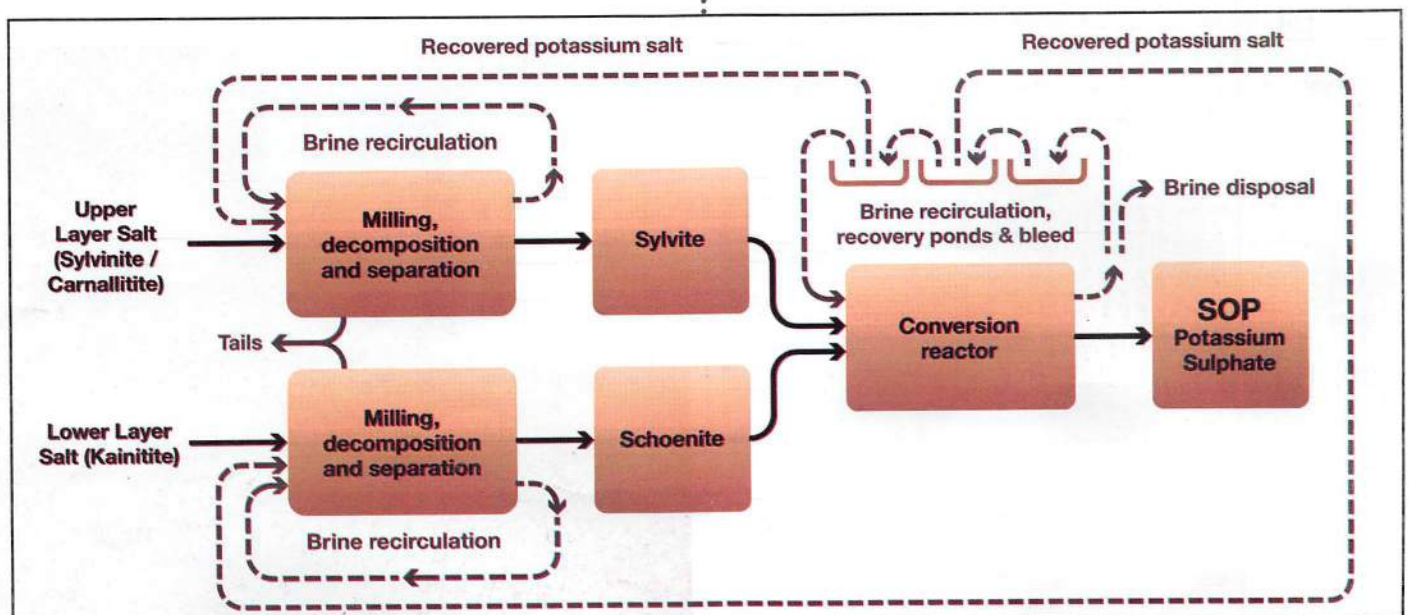
Studies initiated in May 2014 have progressed at a rapid rate with pre-feasibility study completion projected for late 2014.

For further information on STB and the Colluli Potash project, please visit :

www.southbouldermines.com.au or contact

Paul Donaldson, Managing Director South Boulder Mines, pdonaldson@southbouldermines.com.au

James Durrant, Colluli Study Manager,



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Zeray Leake, Country Manager, South Boulder Mines,

zleake@southbouldermines.com.au

Room 701, 7th Floor, S.A. Building, Warsai Avenue
Asmara Eritrea

South Boulder mines

ASX Code	STB
Share Price (@16/8/14)	\$0.27
Shares on Issue	139 million
Market Capitalisation	\$34.6m
Cash @ 16/8/14 (approx.)	\$10.5m
Non-executive Chairman	Seamus Cornelius
Managing Director	Paul Donaldson
Non-executive Director	Tony Kiernan
Non-executive Director	Liam Cornelius

Competent Persons and Responsibility Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Greg Knox using estimates supplied by South Boulder Mines Ltd under supervision by Ercosplan. Dr Henry Rauche and Dr Sebastiaan Van Der Klauw are co-authors of the JORC and NI43-101 compliant resource report. Greg Knox is a member in good standing of the Australian Institute of Mining and Metallurgy and Dr.s' Rauche and Van Der Klauw are members in good standing of the European Federation of Geologists (EurGeol) which is a "Recognised Overseas Professional Organisation" (ROPO). A ROPO is an accredited organisation to which Competent Persons must belong for the purpose of preparing reports on Exploration Results, Mineral Resources and Ore Reserves for submission to the ASX.

Mr Knox, Dr Rauche and Dr Van Der Klauw are geologists and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Knox, Dr Rauche and Dr Van Der Klauw consent to the inclusion in the report of the matters based on information in the form and context in which it appears.

BEIJING SINOMA

MINING INVESTMENT ERITREA LTD

Beijing Sinoma Mining Investment Eritrea Ltd started its exploration work during 2011. Since then the company has completed 2 phases of drilling campaigns and promising amount of shallow potash has been found in Denkel License area. The Sylvitite grade is up to 20% and Kainitite grade is up to 65% based on laboratory chemical analysis results. The area has being affected by multiple phases of faulting and hence the center of potash deposit could lay in the southwestern part of the downthrown basin. Judged by gravimetric study, the depth of the downthrown basin could be deeper than 1000 meters. Experts from Ercosplan of Germany are confident to find potash mineralisation in the area. The area is about 40 square kilometers and is good for mining if there is proven potash deposit. The only challenge now is how to drill through the massive thickness of overburden on top (probably up to 500 meters deep), which is comprised mainly of clay and silts to reach the potash salt layers. Inspired by the great discoveries of the neighboring license area, Beijing Sinoma has decided to drill deep boreholes to test the mineralization during 2014. The target depth of the borehole is a minimum of 1000 meters, which is the first deep drilling attempt in the Danakil Depression.

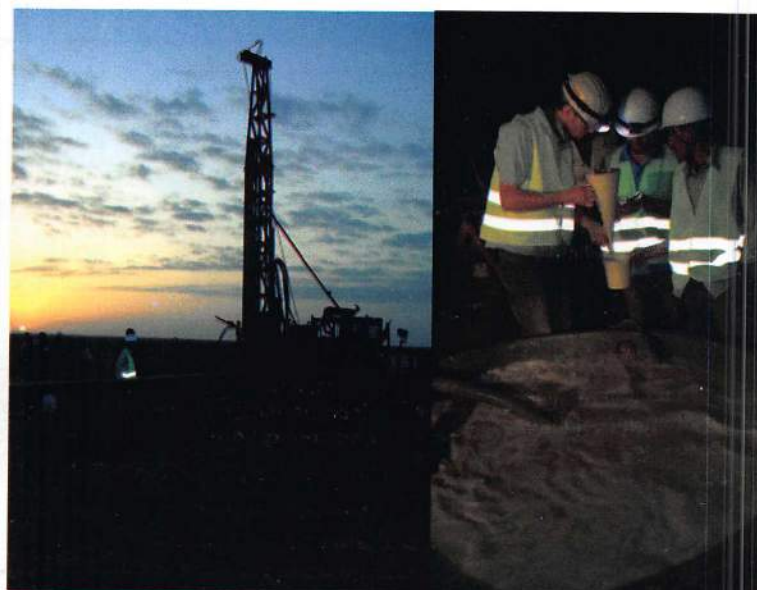
At present a number of drilling contractors have been contacted; and hopefully the Company will initiate fieldwork soon.

Address:

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Mobile: 07234252.

Email: beijingsinomamining@gmail.com



ANDIAMO

Exploration LTD

The Company

- A private company, based in London, UK, exploring in Eritrea
- Andiamo is focused on: Volcanic Massive Sulphides (Copper / Zinc) and gold deposits
- Has a 235 km² Haykota Exploration Licence: contains the Yacob Dewar and Ber Gebey prospects
- Raised US\$11.6M 2009-2014

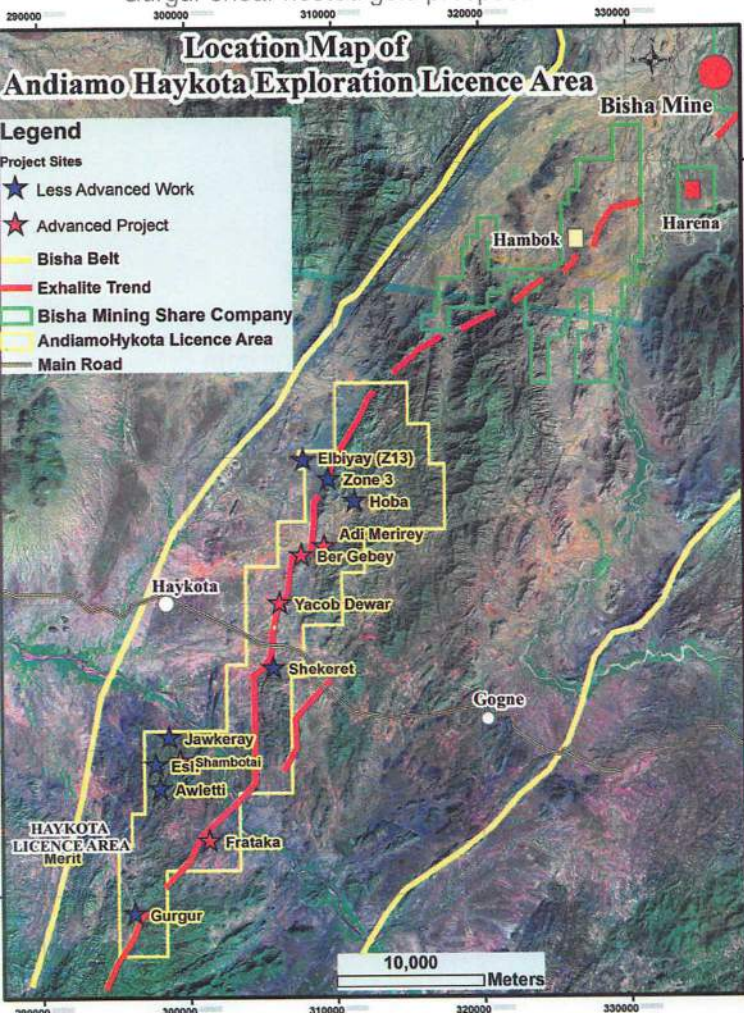
Track record of discoveries include:

Advanced projects:

- Yacob Dewar Gold and Copper prospect
- Ber Gebey Gold and Copper prospect

Less advanced projects:

- Adi Merirey VMS prospect
- Frataka VMS prospect
- Hoba VMS prospect
- Shambotai shear hosted gold prospect
- Gurgur shear hosted gold prospect.



GEOLOGY AND MINERALIZATION

- ◇ The Haykota project forms part of the Arabian-Nubian Shield, which is formed by Upper Proterozoic rocks and shear zones;
- ◇ Very prospective for VMS deposits were many gossans, silica barite, exhalative units and other mineralized oxidized zones are found along a narrow belt within the Felsic Volcanic Domain;
- ◇ The shear hosted gold prospects are mainly concentrated in Shambotai-Gurgur area along a linear belt of ductile to semi-brittle deformed volcano-sedimentary rocks.

EXPLORATION ACTIVITIES

Work during 2013-14 mainly focused on three known VMS gossans at Yacob Dewar, Ber Gebey, and Hoba prospect areas, which are directly on strike as well as Frataka VMS and Shambotai gold prospects. Detailed geological mapping, geochemical and geophysical surveys, trenching and drilling have been conducted.

36 trenches (YTRR-01 to YDTR-36) with a total length of 2557.10 meters were completed at Yacob Dewar and 5 trenches (BGTR-01 to BGTR-05) with a total length of 76.30 meters at Ber Gebey. Trenching at Ber Gebey confirms high grade gold at surface.

5 trenches with a total length of 221 meters and 19 meters of channel sampling using diamond rock saws were completed in Hoba prospect area. First rock chip samples over the "silica-barite" horizon have yielded very encouraging results.

Additional detailed geological mapping of the Yacob Dewar area was conducted recently to enhance the existing geological map.

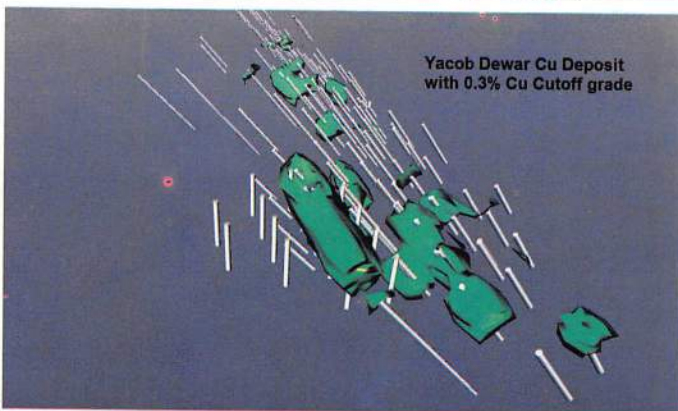
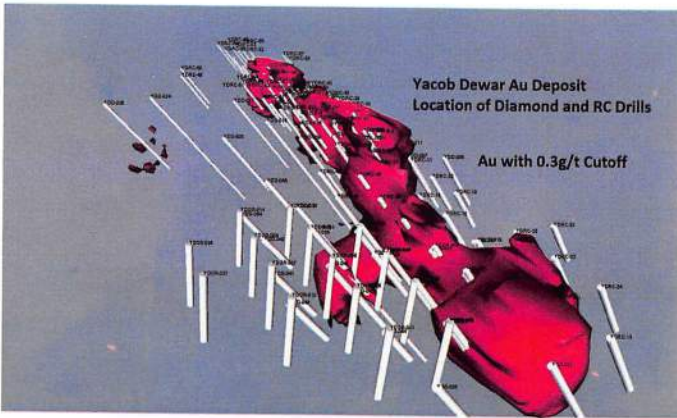




Disseminated malachite @ YDTR-25 in sheared rhyolite at Jacob Dewar

TECHNICAL AND ECONOMIC STUDY

The Company is carrying out Preliminary Resource Modelling of Jacob Dewar deposit as well as Baseline Environmental studies.



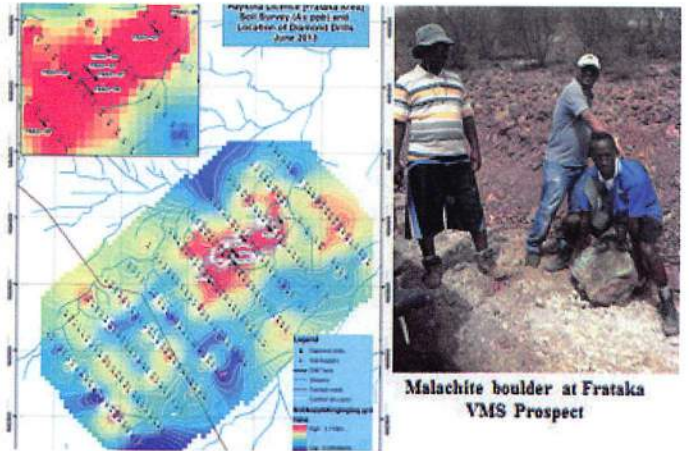
CORPORATE STRATEGY

Development of Jacob Dewar – Ber Gebey

- ◇ A Technical and Economic Study (“TES”) will be completed by the Company by 30 June 2015
- ◇ Surface oxide gold and copper deposit; open pit; high grade; simple processing
- ◇ Intention: to generate cash for copper/gold exploration
- ◇ Low capital costs; near term production.

Exploration for VMS in the Haykota Licence

- ◇ Target is multi million tonne massive sulphide Cu/Zn surface deposits
- ◇ Strong geophysics and geochemical evidence
- ◇ Drilling has already demonstrated mineralisation.



Anomalous Au in soils & location of drill collars at Frataka

Exploration for shear hosted gold in Haykota Licence

- ◇ Target is multi-million ounce gold deposits at surface
- ◇ Extensive artisan mining activity in Shambotai-Gurgur: both valleys and veins
- ◇ Drilling has already demonstrated mineralisation.

Andiamo Exploration Ltd

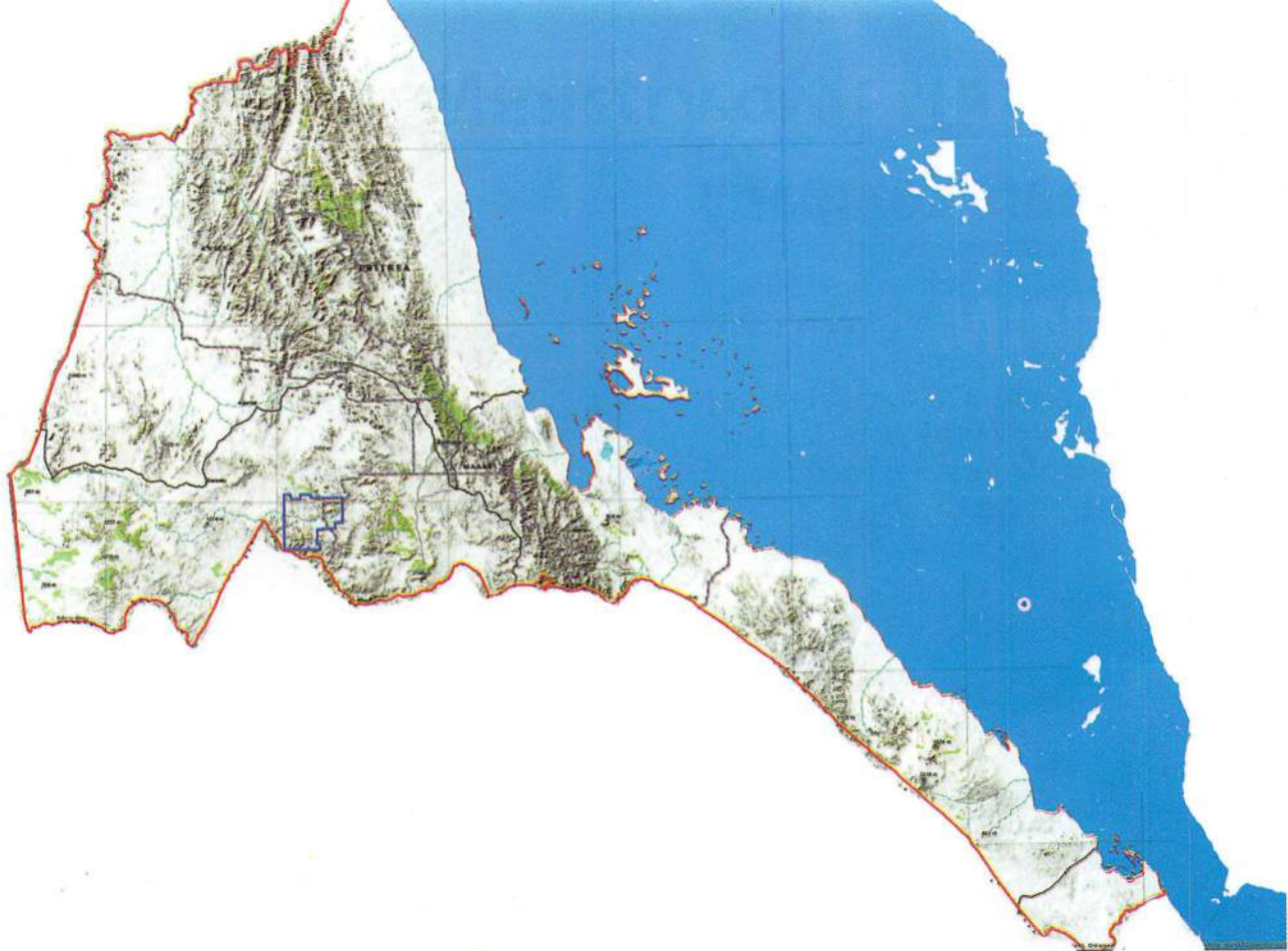
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Email: tim@andiamoexploration.com



KETINA MINING SC

Ketina Mining SC is the first Russian-Eritrean joint venture of Ketina Minerals DMCC (GPB Global Resources Group) and Eritrean National Mining Corporation (ENAMCO). Ketina Mining SC was established in August 2013 and holds an area of 1000 km² exploration license in Gash Barka region, Molki sub region. The area is located south-west of Asmara.

Basement rock in Eritrea covers more than 60 % of the surface of the country. The basement rock of Eritrea is the part of the Arabian Nubian Shield (ANS) which is exposed in north east Africa (Egypt, Sudan, Eritrea and Ethiopia) and in Saudi Arabia, northern and north-western part of Yemen and a part of the western Middle East. Significant part of the basement consists of metavulcanics and meta sediments which are continental-marginal and juvenile intraoceanic magmatic-arc rocks. Ketina license area is located within Precambrian Tsaliyet Group which consists of Andesite lavas and tuffs, tuffaceous slates, greywackes, chlorite schists, graphitic rocks, intermediate metavulcanics.

Ketina Mining SC is focused on the discovery of gold and base metals deposits in Eritrea. During Q4 2013 preparation process took place and starting from January 2013 the Company was fully operational. During 2Q2014 airborne aeromagnetic survey was conducted. Starting from May, exploration program operations were successfully launched on the ground.

After interpretation of AMS data as well as of geochemical sample analysis, the Company has recently updated its work program for year 2014-2015.

EXPLORATION CARRIED OUT BY KETINA MINING SC TO DATE:

- AMS conducted;
- Set up of field camp, personnel and equipment;
- Prospect geological mapping;
- Regional geological mapping;
- Rock chip sampling program;
- Regional stream sediment.

Ketina Mining SC
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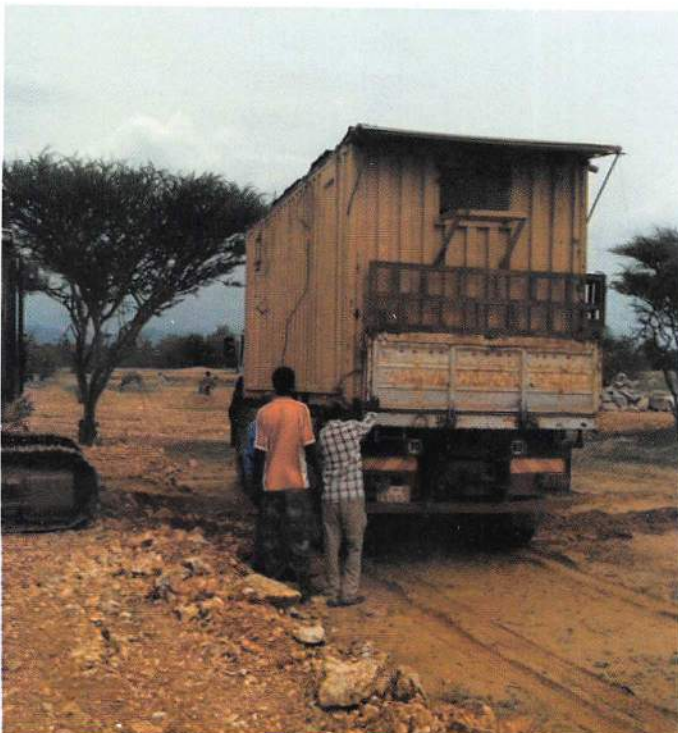
KERKEBET

Mining Share Company

Kerkebet Mining Share Company is a joint venture company established jointly by Sichuan Road & Bridge Mining Investment and Development Company (SRBM) and Eritrean National Mining Corporation (ENAMCO). The Company was registered on 11 June 2014 and since its establishment, the Company has deployed a lot of manpower, materials and finance for the exploration work and the construction of exploration camp.



The exploration license area covers 1000 Km² in Kerkebet area. At present the exploration survey work has been started covering the whole license area.



Topographic survey was conducted and classes C, D and E of control points have been completed in the main areas.



The geochemical survey was started on August 18, 2014. Up to now more than 13.5 km² of the license area has been sampled for analysis.

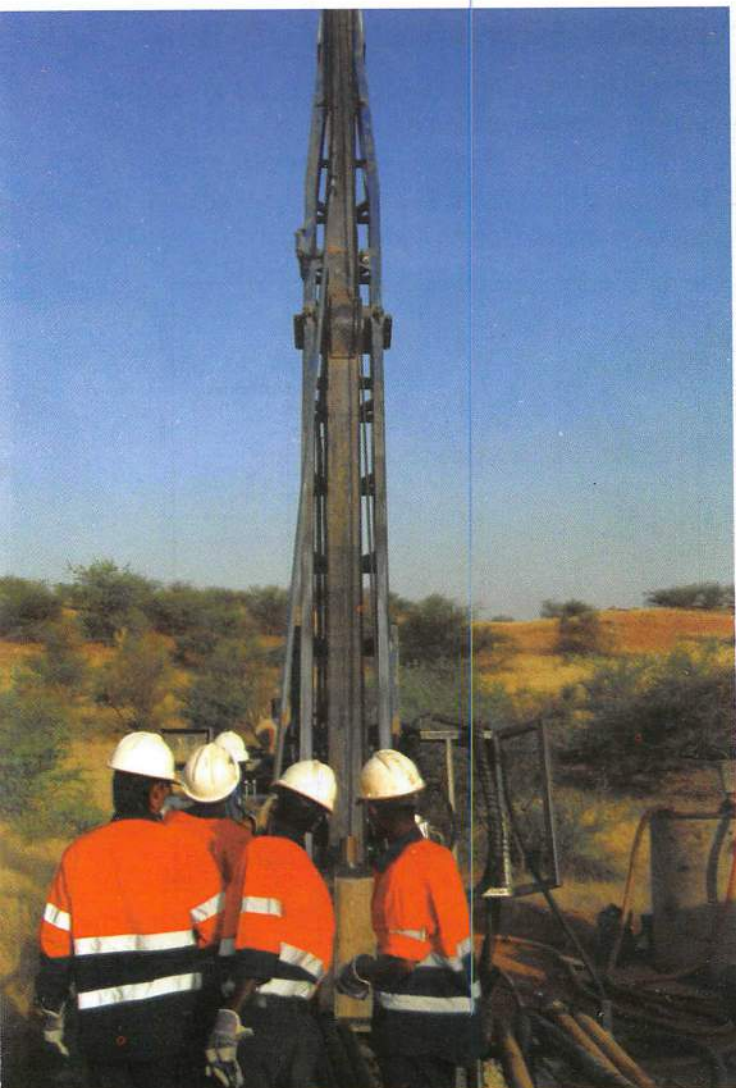
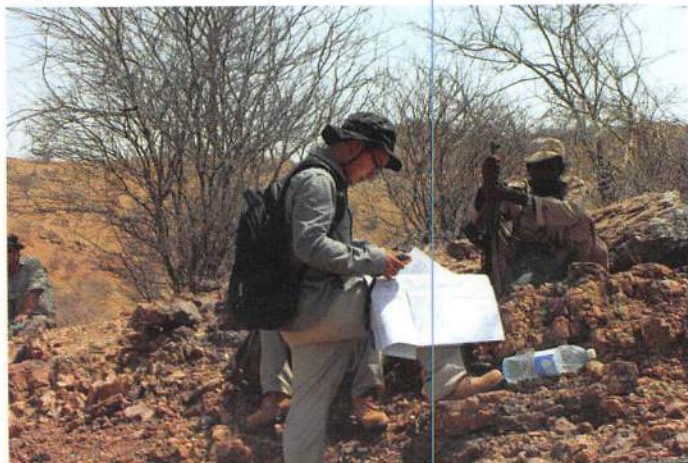


Kerkebet Mining Share Company is a newly established company in Eritrea and like to confirm that field work is going smoothly.

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LAND ENERGY GROUP (China) Limited, Eritrea

Land Energy Group (China) Ltd., Eritrea started mineral exploration during 2009 in Tekawda-Gogne area and has been exploring for almost 5 years. Through geological studies, it has been confirmed that there are at least two principal types of deposits in the area: volcanic rock-hosted massive sulfide-type (VMS-type) Au-Cu polymetallic deposits and tectonic alteration-type Au deposits.

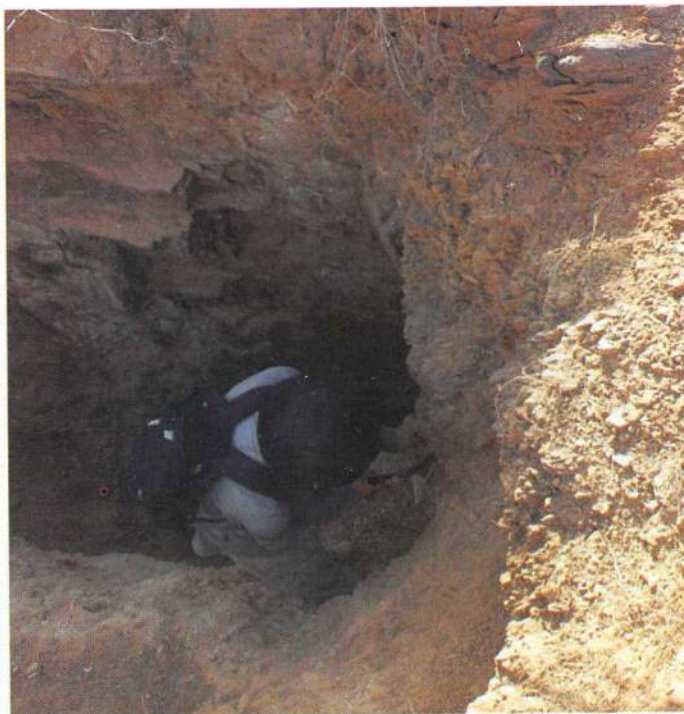


EXPLORATION RESULTS

(1) Based on geological investigation and sampling within surface pits, Land Energy Group discovered 21 new gold mineralized veins, which are mostly located along ductile shear zones and the extension of the ductile shear zones in the northern part of the area. The gold mineralized zones occur discontinuously along the NNE ductile shear zones. The entire mineralization zone is about 9 km long, and around 1000 m wide.

(2) Based on grid sampling of the secondary geochemical halos in the area, Land Energy Group delineated a western Au anomalous zone, which fully coincides with the ductile shear zone, which occurs in the NNE. Within this anomalous zone, there are 12 anomalous clusters of varied sizes.

The peak value in the area is higher than 1000ppb, fully coinciding with the surface expression of the tectonic alteration-type gold mineralization zone.



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ADOBHA

Adobha Resources (Eritrea) Pty Ltd

Adobha Resources (Eritrea) Pty Ltd (ARE) a wholly owned subsidiary of Gippsland Ltd holds title to two Exploration Licences totalling 2,200km² in the north-western part of Eritrea. Exploration in the Adobha area commenced in June 2009 and identified base metal and shear hosted gold mineralization. Further follow up programme is planned to test the base metal and gold potential areas.

EXPLORATION OF VMS PROSPECT AREAS

ARE completed a 5,161 line km airborne geophysical survey over Adobha EL and Gerasi South EL covering 19 target areas selected on the basis of geological and geochemical anomalies (Figure 1).

A gravity survey on a 100m x 50m grid was completed on 13 highly-ranked VTEM anomalies. This was followed by soil and rock-chip sampling covering the 13 VTEM anomalies. The geochemical sampling results showed high coincident anomalous values located adjacent to the VTEM anomalies. Based on the encouraging results RC drilling was conducted to test the anomalous prospects. The first pass of RC drill holes intersected good results. V13 hole RCAD03 intersected 16m @ 720ppm Cu; V11 hole RCAD11 intersected 6m @ 2377ppm Zn & 654ppm Pb; V14 hole RCAD05 28m @ 410ppm Cu; RCAD06 26m @ 1638ppm Cu; RCAD41 36m @ 1150ppm Cu

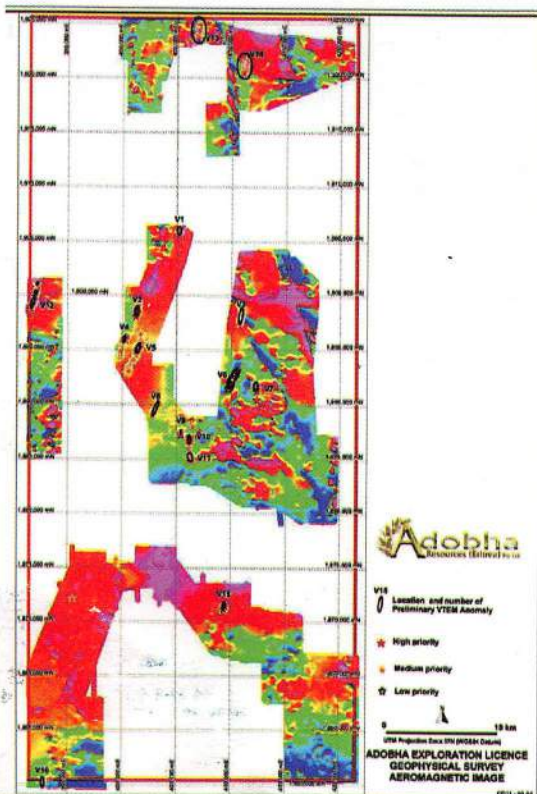


Figure 1 VTEM Anomaly locations on aeromagnetic image

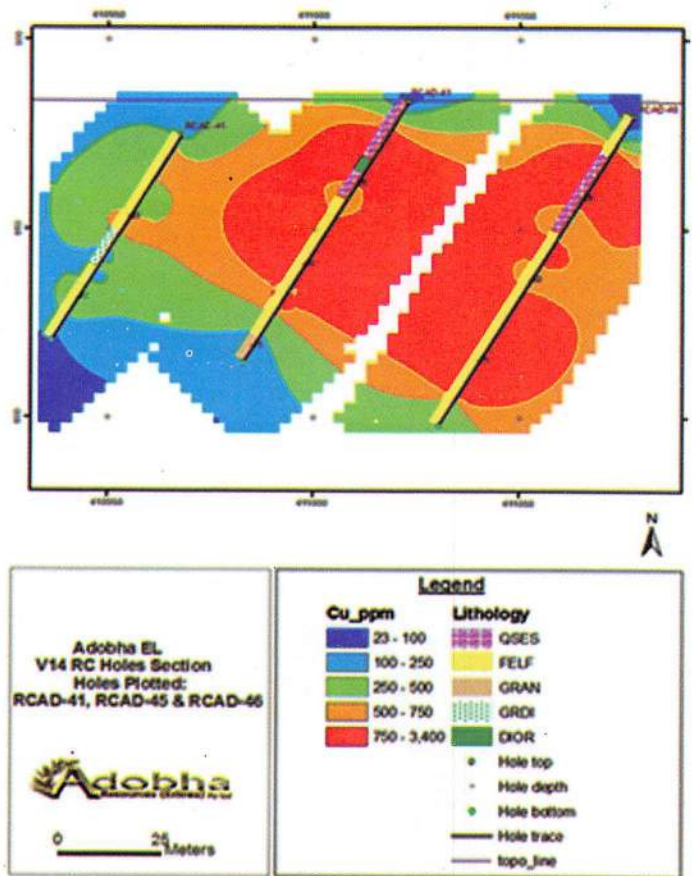


Figure 2 RC drilling results

VEIN HOSTED GOLD MINERALIZATION

Quartz porphyry (granitoid) hosted quartz vein gold mineralization was explored at Kurub prospect which is located within the Elababu Fault zone (Figure 3). Of 98 rock chip samples 29 samples returned with significant values ranging 400-29,149ppb Au.

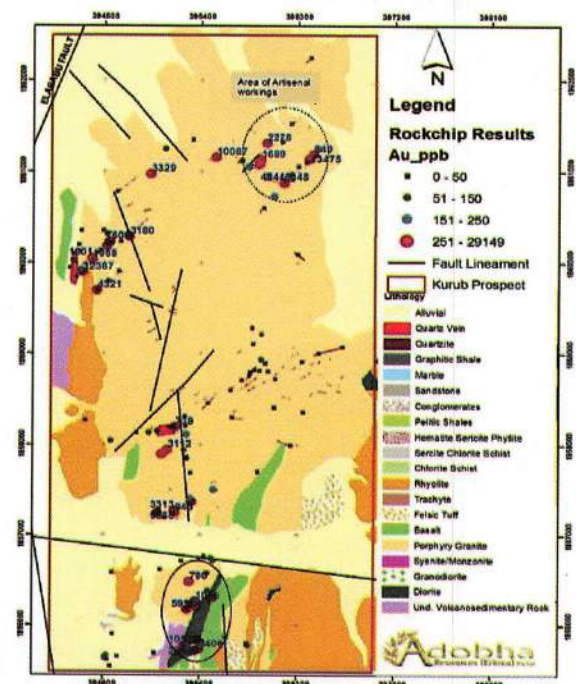
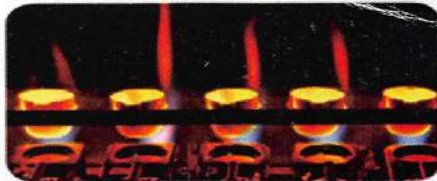


Figure 3 Structurally controlled gold mineralization at Kurub Prospect

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